# THE LONG PULL: Checking In On Classical Charting

We're doing something different in this week's *Long Pull Report.* I'm taking a break from fundamentals to review my YTD Classical Charting system performance. Yes, I moonlight as a classical chartist on my off hours :)

Consider it an inspiration from Chris D's systems approach. He's added real alpha to our MO book this year, and there's something elegant (simple?) about a systems-based approach.

I've spent the past few months systematizing my Value Investing process. Systems are everything at Macro Ops. Alex once told me, "if you can't systematize your process then you don't have a process."

And it's true.

That's why I love Macro Ops. We're all about stacking edges via a multi-systematic approach to markets. There are thousands of ways to make money in markets. Why limit ourselves to just one approach? Why not have 3, 5, or 10 different profit-generating systems to attack markets?

I'll get off my soapbox. Before we dive into the returns, let's recap the what and how of this trading system.

## High-Level System Overview

**The What:** My classical charting system trades (you guessed it) classical chart patterns. I mainly trade horizontal boundaries: rectangles, ascending/descending triangles, cup-and-handle, and H&S patterns.

**The How:** I use Mike G's Breakout Automator Tool (or BAT) to identify entry, exit, and profit-taking points.

The tool takes the neckline of the pattern boundary and stretches to the base of the pattern (so the bottom of the rectangle, above/below the right shoulder of an H&S, below the handle, and the lowest/highest point of an ascending/descending triangle).

I risk 1R on each trade (if I can get the size). My BAT profit target ensures a 4R profit if hit.

Finally, I trail stop my position using the 8D EMA.

**The Why:** Classical charting works, and I want to systematically exploit that edge by trading horizontal pattern boundaries using the BAT tool.

One important note before we dive in, I track both total trades and **exclusively rectangle trades**. This allows me to see how well a rectangle-only system works versus trading all available patterns.

Alright, to the data!

## YTD 2025 Return Data

Here are the raw performance data of my classical charting system up to July 30, 2025 (the most recent initiated trade).

| Setup 1 | | | Setups 4R Rectangle | |
|---|---|---|---|---|
| | | | | |
| Total Trades | 46 | | Total Trades | 30 |
| Wins | 23 | | Wins | 15 |
| Losses | 22 | | Losses | 15 |
| Breakevens | 1 | | Breakevens | 0 |
| Avg Win | 1.92 | | Avg Win | 1.83 |
| Avg Loss | -0.68 | | Avg Loss | -0.59 |
| Win Rate | 50% | | Win Rate | 50% |
| Total R | 29.18 | | Total R | 18.70 |
| Expectancy | 0.63 | | Expectancy | 0.62 |
| Standard Dev | 1.82 | | Standard Dev | 1.67 |
| Exp/StdDev | 0.35 | | Exp/StdDev | 0.37 |
| SQN | 2.36 | | SQN | 2.04 |
| SQN(100) | 3.49 | | SQN(100) | 3.72 |
| | | | | |
| Beg Balance | $38,117 | | Beg Balance | $38,117 |
| End Balance | $49,949 | | End Balance | $44,987 |
| % Return | 31.04% | | % Return | 18.02% |
| # Days | 224 | | # Days | 224 |
| CAGR | 55.35% | | CAGR | 31.00% |
| Drawdown | -4.02% | | Drawdown | -2.30% |
| CAGR/MaxDD | 13.78 | | CAGR/MaxDD | 13.47 |
| Profit Factor | 3.01 | | Profit Factor | 2.91 |

A few highlights on Setup 1:

> ➢ Win Rate: 50%
> ➢ Average Win: 1.92R
> ➢ Average Loss: -0.68R
> ➢ Expectancy: 0.63
> ➢ Total Return: 31.04%
> ➢ CAGR: 55.35%

Here are the equity curves of both strategies.
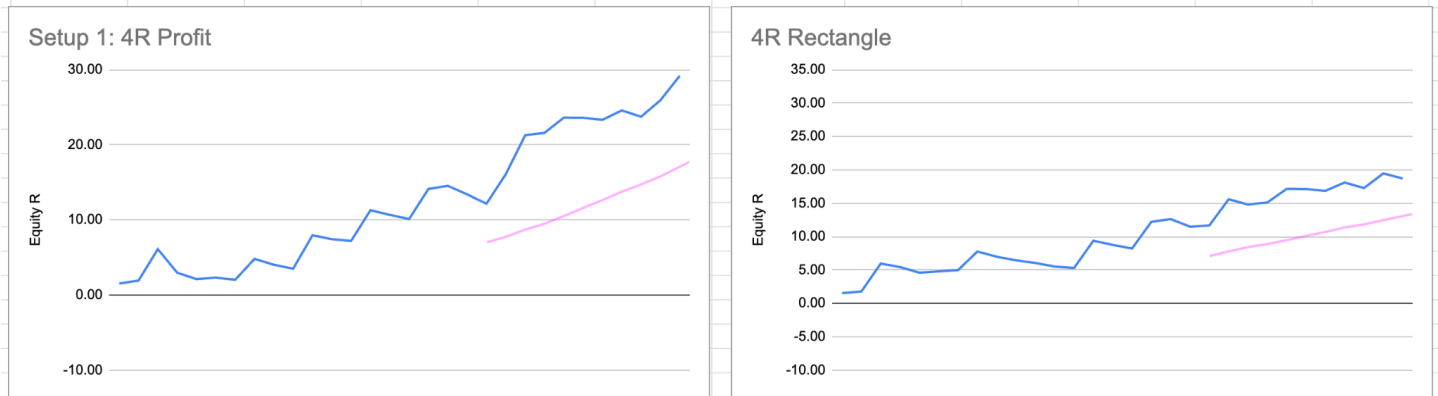


I couldn't ask for a better-looking equity curve – stair-stepping with little drawdowns and the occasional big winner (at least on Setup 1).

That's the power of a positive expectancy trading system: Small win, small loss, small win, small win, BIG WIN, small win, etc.

Let's get more granular on what drove returns.

## What Drove YTD Returns?

I use three criteria to analyze my trades:

1. **Time frame:** 4HR, Daily, Weekly, Monthly
2. **Continual or Reversal:** Is the breakout continuing a bull trend? Or is it signaling the start of a new trend?
3. **Pattern:** Explained above

Here are the results (see below).

*Chop wood, carry water…*

### SETUP 1: 4R Profit

#### ATTRIBUTE 1 ANALYSIS: CHART TIME FRAME

| Attribute | Trade Count | Win Rate | Total R | Expectancy |
|---|---|---|---|---|
| Daily | 23 | 61% | 17.09 | 0.74 |
| Weekly | 14 | 43% | 2.74 | 0.20 |
| Monthly | 4 | 0% | -2.53 | -0.63 |
| 4H | 5 | 60% | 11.88 | 2.38 |

#### ATTRIBUTE 2 ANALYSIS: CONTINUATION OR REVERSAL

| Attribute | Trade Count | Win Rate | Total R | Expectancy |
|---|---|---|---|---|
| Continuation | 25 | 56% | 20.25 | 0.81 |
| Reversal | 21 | 43% | 8.93 | 0.43 |
| | 0 | 0% | 0 | 0.00 |
| | 0 | 0% | 0 | 0.00 |

#### ATTRIBUTE 3 ANALYSIS: PATTERN

| Attribute | Trade Count | Win Rate | Total R | Expectancy |
|---|---|---|---|---|
| Rectangle | 30 | 50% | 18.70 | 0.62 |
| Head & Shoulders | 9 | 56% | 10.57 | 1.17 |
| Cup and Handle | 3 | 33% | 1.39 | 0.46 |
| Symmetrical Triangle | 1 | 100% | 0.15 | 0.15 |
| Channel | 0 | #DIV/0! | 0.00 | #DIV/0! |
| Descending Triangle | 0 | #DIV/0! | 0.00 | #DIV/0! |
| Ascending Triangle | 3 | 33% | -1.62 | -0.54 |

A few things stand out.

1. **Time frame:** Weekly charts are the least profitable trading time frame (14 trade sample size) at 43% win rate. And I should just stop trading monthly charts because I'm 0/4. At least the expectancy is above -1R.
2. **Continuation or Reversal**: No surprise here, as Continuation patterns are significantly more profitable (20.25R versus 8.93R). This makes sense because you're fighting the tape on reversals (remember Al Brooks' "look left").
3. **Pattern:** I can't believe I've only traded *one* symmetrical triangle. Mike G would be so proud of me! Also, H&S patterns have the highest expectancy at 1.17R (almost twice as high as rectangles!).

However, the biggest surprise is the **4HR time frame return data.** I know it's only five trades. But I've generated 11.88R with a 2.38R expectancy. That's 3x greater than the daily time frame (next best performer).

*Chop wood, carry water…*

## Why The 4HR Time Frame Works (?)

I've thought about the 4HR time frame for over a month … why does it work so well? What's the secret sauce, if there is any?

I see four main reasons for its success:

1. Shorter time frames provide quicker "go" or "no go" trades (i.e., they either *really* work or don't, and you know within a couple of bars).
2. The 8EMA moves more quickly to breakeven on shorter time frames (allowing for higher convexity/asymmetry with each trade).
3. You can only trade the 4HR time frame on futures and currency markets, which are more liquid, *generally* less volatile (don't look at a copper chart, just trust me!), and offer more trading opportunities.
4. Luck.

Here are the five trades from the 4HR time frame:

| Opened | Closed | Symbol | ute 3 ] | Exit | MFE | MAE | Screenshot | Direction | Risk | MFE R | MAE R | Realized R |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2025-03-13 | 2025-03-14 | MHGK2025 | h… ▼ | 4.90 | 4.95 | 4.90 | | Buy | 1.00% | 0.74 | 0.05 | 0.00 |
| 2025-06-02 | 2025-06-09 | SILN2025 | gle ▼ | 36.66 | 36.66 | 34.17 | tradingview.com/: | Buy | 1.00% | 3.93 | -0.10 | 3.93 |
| 2025-06-06 | 2025-06-10 | MCLN2025 | k… ▼ | 70.41 | 68.17 | 64.72 | radingview.com/x | Buy | 1.00% | 3.87 | 0.68 | 5.94 |
| 2025-06-24 | 2025-06-27 | MNQU2025 | gle ▼ | 22677 | 22823.75 | 22388 | radingview.com/x | Buy | 0.58% | 2.87 | 0.36 | 2.02 |
| 2025-07-08 | 2025-07-09 | MCLU2025 | gle ▼ | 66.74 | 67.53 | 66.74 | radingview.com/x | Buy | 0.50% | 0.70 | -0.02 | -0.02 |

I say "luck" as a reason because I just-so-happened to catch the crude oil long on the 4HR time frame moments before Israel bombed Iran. But besides that, the returns are:

➢ Breakeven
➢ +3.93R
➢ +2.02R
➢ -0.02R

Small loss, small loss, BIG WIN … another good pattern.

Maybe the lesson is that I should trade more futures and fewer equities? Or maybe I've found a small, profitable niche trading system that incorporates shorter time frames while maintaining downside discipline.

The 4HR chart seems to be the sweet spot between "I can take more trades and still protect risk" and "I need to stare at my monitor all day or I'll blow up my account."

However, the most important metric has nothing to do with returns, but instead with **my time.**

## Reducing Trading Frequency: The Real Differentiator

I've placed 46 trades over 224 days. That averages to one trade every 4.87 days. So basically one trade a week. The Rectangle-Only system is even less active, taking one trade every 7.47 days.

How amazing is that? The system has generated a 31% return, **placing ~1 trade per week by:**

1. Trading *only* horizontal pattern boundaries.
2. Trading *only* the best setups.

It's Buffett's Punch Card Theory applied to classical charting. I get one "punch" a week; better make it worth it.

But it's more than that. That data provides comfort in knowing I don't need to *force* trades for the sake of trading. If I don't find a setup on Tuesday, that's okay. I have the rest of the week to find one. And if I go a week without placing a trade, that's okay too!

**My returns aren't correlated with increased activity, but increased discipline.**

It's why I love tracking this trading system. Data is powerful. It provides reassurance that your hypothesis is working. It shows how and when to tailor your approach, where to tweak variables to improve performance, and where to let go.

Please DM or email me if you have any questions or want a template to start your own Trade Log! And don't hesitate to ask questions in the #classical-charting channel. We don't bite.

I'm excited to share my full-year trading performance in December. Until then, happy trading!

Your Value (and sometimes Classical Chartist) operator,

Brandon