{FF Invisible Jul 22, 2010 7:08pm (15 hr ago) }: Have had the original FTLR running on 7 currencies since a couple of weeks ago. M15 and H1 did not work out well with over 12% floating DD seen on the M15 at least. The VPS was rebooted while I was sick over the weekend and I did not notice until later in the week, but the H4 has done pretty well. It was almost at 10% profit with a floating DD of about 1%. Max floating DD was about 5%. I would happily

put this on my live account but for one thing..... The ever-present spectre of the run-away trade that never comes

back, wiping out all profit and more in the meantime. I think H4 is safer than the lower TFs, and D1 safer still, but

that does not mean these higher TFs are immune to the occasional run away. I feel this EA is soooo close to being

great. I wonder what this final key could be?

{FF Scooby-Doo Jul 22, 2010 7:28pm }: The final key is usually the first key which is economic and fundemental analysis. There will be a key reason(s) why the runaway or death trade occurs and is why you shouldn’t have entered that particular trade in the first place.

The biggest problem is sometimes there is nothing wrong with the trade you have taken but unknown to you a financial institution has decided to sell or buy in large volumes. Unfortunately you happen to be on the wrong side of the trade. You will never be able to compensate for this. The difficult part is being able to spot when this happens.

I have been doing this commercially for more than 20 years and I still get caught out with some serious death trades especially when a central bank intervenes in the market.

The best indicator, which nobody likes, is yourself watching charts and spotting price action against your position in the market.

My advice is look at each death trade and try to identify why it happened. I.e. was it due to planned economic news. If you can’t find out why it happened then it will be down to central bank intervention or a commercial institution

selling or buying large volumes for their own internal reasons.

Scoobs.

{FF macman Jul 23, 2010 4:41am (5 hr ago) }: Absolutely 100% accurate - so anyone trying to run a 24/7 robot strategy may as well pack up and go home .. right?
- or is there a solution to the death trades maybe?

Even the major banks with all their (our) money can't produce a perfect robot so for us lowly retail traders we have to

start from the fact that we are going to fail sooner or later. Actually this is a good starting point as at least we know where we stand.

So as we can't easily get around entering a death trade in the first place, we can only try and deal with it once we recognise it is (or is likely to become) a death trade. The only way we can get a second chance is to hedge a possible death trade and wait until the market settles down and then try and limit our loss. Basically the hedge is freezing our losing position in time, so buying us more time to try and find out what is happening and to decide on our next actions.

Only strict MM rules can save us if we are in the grips of a (possible) death trade.

Firstly it is essential to 'draw a line in the sand' - this far and no further and make no exceptions. This pip value will vary depending on the type of strategy you are using. It needs to be realistic & carefully calculated. Back data can help here.

Secondly it is essential that you have enough money in your account to cover the worst case scenario. Work out the cost at your 'line in the sand' position. If you can't cover it you are basically a dead man walking.

Thirdly remember that forex is a long term business and it may take many weeks to turn a hedged death trade. Look for a retrace, then exit the trade. The idea is to take as small a loss as possible. Don't expect to get back into profit, this is a damage limitation strategy.

Let’s hope we don't need this too often !!

{FF Scooby-Doo Jul 23, 2010 6:41am (3 hr ago)}: You will find that most death trades occur approaching economic

news related to 1. Interest Rate Change; 2. Trade Balance Figures; 3.CPI; 4. NFP. The big boys will usually start selling their open market positions around 30 minutes before these scheduled times as even they don’t know the full impact of the pending news. Sometimes they will hold them and ride out any market retraces as they have deep pockets to do so. The question then becomes how much retrace do you allow for before closing your positions as you will get false market retraces only to find you have closed out a trade and 15 minutes later the market continues back in your favour.

I know people don’t like hearing my news sometimes but remember a commercial trader will not open trades across 16 different currencies. They tend to specialise as they get a feeling to how a pair reacts to market changes.

On my trading floor they are 5 different trading rooms. 1. EUR, 2.USD, 3.JPY, 4.CHF. If you take the EUR room then these guys/dolls specialise in these pairs and know them inside out. But if you were to stick them in the JPY floor then they wouldn’t do so well in the short term even though they are all forex traders.

Indicators can of course be a big help but they cannot tell you when to exactly enter/exit the market. If they could

then well we all know what the answer would be.

One of the biggest problems for ALL types of traders is that you can have a trend within a trend within a trend within a trend.

Scoobs.

{FF Scooby-Doo Jul 23, 2010 7:18am (2 hr 58 min ago)}: Yeah, how could I forget the currency of my beloved Homeland {#5 is GBP}.

Also, remember that many of your trades maybe being opened where the currency is approaching weekly, monthly and quarterly support/resistance levels. This could be another reason why you encounter a death trade or serious market retrace. This is another reason to study each trade that went against you as you can then build this into your manual or automated systems. Of course all traders have to close out trades that are at a loss but you should also understand why you had to do so and not just because it was showing a loss. Some people won’t care and just close it and wait for another trading opportunity but then you are not really studying your trades and learning about the market.

Scoobs.

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~~~~~ On making Profits Run… TO pre-defined levels such as Fibs & Forks~~~[150710@10:22 p.m.]~~~~~~~

Why Do We Profit Protect But Allow Losses To Run??
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Essentially trading involves the following of some “Trend” or “Pattern” that is unfolded by the market. In essence, it is largely reactionary and any predictive potential is based entirely on history (highly likely but definitely not guaranteed). Most traders are not market makers so they are not in a position to determine significant market behaviours. Market Behaviour represents the psychology of the traders such as the fact that traders seem quicker to Sell than to Buy.

This means we often are in a trade when it is well underway. To what extent? We can only make educated guesses. We are therefore in by the middle of the trend or in say the last 25% on rare occasions we may “catch a Fly” and enter on what turns out to be the first 20 to 50% of the emerging trend. Then, at entry we would have no means of knowing, exactly what next. So in a nutshell, we are often entering a dying trend that is waiting to U-Turn at any minute. We are therefore more likely to enter early, in the Wrong direction than in the right, early. This is a direct consequence of the trend following nature of trading. We have to first see a trend or pattern forming or formed to act on/trade it. Having entered, the market may not choose to persist as recently shown, leading to losses. So we therefore need to first over come Spread, then profit from the ‘dying remains” of the trend.

So often we enter a trade and experience a negative balance as a consequence. If we enter too close to the end or close to a retracement end, then we have a small time to profit before that is taken back and then we may in for a long trip in (-ve) P/L Land, as we would have in effect entered in, on the wrong direction at the U-Turn, hence the wrong entries seem to Run-away, whilst the ones we get right are dying. The right ones often seem to take longer to mature and when they do, the magnitudes are rarely to our delight. That is why we seek to profitprotect as our profits emerge, as we never know when the trend can turn and erase the gains to date. How much room to leave the market to breathe/wave without it taking back gains remains the real challenge. One approach for our basket trading may be to Trail at 50% behind the market while Account has (+ve) P/L ; Trail at 100% behind the market while Account has (-ve) P/L.

{Taken from Vahid’s forexoma notes on a successful professional trader when we/you trade with live cash for which we have toiled You trade with more fear and greed. You don’t close the trade that goes against you because you don’t want to lose. You wait for the price to change the direction but it won’t and finally you decide to close your trade when you have lost a lot. Or you keep a good trade to make more profit. You ignore the reversal signals and so you lose all the profit you had in your hand } Only expeience and God’s help can control this [200710@8:25 pm]

Why we need good “Staying Power” (initial operating Equity Levels of >= 1000.00%, preferably >= 500.00% at a minimum)?

We need a large staying power just in case the market U-Turns whilst we are in transit {for those who do not use VPS & have to commute} or there is any crazy announcements that cause a turn before projected fibz etc. [160710@1:34 a.m.]

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