

BOS and CHoCH strategy

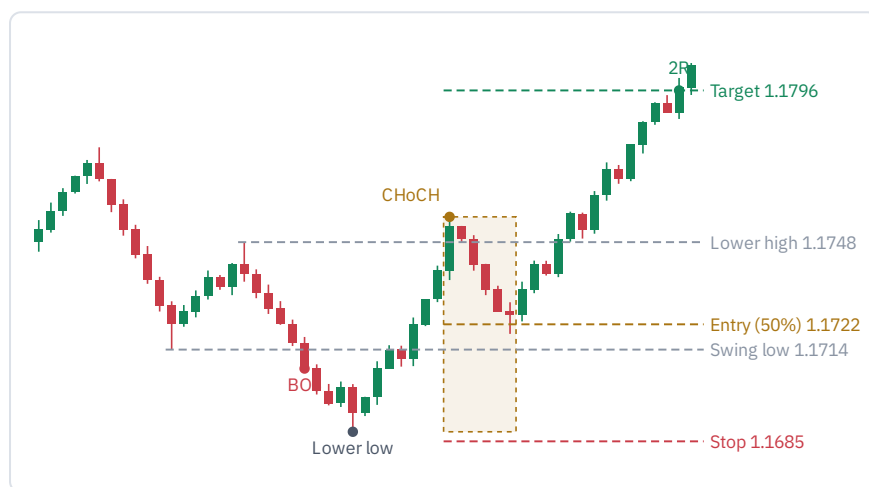
Market structure, BOS vs CHoCH, a 50% pullback entry, a EURUSD example and a free Pine Script. By M. A. Horaira, updated 9 October 2026.

THE RULES

- **Structure:** swing highs and lows with five candles on each side; higher highs and higher lows make an uptrend, lower highs and lower lows a downtrend
- **BOS (break of structure):** a close beyond the last swing point in the direction of the trend (continuation)
- **CHoCH (change of character):** the first close beyond the last swing point against the trend (possible reversal)
- **Entry:** after the break, a limit order halfway back into the leg that made it (the 50% level)
- **Stop loss and target:** beyond the start of that leg plus a quarter of the ATR; target twice the risk (2R)
- **Choose:** trade BOS, CHoCH or both; the order is cancelled if it hasn't filled within 20 candles

WORKED EXAMPLE

EURUSD: CHoCH close 1.1753 above the 1.1748 lower high. Leg 1.1688 to 1.1756. Buy limit at 50% = 1.1722, stop 1.1685 (37 pips), target 1.1796 (2R). \$10,000 at 1% = 0.27 lots: – \$99.90 / +\$199.80.



Illustrative chart drawn to show the rules, not a real day's prices.

LOT SIZE

Lots = money at risk ÷ (stop in pips × pip value per lot).
On EURUSD and GBPUSD one standard lot is \$10 a pip. Risk the same 0.5% to 1% on every trade.

BEFORE EVERY TRADE

- ☐ Break confirmed by a candle CLOSE?
- ☐ BOS (with the trend) or CHoCH (against it)?
- ☐ Limit at 50% of the break leg, not the breakout close?
- ☐ Stop beyond the start of the leg?
- ☐ Cancel after 20 candles?

BACKTEST IT BEFORE YOU TRADE IT

1. Open the chart on TradingView.
2. Pine Editor → paste the free script → Add to chart.
3. Settings → Properties: add your commission and slippage.
4. Look for 100+ trades, a profit factor above 1 after costs, and a drawdown you can live with.
5. Check the same settings on other dates, then demo trade for a few weeks.
6. Free script: pipledgerfx.com/downloads/bos-choch-strategy.pine

For education only, not investment advice. Trading forex and gold on margin carries a high risk of loss, and no strategy wins every time. No backtest results are claimed here: test the rules yourself with your own costs. In India, residents may trade currency pairs only through SEBI-registered brokers on recognised exchanges (NSE, BSE, MSE) and gold on MCX; offshore forex and CFD platforms aren't allowed under FEMA. Full guide:

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