

TMS 5-Method – Entry, SL and TPs

First you should have no problem to decide on your trade setup and the initial Stop Loss.

Reading Big E' posts, he had at different times mention different ways how he place his trade stop loss.

He used the recent swing high or swing low after the setup candle.

He also use the previous candle high or low when there is momentum.

<http://www.forexfactory.com/showthread.php?p=4316611#post4316611>

He also used the previous 2 candles high or low in some cases.

<http://www.forexfactory.com/showthread.php?p=2277425#post2277425>

These are based on the trading chart timeframe price action.

Once you have decided on the trade setup and the initial Stop Loss, you have taken care of the downside of your trades. You let the market decide on the upside, i.e. the target profit.

Your job as a trader is to continue to manage your trades by looking after the downside. Whether you want to trade with single entry / single exit or single entry / multiple exits is up to you. Each exit strategy has its pros and cons. It is up to your experience and confidence. It is your exit strategy that will determine how you reach your financial objective.

For 4H swing trading, we need to know the average weekly range of the market. Back-testing shows that in sideways wide range market type, the 4H swings will most often reach 60% of the average weekly range (52-weeks). In trending market type, the target is 100% of the average weekly range (52-weeks) is achievable. In in breakouts, we can consider 120% of the average weekly range (52-weeks).

However, in narrow range sideways market type, the swing high-low can be narrow, so 40% is realistic and achievable.

It is important that we observe the price action and the volatility of the H4 candles and compare that with the ATR(10) H4.



Entry candle after setup candle closed. using 2 x ATR(10) H4 , the initial SL would be above the most recent swing high.

Another possible SL would be to use the 2 candles high when the Entry candle open.

TP1 will give a R:R 1:1 trade.

But if you use Trailing_By_Prev_candle High/Low, you can move your SL to the high of this candle

However, since this is a 4H swing trade, we would have to close this trade before NY close.