Momentum Continuation

This system is built to capitalise on sustained momentum continuation in a trending market, using refined measures of trend strength and momentum quality.

Core components

1. **Momentum strength indicators**
   The system calculates two complementary metrics assessing both the magnitude and quality of price momentum over a lookback period. One measures adjusted average momentum velocity, while the other quantifies trend efficiency by comparing net price change against absolute price movements.

2. **Entry criteria**
   A long position is initiated when either of two conditions is met:

   - Moderate momentum with a high efficiency reading; or

   - Stronger momentum combined with a slightly lower efficiency.

These criteria ensure entries when momentum is positive and sufficiently strong to suggest continuation.

3. **Exit criteria**
   Positions are closed if the trend efficiency metric moves into neutral or negative territory for a sustained period of four consecutive weekly bars. This exit rule aims to lock in profits and avoid holding through weakening momentum phases.

4. **Trade management**
   The system maintains a simple open/close state, tracking entry price and position status. It labels entry and exit points on the chart for clear visual feedback.

Strengths

- Focuses on capitalising on existing momentum, potentially riding longer trends.

- Dual-threshold entry conditions provide flexibility in capturing different momentum intensities.

- Exit based on sustained weakening signals reduces whipsaws and premature exits.
- Simple logic with few parameters makes it easier to understand and monitor.
- Weekly timeframe smooths noise, fitting medium-term trend following.

This system suits medium-term traders who want to capture established trends' extension on weekly data, relying on momentum and trend efficiency signals combined with a simple exit discipline.