CASE 003 · THE RULEBOOK

The London "liquidity grab" fade, on GBP/USD.

The exact rules, our test, and what we found, so you don't have to run it yourself.

THE STRATEGY, EXACTLY AS PUBLISHED

Every prop-firm guru teaches this one. London opens, price spikes through the overnight high, then slams back inside the range. They call it a liquidity grab, and they fade it.

1. **Mark the overnight range** (03:00 to 07:00 UTC on GBP/USD).
2. **Wait for the London-open spike** that punches through the overnight high.
3. **When price slams back inside the range**, that failed breakout is the "liquidity grab".
4. **Fade it:** short the snap-back and ride price back into the range.

THE CLAIM

The pattern has a real mechanism behind it: stops clustered above the overnight high get taken out, and once that flow is spent, price drifts back. **The gurus are not wrong about the pattern.**

What nobody quotes is a number: how much does the snap-back actually pay, and what does the trade cost to place? So we measured it.

OUR TEST

We measured every first-attempt failed breakout of the overnight high, using a strict mechanical definition instead of hindsight chart-reading.

Market	GBP/USD, London open
Data	Real tick data with the real spread, 2019 → 2021
Setup	First-attempt spike through the 03:00–07:00 UTC range high, back inside
Fades measured	400
Exit	The measured drift back toward the range

WHAT WE FOUND

+1.21
PIPS IT PAYS*

−1.60
PIPS IT COSTS

−0.39
NET, PER TRADE

*gross drift back, averaged over all 400 fades; the take-profit touch rate was 37%.

CAN'T PAY THE BILL

Why a real pattern still loses money:

1. **The pattern is real.** Price genuinely drifts back after the failed breakout, by about 1.21 pips on average. The mechanism the gurus describe exists.
2. **The bill is bigger.** Placing the trade costs about 1.6 pips in spread and commission. The edge is smaller than its own transaction.
3. **The arithmetic is final.** You lose about a third of a pip on every trade, forever. More screen time does not change the sign.

WHY THIS TEST COST ALMOST NOTHING

We measure an effect's raw size against the full cost stack BEFORE anyone writes a trading robot for it. This rejection cost one measurement script over the tick data, not weeks of building and optimizing an EA. If the raw effect cannot pay its own costs, no amount of engineering downstream will change that.

THE RULES YOU CAN REUSE

"Real" and "profitable" are different claims.

A pattern can exist, be visible on every chart, and still lose money once the spread is charged. Only the net number counts.

Price the edge against the full cost stack.

+1.21 pips sounds like an edge until you see the 1.6-pip bill. Spread plus commission decides whether a small edge is an edge at all.

Measure before you build.

One honest measurement of the raw effect, against real tick data, is worth more than a month of bot development on a hunch.

THE VERDICT

Can't pay its own bill. The guru pattern is real, and fading it loses about a third of a pip per trade after costs. A genuine effect priced out of existence by the spread.

See the full evidence

The full write-up, with the measurement and the definition-shopping trap:
yuratrading.com/blogs/gbpusd-failed-breakout-fade

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