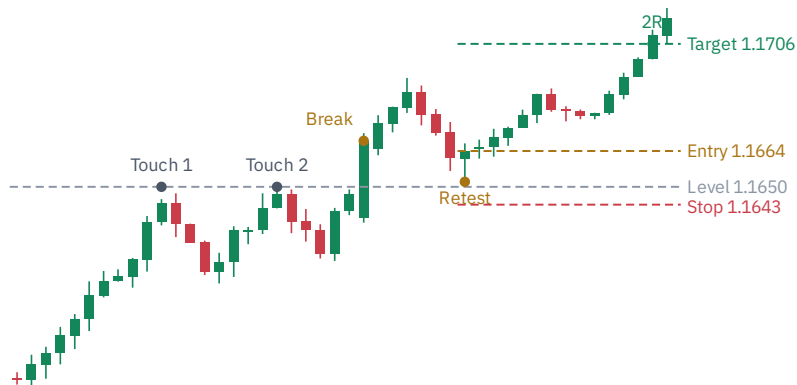


Break and Retest strategy

Why broken levels flip, entry and stop rules, a EURUSD example and a free Pine Script. By M. A. Horaira, updated 5 October 2026.

THE RULES

- **Level:** a recent swing high (resistance) or swing low (support); the script uses 5-candle swing points
- **Break:** a candle closes beyond the level
- **Retest:** within 15 candles, the price comes back to within 3 pips of the level and a candle closes back on the breakout side, in the breakout direction
- **Entry:** at the close of that retest candle
- **Stop loss:** beyond the level or the retest candle, whichever is further, plus half the 14-period ATR
- **Target:** twice the risk (2R)
- **Filter:** longs only above the 200 EMA, shorts only below it (on by default in the script; you can switch it off)



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

WORKED EXAMPLE

EURUSD long at 1.1664 after a retest of 1.1650, stop 1.1643 (21 pips), target 1.1706 (2R). \$10,000 at 1% = \$100 ÷ (21 × \$10) = 0.47 lots: – \$98.70 at the stop, +\$197.40 at the target.

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

- ☐ Level touched before, ideally more than once?
- ☐ Break was a candle CLOSE beyond the level?
- ☐ Retest within 15 candles, close back on the breakout side?
- ☐ Trading with the 200 EMA (if the filter is on)?
- ☐ Stop beyond the level plus half an ATR?

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/break-and-retest-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: pipledgerfx.com/break-and-retest-strategy