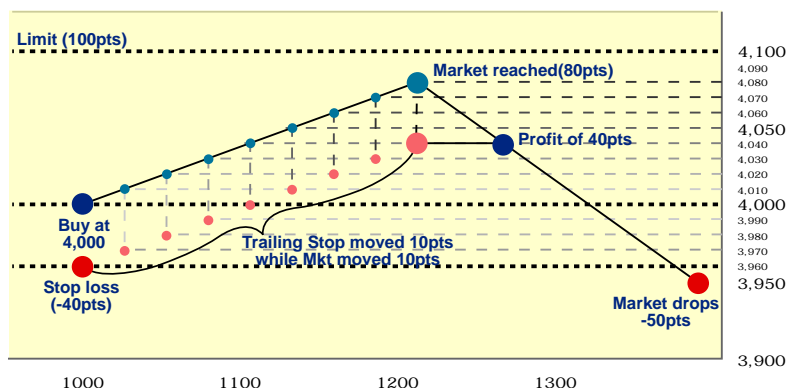


“Stop Loss” where and how to place them?

Nowadays successful traders automate their orders with the use of sophisticated software. They plan their entry and secure their “Exit” with a predefined “Stop Loss”. This is in case the market goes in a different direction than originally anticipated. They buy or sell short depending on information like:

- “Open, High, Low, Close, Volume” values of the previous days
- Both Historical and Intraday, technical analysis indicators like “MACD, MACD Osc., RSI, CCI, Stochastic, Bollinger, Volume” and more.
- a BUY is best taken near the support level and a SELL next to the resistance level

This above data would help you define a “MIT” (Buy or Sell upon the market reaching a defined value). While trading Futures, the historical data of the previous days or months would give you the average range within which each Contract moves. Consider the index Futures of DAX experiencing daily in July 04 an average of 75 to 80 points between high and low. At 25 Euros per point, that meant a “minimum” potential daily gain of a single Lot of about €1,750 or US\$2,135 or S\$3,630 per day. I repeat “minimum” since DAX had moved up and down before reaching either high or low. No wonder trading Futures is gaining so much more momentum as opposed to trading Stocks!! No wonder our StrategyBot automated strategies on the Dax index do return more profit than automated strategies on other contracts.



You are a manual trader:

What value to set for “Limit”? Up to your greediness !!

Realistically, for intraday orders, your “Limit” (how much money you wish to earn) would be set within the range of the past statistical data of whatever you wish to trade. So please consult the “Open, High, Low and Close” of the previous days if you have nothing else better to consider. Your “Limit” would be based on the “High” and “Low” values.

Defining “Stop Loss”: How much shall “Stop Loss” be?

- if your position has been taken close to the Support or Resistance levels then the “Stop Loss” can be shortened, if taken in between both levels then it shall be larger. How much depends how far you place your order from either level.
- A percentage of your “Limit”? (only with automation not in manual mode)
- An extrapolation of the movements of the previous days? (but to be calculated).

Your “Stop Loss” value shall depend on how volatile the market had previously moved. If too volatile, like swinging several times daily, better to increase the value of “Stop Loss”. Some Contracts or Stocks, every day, take a trend either up or down, so for those, as long as you know the direction using technical analysis then a low value for “Stop Loss” can be defined.

All the above information, statistical data and technical analysis studies are available from our software program Trade2Cash (S\$499 w/GST).

Totally Different Approach. Revolutionary.

How about a software generating profit for you on “Stop Loss + Stop Moves” instead of and/or in addition to reaching a “Limit”?

Setting your “Limit”: How about setting your “Limit” to a very high value, reachable somehow in case either the market crashes or gains a lot that day, but knowing that anyhow you would make profit on the value you set for “Stop Loss” as well as on the values you set for the parameters of “Auto Trailing Stop”?

In previous articles, we did explain the valuable benefits of “Auto Trailing Stop”. This highly sophisticated feature dynamically moves the “Stop” towards the “Limit” proportionally to the market moves. How much both the Market and the “Stop” will move is defined by 2 parameters. Both parameters shall be preset while preparing your trades with our software StrategyBot (S\$1,709.00 w/GST and no further Monthly fees).

Example:

Your trade is a Buy at 4000 on DAX index. Your Profit “Limit” is 100 points (€2,500) a high value for DAX but not unreachable. Your “Stop Loss” is 40 points (€1000). Without using our sophisticated software you will lose 40 points if the market goes down below 3960. Imagine the market moves up to 4080 then drops down to 3950. So you lost 40 points. Right? WRONG if you were trading on line with StrategyBot software, you WON 40 points (€1000) instead A difference of €2000 saved in only one trade That reimburses the cost of the software in one trade. How is this Possible?

The reason is, you had set both of your “Auto Trailing Stop” parameters to 10 points. Every time the market moved up by 10, the “Stop” moved up automatically by 10 points too. The market moved up 8 times by 10 points each (from 4000 to 4080), the Stop moved up 8 times by 10 points too (from 3960 to 4040). So you made profit with “Stop Loss + Stop Moves” not with “Limit”. This is revolutionary.

Your winning strategy every day now becomes: set very high “Limit”, but ensure a proper “Stop Loss” and proper “Auto Trailing Stop” parameters. We have written an Excel spreadsheet calculating how much these parameters shall be in all possible cases per contract. It is free of charge downloadable from our website www.strategyland.com.sg.

Come see us for a free On Line Live Demo.
We are located behind Boat Quay in Singapore.

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