

CASE 008 · THE RULEBOOK

The London 4pm fix reversal, after the reform.

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

THE STRATEGY, EXACTLY AS TAUGHT

Every benchmark-tracking fund in the world deals at the WM/R fix, 4pm London time. Those orders push spot in the minutes before the benchmark window, and the move partly comes back afterwards. The trade is to stand on the other side of the push.

1. **Measure the move into the fix:** the 15 minutes running up to 16:00 London, converted to UTC with proper last-Sunday daylight-saving rules.
2. **Fade a push down.** If the pre-fix move is down by at least 15 pips, buy at the first M5 bar at the fix.
3. **Fade a push up.** If it is up by at least 15 pips, sell. The direction is always against the pressure.
4. **Exit on the clock,** 30 minutes after entry, with a fixed 30 pip stop behind it.
5. **One trade per fix,** at most one per weekday, risking 0.5% of equity.

THE CLAIM, AND ITS FINE PRINT

This one has a serious paper trail. **Evans (2017)** showed the pre-fix move partially reverts afterwards, strongest at month-end when rebalancing flows peak. The **Norges Bank** studied the same mechanics, and a **2024 replication** kept the story alive.

The fine print is a date. The strong results come from pre-2015 data. In 2015, after the fix-rigging scandal, the benchmark window was widened from **one minute to five**, and most of the documented reversal disappeared with it. Our data starts in 2019, so this was never a test of the famous anomaly. It was a test of whether any residue was left.

OUR TEST

Three parameters optimized on the first three years, one candidate frozen, and the last four years opened exactly once. This strategy consumed one out-of-sample run in total.

Market	GBP/USD, Dukascopy tick data
Account	\$10,000 start, 0.5% risk per trade
Costs	Commission modeled at \$3.50 per side per lot, swaps charged natively
In sample	2019 to 2022, 48 parameter combinations
Out of sample	2022 to 2026, run once on the frozen candidate
Sample	142 out-of-sample trades

WHAT WE FOUND

It passed eleven of our twelve gates: profit factor **1.225**, max drawdown **2.21%**, profit-factor retention **0.88** against a 0.70 bar, and it still finished positive with commission stressed from \$3.50 to \$8.50 a side.

1.225

PROFIT FACTOR, OUT OF
SAMPLE

0.88

PROFIT FACTOR RETAINED

0.39

RETURN RETAINED, BAR 0.50

REAL, TOO SMALL

The twelfth gate asks a blunter question: how much money did the edge actually retain? In sample it earned about **1.9% a year**. Out of sample, about **0.74%**. That is the single failure, and at 0.5% risk per trade the whole four-year window produced **\$293.55** on a \$10,000 account.

The literature said the effect concentrates at month-end, and our data agrees. The **19 month-end trades** made **\$151.25** at a 58% win rate: half the profit from 13% of the trades. At a dozen trades a year, a month-end-only version can never reach a usable sample size.

Robustness, because the edge is real: replaying those 142 trades 10,000 times puts the profit factor between 0.78 and 1.91, with an **18.8% probability** the whole window loses money.

THE TRAP: A ROBUST GRID THAT REAL SPREAD DELETES

Forty-two of the 48 in-sample combinations finished gross-profitable, which is what a real effect looks like rather than a lucky island. Then we re-ran the three shortlisted plateaus on tick-by-tick data, and **two of the three died on contact**. Bar modeling had flattered their profit factor by 0.2 to 0.3, because spread widens at exactly the moment this strategy trades. The survivor only fades moves of 15 pips or more, big enough that the fix-time spread does not decide the trade.

THE RULES YOU CAN REUSE

"Does it work" and "does it pay" are different questions.

This strategy kept 88% of its profit factor and only 39% of its return. It did not fail statistically. It failed economically, and only one of those two tests was in most people's checklist.

Model the spread where the trade actually happens.

An average spread is meaningless if your entry is timed to the one minute of the day when everyone deals at once. Test the exact moment, on real ticks.

When the rules of the market change, the edge changes with them.

The 2015 widening of the fix window was designed to make that minute harder to push. Judged as market structure rather than as a trade, it worked.

THE VERDICT

Real, and too small. The reversal is still measurable on post-reform data, on GBP/USD and, in a thinner form, on EUR/USD and EUR/JPY. It is simply not big enough to pay for the operational risk of running it: about 0.74% a year, which is less than a savings account was paying over the same period.

Honest scope: our window is entirely post-2015, so nothing here contradicts the pre-2015 literature. This is the residue after the reform, not the anomaly those papers described. The strategy sits in our registry as the most instructive kind of negative result, proof that the pipeline can detect a real effect and proof that detecting one is not the same as finding an edge worth trading.

See the full evidence

The full write-up, with the equity curve and the interactive Monte Carlo:

yuratrading.com/blogs/wmr-fix-reversal

The gate-by-gate report card:

yuratrading.com/results/wmr-fix-reversal

The Backtest Files: a new case every week. [YouTube](#) · [Instagram](#) · [TikTok](#) · [Facebook](#)