



BASE CAMP
TRADING



How To Maximize Profits with Renko Charts

How To Maximize Profits with Renko Charts by MicroQuant, LLC 811 Sixth Street, Suite 220 Wichita Falls, TX 76301

www.basecamptrading.com.com

© 2019 MicroQuant, LLC DBA Base Camp Trading

All rights reserved. No portion of this book may be reproduced in any form without permission from the publisher, except as permitted by U.S. copyright law.

IMPORTANT NOTICE! No representation is being made that the use of this strategy or any system or trading methodology will generate profits. Past performance is not necessarily indicative of future results. There is substantial risk of loss associated with trading securities and options on equities. Only risk capital should be used to trade. Trading securities is not suitable for everyone. Disclaimer: Futures, Options, and Currency trading all have large potential rewards, but they also have large potential risk. You must be aware of the risks and be willing to accept them in order to invest in these markets. Don't trade with money you can't afford to lose. This website is neither a solicitation nor an offer to Buy/Sell futures, options, or currencies. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this web site. The past performance of any trading system or methodology is not necessarily indicative of future results.

CFTC RULE 4.41 – HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.



CONTENTS

About The Author: Thomas Wood

Part 1: Time Problem	6
What Is Renko Trading?	7
Renko Chart vs. Traditional Chart	7
3 Advantages of Renko Trading	8
Part 2: How Gary Has \$4,000 Days Trading a \$50,000 Account	
Gary's Story with Renko Trading	9
\$4,680 Profit In One Day	11
\$4,927 Profit In One Day	11
\$4,858 Profit In One Day	12
\$5,085 Profit In One Day	12
\$10,177 Profit In One Day	13
Part 3: The Simple 5-Step Renko Trend Trading Strategy	
The Renko Trend Trading Strategy	14
The Definition of a Trend	14
Trend Quiz Questions	16
How Renko Bars Are Formed	17
How Renko Charts Work	17
How Renko Bars are Formed	17
The 4 Main Types of Renko Charts	19
1. Traditional Renko	19
2. Mean Renko	20
3. Custom Renko	20
4. Uni-Renko (My Favorite)	21
The 5 Steps to Trend Trading with Renko	22
To Learn More About Renko	25





About The Author: THOMAS WOOD

Hi. Thank you for downloading the **Renko Trend Trading ebook**. My name is Thomas Wood and I'm a partner and head of Futures Trading here at Base Camp Trading. I'm excited to show you how Renko Trading can truly be a game changer for you!

However, before we get started, I thought I'd briefly share a little about myself and my experience as a trader; and also answer a common question I've heard over the years, which is this:

"If you're so good at trading why do you spend time teaching people instead of just trading for yourself?"

When I first started teaching other traders, I used to get annoyed at that question. I'd think, *Man, all I'm trying to do is help these guys be successful, why are they so rude?*

But now I understand why people ask that. They just want to know if you're the real deal or if you're another snake oil salesman trying to profit from people's desire to learn how to trade. So let me explain why I do what I do...

My Father got me into trading when I was 14 years old, which is when I placed my first options trade, with his help. I remember him saying, "Thomas, you don't want to be doing this backbreaking work I do (he was in construction). One of the best ways to make all the money you want, while also being free to spend time with your family, when you have one, is to learn how to trade."

So I started trading before I was old enough to drive and I have been fascinated with it ever since! Since then my entire professional career has revolved around trading. I've been a hedge fund manager, partnered in a fund and then later got into the education side of things. I joined MicroQuant in 2012, where I run the Futures trading room, trade my own account, and manage a couple other larger accounts.

One of the main reasons I decided to start teaching also has to do with my Father. I remember when he first started trading. He went out and followed all these gurus and got really excited, but then ended up losing hundreds of thousands of dollars, which was real hard on our family. Even as a teenager, I thought, *You know what, that's not right!* These people aren't actually helping my Dad. They're just getting rich off him.



Later on in life, I realized there were many people out there who were just like my Dad. People who wanted to learn how to trade the right way so they could be consistently profitable. And so after spending many years making a full-time living trading I thought about my Dad and how I wish he would have had good solid teachers. Ultimately, this is what led me to get into the teaching side of things.

I firmly believe anyone can make a great living as a trader, I know from firsthand experience. But you have to do things right. You have to master the fundamentals. You have to stay focused, exercise discipline and avoid “the shortcuts.”

So anyway, that’s my story and the reason why I do what I do.

My vision is to take this industry, which everyone seems to think is super complicated, and simplify it so normal, everyday people can learn to consistently profit from trading.

My number one priority is making the traders I work with as profitable as they can be and hopefully changing their lives and the lives of their families in the process.

I know that’s a long answer to the simple question, “Why do you teach?” but now you know. I hope to see you in the trading room soon!

— Thomas Wood



PART 1: TIME PROBLEM

If you want to go from where you are today as a trader to where you could be, you need more than just new information. Tips and tricks may help you improve a little; but to really take your trading game to the next level you must be open to whole new *ways* of trading; even if the new paradigms seem counterintuitive at first.

If you are not open to this type of transformative learning then you will remain stuck. This is why some traders take years, if not decades, to become consistently profitable. They think they already know the basics, so they skip over the fundamentals in favor of more “advanced” strategies. However, these seductive complex strategies usually don’t help traders become profitable (but the gurus who teach them sure do make a pretty penny!).

There’s a lot of money to be made in making simple things complex. Especially in the trading world. However, I’m more interested in making complex things simple enough for anyone to understand. I truly believe trading is really not that hard as long as you have patience, discipline and focus.

And in this eBook I want to help you with that last trait: **focus**. More specifically, I want to introduce you to a tool that can help you focus on the most important things when you look at your chart so you can:

1. **Get better at taking winning trades.**
2. **Stay in those winning trades longer.**
3. **Get better at knowing when to exit.**

To accomplish these objectives this tool will help you ignore something that trips up most traders...
TIME!*

Choosing to ignore time may seem counterintuitive at first. Most traders are initially uncomfortable when I ask them to essentially take time out of the trading equation.

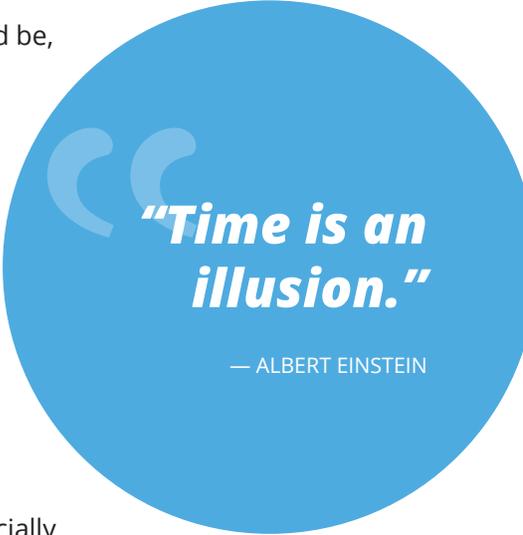
They ask, “Well, isn’t time important for what we’re doing?”

To which I ask, “When do you make money as a trader?”

The correct answer is: **when the market moves**.

You make money when the trade you entered continues to go in the direction you thought it would, right?

Winning (or losing) at trading is about price movement. Not passage of time.



“Time is an illusion.”

— ALBERT EINSTEIN



Therefore, I challenge you to start looking at the markets with a new lens, one that filters out the noise that time causes. This new lens is called Renko Trading.

WHAT IS RENKO TRADING?

Renko Trading is a whole different way to display price movement using a Renko Chart. A Renko Chart is a volatility-based price chart that's based on price movement rather than time. For example, on a normal 30-minute chart, a new bar is created every 30 minutes, regardless if the price moves.

However, with a Renko Chart, the market has to really move for a new price brick to form. Unlike a range bar, new price bars are only created when price moves a specified distance above or below the previous price bars high or low.

Renko Chart vs. Traditional Chart

Below you'll find a side-by-side comparison of a Renko Chart and a traditional chart. On the left you'll see the Renko Chart for crude oil. And on the right you'll see the same thing on a 1-minute chart.

See how clean the Renko one is and how it just continues to trend higher and higher? And then notice how choppy and messy the traditional one looks compared to Renko? As you can see, the trend is much easier to see on the one on the left because it filters out the noise.



3 ADVANTAGES OF RENKO TRADING

So why is Renko such a game changer? Here are the three main reasons:

1. Trends are Clearer: Renko Charts make it much easier to spot trends. Nearly all traders who have switched to Renko agree that studying technical patterns on these charts are simpler compared to using any other chart types, including candlestick or line charts. For example, a lot of traders struggle to identify higher highs and lows in prices. And Renko makes this much easier to do.

2. Maximize Your Runners: A common mistake traders make is that they exit profitable trades too soon. One of the main reasons for this is that traditional charts show you too much information. And inexperienced traders get deceived by all these weak and false candlestick patterns, which is the “noise” we’ve been referring to. Renko Charts filter out these small corrections so you won’t exit too soon.

3. Easily Spot Reversals: As you’ll see shortly, there are typically two main colors of bricks on Renko Charts (up bars are usually green or white, down bars are usually red or black). This makes it very easy to identify true reversals because a different color brick will appear in the opposite direction; but only when the market has really pulled back and started going in that opposite direction.

So as you can see, by eliminating the noise and only showing price change, Renko helps you get through those choppy compression periods with ease so you don’t get scared and exit a winning trade early. Plus, it practically forces you to wait for real trade setups and breakouts because of how the chart is plotted.

Now can you see why switching to Renko can be one of the easiest ways to simplify your trading so you can make smarter moves, resulting in more (and bigger) winning days?

In the next section you’re going to see a real life example of just how powerful switching to Renko Charts can be. You’ll see how one trader, with only a couple years of experience, switched to Renko and now makes \$4,000 to \$5,000 a day trading with Renko on a ~\$50,000 account.



PART 2: HOW GARY HAS \$4,000 DAYS TRADING A \$50,000 ACCOUNT

In this section I'd like to introduce you to a trader named Gary. He's been a member of Base Camp Trading for a little over a year now and I've had the honor of teaching him the same Renko Trading strategies you're reading about in this eBook. I've witnessed first-hand how Gary, and many others, have turned their trading career around with the help of Renko Trading. Here's his story...

I spent a couple years floundering, trying to figure out this trading thing. Back then it felt more like gambling, now it feels more like a business. Now I'm a very focused trader with a simple system and clear rules of engagement."

— Gary (Base Camp Trading Member & Renko Power User)

GARY'S STORY WITH RENKO TRADING

My name is Gary and I'm a 56-year-old day trader from Dallas, Texas. I've spent the last 20 years serving in an elite special forces unit for the U.S. Army called Delta Force.

We were a high priority acquisition team. When they needed certain things acquired, they sent us. We were on our own most the time. In the '80s was the big War on Drugs and we were in South America calling in strikes on drug farms, processing plants, and bad guys. We got pretty good at what we did.

However, my career in the military took its toll on my family life. My wife and kids barely saw me for almost 20 years. I have two adult sons who I didn't get to see much when they were younger. But now I have a teenage daughter and I want to make the most out of the time I have left with her.

This is what got me into trading. The desire to make a living, trading just a few hours a day from home so I could spend more time with my daughter before it's too late.

"I burned up numerous accounts chasing the next shiny coin!"

I got serious about trading about two years ago. And like all new traders, I made every single stupid mistake you can possibly make and burned up numerous accounts in the process.

It was the classic case of going wide instead of deep. I knew a little about a lot of different trading strategies but didn't take the time to really master any of them. I would start to make some



progress with one system but then quickly abandon it for what I thought would be a better and quicker way to make money. I was looking for “the perfect system.” The Holy Grail of trading!

This caused me to bounce around from room to room, toying with different systems, chasing the next shiny coin. After recognizing this behavior was costing me a lot of money I decided I had to make some big changes or get out of trading altogether!

After reflecting on my situation I realized what I needed most was not “the perfect system” as much as I just needed to FOCUS! So I looked for a trading system I knew would work and a teacher I could trust. Someone with a proven track record who taught a simple system I’d be comfortable with and that I could use consistently.

Discovering Renko Charts And Thomas Wood’s System

After evaluating many different strategies and trading rooms, I eventually came across Thomas Wood and his unique Renko Trading strategy. I watched and listened to so many gurus, but it wasn’t until I stumbled upon Thomas and Renko that things began to click.

I liked how clean the Renko charts were and how simple and disciplined Thomas’s strategy was. I saw how he would wait for the perfect setup. And one day the light finally went off for me. Duh, wait for your setup! Why are you wasting your time taking other stuff? Wait for the ones you know are working well right now.

After I started operating like this, things really began to turn around for me.

Now I’ll Make \$4,000 to \$10,000 In A Single Day Trading a \$50,000 Account.

Like I said, I spent a couple years floundering around out there, trying to figure this trading thing out. But back then it felt more like gambling and now it feels more like a business. Now I’m a very focused trader with a simple system and clear “Rules of Engagement” if you will.

I’ve pretty much abandoned everything else I was doing and just trade two setups. And if all I take are those two trades, I’ll make plenty of money. In the last couple months I’ve had days where I’ve made: **\$4,680... \$4,927... \$4,858... \$5,085.... \$10,177** (screenshots below).

Now if you have a million-dollar account those numbers may not sound impressive. But for a small-time trader like me, someone who trades a \$50,000 account, those numbers are great!

Remember, I spent years losing money. **So to make over \$4,000 in a day by just trading a few hours in the morning, is a dream come true for me.** Now, I’m able to spend more time with my daughter and actually enjoy my life. And that’s why I’m sharing this with you.

When Thomas asked if I’d be willing to “share my experience trading Renko” I didn’t even think twice about it. I feel a responsibility to let other traders know that you really can win this game. But you need the right coach and the right system - I’ve found both and I’m so grateful!



Actual Screenshots of Daily Profits Using the Renko Trading Strategy

Here's some real life examples of daily wins that Gary has had recently:

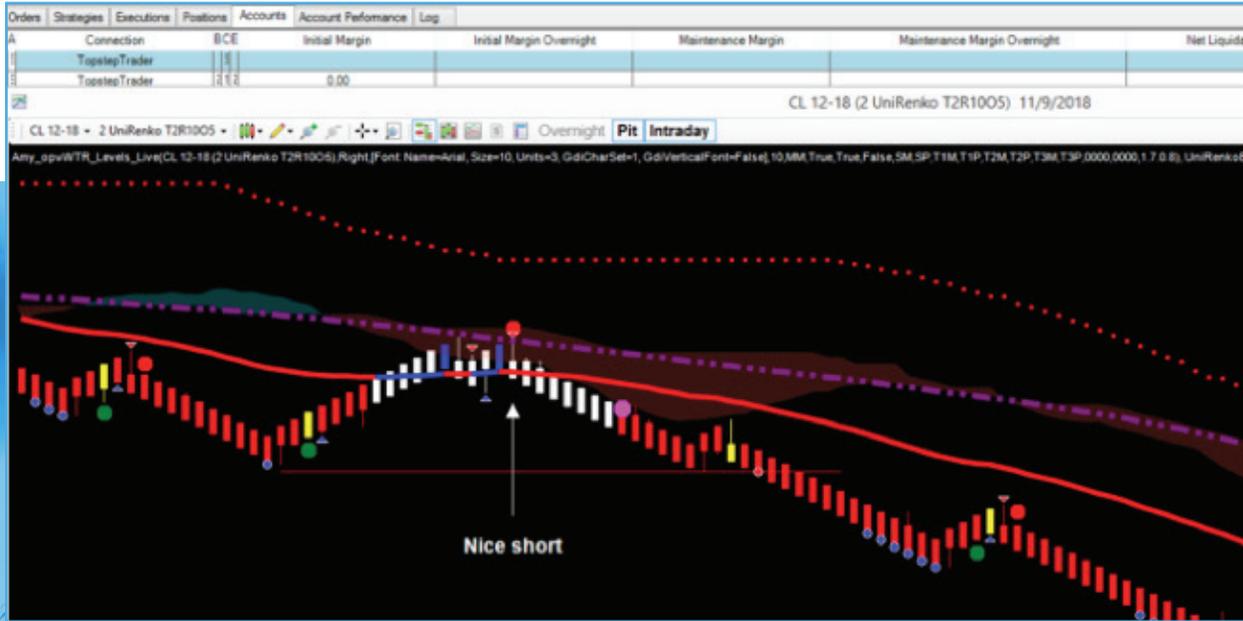
\$4,680 Profit In One Day



\$4,927 Profit In One Day



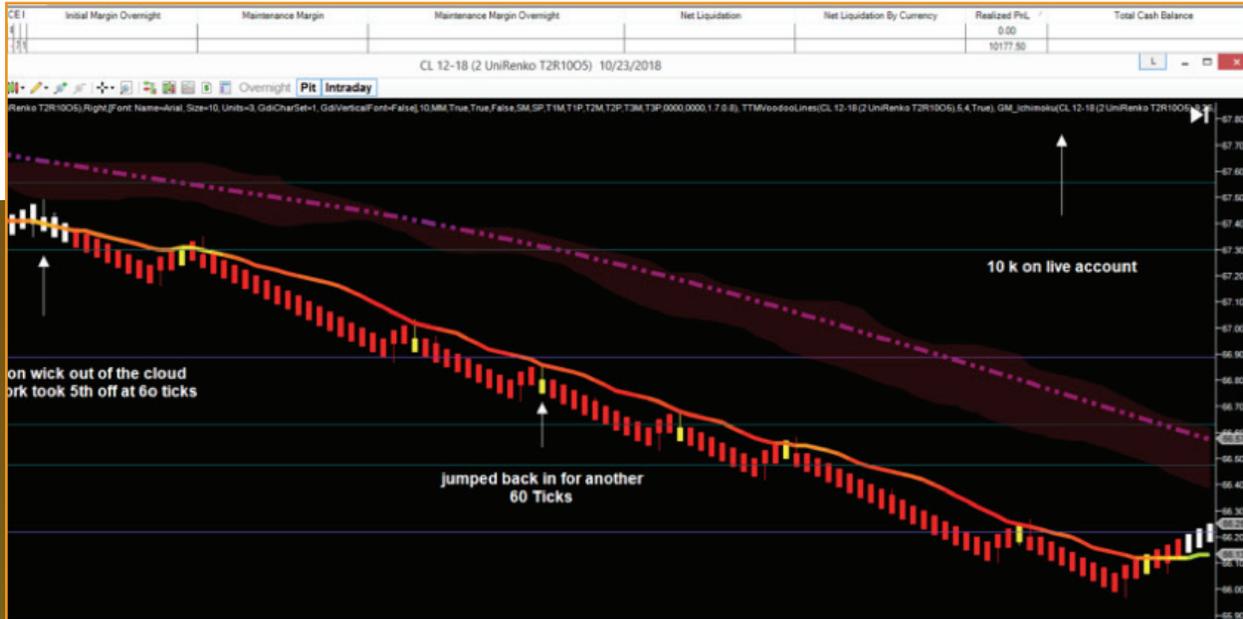
\$4,858 Profit In One Day



\$5,085 Profit In One Day



\$10,177 Profit In One Day



Note from Thomas: As you can see, Gary has a powerful story. And while not all these turnaround stories are as dramatic as his, the fact is I've seen many traders go from unprofitable to being consistently profitable by simplifying their approach to trading and focusing on the essentials. And the Renko Trading Strategy can help you do both. Keep reading to learn how to get started with Renko!



PART 3: THE SIMPLE 5-STEP RENKO TREND TRADING STRATEGY

THE RENKO TREND TRADING STRATEGY

One of the simplest strategies to trade is called Trend Following. This is where you, “Buy the dips and sell the rips.” And I’m going to give you clear, well-defined rules on how to that with Renko shortly. But before we do, I want to make sure you know which way you should be trading, which requires a solid understanding of a trend.

The Definition of a Trend

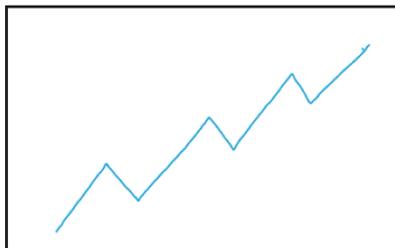
One of the first things I always teach people when they come into our trading room -- no matter what level of trader they are -- is how to properly define a trend. I've literally had multiple professional level traders, who had been trading millions of dollars for years, who did not understand the definition of a trend.

And once I explained it they say, “Wow that’s game changing!”

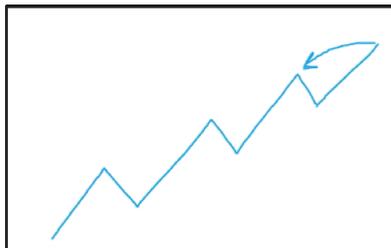
So don’t skip over this part...even if you think you know what a trend is! It’s better just to be sure, right?

With that said, let’s discuss the different ways the market moves. The market’s always going to be in one of three stages: trending up, trending down or consolidating/reversing. Let’s define each.

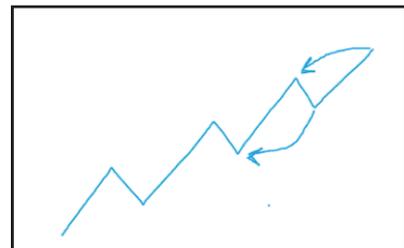
Stage 1: Uptrend - So up trends are going to be identified by higher-high and higher-low pivot points. It looks like it’s stair stepping up. See below:



This is an uptrend.



See how this high is higher than last pivot high?

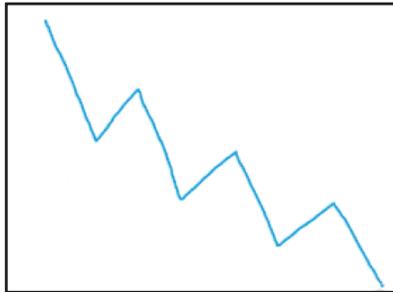


This pivot low is higher than the last pivot low.

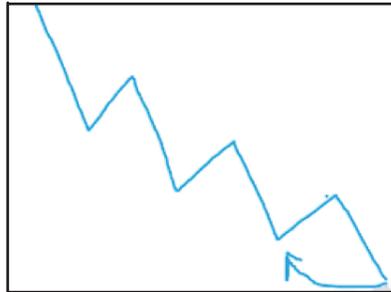


So that my friend, is an uptrend. As you can see, it's not complicated. But it's important you really get this down.

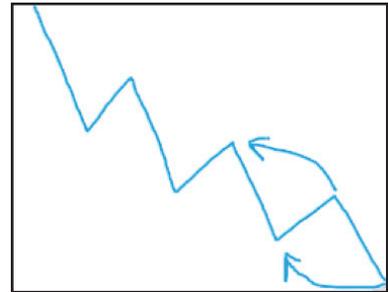
Stage 2: Downtrend - The next stage in the market is a downtrend. These are identified by lower-high and lower-low pivot points. It's the stair step down and looks like this:



This is a downtrend.



This low is lower than the last pivot low.



And this high is lower than the last pivot high.

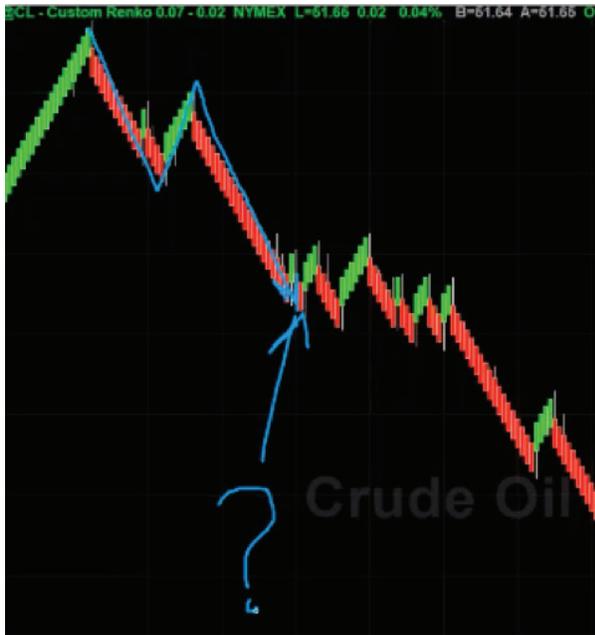
Stage 3: Consolidation/Reversal - Everything else that does not meet the definition of an uptrend or a downtrend is consolidation/reversal.



TREND QUIZ QUESTIONS

Now it's time to test your knowledge. I'm going to ask you several questions about trends. Then below each image you'll find the answer.

QUESTION 1: Which type of trend is it by the time it reaches the arrow?



ANSWER: Downtrend

QUESTION 2: Now what type of trend is this?



ANSWER: Uptrend

QUESTION 3: What is the trend in the circled area?



ANSWER: Downtrend



And here's what that market continued to do:



QUESTION 4: What type of trend is in this circled area?



ANSWER: Uptrend



And here's how that one played out:

HOW RENKO BARS ARE FORMED

Once you are confident in your ability to identify a trend then the next step in getting started with Renko Trading is to learn what the four main Renko Charts are and how they work. I know we touched on how Renko Charts work in Section 1 but now it's time to go a little deeper.

How Renko Charts Work

Remember, a Renko Chart is a different way to display price movement that helps filter out the noise of the market. By "noise," I mean the small ups and downs that are not strongly aligned with larger moves.

Once the noise is removed we're left with a cleaner looking chart that will allow us to more clearly spot the trends. And since a Renko Chart also makes channels much more evident, it's also easier to identify breakout points for your trades, as well as keep you in those winning trades longer.

How Renko Bars are Formed

So let's talk about how Renko bars get created. A new Renko bar only forms when price moves a specified amount in a given direction. When this happens a new bar is drawn.

And remember, when a bar is plotted is independent of time. Therefore, it may take a second to form a new bar or it could take minutes, hours, or even days. It all depends on price moving beyond the range of the previous bar.

We call that required movement amount the "brick size" because it also defines the height of the standard Renko bar that's drawn. In fact, the name "Renko" is derived from the Japanese word for brick, which is "renga." Like Japanese Candlesticks, Renko bars were developed by the Japanese.



If we have a brick size of 10 cents, a market needs to move 10 cents to form a new brick. The chart below shows AAPL with a 10-cent brick size. Each brick, or box, represents 10 cents of movement. If price moves up or down by 9 cents or less, then no new bar is drawn. If it moves up by more than 10 cents, a new bar is drawn above and to the right of the current one. If price moves more than 10 cents to the downside, then a new Renko bar is drawn below and to the right of the current bar. Each new bar drawn will have a height of the brick size, or 10 cents in this case.



Note about Brick Size: Your brick size unit is defined by the market you're trading. In equities, it's likely specified in cents. In Forex, your brick size may be in pips. In Futures, you may specify it in terms of ticks. And this can vary by platform as well. For example, in Tradestation, Futures Renko settings are specified in decimal amounts, while NinjaTrader users can specify them in ticks. Regardless of the market or platform, it's usually a function of the smallest amount of movement the traded market supports.

Does color matter? Yes! Up bars are usually green or white, down bars are usually red or black. This makes it even easier to know when we're in an upward moving bar series, or a downward moving bar series. In the chart shown above, you can easily distinguish the green bullish runs from the red bearish runs.



THE 4 MAIN TYPES OF RENKO CHARTS

So now that you know how to identify a trend and how new Renko bars are formed let's look at the four main types of Renko Charts:

1. **Traditional Renko**
2. **Mean Renko**
3. **Custom Renko**
4. **Uni-Renko**

1. Traditional Renko

Below you'll see an example of what's known as a Traditional Renko Chart. In this chart one brick has to go fully above or below the high or the low of the previous price bar. I personally don't like this chart because I feel it leaves too much information off. For example, there are no tails or wicks on any of the price bars.



2. Mean Renko

Mean Renko is very similar to Traditional Renko. But instead of having to go one point above the high or one point below the low, it artificially starts each price bar right at the middle of the last price bar. And then it has to go one point above the midpoint of the last bar or one point below it. It's still a one point Renko but it has to move above or below the *midpoint* instead of the high or the low of the last bar.



3. Custom Renko

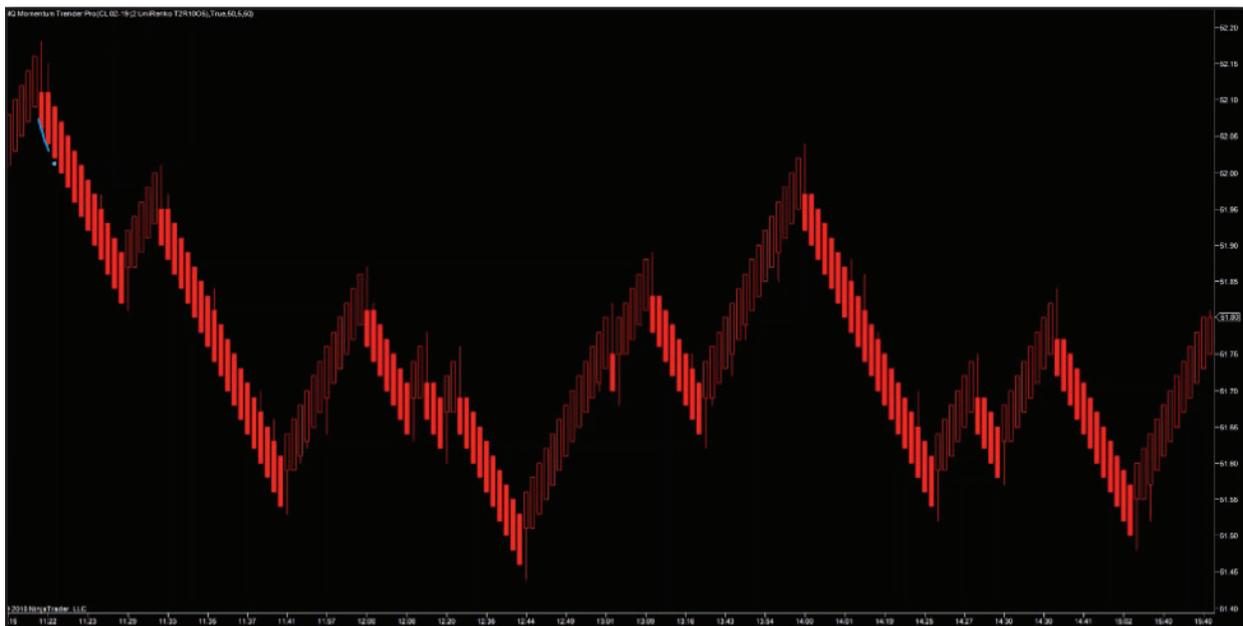
With Custom Renko you have two settings: your **brick size** and your **offset**. The offset is how far you want to offset each brick from the last one. For example, if you have a 10-tick down brick, you can make your offset two ticks lower than the high last bar. So then price would have to move down by two bricks to create a new brick.



One of the advantages of Custom Renko is that it makes it very easy to continue moving one direction because it only has to go two more ticks below the low of the last bar to create a new down bar. But in order for it to make a reversal bar, it would have to come all the way back up and then go 10 ticks above that point. So in order to reverse it has to go a total of 12 ticks.

4. Uni-Renko (My Favorite)

Lastly, we have my personal favorite, which is Uni-Renko. It has three settings: the brick size, how far it has to move to continue with the trend and then how far it has to move to reverse the trend (Custom Renko only has two of these settings).



The advantage of using Uni-Renko is that it allows you to filter out a lot of the counter-trend noise. And it helps you make sure you're trading on the right side of the market and not giving up too soon.

Typically you use a much larger distance to reverse, than to continue a trend. This makes it so that the market would really have to pull back and truly go the opposite direction if it's going to go against the trend.

So again, we don't really recommend Traditional Renko but we do use the other three here at Base Camp Trading. And regardless of which Renko Chart you use you'll experience a cleaner chart that's much easier to read and spot trends on than traditional charts.

Now, let's talk about the 5-Step Renko Trend Trading Strategy!



THE 5 STEPS TO TREND TRADING WITH RENKO

Now that you've seen how powerful Renko Charts are let's talk about how to get started using them. In this section you're going to learn the simple 5-step process to the Renko Trend Trading Strategy.

Step 1: Identify Trend - The first thing you want to do is identify if the market is trending or not. If it is, then figure out if it's in an uptrend or downtrend. In the example below you'll see an uptrend.



"The height of cultivation always runs to simplicity."

— Bruce Lee

Step 2: Watch for Retracement Against Trend - The next step is to look for a retracement against the trend. But remember, you do not buy on this step (that will be the next step). In our example below we see the market retracing. Notice the nice double top where the arrows are pointing.



Step 3: Buy or Sell Once Price Bars Turn - OK, now we're ready to buy as soon as the price bars turn up *after* the retracement. So now that it's reversed we go long here where the red arrow is pointing.



Step 4: Stop Below/Above Retracement Low/High - And when we buy we also set our stop right below the low of the retracement (see where arrow points to).



Step 5: Target 2x Risk - Then we set our target to 2x our risk. In this case we're risking 15 ticks so our target is going to be 30 ticks as shown below.



How It Played Out: Here's how this trade ended up playing out (this was an actual trade we took in the trading room).



So that's how it works in a nutshell. Five simple steps. Which are made easier when trading Renko because the trends, and reversals, are much easier to spot. This can help you enter at the right time and stay with your winners longer instead of getting out prematurely because of all the noise that you really shouldn't be bothered by.

LEARN MORE ABOUT RENKO

If you'd like to learn more about Renko Trend Trading then click the button below now to watch a short video by me and learn more about how Renko trading can simplify your trading and help you grow a bigger account.

I hope you found this eBook valuable and that it inspires you to take the next step in your trading career. You can be profitable. You can be part of the 10%. It just takes determination, focus and a reliable trading system!

[LEARN MORE](#)

