

Exit quiz.... reply post

Thank you everyone to took time to look at that EU H1 charts and provided your answer.

There are different answers and there is no correct or wrong answer to that exit question using that chart. The truth is that every trader must follow his/her day trading plan and have that discipline to trade according to his/her trade plan for the day. Intraday traders trading the London session of 9 hours should know that they will enter and exit their trades during that 9 hours market session.

Some knew that it was H1 chart to begin with.

If we based purely on TMS entry and exit rules, many would have exit when the TDI PL green hook over / turn down when candle 5 closed.

Some would asked how many traders would sit through 8 to 9 hours watching and managing such a trade on hourly chart timeframe.

Most intraday traders using H1 will see that there is a breakout of the Asian session narrow range and would have their entry on the trigger candle which break the Asian high. And with a small initial SL of about 30pips which is below the Asian session low.

Those traders trading X-Man' S3 EU H1 would have taken profit before NYO, i.e. candle 1 and that trade would have yield 3R assuming the initial R to be say 32pips.

For those intraday traders who took this H1 trade and held on for the entire London session, will most likely fight the NY open session with protected profit. In such a case, they would have exited before or during candle 5 as it is the close hour of the London session. The candle 5 pullback is actually common during the hour of London close. This coincidentally showed up on that chart as a typical TDI exit condition.

Managing a trade for 8 to 9 hours is tiring and also often lead to fear of losing the floating profits and make us exit prematurely. We should think of using an EA to manage our trades and think of how we want to manage our exits and set the EA with the required parameters to take profit and move stops to protect profits as market trend in your trade favour.

In that trade example, I had used R and R-Multiple to manage that trade done in Jan 2012. How R-Multiple trade exit management works in show in the chart below.

There are other exit management methods for example by moving stops to protect a percentage of the floating profit.

Yet another way to exit trade is when we use trade invalidation. This means we exit only when we see a setup condition which is opposite to our trade. The TDI cross entry and exit rule is based on this method. But such method often means we lose too much of the market potential while wait for an opposite setup to invalidate our trade.



EURUSD,H1 1.29962 1.30030 1.29889 1.30001

Trade Management using R-multiple

