CASE 007 · THE RULEBOOK

The 9:30 opening range breakout, on the indices.

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

THE STRATEGY, EXACTLY AS TAUGHT

Mark the high and low of the first few minutes after the 9:30 New York open. When a candle closes beyond that range, take the break in that direction and ride the move. It goes by the "9:30 candle," the "15-minute ORB," and the NQ open.

1. **Mark the opening range**: the high and low of the first 15 or 30 minutes after 09:30 ET.
2. **Wait for a close beyond it.** A completed 15-minute bar closing outside the range is the signal, not an intrabar wick.
3. **Take the break in that direction**, long above the high or short below the low.
4. **Stop at the other end of the range**, target a multiple of the range width, and be flat by the cash close.
5. **Do not chase it late.** The common teaching is to skip breakouts after about 11:30 ET.

THE CLAIM, AND ITS FINE PRINT

This one has a real paper trail, which is why it deserves a careful test rather than a dismissal. Zarattini, Barbon and Aziz put a 5-minute version through **7,000 US stocks from 2016 to 2023** and reported a **33% annualized alpha**. An older study found the same shape on index futures across five countries.

The fine print is where it gets interesting. That headline leans on two things almost nobody replicates: "stocks in play" selection, meaning the handful of names reacting to news on a given day, and a **1,484%** figure that comes from compounding into TQQQ, a 3x leveraged fund. Neither of those is a plain index, and a plain index is what the videos are teaching.

OUR TEST

We measured the version people actually trade: a 15-minute opening range on one index, on the three the retail crowd uses. Straight against the raw 1-minute files, before a line of EA code. If the effect is not in the data, there is nothing to automate.

Markets	Nasdaq-100, Dow, S&P 500 (index CFDs)
Data	3 years of 1-minute data, 2019 to 2021, in-sample only
Setup	DST-aware 09:30 ET open, 15 and 30 minute ranges
Signal	Close-confirmed 15-minute break before 11:30 ET
Sample	2,125 breakouts, roughly 700 per index

WHAT WE FOUND

Continuation to the close, in index points, against each index's own cost bar. A real edge has to clear that bar on **both** sides:

Nasdaq-100	+0.6 long, -5.1 short, bar 4.5
Dow	+8.9 long, -5.3 short, bar 3.2
S&P 500	+1.4 long, -1.1 short, bar 2.2

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CLEAR BOTH SIDES

+5.2
BUY AN UP OPEN

-6.2
SHORT A DOWN OPEN

NOT THE EDGE

Downside breaks revert on all three. The Dow's long side clears its bar for the same reason the whole thing falls apart: buying an up open pays on every index, and shorting a down open loses about as much. That is market direction in a rising tape, not an opening-range signal.

THE TRAP: THE TARGET DOING THE SIGNAL'S JOB

Put the stop at the far end of the range and the target two ranges away, and the simple version turns marginally green. That is **3 cents on the dollar risked** before commission, **negative** once a normal commission is added, and it lost **4.4 points in 2020** while making money in 2019 and 2021. Move the target and the edge moves with it, which is the definition of a result you fitted rather than found.

THE RULES YOU CAN REUSE

Check what a study actually tested.

A real 33% a year on 7,000 stocks with news-based selection says nothing about one index with no selection at all. The citation can be honest and the transfer still fail.

Demand the effect on both sides.

The range does not know which way the news broke. A setup that only pays long is telling you it is measuring the market, not the signal.

Separate leverage from edge.

A 3x fund turns a small drift into a headline percentage. The leverage is doing that, and it magnifies the drawdown just as faithfully.

THE VERDICT

Not the edge. The directional opening-range breakout does not continue on the Nasdaq, the Dow or the S&P, at any width or horizon we tested. What remains is being long a market that was rising, plus a target artifact that dies on contact with commission. The strategy is not a scam, and real people trade it. The edge they think is paying them is not the one that is.

Honest scope: we tested the 15-minute single-index variant, not the paper's 5-minute single-stock rule. That is a different setup, and it is the one being taught. The whole case was a short script against raw 1-minute files: no EA, no out-of-sample years spent.

See the full evidence

The full write-up, with the drift charts for all three indices:
yuratrading.com/blogs/index-orb

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