

Money Management Nala66

[Trading the Cable swings via averages](https://www.forexfactory.com/thread/849587-trading-the-cable-swings-via-averages)

(<https://www.forexfactory.com/thread/849587-trading-the-cable-swings-via-averages>)

Nala66 Nov 22, 2018 12:13pm | Post# 102

What we have is a lousy week for trading but a good week for learning instead. On the RSI we see the strengths are being exhausted long before the bigger moves can take place so it is choppy to say the least, obviously then a scalping period.

So, let's crack on and get to money management.

You have probably read as much as I how we should not risk more than 1 or 2% on a trade and that we should let our profitable trades run. Well, I take an entirely different approach to this. I look at the profit I wish to make daily and place the appropriate lot sizes to achieve this.

So, I am going to use a \$1000 daily profit as an example here.

The problems begin straight away because we are all different in various aspects. We may have different leverages, mine is 400:1. We may have different base currencies, mine is AUD. So, the only way I can do this is to explain my own and then you can adapt yours accordingly, using a similar method.

Now I said previously 50 pips is a very common move for this pair. It can be a heck of a lot more or sometimes a tad less but 50 is the number I work with.

So, if 50 is the target and in money terms, 1000 is the objective then we just look at the relationship of these two figures.

First off, I am going to try to get my trades on within the first 10 pips (Can't always do this but that's trading for you). This leaves me with 40 pips to make my objective. So, 1000 divided by 40 = \$25 per pip.

Now I am not going to risk \$25 for an entry (well not yet anyway) what I want to do is make entries in progressive stages each time adjusting the stop to limit the damage when things go wrong. This can happen and we should never be complacent about this occurrence.

Nala66 Nov 22, 2018 12:27pm | Post# 104

Ok \$25 for me I need to divide by about 1.46 because I want the 25 in Aussie dollars not US.

This results in 17.12 and I am going to further divide this into 6 six segments = 0.29 lots

Now the trades are entered

1st 0.29
2nd 0.58
3rd 0.87
Total = 1.74 lots.

Checking backwards.

$1.74 \times 40 \times 1.46 = \text{AUD}\1016

For me, 1.74 lots cost me about 800 bucks so I can easily afford this with a 1000 account.

My risk on a trade is usually somewhere around 50 bucks so my risk-reward is 50:1000+

Nala66 Nov 22, 2018 1:01pm | Post# 106

This may sound simple but it is not so.

Often, I can only scalp by getting just stage 1 lots on.

So, when you hear me say I have stage 1, 2 or 3 on you know what I mean.

Also, there is hedging to consider which is simply a trade of equal value in the opposite direction. This is a great device when a pullback is expected, allowing us to profit from the hedge for no risk. (Illegal in the USA)

To get the stage 3 lots on, I need a specific set of conditions and these I will talk about tomorrow.

Nala66 Apr 10, 2:25pm (18 hr ago) | Post# 2807

Quoting quangvision

Disliked

{quote} Hi forex_dimi, As Alan said that, you can understand how he is confident about his speculation on market moves no matter how the news impacts. Alan never look at the news calendar daily but I do. I totally respect his point of view on news trading. But I do had some bad experiences while trading throughout the news releasing. Price moved so much violently, hundred of pips within a tick, no matter how tight your stop set, I think slippage would happen and your account could be very likely wiped out if you were trading big lot size. Just my...

Talk about markets moving violently, I can recall when PC's were very much slower than they are today and the NFP just popped on the screen as an 80pip bar in the blink of an eye. This can still happen of course as anything can.

Combatting events like these is the reason for the three-stage entry which I am sure folks haven't got a handle on yet.

1) Every trade begins as a scalp with the first entry and small stop. This in itself limits a lot of damage in my case to about AUD\$41.

2) The second trade is placed with the confidence everything is going as it should. At this stage, the stops are moved to limit the damage to AUD\$82

3) The third trade most often placed as a pending order is placed in such a position that there is the potential to make the 40 pips with it. In other words, I measure 40 pips from the target so I know I must get the order prior. Again the stops are moved and depending on where the stop is the maximum damage remains at AUD\$82.

Then the process of moving the stops begins. Firstly to the BE+1 point and then advancing to lock in a little profit.

Very often the 3rd trade doesn't get hit because of a div or something turning the market before it gets there. So this requires a hedge trade.

For example, if I am long with 1 and 2 then I hedge with 1 and 2 and 3 and cash out the long. Now I am completely loaded short in the safest manner I can think of and the pending order is closed.

Again if this short does not run the full distance I require (remember the longs made a profit) by running into another div then I need to hedge again so I am equal long and short. If the hedge is working I can remove the short and cash the profit. Now the hedge long usually doesn't have far to go before the whole profit is realised but now is the opportunity for bonuses. So when safe to do so I place a stop at my full profit target so if it does turn I am still ok for the day. I then look for a reason to close the whole trade.

A lot of words there in the explanation and a lot of work to do when trading live.



Nala66

Jun 19, 12:35pm (5 hr ago) | Post# 3626

Sorry guys I wasn't at the PC yesterday and may not be for the rest of the week but I will try to pop in sometime during the day to keep up with queries.

OK, it seems stops are a bit of a topic now.

This is a major part of the money management and should have a thread all by itself but let me spend a couple of days on this here so you should note the post number down in your diary with the heading Money Management.

Let me go right back to basics so everyone is covered from beginner to the more experienced and I will start with the traditional scenario method.

OK, Polly is new to trading but wishes to get involved in this very exciting business. She has at hand a disposable sum of AUD\$500 which she can easily afford to lose or to put it another way spend on her education.

The question is how can she manage this sum to her best advantage and get the biggest bang for her buck.

Let's assume the same leverage etc as me 400:1

\$500 will buy approximately 1 standard lot+ returning \$10+ per pip. This could also lose \$10+ per pip so a ten pip loss makes a massive dent in the account of over \$100 making this a most undesirable situation. It should be obvious the lot size is far too big for the account to sustain for any period of time. Any trade should be able to be repeated a good number of times and we should be letting the number of pips become a part of the equation to maximise the profit potential.

At the same time we don't want to create a situation where the profits are so tiny it is pointless to trade. Making a few cents here and there is just going to create boredom and this will probably lead to the trader taking a bigger risk and coming unstuck. A management plan is required and one that can be sustained for a long period of time and make big profits when the iron is hot to cover any losses when the iron runs cold.

This is where all sorts of management systems come into play, where people talk of risk/reward, % of the risk, the width of stops relative to the % and so on.

I find that a scalable entry is far superior than any other in terms of risk protection and the maximisation of profits.

This is why we take the first entry as a tentative trade just dipping our toes in the water so we don't burn our leg off. How big should this initial trade be? Depends on the objective. The goal of the day or even the week, we are all going to vary at this point because we all have different objectives.

Let's assume Polly wants to attempt to double her account on a monthly basis (20 trading days)

The equation then begins with $\$500/20 = \25 a day. This will be reviewed on a monthly basis.

If we then want to make the \$25 in the time price makes 40 pips then it is simply $\$25/40 = 62.5$ cents per pip and already our ten pip stop looks good since we are risking just \$6.25. (I am assuming USD is the base currency, my base is AUD so this would equate to $\$6.25 \times 1.4$ ish)

This would be a 10:40 risk/reward but can we do better than this? = Yes

By scaling into our trade we can control the loss to whatever we like, far less than \$6.25 as low as just \$1 which is 10c per pip or 1 micro lot.

As the trade begins to work in our favour we add another 20c per pip (now 30c is on) and we move the stops

Again as the trade continues we add the balance of 30c. We cannot get the decimal so perhaps we may just round it to 40c again moving the stop so we never expose ourselves to more than the original \$6.25. So now we are off and running with 70c a pip looking for our daily target of \$25.

What Polly has done here is made the safest possible entry. The \$500 account is going to last a very long time and has the potential to reward her with the 100% per month.

If this was kept up for a year it would exceed two million dollars 😊

Here comes the tricky bit... Don't for 1 minute imagine the trade is going to run the full 40 pips+, it can and often does but we have to remain vigilant until we have it in the bag. This is where some of us have the option to hedge the trade locking in the profit, closing to take the profit and await another shot at the title until the \$25 is achieved for the day. We may take the second or even the third trade at the full lot size since we are risking profits already made. If we have opted to hedge then this may be the trade that wins the day closing our primary trades on the way.

So where and when we place stops is always dependent on our money management plan and we have to do the math to stay in control of the situation and stick to it rigidly. If we fall a tad short of the objective for the month we don't worry about it as a new objective is created then as we continue to rinse and repeat.

Phew!

Any questions thus far.

Nala66

Jun 19, 9:54pm (9 hr ago) | Post# 3635

[Quoting Aerials](#)

Disliked

{quote} Hello, I understood that you move the SLs at once to the same point and that you must secure the previous operations and as much profit as possible, but this part confuses me quite a bit actually so don't take my word for it. The part of "halving" the SL is because otherwise with double the lots in the second phase you cannot risk the same than with the initial phase unless you half the SL, so I figured out I might be missing something, not sure honestly!

Just got to the PC so I can answer this.

I have said that the second entry is the most dangerous as this has twice the risk of the first entry.

The third and final entry has the same risk as the second entry because the first and second have made some profit.

Trade.Time

Jun 19, 7:46pm (21 hr ago) | Post# 3642

[Quoting Nala66](#)

Disliked

{quote} Just got to the PC so I can answer this. I have said that the second entry is the most dangerous as this has twice the risk of the first entry. The third and final entry has the same risk as the second entry because the first and second have made some profit.

Hi Alan,

Thanks for sharing a remarkable trading method plus all the time you have put in to help people.

Re Money Management:

As I understand it,

- each of the 3 entries are placed with a 10 pip stop-loss.
- each of the 3 entries are placed with a (hopeful) 40 pip take-profit.
- the first entry is brought to break even before the second entry (@ twice the risk) is made.
- the second entry is brought to breakeven before the third entry is made (this would be 3 times the risk but the profits from the first 2 entries reduce the risk to about the same risk as we had on the second entry).
- If we get a reverse signal we enter a hedge which is the equivalent value of the previous 3 entries.
- If we get a further signal that reaffirms our original trades, we close the hedge (hopefully at a profit) and let the original 3 trades run their course (the target can now be reduced by the number of pips profit made from the hedge).
- If price looks like it will favour the hedge entry, we close the original 3 trades (hopefully at a profit) and let the hedge run till it makes up the required 40 pips (which includes the pips profit from the original 3 trades).

Does this sound right?

David

Nala66

Jun 19, 8:35pm (20 hr ago) | Post# 3643

1 Attachment(s)

[Quoting Trade.Time](#)

Disliked

{quote} Hi Alan, Thanks for sharing a remarkable trading method plus all the time you have put in to help people. Re Money Management: As I understand it, - each of the 3 entries are placed with a 10 pip stop-loss. - each of the 3 entries are placed with a (hopeful) 40 pip take-profit. - the first entry is brought to break even before the second entry (@ twice the risk) is made. - the second entry is brought to breakeven before the third entry is made (this would be 3 times the risk but the profits from the first 2 entries reduce the risk to about...

Hi David.

It is hard to be so specific about the stop distances because the actual trades vary a tad. However having said that, you have a good understanding there of the best practice. It could well be the case that even additional entries can be made in a relatively safe manner.

The main point is to construct a fiscal plan which plots the road to glory and you can track your progress as you work through the plan.

For example here is the Polly Plan from the previous post above (3626). You can see that even making small increases every 20 days the annual total can be substantial and that at some stage during this journey you will find your own level to hold at.

Note how this is a **much more passive** way than trying for 40 pip doubles, this requires 800 pips to double and is much more suited to someone lacking the experience to put the whole trade together. As experience grows then **the fiscal plan can also evolve**.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1																
2		Account	Target	Target	Target	Target	Target	Target	Target	Target	Target	Target	Target	Target	Target	
3		500	500	1000	2000	4000	8000	16000	32000	64000	128000	256000	512000	1024000	2048000	
4	Begin	Day	1	2	3	4	5	6	7	8	9	10	11	12	13	
5	Jul-01	1	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
6		2	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
7		3	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
8		4	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
9		5	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
10		6	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
11		7	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
12		8	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
13		9	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
14		10	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
15		11	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
16		12	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
17		13	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
18		14	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
19		15	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
20		16	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
21		17	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
22		18	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
23		19	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
24		20	25	50	100	200	400	800	1600	3200	6400	12800	25600	51200	102400	
25		Total	500	1000	2000	4000	8000	16000	32000	64000	128000	256000	512000	1024000	2048000	
26																
27		Entry 1	\$0.10	\$0.20	\$0.40	\$0.80	\$1.60	\$3.20	\$6.40	\$12.80	\$25.60	\$51.20	\$102.40	\$204.80	\$409.60	
28		Entry 2	\$0.20	\$0.40	\$0.80	\$1.60	\$3.20	\$6.40	\$12.80	\$25.60	\$51.20	\$102.40	\$204.80	\$409.60	\$819.20	
29		Entry 3	\$0.40	\$0.60	\$1.20	\$2.40	\$4.80	\$9.60	\$19.20	\$38.40	\$76.80	\$153.60	\$307.20	\$614.40	\$1,228.80	
30		Total	\$0.70	\$1.20	\$2.40	\$4.80	\$9.60	\$19.20	\$38.40	\$76.80	\$153.60	\$307.20	\$614.40	\$1,228.80	\$2,457.60	
31		X 40 pips	\$28.00	\$48.00	\$96.00	\$192.00	\$384.00	\$768.00	\$1,536.00	\$3,072.00	\$6,144.00	\$12,288.00	\$24,576.00	\$49,152.00	\$98,304.00	
32																

Nala66

Jun 19, 8:52pm (20 hr ago) | Post# 3644

1 Attachment(s)

There are going to be days when much more than 40 pips is on the table, such as yesterday.

A look at the average charts clearly identifies these. It is the average we are interested in and what does price have to do achieve these averages.



Nala66

Jun 20, 8:52pm (5 hr ago) | Post# 3675

1 Attachment(s)
Now back to Polly.

It is vital for newbie traders to keep their money under total control. So many lose their first, 2nd, 3rd and so on accounts because they are simply out of control. It may seem like small potatoes initially but the idea is to develop discipline at this stage of the game, not fast bucks.

Recall newbie Polly has \$500 and during month 1 has to make \$28 a day.

What happens if only \$20 is made on day 1. Most would try to make it up the next day and immediately they are out of control as they chase losses.

The correct thing to do is to divide the deficit by the number of days left in the month because this is the bottom-line target. This makes the deficit very tiny and much safer to trade for. About an additional 42c a day.

What if Polly doesn't make a profit at all and actually loses \$10. Again divide by the days left in the month which would increase the daily target by about 52 cents.

The third scenario is that Polly makes a killing and goes \$10 over the daily target. This would reduce the following days in the month by about 42 cents.

Keeping everything under control with low risk relative to the size of the account is the tortoise and the hare situation.

One can almost guarantee that a spectacular win will crop up at some stage during the month, we live for those days or should I say survive until they arrive.

This is what the three scenarios would look like.

Month 1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
1	Made	20	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42	\$28.42
		-E	\$28/19=42																		
2	Made	-10	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52
		10/19=52																			
3	Made	38	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48	27.48
		+10	10/19=52																		

Nala66

Jun 22, 8:20am (9 hr ago) | Post# 3683

Back to money management.

We may well ask Polly why trading with a \$500 account only about 70 cents per pip is put on the line when the account can afford a standard lot, being \$10 a pip.

There are two good reasons for this...

1) It is not the potential profit that is important so much as the potential loss. The account has to weather the storms waiting for the days when the sun shines and hay can be made.

2) When the good strong runs become evident having backup money to add to winning positions is highly desirable to seriously compound the profits.

This does not mean these trades can be added without supporting evidence of a strong continuation we still have to act with due care.

We may, for example, add several more 70cent trades making sure to move the stops. We could, in fact, get a dozen of these additions on before we run out of funds exploding the profits. One or two of these in a month makes a massive difference.

Suppose Polly was to make double her target of \$500, then going into the following month she has an additional sum of \$500 of risk capital this is worth ten trades of \$50 risk or 1 lot at \$10 a pip. Or to put it into perspective every +5 pips is one day's work completed. There is no risk because it is only using excess profits. So 100 positive pips gets the 1K required rather than the 800 required as per the schedule.

These excesses of profits, when used like this, can rapidly make a huge impact and take us into the following months with confidence.

This answers how we build confidence in our trading, we virtually trade risk-free.

Nala66

Jun 28, 6:28pm (19 hr ago) | Post# 3803

1 Attachment(s)

I am trying to get the point across for the Money management and Hope this drawing I just did helps.

See how the 1,2,3, entry is the safest way we can get in but this does not always turn out to be the primary paying trade.

A signal at the top causes us to hedge. The hedge is a safety net it doesn't matter which way price goes we have locked in the profit. So we are safe again.

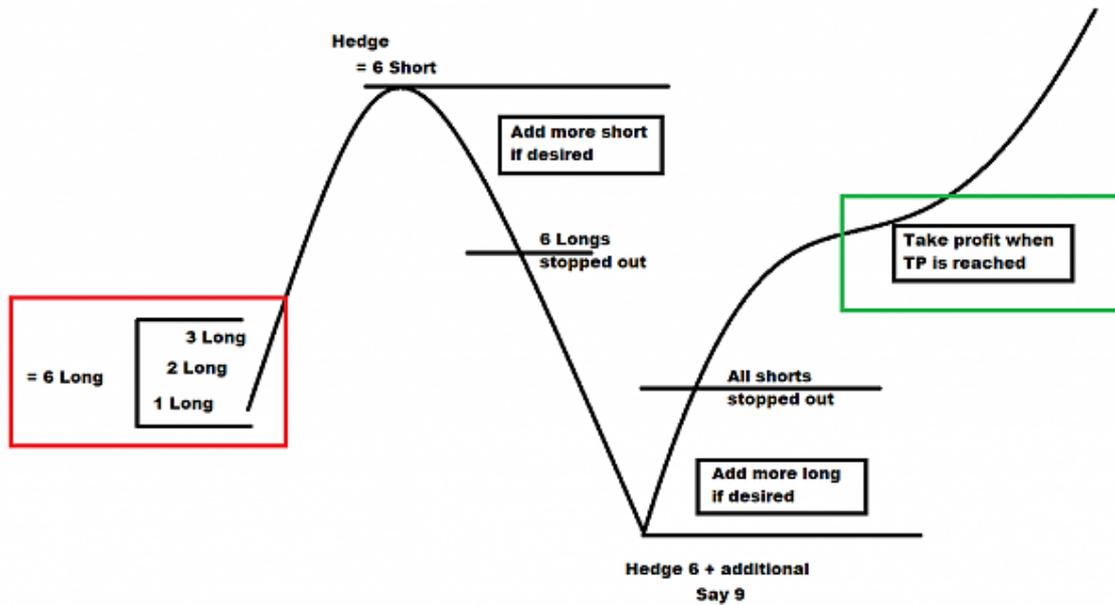
Hopefully as shown in the drawing price moves down so we can add to our hedge because all our funds are freed up to do so.

We close the longs with a TP stop.

We may now hedge again at the bottom and even add to it because again all our funds are freed up.

The first hedge is stopped out and the long trade wins the day.

I have made the drawing simple so you can understand the principle.



Nala66

Sep 9, 9:20pm (8 hr ago) | Post# 4501

1 Attachment(s)

Take a look at this simple spreadsheet. It does all the calculations for me to take trades.

I have highlighted blue for the explanation of what is going on here.

In B9 we see a 5% risk of this account is \$21.10

In F3 we see a 1/6th entry is 0.16 lots which returns me \$2.28 per pip.

In E14 we see this is pretty close to my 5% max risk and is 9 pips to the stop.

If I only get these trades on, that is to say, 1st entries only then I3 tells me I need to score 185.38 pips to double the account.

If I can get all three trades on then I only need 30.9 pips and if I get more then the return is massive compared to the risk.

	A	B	C	D	E	F	G	H	I
1									
2		Account	Lot Cost	Available	Entries	6.0	Risk PP	Cost	Targets
3		\$422.00	\$44.80	9.42	1st	1.6	\$2.28	70.33	185.38
4					2nd	3.1	\$4.55	140.67	92.69
5		Factor 1			3rd	4.7	\$6.83	211.00	61.79
6		\$1.45			Total	9.4	\$13.66	422.00	30.90
7									
8		5 Percent		Pips	Entry 1 R/R	Entry 2 R/R	Entry 3 R/R		
9		\$21.10		4	\$9.11	\$18.21	\$27.32		
10				5	\$11.38	\$22.76	\$34.15		
11				6	\$13.66	\$27.32	\$40.98		
12				7	\$15.93	\$31.87	\$47.80		
13				8	\$18.21	\$36.42	\$54.63		
14				9	\$20.49	\$40.98	\$61.46		
15				10	\$22.76	\$45.53	\$68.29		
16				11	\$25.04	\$50.08	\$75.12		
17				12	\$27.32	\$54.63	\$81.95		
18				13	\$29.59	\$59.19	\$88.78		
19				14	\$31.87	\$63.74	\$95.61		
20				15	\$34.15	\$68.29	\$102.44		
21									
22									

Nala66

Sep 9, 9:25pm (8 hr ago) | Post# 4502

1 Attachment(s)

Here I have just added 1K to the account sum and everything updates accordingly.

The account may wax and wane but the losses are small compared to the wins.

	A	B	C	D	E	F	G	H	I
1									
2		Account	Lot Cost	Available	Entries	6.0	Risk PP	Cost	Targets
3		\$1,422.00	\$44.80	31.74	1st	5.3	\$7.67	237.00	185.38
4					2nd	10.6	\$15.34	474.00	92.69
5		Factor 1			3rd	15.9	\$23.01	711.00	61.79
6		\$1.45			Total	31.7	\$46.02	1,422.00	30.90
7									
8		5 Percent		Pips	Entry 1 R/R	Entry 2 R/R	Entry 3 R/R		
9		\$71.10		4	\$30.68	\$61.37	\$92.05		
10				5	\$38.35	\$76.71	\$115.06		
11				6	\$46.02	\$92.05	\$138.07		
12				7	\$53.70	\$107.39	\$161.09		
13				8	\$61.37	\$122.73	\$184.10		
14				9	\$69.04	\$138.07	\$207.11		
15				10	\$76.71	\$153.42	\$230.12		
16				11	\$84.38	\$168.76	\$253.14		
17				12	\$92.05	\$184.10	\$276.15		
18				13	\$99.72	\$199.44	\$299.16		
19				14	\$107.39	\$214.78	\$322.17		
20				15	\$115.06	\$230.12	\$345.18		
21									
22									

Nala66

Sep 9, 9:45pm (8 hr ago) | Post# 4504

Let's take that account figure of \$1422 and assume we get FIVE losses in a row at about 5% each.

- 1) $1422 - 5\% = \$1350$
- 2) $1350 - 5\% = \$1283$
- 3) $1283 - 5\% = \$1218$
- 4) $1218 - 5\% = \$1157$
- 5) $1157 - 5\% = \$1099$
- 6) Winner $1099 \times 2 = \$2198$

So as you can see, it takes a lot of losses to have any effect on us, not forgetting that we can get several wins in a row also.

Nala66

Sep 9, 9:55pm (7 hr ago) | Post# 4505

It's all about the planning...

Timing

Signal

Money managed entries.

Target

Rinse and repeat daily.

If the day is bad and you only get say 50% of the target then it doesn't matter because this is added to the next day.

Never add to a losing position because those 5% can very quickly wipe out your account or at best make a huge hole in it.

5% is easy to recover so why make things more difficult for yourself by compounding the loss.

At some point, you will reach a level of daily profit you are happy with so this becomes your daily target. Losses can then be added to your daily target to maintain consistency.

Nala66

Sep 10, 7:45pm (35 hr ago) | Post# 4512

1 Attachment(s)

[Quoting quangvision](#)

Disliked

{quote} Me too. Please Alan, can you share your spreadsheet to all of us?



Sorry guys I am late coming to the table today, so not traded.

Well, it's not actually my spreadsheet, I drew it up for a demo for you all.

Mine is just a little different in that I aim for the same target each day. So where it says account I have that as my daily target, for example, \$1000 and it stays the same.

Anyway here it is and you can adapt it to suit yourselves easily enough.

[Money Management.xlsx](#)

Nala66

Sep 10, 8:03pm (34 hr ago) | Post# 4513

Also on that spreadsheet, you see an item called Factor. This is the number I have to multiply my AUD with to convert to USD your conversion from your base currency may also be different.

Add to this the amount you pay for lots is also affected by the base rate of your account.

Anyway it is not hard to get it all set to suit you.

A quick way is to place a 10cent trade for ten minutes so you have something to work with for the numbers. ie 10cent trade costs xxxx, 10cent trade won/lost xxxx for whatever pips. Now you can find the value for 1 pip at 10cents or a micro lot.

Jazz1964

Mar 5, 8:11pm (38 min ago) | Post# 5959

1 Attachment(s)

[Quoting KevinOwens](#)

Disliked

Jazz and Alan, With each of your posts, I learn something everytime. Thanks for the amazing and consistent support! I'm doing better on the trading part, identifying good setups and such. However, I'm still a bit clueless on the money management part. However, these two recent posts from you guys helped a bit. I'm sure that I'll get there soon. Agan, thanks guys! Also, Jazz, it's amazing to see you often double your account in two weeks and have days like 21%+. I would like to know what's the maximum drawdown you've ever seen in a day? And also,...

Very good to read you focus on risk.

Let's talk about the time since I am trading well. An intraday DD that happens once in a while is 30% to 40%. That's from a complete Basket loss plus some other losses. This is typically a situation where I will step back from the chart and look if I am fit or not, and/or if I can't make chocolate from the chart.

Said that, I am ready to bust my account. It is going to happen. I will just put new funds in it and go on the next day. Reason why that is appropriate, is clear from the picture below.

Max floating (open DD) is 16%. An EA protects me at 20%DD.

Trade size 0.01 per \$16						
Entry	Size	Risk 1st trade	Risk Basket 2 trades	Risk Basket 3 trades	Basket Reward 25 pips	Basket Reward 40 pips
1st	0.01	6%			16%	25%
2nd	0.02		13%		50%	78%
3rd	0.03			16%	106%	163%

I trade quite aggressive with 0.01 per \$16. That makes that I am happy with 25 pips per day with only 1 position (=16%)

That doubles an account per week. The rest is bonus.

Jazz1964

Mar 5, 2020 9:35pm | Post# 5963

[Quoting KevinOwens](#)

Disliked

{quote} Thanks for the detailed explanation. I've a couple of doubts. Your table, does it mean that when you get three entries on, your account doubles with 25pips? And also, is it 25pips each entry? Also, the risks, do you risk 16% on the 3rd entry? or is it overall risk on 3 entries combined? Oh, I didn't understand the 0.01 per \$16. Does it mean 0.01 lot for every \$16 in your account? I appreciate your patience and help. Thanks again.

Your table, does it mean that when you get three entries on, your account doubles with 25pips?

Excluding spread and commission, yes. that's with 0.01 per \$16

And also, is it 25pips each entry?

25 pips from the third entry. Added some pips for the 1st and 2nd.

Also, the risks, do you risk 16% on the 3rd entry?

16% for the complete basket. again, with 0.01 start per \$16 account size.

Does it mean 0.01 lot for every \$16 in your account?

For the first position, yes.

Jazz1964

Mar 5, 2020 10:27pm | Post# 5965

[Quoting KevinOwens](#)

Disliked

{quote} I understand the math involved now. One last doubt(hopefully). You said that your risk would be 16% for the complete basket. Is that because, you would've already protected your two entries by the time you enter the third one?

A basket of 3 has its exit at the 2nd entry price.

3rd in loss

2nd BE

1st profit.

Nala66

Apr 23, 6:51pm (13 hr ago) | Post# 6209

Just a little bit of scary information... Since the beginning of FEB I have made 4842%

I don't really like to post these things but here I make the exception to show how powerful this is.

Nala66

Apr 23, 8:43pm (11 hr ago) | Post# 6218

I like that expression... The next bar could have been higher.

Of course it could and if it was ten pips higher I would have been stopped out losing about \$40.

When I have all three trades on that is \$25 a pip so just 2 of these puts me well in profit. Whereas the full forty gives me \$1000+

The plus is a makeup of any past stop outs so for example we may take 45 pips if it is on offer.

It could well be the case there is just not enough pips in the trade but this is not common. In a case like that we are simply loading up the trade with what we can so that when we hedge that becomes the primary trade and all the smaller loadings are closed leaving us with one large trade on the table with the stop at BE + 1.

Nala66

Apr 23, 9:06pm (10 hr ago) | Post# 6219

Although I take a look at it I don't use the 4 hour chart much because that bar can easily swing 40 pips in either direction. Like wise for the daily, weekly and monthly. They are interesting but I don't trade from them, my stops would have to be wide and this means my lot sizes have to be smaller to keep the draw down low.

Imagine if I get stopped out on my second entry even at ten pips my loss is only \$80. This is nothing when compared to a \$1,000 win.

We have mathematics on our side so use it to our advantage.

If I was to put the whole amount on with entry 1 then a ten pip loss would be \$250 which is a significant part of \$1000. Far better to have a 1:12 risk reward than a 1:4 don't you think?

I can be wrong several times in a row before getting it right and then I can often make up not only the profit but the past losses also.

Nala66

Apr 24, 12:08pm (19 hr ago) | Post# 6223

[Quoting edge540](#)

Disliked

{quote} By my calculations you have taken a \$1,000 account to \$4,864,000 or maybe you are trading a 10k account and it's now sitting at \$48,640,000. Absolutely incredible stuff, why do you waste your time on this thread?

Not really. My buddy Kiwi Kev gave me a scare at the beginning of the year so I withdrew the bulk of my account leaving just \$100 in it.

It is this \$100 account that is now worth \$4952. My mistake on the % but still pretty good hey!

Had I not done that then this would be far higher than just adding a zero.

Doesn't matter though because I can't spend it... The pubs are shut, can't go fishing. Petrol is very cheap but can't drive anywhere.

Been watching heaps of movies and working in the garden,

Nala66

Apr 24, 1:01pm (18 hr ago) | Post# 6224

Ok I just past the 5k mark \$5096

What I should do now is withdraw 4k and use the 1k as my target. However I am not going to do that since I can't spend it anyway so I will just pretend I have done that.

So at 1k I am at 509.6% and 1K is my daily target

Nala66

Apr 25, 11:17am (22 hr ago) | Post# 6229

[Quoting kofix11](#)

Disliked

{quote} Well done Nala66, but do you really mean 1K in a day?

Yes that is my new target.

Don't misunderstand this I cannot and do not achieve this all the time, it is a target and I sometimes miss.

Usually I will keep trading until I get it. This may mean several trades have to be taken to make up the balances.

Nala66

Apr 26, 1:39pm (17 hr ago) | Post# 6238

1 Attachment(s)

[Quoting logic38](#)

Disliked

{quote} Thanks Alan for that comment, i also found it difficult, we had two rsi hooks on the 5 minuet chart with divergence, at 7.10 am and 8.10 am, the one hour rsi was over sold so i was buying at these 5m divergences, they also coincided with previous one hour lows. The first hook I got stopped out for a loss, infact i had a few losses for being inpatient and frightened i will miss the boat, this is a bad habit and something i am trying to curb in my trading, thankfully i eventually bought the low so made good, did you have the low of 1.22969 marked...

Actually this brings up the question of persistence.

We should not be discouraged by stop outs and if we use a good money management practice they should have little effect on our bottom line.

If we keep to the notion of losing a little but winning a lot and our entries are based on good probabilities of being right we should be OK.

Nala66

Apr 29, 11:56am (9 hr ago) | Post# 6257

1 Attachment(s)

[/quote] So you just focus on the first pullback , without considering factors like distance from ema or the actual structure of the bar (length of wick etc.) . I understand now. Do you think it would be practical to take just one entry once support is found for a less aggressive approach (provided the other criteria is met on the 1 hour) ? Also, do you always consider a 1 hour pullback to the ema a potential entry provided no divergence occurs? Thank you[/quote]

I would never consider just one entry because this works out to win one lose one and so on making little profit..

Consider the charts below..

The one hour is in div so we look to the 5 min for a long entry.

Now to do as you say wait for the bulls to FIND support it works like illustrated.

At this stage on the 1 hour I am expecting the EMA to make the HH (A) and thus price to reach the next level (B)

Note I could have taken another trade on the 5min at the dashed line but this would mean the stop would be below two entries, I don't like that. Better to move the stops instead and lock in more profit.

Note how the 5 min is in a bear div but the 1 hour has not made B yet so we may or may not get stopped out for a tidy profit.

If we don't get stopped out we move the stops again and take another trade at the top. Just keep going until stopped out.

