

Gold Donchian Breakout strategy

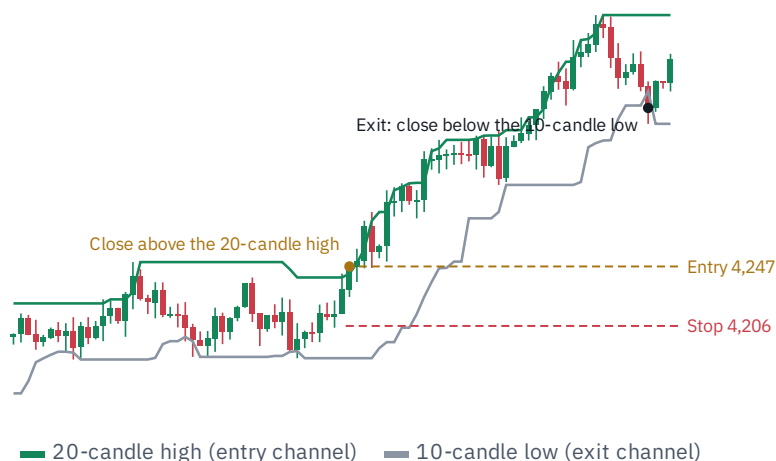
Donchian channel breakout for gold: 20-candle entry, 2 ATR stop, 10-candle exit and a free Pine Script. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Market:** XAUUSD on the 4-hour chart (the daily chart works too)
- **Entry:** a candle that closes above the highest high of the previous 20 candles (long), or below the lowest low of the previous 20 (short); enter at that close
- **Trend filter:** longs only above the 200 EMA, shorts only below it
- **Stop loss:** $2 \times \text{ATR (20)}$ from the entry, fixed when the trade opens
- **Exit:** when a candle closes below the lowest low of the previous 10 candles (longs), or above the highest high of the previous 10 (shorts)
- **Target:** none: the 10-candle exit lets a winning trade run
- **Size:** risk 0.5% to 1% of the account on the $2 \times \text{ATR}$ stop

WORKED EXAMPLE

XAUUSD 4H: close 4,247.30 above the 20-candle high 4,242.42, above the 200 EMA. Stop $2 \times \text{ATR } 20.64 = 4,206.02$ (\$41.28). \$10,000 at 1% = 0.02 lots. Exit on a close below the 10-candle low at 4,357.44, 40 candles later: about +2.7R.



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

LOT SIZE

Lots = money at risk $\div$ (stop in dollars $\times$ 100). One lot of gold is 100 ounces, so a \$1 move is \$100 a lot. Risk the same 0.5% to 1% on every trade. Weekend gaps can jump the stop.

BEFORE EVERY TRADE

- ☐ Candle CLOSED above the previous 20-candle high?
- ☐ Price above the 200 EMA?
- ☐ Stop $2 \times \text{ATR}$, sized from it?
- ☐ Exit only on a close through the 10-candle channel?
- ☐ Ready for a run of small losses?

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/gold-breakout-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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