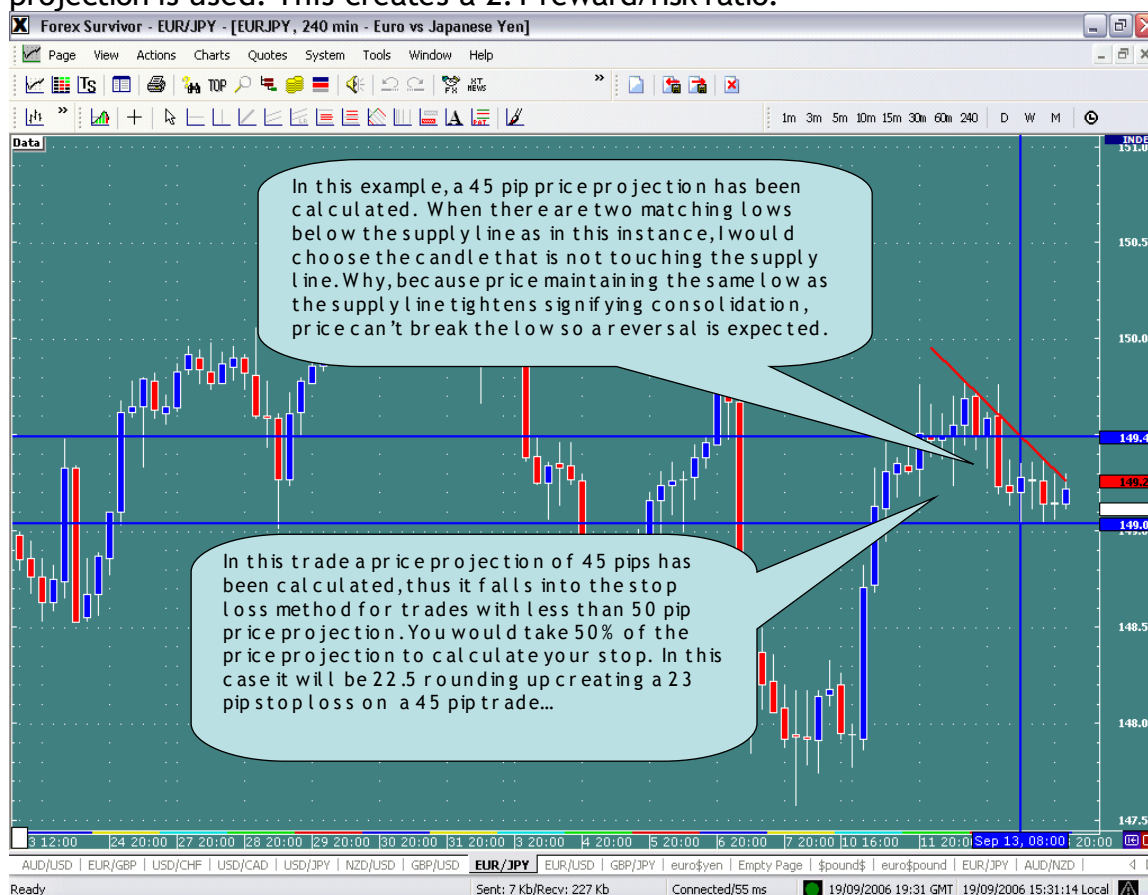


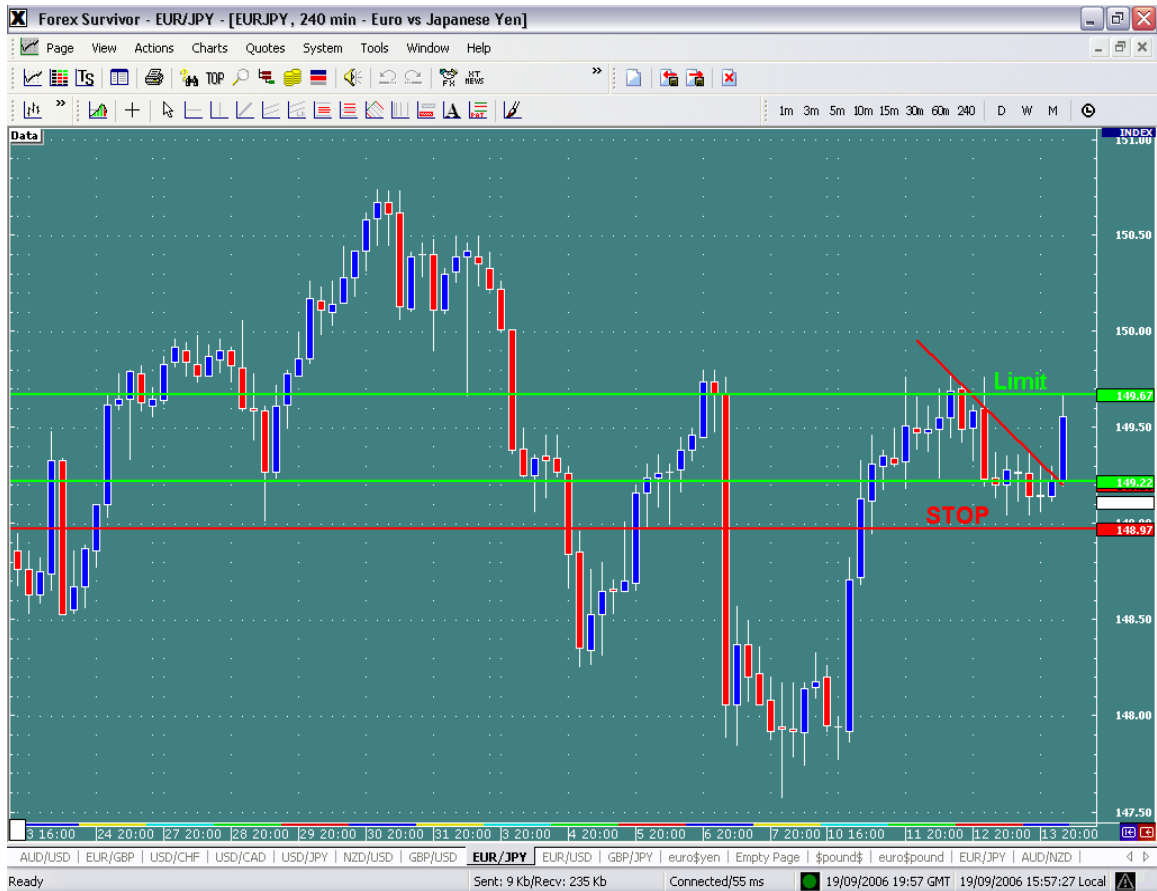
Mouteki Trading

I am very excited by the growth of this system in the Forex Factory. I am sorry to all who have so anxiously awaited my return for further documentation on my stop loss method. The stop loss method for this system depends solely on the price projection for the specific trade. This is why we covered the price projection first. In order to devise a stop for your trade you must be able to properly determine the price projection. I have come to the assumption through the thread that the majority of traders following the mouteki trading thread have comprehended for the most part how to setup supply/demand lines and how to calculate the price projection when a supply/demand line is broken initiating a trade. With this said let us continue into the stop loss method.

Stop Loss for Trades with less than 90 pip price projection

For trades with less than a 90 pip price projection a stop loss of 50% of the price projection is used. This creates a 2:1 reward/risk ratio.

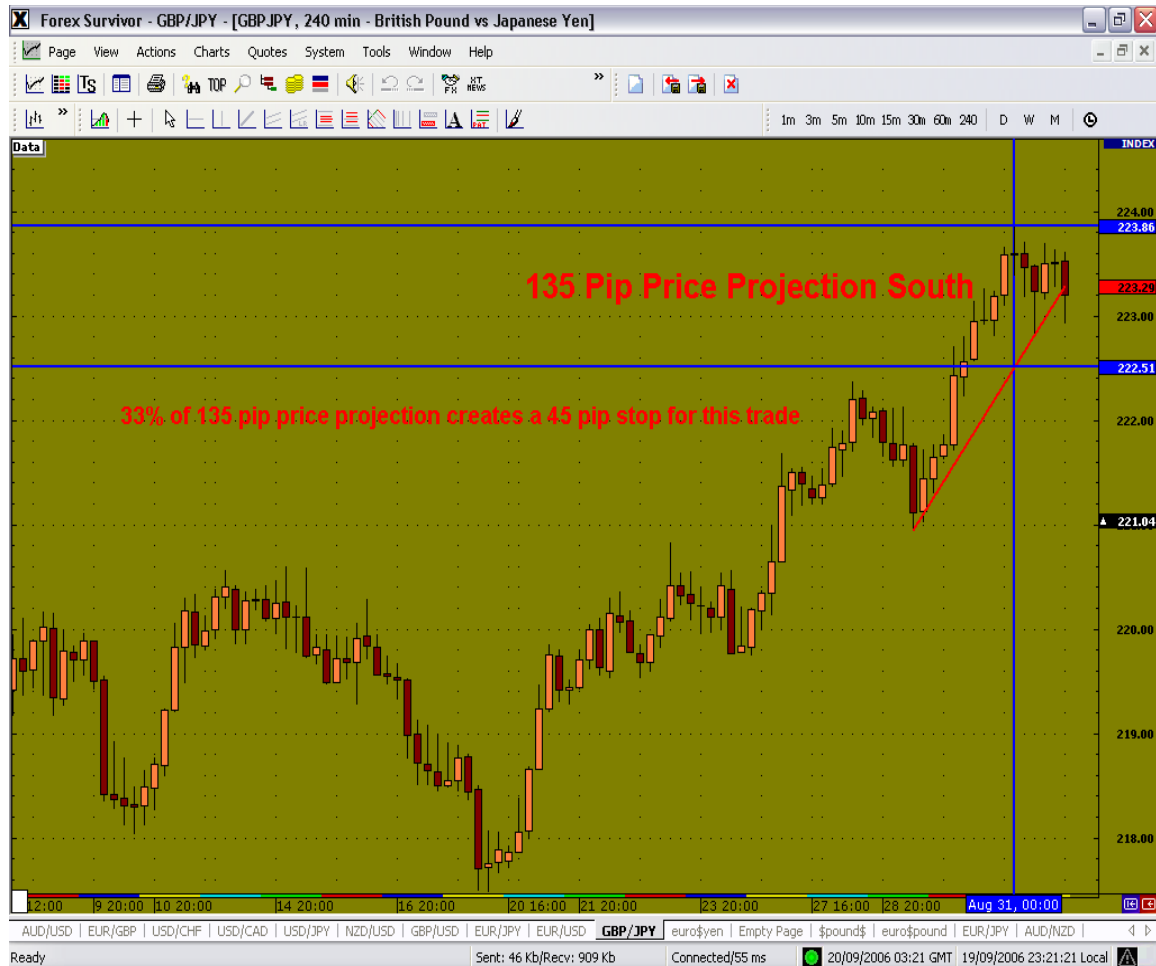




45 pip price projection paid out in the first 4 hour candle. From the open of the open of the 4 hour candle that broke the supply line to the upside @149.22 price didn't even go one pip against in this case, but you can still notice the 23 pip stop placed on the chart.

Stop loss for trades with 90 and greater pip price projection

For trades with a price projection of 90 pips and greater a stop loss of 33% of the calculated price projection is used. This creates a 3:1 reward/risk ratio.



On this specific trade a 135 pip price projection has been calculated. By taking 33% of this price projection a 45 pip stop is calculated.



Additional Information

To protect winning positions, when any trade is 40 pips in profit, it is strongly advised to change your stop to 10 pips profit. This technique was derived after seeing several trades in large profits turn bad. The worst thing I believe for a trader to see, is a profitable position turn negative. This way you at least lock in 10 pips profit by moving your stop once in profit 40 pips.