

“I give a reasonable chance to my position...”

I have some interesting questions about exits/limits... etc... rule of 20... all that

20 (or any number) stop loss is what guru's consider a "hard stop"... it's an insurance against a catastrophic move against your position.

Although we're trailing that stop, if you see the market moving like 15+ pips in your favor and all of the sudden it gets down to 6, 5, 4 back... do me a favor and press the panic bottom... please!!!

Do this as many times as you see it happening and I promise you will get a runner very soon

Don't let a winner turn into a loser... don't "hope" that the market will turn back on your side.....never do that.

You don't know what the market it's going to do next.....

Remember! You're "guessing" that the market will move that way, more often than not... that's pretty much the end of all technical (and yes baby, fundamental) analysis...if anyone tells you a different story, consider it a "snake oil" tactic.

I've been conditioning your mind since the get-go... because losing is part of this business.....you will lose

I lose a lot.....I "test" the market a million times...but I assure you, I get a runner pretty often.

Please look at me when I am talking to you....Don't get distracted
I've been in this business for a long time for two reasons:

1) I don't take the market for granted - I don't "hope" that my magic "system" will come back and save me from the chop monster.

**2) I give a reasonable chance to my position...
Explaining # 2 - Ok....**

I have "expectancy " that the market will move on my side within a reasonable time frame... at a reasonable "speed" AKA momentum... if that doesn't happen... my ass is on the line... what would I do... "hope"? ..."wait"?... no sir... I have no reason to be holding that position...

I have in my mind a pre-conceived way of how the market “ should” perform, or I just close the trade and wait for the next one. I give no quarters.

Daytrading is a cruel environment. You need some sort of an "attitude"... be cocky... arrogant... but humble with your fellow trader and family...

Consistency is the crux of every trader.....you get discouraged...depressed...you are hoping to make it so you can quit your job etc

Take note of this... no system... no strategy... no fibo's... stochs, Big Mac... will EVER in your whole life as a trader, give you consistency.

You must create that... it's in your hands... how you learn to manage your trade it's the ONLY route to consistency... engrave this in your mind.

Your job is to cut that loser short, no matter what. Don't worry about how many times you'll have to cut that loser, at the end you'll get a runner.

Your job is simply to preserve your capital. Eventually, you'll be compensated.

"So...Feb, I don't like your idea because I will leave some money on the table"

Ok I see the problem...this is what we'll do

so you were shooting for 20 and you only got 5... ok I'll make you a deal

you give me those 5 pips in exchange for -12 lose pips from your trailing stop

Deal?

Of course not

Trade expectancy

As I mentioned many time, I am a scalper. I've been trading like this since I started, many years ago. Butscalping requires not only a strong concentration level, but is harmfully stressful. In my situation, I can't have the luxury of been stressed out the whole trading time.

As for the system II, I mentioned few times this is a high-frequency trading routine.

Trading is definitely an art of reading numbers in order to be first in line at the right side of the market.

But if the market decides to go the other way, I simply play along.

I will tell you what I use for my scalping. It's applicable on any framework/timeframe – I use a hard stop, just in case of a connection failure or an unforeseen volatility. I never let my stop to get hit... NEVER!

Your job is to cut that loser short, no matter what. Don't worry about how many times you'll have to cut that loser, at the end you'll get a runner.

Your job is simply to preserve your capital. Eventually, you'll be compensated.

Let's assume you are bullish, you go long at your signal, and immediately the market goes against your position (a very common situation). What you should do?? How far is too far?? Does it feel like a cat in the headlights?

This is where you make trading an art. I cannot tell you specifically when to cut it short. None will .

But I'll give you some pointers, from my experience (since 1981)

I use as a reference, how was the market behavior at the past session/timeframe/last bar. Then I have some expectancy/time limit on my trade to work out... or I just simple hit the panic button.

Let's say you'll use the last candle as a reference point. Then, you see the market (assuming you're long) retracing back. If I see more than 50% of the move against me, rest assured I'll be ready to hit the panic button.

The point is, you don't know how that candle/bar /time frame is going to end. This is where prediction is useless on the markets.

Trade expectancy is simply put, the trade MUST go your way within a reasonable time table / rhythm / distance... or I just quit.

Trade expectancy is the only thing that will keep your head above the water.

Trade expectancy is the only tool that will bring consistency to your trading.

Money management alone is not sufficient. Having a good entry, is not enough. You need to go to the basics on what is that you're looking for in trading??

M O N E Y

Bottom line is all about how many Benjamin's can you pull off the market. If you're not consistent, trading becomes futile and frustrating.

In my life as a trader, I can count how many times I cut a trade short, only to see the market going back my way. It's cool. But I saved my ass way more times.

I made some statistics about it from my journal. Actually, as I have my risk in check with my money management, in this specific situation mentioned above, I just go back and re-establish my position, even if I have to go market.

If you get stopped or just simply bail off a position, as I said many times before, look at the other side, maybe there's a change of sentiment.

The science of trading is simple: You're either on the profitable side of the market or you're not. In order to get on the right side, you use technical analysis (and have your ear on the ground, of course). Then you pull the trigger based on your signal. that's it... and it's easy .

**But how do you transform that into \$\$\$ consistently?
Cutting that loser short !!! - It's more an art than anything else.**

The System I and II or any other "system" I put on a thread, is just a framework for you to trade.

But if you don't manage the trade, it becomes useless.

EXITS

My following statements are completely subjective. They're based solely on my own experience

It's not the holy grail neither the absolute truth of trading

You guys are talking about exits. Please don't narrow your vision in just that, look at the bigger picture.

I struggled for many years with exits. Believe me, I used all kinds of strategies, methods, etc. Looking at the bigger picture, I realized one day that not only exit rules but the whole trading strategy, method system whatever you want to call it becomes very much like fingerprints. I could say that exits, as opposed to entries, requires far more practice and concentration.

I could say that I “expect” the market to reach certain point, at certain speed, if not I am out.

But you could disagree with me. Tell you what, it works for me but not necessarily will work for you. Took me years to find out what really works for me and it's exactly what I said above.

I play the market. I am not at the mercy of the market once I get a position. When I am trading, I become a little arrogant in my own space. I am in this business to make a buck people, not for a charitable cause. The market MUST give me what I want or simply I am out.

Will the market care? Of course not. Will I care?. neither.
The market is not my friend and I'm not his friend either.

Will this work for you? – Probably not. But has worked for me for many years to the point I presently trade for the fun of it (yes fun but I will always try to make a buck anyway .)

When I lose, I am satisfied. I did the best I could but I understand that trading is a game of probabilities.

We are speculators. We expect the market to move in our direction. But there's no guarantee.

Everytime you enter on a trade, your stake is at risk. Let your position mature for a period of time but keep your head up. Please draw this rule on your forehead and practice it.
It's a truly game of balance that takes time to master.

Either I win or lose, I simply shut down my computer and go somewhere else. There's plenty of stuff to do besides trading. I don't care if the market blasted off after I killed my position. Good for them. Good for me that I reached my objective, at least my money is in my pocket, and not in some other's lad pocket

For instance, John Carter has some excellent seminars at CBOT. The thing is, the trader who will benefit the most from his methods is - yes John Carter. After all it's his baby and that baby spits dollars for him I am sure. Will his strategies work for you?? Maybe yes, but maybe you go with something like – “I like his strategy but I don't make sense of the squeeze”. Pick what works for you and leave the rest to Mr. Carter and his own game. Yes it's good to have a mentor. But they can only show you the way you have to open the door with your own little hands.

After all this years, there's something I strongly believe will never go out of style: Support and Resistance.

No matter what your entry/exit method is, the more you get at hand playing these levels, the better trader you'll become.

If you look at one of my charts, you will have in your eyes a truly resemblance of a stack of sliced ham. Yes I slice the market. I pre-arranged everything the night before. I even make a little script on what I expect from the market, including of course, Pre-determined possible entry/exit marks and economic calendar for the next day, in order to keep my ear on the ground. Does it work for me? Yes, more often than not. Will they work for you? You need to find out.

The Edge

The edge...oh boy

see that's a very wide-open and sophisticated word. I felt like you long time ago and believe me, your inquiry is completely valid.

The edge is going to have a diverse significance through all the traders in this world.

Some people are going to shoot for their trading style, others that money management is the real edge, etc. although these are valid points, the edge is far bigger from just make 1 element and proclaimate you just found your edge.

This is how I picture my edge in my own little way:

To me, the markets are like moving floors, like a tremor that never ends. My edge is to keep in balance while the floors keep trembling.

In reality, all markets are chaotic in a certain way. Took my a long time to learn how to walk in this moving ground. Dealing with me first (as on many times I will be the one who'll screw things up) and then I putting together all the necessary elements to stay in balance when the ground moves.

All is good but here lies a little problem with the "edge"

When you come to this world, you have a pre-fabricated mentality, so much hibernated from all the comfort and efficiency that the modern world has created.

Let me explain: You go, and turn your car on in the morning. Pull off the driveway and head somewhere. Not even in the back of your head you are think something will go wrong. But when it happens, the least thing you do is to curse, right??

Because you're not use to. You car MUST (with all certainty) take you to point A=B. After all, you don't see a comercial that the car stalls in the middle of the road and later being pulled up by a tow truck... not a chance.....they all go

Just look around, I mean you get home, get the clicker, and the plasma should lite up...right??? After all you paid xxxx jeffersons for the dammm thing to work.....whenever you like....it's at your command....

So people bring this mentality to trading.... – "HA I bought this video and I will barbecue the markets in no time. After all, the markets is like printing money out of my computer... what do I have to lose? (other than my ass)"

Or some other people will build a solid-robust system, backtested, forward, underwater tested and bullet-proof tested (oh I forgot, ET Naysayers tested) and everything but the day that you go live...that very fucking day, you lost.

Isn't that frustrating???

So now they don't have an edge anymore because the moving ground ate them alive. Here they go again looking for the perfect "Mix" of indicators.....why??

BECAUSE MODERN PEOPLE ARE NOT IMPOSED TO LOSE....PERIOD

So when people talk about the so infamous "edge" and don't include the word "losing"... something is not right in my opinion.

The market will always attempt to fry and re-fry you own little "edge" If you don't learn how to keep your head above the water and your nose clean of any foreign chemical substance, the market will beat you eventually.

Deal with your loses, and look things over a period of time rather than a quick buck everyday.