

CHAPTER V

CONCLUSION AND SUGGESTION

5.1 Conclusion

Based on the testing results and discussions presented in the previous chapters, the following conclusions can be drawn:

1. The automated trading strategy developed using the combination of the Relative Strength Index (RSI) and Standard Deviation indicators successfully assists traders in managing risk in the USD/CAD forex market. This strategy incorporates effective risk management and offers flexibility in choosing timeframes.
2. The performance of the Expert Advisor (EA) developed using RSI and Standard Deviation has been thoroughly tested through backtesting and real-time testing, showing promising results with consistent profits. Backtesting over five years yielded profitable outcomes, with real-time testing over one month further confirming the EA's effectiveness in generating profits.
3. Statistical analysis indicates no significant differences between the backtesting and real-time testing results for profit and balance variables on the H1 and H4 timeframes. However, there were significant differences in the total number of trade deals between backtesting and real-time testing results on these timeframes. This suggests that factors like market conditions, slippage, and network issues may influence the EA's

performance in real-time.

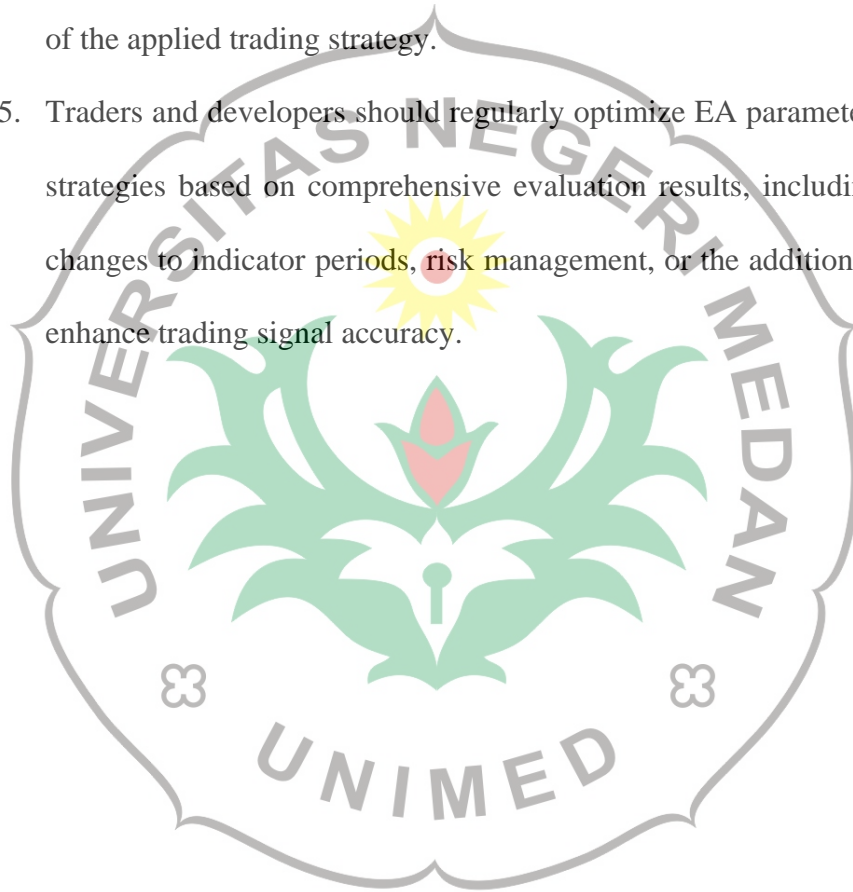
4. The Expert Advisor (EA) demonstrated consistency in generating profits and the effectiveness of the implemented trading strategy, with generally positive performance metrics. Backtesting over five years on the H1 timeframe resulted in an expected payoff of 21.35, a Sharpe ratio of 0.38, a profit factor of 1.19, and a drawdown of 25.23%. The H4 timeframe recorded an expected payoff of 16.70, a Sharpe ratio of 0.58, a profit factor of 1.27, and a drawdown of 19.24%. These results show that while the EA is effective in generating consistent profits, there is room for improvement, particularly in managing the drawdown and improving the risk-adjusted returns

5.2 Suggestions

Based on the above conclusions, the following suggestions are provided:

1. Traders and developers are encouraged to consider the use of RSI and Standard Deviation indicators in the development of trading strategies, particularly for automated systems.
2. It is important to continuously monitor the performance of the Expert Advisor and conduct periodic evaluations to ensure the EA's effectiveness over the long term.
3. Further testing of the EA on other currency pairs or financial instruments is recommended to assess the flexibility and reliability of the developed trading strategy.

4. It is advisable to conduct extended testing of the EA over longer periods and across various market conditions to validate the consistency and reliability of the applied trading strategy.
5. Traders and developers should regularly optimize EA parameters or adjust strategies based on comprehensive evaluation results, including potential changes to indicator periods, risk management, or the addition of filters to enhance trading signal accuracy.



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