

Order Block strategy

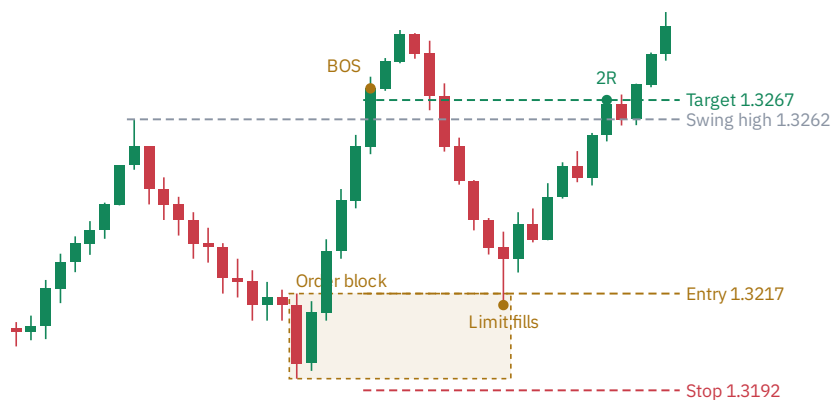
Bullish and bearish order blocks, entry and stop rules, breaker and mitigation blocks, and a free Pine Script. By M. A. Horaira, updated 9 October 2026.

THE RULES

- **Break of structure:** a candle closes above the last swing high (for longs) or below the last swing low (for shorts)
- **The order block:** the last bearish candle before that break (last bullish candle for shorts), found within the 10 candles before it
- **Strength check:** the breaking candle closes at least $1.5 \times \text{ATR}$ away from the far edge of the block
- **Entry:** a limit order at the near edge of the block (its high for a bullish block, its low for a bearish one)
- **Stop loss and target:** beyond the far edge of the block plus a quarter of the ATR; target twice the risk (2R)
- **Cancel:** if the order hasn't filled within 30 candles

WORKED EXAMPLE

GBPUSD: block 1.3195 to 1.3217, break of the 1.3262 swing high. Buy limit 1.3217, stop 1.3192 (25 pips), target 1.3267 (2R). \$10,000 at 1% = 0.40 lots: -\$100.00 at the stop, +\$200.00 at the target.



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

- ☐ Did a candle CLOSE beyond the last swing point?
- ☐ Block = last opposite candle before the break?
- ☐ Move away at least $1.5 \times \text{ATR}$?
- ☐ First return to this block?
- ☐ Stop beyond the far edge plus a buffer?

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/order-block-strategy.pine

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