

RSI 60/40 strategy

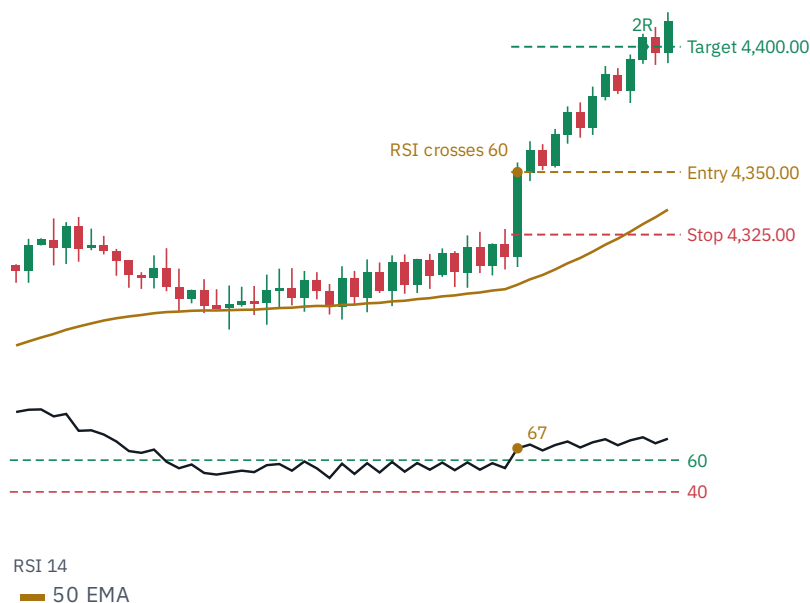
Why 60 and 40, entry, stop and exit rules with a trend filter, a gold example and a free Pine Script. By M. A. Horaira, updated 9 October 2026.

THE RULES

- **Indicators:** the 14-period RSI and a 50-period EMA as the trend filter
- **Long:** the RSI closes above 60 (from at or below 60) with the price above the 50 EMA
- **Short:** the RSI closes below 40 (from at or above 40) with the price below the 50 EMA
- **Stop loss:** $1.5 \times$ the 14-period ATR from the entry, or the last 10 candles' swing
- **Exit:** the stop, a 2R target, or early if the RSI closes back below 40 (for a long) or above 60 (for a short)

WORKED EXAMPLE

XAUUSD 1H: RSI closes at 67 (from 55) with price above the 50 EMA.
 Entry 4,350, ATR \$16.66, stop 4,325 (\$25), target 4,400 (2R). \$10,000 at 1% = $\$100 \div (\$25 \times 100 \text{ oz}) = 0.04$ lots: -\$100 / +\$200.



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

LOT SIZE

Lots = money at risk $\div$ (stop in \$ $\times$ 100 ounces). On XAUUSD one lot is 100 ounces, so a \$1 move is \$100 a lot. Risk the same 0.5% to 1% on every trade.

BEFORE EVERY TRADE

- ☐ RSI CLOSED above 60 (or below 40)?
- ☐ Price on the right side of the 50 EMA?
- ☐ Stop $1.5 \times$ ATR away, lot size from the stop?
- ☐ Exit plan: 2R, or RSI back through 40/60?
- ☐ No big news due?

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/rsi-60-40-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/rsi-60-40-strategy