

Price Thrust Z

This momentum system is designed to detect and capitalise on sustained positive price breadth momentum combined with controlled volatility conditions. It blends breadth ratio dynamics with volatility filters to manage entry and exit timing on a weekly timeframe.

Core components

1. Breadth ratio with smoothing

The system measures the proportion of positive daily closes relative to total directional moves over a recent lookback period. This raw ratio is smoothed using an exponential moving average to reduce noise and provide a clearer signal of market thrust.

2. Volatility filter using ATR

To avoid entering trades during highly volatile or erratic conditions, the system filters signals by requiring the average true range as a percentage of price to remain below a defined threshold.

3. Entry conditions

A long entry is triggered when the smoothed breadth ratio crosses upward above a lower threshold, either sharply or with confirmation by a sustained increasing trend over the last few weeks. This approach attempts to capture early momentum build-up.

4. Exit conditions

Exits are signalled when the smoothed breadth ratio crosses downward below a higher threshold, indicating a potential loss of upward momentum.

5. Position management and risk control

The system employs two types of stop-losses

- An ATR-based trailing stop set at specific ATR multiples below the highest price since entry.
- A fixed percentage stop loss to limit maximum downside. The peak price is tracked to update the trailing stop dynamically.

Strengths

- Incorporates a breadth ratio which may better reflect market-wide participation and internal strength.
- Use of exponential smoothing on the breadth ratio helps reduce false signals from noise.
- Volatility filtering reduces entries during turbulent periods, potentially lowering risk.
- Dual stop-loss mechanisms offer robust downside protection and dynamic trade management.
- Clear entry and exit thresholds simplify interpretation and strategy discipline.

This system is suitable for weekly traders who value broad market participation signals combined with strict risk controls. It aims to enter early in rising momentum phases confirmed by volume and price breadth while limiting risk with adaptive stops.