

Inside Bar Breakout strategy

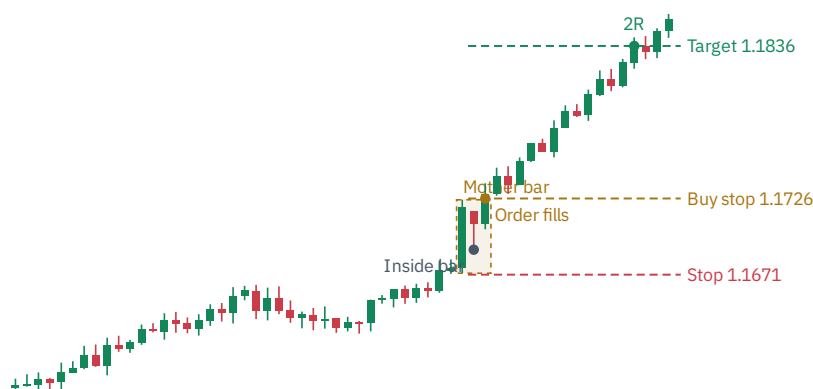
Inside bar and mother bar, breakout entry with stop orders, a EURUSD example and a free Pine Script. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **The pattern:** an inside bar: a candle whose high is below the previous candle's high and whose low is above its low; the previous candle is the mother bar, at least $0.5 \times \text{ATR}$ tall
- **Entry:** a buy stop just above the mother bar's high (sell stop just below its low), a twentieth of the ATR beyond it
- **Filter:** with the trend filter on (the default), only the order in the direction of the 200 EMA; with it off, both orders, and when one fills the other is cancelled
- **Stop loss:** just beyond the other side of the mother bar (or of the inside bar)
- **Target and expiry:** twice the risk (2R); unfilled orders are cancelled after 3 candles

WORKED EXAMPLE

EURUSD 4H: mother bar 1.1672–1.1725, inside bar 1.1689–1.1717. Buy stop 1.1726, stop 1.1671 (55 pips), target 1.1836 (2R). \$10,000 at 1% = 0.18 lots: −\$99 / +\$198.



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

- ☐ High BELOW and low ABOVE the mother bar?
- ☐ Mother bar at least $0.5 \times \text{ATR}$?
- ☐ Order in the trend's direction?
- ☐ Cancel if not filled within 3 candles?
- ☐ Weekend gap risk on a pending order?

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/inside-bar-strategy.pine

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