

I was asked in a PM how I manage my trades. I have discussed that before but I am not sure whether it was here or over at Steve's forum or perhaps both. Either way I will cover again the basics of how I manage my trades.

1. Once risk (SL placement) is determined I will decide what size trade to take. I always take 2 positions (well sort of, more later) for trades. So if I want to risk say 2% of my account;

- 2% of say \$1,000.00 account = \$20 risk
- SL is say 20 pips away = \$1 per pip

So now I know my trade size will be 0.1 lots.

2. I enter the trade and set a target to close 0.05 lots at \$20 gain or roughly 20 pips. Now we have to take into account [spreads](#) to some extent and more so commissions. In order to gain a true 1:1 we need to cover our costs of doing business. If we lose we lose the \$20 SL + the commission so make sure you cover your costs. If trades are carried overnight we need to consider swaps also but we will just worry about basics for same day open / close trades.

In MT4 you can partial close so I use this feature a lot rather than opening two half size trades as I used to do.

3. Once 1:1 is hit I now have a worst case net zero trade. If I do nothing and my SL is hit I BE. Now I will review PA and see if it is safe to move my SL to BE or if it is better to leave the room to breathe. This will depend on what size the original SL was and how well price moved away.

If price continues onto say 2:1 I will evaluate again. Actually I worry less about whether I made it to 2:1 or 3:1 but more look for PA to show me when I can start to safely trail my SL. If I get an opposing trade signal I may close out but usually I will trail my SL and leave it and once my SL placement is no longer safe the market takes me out.