

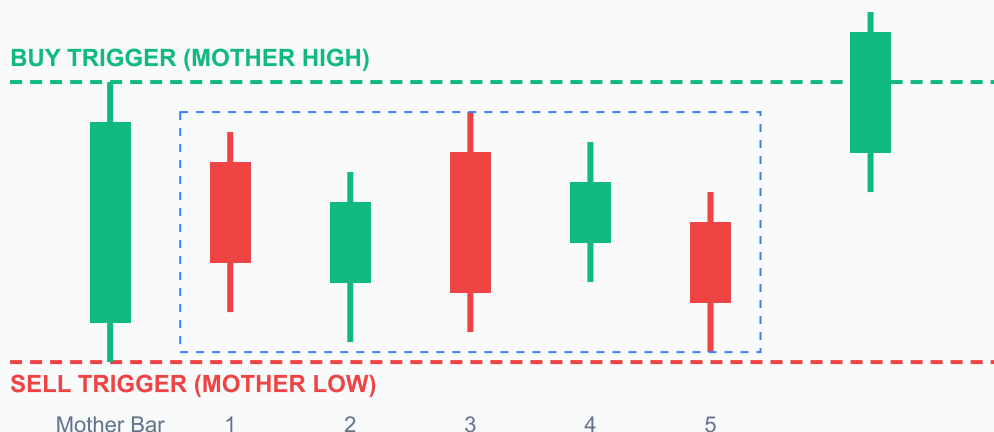
Welcome to the **5-Bar Inside Equity Trading Strategy**. Designed for both beginners and experienced traders, this strategy capitalizes on volatility expansion following a period of tight price consolidation. It is a highly objective, rule-based system that eliminates emotional decision-making.

The core philosophy relies on capturing explosive price movements that often occur after the market has coiled tightly within a defined range. By waiting for specific confirmation criteria, traders can align themselves with the dominant intraday momentum.

Core Strategy Parameters

Parameter	Specification	Details
Instrument	Equity (Cash Market) & F&O Stocks	Highly liquid stocks with good intraday volume.
Timeframe	15-Minute Chart	Provides a balance between noise reduction and actionable signals.
Setup Timing	Complete by ~10:45 AM	Requires exactly one initial bar and five inside bars to form.
Exit Constraint	Intraday Only (3:15 PM)	Strict no-overnight-position rule to avoid gap risks.
Risk:Reward Target	1:1 Minimum	The strategy boasts a high win rate (>65%), making a 1:1 ratio highly effective.

The Visual Setup & Execution Protocol



Step 1: Identify the Mother Candle

Wait for a significant 15-minute candle to form early in the trading session. This establishes the initial defining range. Mark the extreme High and extreme Low of this specific candle.

Step 2: Confirm 5 Inside Candles

Exactly 5 consecutive 15-minute candles must form entirely *inside* the High and Low range of the Mother Candle. If a breakout occurs before 5 candles complete, the stock is discarded. (If 6 or 7 form, the setup remains valid).

Step 3: Place Bracket Orders

Once the 5th candle closes, place a **Buy Limit Order** exactly at the Mother Candle's High, and a **Sell Limit Order** exactly at the Mother Candle's Low. Let the market trigger you in.

Step 4: Execute & Terminate at 3:15 PM

Whichever order triggers first becomes your active trade; the other becomes your Stop Loss. Hold the position until exactly 3:15 PM, then close all open trades regardless of profit or loss.

Risk Management & Options Adaptation

Proper risk management is the foundation of long-term trading success. This strategy offers two distinct methods for managing your stop loss depending on the volatility of the Mother Candle.

Standard Stop Loss

Place your Stop Loss at the absolute opposite end of the Mother Candle. If you entered a long position at the High, your SL is the Mother Candle's Low. This allows the maximum breathing room for the trade.

Reduced Risk Stop Loss

If the Mother Candle is exceptionally large, place your Stop Loss at the highest high (for shorts) or lowest low (for longs) of the **5 inside candles**. This tightening improves the risk/reward ratio at the cost of a slightly lower win rate.

Trading the Setup via Options

If you prefer F&O over cash equity, do not use At-The-Money (ATM) options due to higher premium decay risks if the stock continues to consolidate post-breakout.

- **For Directional Buyers:** Buy the **OTM 3** (Out of the Money by 3 strikes) Call or Put option. This significantly reduces upfront capital risk while capturing the explosive momentum delta.
- **For Option Sellers:** Sell the **OTM 3** Put (for upside breakouts) or Call (for downside breakdowns) to take advantage of directional bias and theta decay safely.

Position Sizing Rule: Never risk more than 1% to 2% of your total trading capital on a single 5-Bar Inside setup. Calculate your share quantity strictly based on the distance between your entry trigger and your chosen Stop Loss level.