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RADERS
Group

TRADING GUIDELINES

We utilize technical analysis and charting software to pinpoint precise entries & exits but we must still follow basic trading rules when executing trades in Real Time:

Each trading plan comes with a detailed technical chart outlining not only price entries and exits but also technical targets as well.

We call these entry and exit points "triggers" and you should set your alerts as according to these trading plans we post these in real time each day.

For example if a chart says buy BBRY on a break northward of 16.22 then you set your alerts on your charting software to alert you when the price has breached that price at which point you need confirmation before "pulling the trigger".

CONFIRMATION PARAMETERS

Once the alert goes off you need confirmation by watching price stay above the entry point on our chart for 15 - 20 minutes before entering long to prevent from being "whip-sawed" on a mere fake out as AAPL does all the time.

Each morning go through the charts under the weeks trading plan to determine which chart has been updated and which one hasn't. The trades will remain on the board until it has triggered - We recommend taking only one or two trades per day so you can easily monitor your positions - it only takes one great trade per week to make a months worth of profits.

STOP LOSS ALERTS

Trading the stock market is all about managing risk and letting your winners run while cutting your losers short... any pro trader will tell you that you will have a losing position at times but you simply must cut it loose and not trade off Hopes and dreams of it turning around, chances are if it doesn't go green in an hour it won't ever if your alerted that your stop loss has been triggered and you stop out then right away reset your alert to notify you should price cross back over your stop loss so you may re-initiate your position.

TAKING PROFITS

Many of our trading plans include targets that are reasonable but when your position is up 20% or so then take some off the table... Don't be greedy and never let a winner turn into a loser. Always scale out of positions, at least leave 10% or so. We utilize trailing stops to capture momentum & PROFITS.

FOLLOWING THE RULES

If you don't follow your rules the market will crush you, for instance if the chart says to

buy on a break of 15.77 and you buy at 15.20 then you just broke the rules and more than likely you will get faked out and price will fall and you will get stopped out at a loss and sometimes those losses add up in a hurry so don't try to out smart the market, follow the alerts and trade without emotion or greed and you will have much success in being a swing trading professional, (yes, most trades are 2 to 4 days).

At the market open sit on your hands and don't be anxious to buy for at least 15 to 30 minutes unless the stock that you have in your crosshairs has already triggered and even then only initiate your position with a 3% to 5% position size until your stock has successfully tested significant resistance and support levels as indicated on charts in Trading Room - if your position goes against you SELL IT

Setting Trailing Stops to Capture Gains

Utilizing stop loss orders to capture gains from stock market Price fluctuations

Many traders know that they need to place stops, and if they don't know they will likely learn very quickly. Market movements can be unpredictable and the stop is one of the few mannerisms that traders have to prevent one single trade from ruining their careers.

When traders begin to learn to trade, one of the primary goals is often to find the best possible trading system for entering positions. After all, if the trading system is good enough, all the other factors like risk management, or trade management – well, they can take care of themselves, right?

After all, if our trades are moving in our direction and we are making money, all of these other factors might seem unimportant: All we have to do is find that system that works at least the majority of the time, and then most traders figure they can figure everything else out as they go along.

Unfortunately, the truth is that all of the above assumptions are hogwash. There is no system that will always win a majority of the time, and without trade, risk, and money management – most new traders will be unable to reach their goals until they make some radical changes to their approach.

This is a wall that many traders will hit, and a realization that will become part of most of their realities. Because likely, none of us will ever walk on water, or have a crystal ball so that we can display super-human capabilities of predicting trend directions in the Stock market.

Instead, we have to practice risk management; so that when are trade moves against us, losses can be mitigated. And when we are right, profits can be maximized. Once again, most traders that will find success in this business are going to come to this realization before they can adequately address their goals.

Realizing that risk management must be practiced is one thing, but doing it is an entire different matter. That's what this article is about, investigating the importance of using stops and then further, some various ways of doing so

Why are stops so important?

Stops are critical for a multitude of reasons but it can really be boiled down to one simplistic cause: You will never be able to tell the future. Regardless of how strong the setup
might be, or how much information might be pointing in the same direction – future prices are unknown to the market, and each & every trade is a risk.

Researching Traits of Successful Traders this was a key finding – and we saw that traders actually do win in many trades the majority of the time especially following trade alerts by seasoned veterans such as Daytradersgroup.com, Reviews by customers found on stocktwits showed an overwhelming percentage was winning almost 80% of the time

So traders were successfully winning more than 80% of the time in most of the options trades, but their money management was often SO BAD that they were still losing money on balance. In many cases, taking 2 times the loss on their losing positions than the amount they gain on winning positions. This type of money management can be damaging to traders: necessitating winning percentages of 70% or greater merely to have a chance at breaking even.

Why do Many Traders Lose Money, Researchers explain that traders can look to address this problem simply by looking for a profit target AT LEAST as far away as the stop-loss.

So if a trader opens a position with a 50 cent stop, look for 50 cents as a minimum profit target. This way, if a trader wins more than half the time, they stand a good chance at being profitable. If the trader is able to win 51% of their trades, they could potentially begin to generate a net profit – a strong step towards most traders' goals.

But now that we know that stops are critical, how can traders go about setting them?

Setting Static Stops

Traders can set stops at a static price with the anticipation of allocating the stop-loss, and not moving or changing the stop until the trade either hits the stop or limit price.

The ease of this stop mechanism is its simplicity, and the ability for traders to ensure that they are looking for a minimum 1-to-1 risk-to-reward ratio.

For example, let's consider a swing-trader in California that is initiating positions during the Asian session; with the anticipation that volatility during the European or US

sessions would be affecting their trades the most.

This trader wants to give their trades enough room to work, without giving up too much equity in the event that they are wrong, so they set a static stop of 50 CENTS on every position that they trigger.

They want to set a profit target at least as large as the stop distance, so every limit order is set for a minimum of 50 cents. If the trader wanted to set a 1-to-2 risk-to-reward ratio on every entry, they can simply set a static stop at 50 cents, and a static limit at 100 cents for every trade that they initiate.

Static Stops based on Indicators

Some traders take static stops a step further, and they base the static stop distance on an indicator such as Average True Range. The primary benefit behind this is that traders are using actual market information to assist in setting that stop.

So, if a trader is setting a static 50 cent stop with a static 100 cent limit as in the previous example – what does that 50 cent stop mean in a volatile market, and what does that 50 cent stop mean in a quiet market?

If the market is quiet, 50 cents can be a large move and if the market is volatile, those same 50 cents can be looked at as a small move. Using an indicator like average true range,
or pivot points, or price swings can allow traders to use recent market information in an effort to more accurately analyze their risk management options.

Trailing Stops

Using static stops can bring a vast improvement to new trader's approaches, but other traders have taken the concept of stops a step further in an effort to further focus on maximizing their money management.

Trailing stops are stops that will be adjusted as the trade moves in the trader's favor, in an attempt to further mitigate the downside risk of being incorrect in a trade.

Let's say, for instance, that a trader took a long position on EUR/USD at 1.3100, with a 50 pip stop at 1.3050 and a 100 pip limit at 1.3200. If the trade moves up to 1.31500, the trader may look at adjusting their stop up to 1.3100 from the initial stop value of 1.3050.

This does a few things for the trader: It moves the stop to their entry price, also known as 'break-even' so that if EUR/USD reverses and moves against the trader, at least they won'
t be faced with a loss as the stop is set to their initial entry price. This break-even stop allows them to remove their initial risk in the trade, and now they can look to place that risk
in another trade opportunity, or simply keep that risk amount off the table and enjoy a protected position in their long EUR/USD trade.

Break-even stops can assist traders in removing their initial risk from the trade

Manually Trailing Stops

For traders that want the utmost of control, stops can be moved manually by the trader as the position moves in their favor. This is a personal favorite of mine, as price action is a heavy allocation of my approach, and many of my strategies focus on trends or fast moving markets.

When the trading day starts I wait 45 minutes and then put a line at the high of the day and a line at the low of the day (horizontal line) those are called range bars and leave them there... as the stock moves up place an order with your broker to sell if it goes 10 cents or so below the lower range bar - each day put your new range bars up and leave the old ones until it gets to cluttered - price will respect those levels and that my friend is how you set your stops to sell at market automatically if it breaches those levels

Trading Trends by Trailing Stops with Price Swings, we walk through this type of trade management. When using price action, traders can focus on the swings made by prices as trends move higher or lower. During up-trends, as prices are making higher-highs, and higher-lows – traders can move their stops higher for long positions as these higher-lows are printed. Once a 'higher-low' is broken, the trader will exit the trade under the presumption that the trend that they were trading may be over.

During the summer months the bollinger bands will range outside of historical mean reversion as it is a time when many traders losses outweigh their winnings as the months between May thru September that have historically proven to be some of the toughest months to trade due to intense volatility coupled with low volume. Seasoned veterans, financial analysts and some of the worlds largest hedge fund managers will employ Professional Wall Street traders to guide them through the toughest season of the year.

USING THE (RSI) RELATIVE STRENGTH INDICATOR

Determining & forecasting future price fluctuations by gauging the internal market strength

Definition: Relative Strength Index (RSI), an oscillator introduced by J. Welles Wilder, Jr., could be more appropriately called the internal strength index, for it compares the price of a security relative to itself.

The RSI is based upon the difference between the average of the closing price on up days vs. the average closing price on the down days over a given period, and is plotted on a vertical scale of 0 to 100. An oscillator refers to a momentum or rate-of-change indicator that is usually valued from -1 to +1 or 0% to %100.

Wilder advocated a 14-day RSI, although shorter and longer periods have gained popularity when the market exhibits certain characteristics. Generally, RSI is measured in a period between 5 and 25.

RSI is a value calculated with the following equation:

$$\frac{1}{1 + U/D}$$

Where U is the average of upward movement and D is the average of downward movement. RSI Classic uses this calculation.

There are two formulaic differences between RSI Classic and RSI (our original method of displaying this indicator).

Whereas RSI classic creates U by (total upward movement/number of up days) and creates D by (total upward movement/number of down days), IQ Chart's formula creates U by (total upward movement) and D by (total downward movement).

RSI Classic uses an exponential moving average of (AvgGain/AvgLoss) where AvgGain = total gain in n periods. N is the RSI period.

Interpretation:

There are several possible interpretations for the Relative Strength Index, any of which can be very powerful depending on the market conditions and trading/investment approach:

One interpretation is that buy signals are triggered when RSI is in oversold (20-30) area, potentially meaning that the stock is about to reach its low for this trend, and sell signals are triggered when RSI is in overbought (70-80) area, potentially signaling a market top. No one indicator will confirm price, we also like the stochastics combined with OBV.

A second mode of interpretation we like to look for support and resistance lines or common chart formations such as head and shoulders in the RSI itself, indicating potential reversals that the stock chart may not.

During seasonal volatility savvy investors, hedge funds & Financial advisors use these pros for market timing analysis.

A third mode of interpretation is to recognize divergences in the RSI, such as when the price is moving up when the RSI is moving down or vice versa. This can mean that the price is going to "correct" and move in the direction of the RSI.

A fourth mode of interpretation for the RSI is to view it as a bullish or bearish signal when it crosses 50. When the RSI crosses above 50 it can be considered bullish, and when it crosses below 50 it can be considered bearish. Read more on how we use the

ADX Indicator & bollinger bands to determine future stock price movement.

USING THE ADX INIDATOR AVERAGE DIRECTIONAL INDEX

The ADX is one of approx 32 indicators we use when determining directional momentum. We know some of the "other traders" that can't properly read a chart and rant and rave about moving averages cause that's the only thing they can even come close to understanding and while the 10 sma and 20 sma etc have their place, using them alone without the other 31 indicators is nothing more than "Technical Analysis for Dummies"

As 21st Century Traders we've come to realize that it takes a computer to beat a computer and that you need more than "moving averages" they used back in the early 20th century.

ADX - an oscillator the fluctuates between zero and one hundred and although the readings scale from 0-100 the readings above 65 are extremely rare. Lower readings however such as 20 or so indicate a weaker trend while conversely a reading above 45 indicates a relatively strong trend, - the strength in trend can be upward or downward.

This indicator doesn't classify the trend as bullish or bearish but rather ascertains the STRENGTH of the current trend. A reading over 45 can indicate a strong down or up trend
As the ADX LINE IS NON DIRECTIONAL it doesn't tell you if the market is in an uptrend or downtrend but simply how STRONG or WEAK the current TREND in the financial instrument you are trying to analyze is, to ascertain the direction of the trend a technician must look at the +DI & -DI indicators for this. When the ADX is above 45 it is indicating a strong trend, conversely when the ADX is falling below 20 ish it is indicating a weak or range bound market.

We use the ADX in ascertaining and identifying the potential starting of a NEW TREND in the market. Pro Traders will scan the market for readings below 20 or above 45 as a signal that the market is beginning a new trend, the longer a reading has stayed below 20-ish the greater weight a new signal has.

We also use the ADX to identify TREND REVERSALS when the ADX is moving above the +DI line and the -DI line & then turns lower it is often a clear signal that the current trend in the market is reversing & Pro traders will leg into position according to this indicators readings.

Pro traders will position themselves LONG when the +DI crosses above the -DI as this is indicative of the BULLS are in control and Pro Traders will position themselves SHORT when the +DI line crosses below the -DI indicative of a weakening of the bulls momentum and the BEARS are gaining control - Working on the Floor of the NYSE taught me 2 things, there are those that can read a chart & then there are those that only think they can...


AAPL
Apple Inc
Computer Hardware
Personal Computers
ADX 14 14
+DI 15
CONFIRMATION
STARTING A NEW TREND
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38.43
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21
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UTILIZING THE AVERAGE TRUE RANGE INDICATORS

The Average True Range (ATR) indicator is one of which falls in the general category of volatility-based technical analysis tools. It is so because like Bollinger Bands, another volatility-based study, it does not focus on direction in any way, but rather how much raw movement there is in price. To understand this a little better, it is worth taking a look at how the indicator is calculated.

ATR Calculation

The ATR calculation starts with determining the True Range (TR). The TR for a given period is defined as being the largest of:

Current Period High minus Current Period Low
Current Period High minus Previous Period Close
Previous Period Close minus Current Period Low

ATR is the average of the True Range (TR) over the past n periods. This is calculated the same as any standard simple moving average. The default setting is generally 14 periods.

As can be seen by examining the determination of TR, the study is attempting to capture the amount of actual price moment which has taken place during a trading period, which differs somewhat from the trading action. The latter could be defined as where the market actually traded during the course of a trading period, but the former actually takes in to account price gaps between periods.

It should be observed that ATR as calculated is not in any way normalized. That is to say because it is purely a price measure, ATR cannot easily be used to compare different securities as the indicator's readings would expected to be different for instruments with different prices. For example, one would expect ATR to be significantly higher for a stock trading at 100 than for one trading at 20.

In order to compare ATR across securities, or even across timeframes for the same security, it would have to be normalized. This can be accomplished by dividing the ATR by some current price measure such as the most recent close or a moving average. That would given a reading of ATR as a percentage of whatever that standard divisor is. So if ATR on a 100 stock is 5, then the normalized ATR would be 5% (assuming the close is used for the calculation).

The best use of ATR is in Pair trading but it often not mentioned in any literatures.

Let say you want to go LONG GOOG 100 Shares and you looking to hedge another stock such as YHOO against it.

Number of Shares in YHOO = ATR GOOG / ATR YHOO * number of shares in GOOG

You do this just before taking your the position

On Friday the correct number of sharing hedging YHOO against GOOG would have been 800 YHOO against 100 GOOG. Remember these numbers vary every day due to stock's daily volatility.

There are other uses of ATR in Multi Time frame analysis but that only applies to algorithmic program trading (you can hedge multiple assets across multiple time frames using ATR-

For those trying this at home, a few caveats apply. First, ATR values depend on where you begin. The first True Range value is simply the current High minus the current Low and the first ATR is an average of the first 14 True Range values. The real ATR formula does not kick in until day 15.

Even so, the remnants of these first two calculations linger to slightly affect ATR values. Spreadsheet values for a small subset of data may not match exactly with what is seen on the price chart. Decimal rounding can also slightly affect ATR values.

ATR is based on the True Range, which uses absolute price changes. As such, ATR reflects volatility as absolute level. In other words, ATR is not shown as a percentage of the current close. This means low priced stocks will have lower ATR values than high price stocks. For example, a $20-30 security will have much lower ATR values than a $200-300 security. Because of this, ATR values are not comparable. Even large price movements for a single security, such as a decline from 70 to 20, can make long-term ATR comparisons impractical.

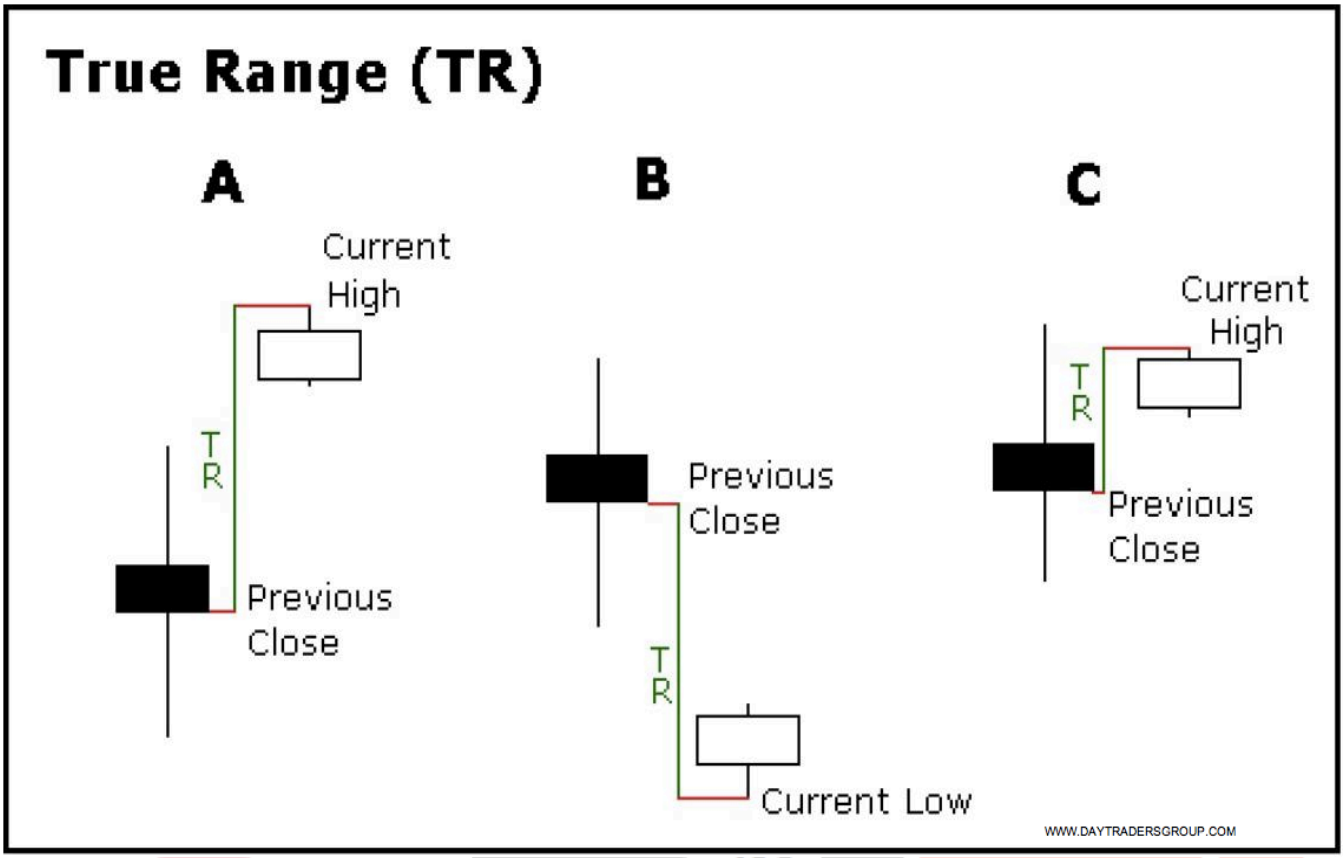
Chart 4 shows Google with doubledigit ATR values and chart 5 shows Microsoft with ATR values below 1. Despite different values, their ATR lines have similar shapes.

ATR is not a directional indicator, such as MACD or RSI. Instead, ATR is a unique volatility indicator that reflects the degree of interest or disinterest in a move. Strong moves, in either direction, are often accompanied by large ranges, or large True Ranges. This is especially true at the beginning of a move. Uninspiring moves can be accompanied by relatively narrow ranges.

As such, ATR can be used to validate the enthusiasm behind a move or breakout. A bullish reversal with an increase in ATR would show strong buying pressure and reinforce the reversal. A bearish support break with an increase in ATR would show strong selling pressure and reinforce the support break.

Absolute values are used to ensure positive numbers. After all, Wilder was interested in measuring the distance between two points, not the direction. If the current period's high is above the prior period's high and the low is below the prior period's low, then the current period's high-low range will be used as the True Range. This is an outside day that would use Method 1 to calculate the TR. This is pretty straight forward. Methods 2

and 3 are used when there is a gap or an inside day. A gap occurs when the previous close is greater than the current high (signaling a potential gap down or limit move) or the previous close is lower than the current low (signaling a potential gap up or limit move). The image below shows examples of when methods 2 and 3 are appropriate.



EXPLOITING THE BOLLINGER INDICATORS

Utilizing Bollinger Bands to forecast Price fluctuations

Bollinger Bands is a technical analysis tool invented by john Bollinger in the 1980s. Having evolved from the concept of trading bands, Bollinger Bands can be used to measure the highness or lowness of the price relative to previous trades.

Bollinger Bands consist of: a middle band being an N-period simple moving average (MA) an upper band at K times an N-period standard deviation above the middle band (MA + Kσ) a lower band at K times an N-period standard deviation below the middle band (MA − Kσ).

Typical values for N and K are 20 and 2, respectively. The default choice for the average is
a simple moving average, but other types of averages can be employed as needed.
Exponential moving average are a common second choice.] Usually the same period is used for both the middle band and the calculation of standard deviation.

The purpose of Bollinger Bands is to provide a relative definition of high and low. By definition, prices are high at the upper band and low at the lower band. This definition can aid in rigorous pattern recognition and is useful in comparing price action to the action of stochastic, RSI & ADX indicators to arrive at systematic & informed trading decisions.

The use of Bollinger Bands varies widely among Pro traders. Some traders buy when price touches the lower Bollinger Band and exit when price touches the moving average in the center of the bands.

Other traders buy when price breaks above the upper Bollinger Band or sell when price falls below the lower Bollinger Band. Moreover, the use of
Bollinger Bands is not confined to stock traders; Options traders, most notably implied volatility traders, often *sell* options when Bollinger Bands are historically far apart or *buy* options when the Bollinger Bands are historically close together, in both instances, expecting volatility to revert back towards the *average* historical volatility level for the stock.

When the bands lie close together a period of low volatility in stock price is indicated. When they are far apart a period of high volatility in price is indicated. When the bands have only a slight slope and lie approximately parallel for an extended time the price of a stock will be found to oscillate up and down between the bands as though in a channel.

Pro Traders are often inclined to only use Bollinger Bands with numerous other indicators to verify confirmation. In particular, the use of an oscillator like Bollinger Bands will often be coupled with a non-oscillator indicator like various chart patterns or a trend line; if these indicators confirm the recommendation of the Bollinger Bands, the trader

will have greater evidence that what the bands are forecasting is correct.

Bollinger Bands is a technical analysis tool invented by john Bollinger in the 1980s. Having evolved from the concept of trading bands, Bollinger Bands can be used to measure the highness or lowness of the price relative to previous trades and also be useful in implementing static stop loss strategies

Bollinger Bands consist of:

* a middle band being an N-period simple moving average (MA)

* an upper band at K times an N-period standard deviation above the middle band (MA + Kσ)

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EXPLOITING THE STOCHASTICS INDICATORS

The “Stochastics” indicator is a popular indicator of the “Oscillator” family of technical indicators that we exploit. George Lane created the Stochastics oscillator when he observed that, as markets reach a peak, the closing prices tend to approach the daily highs, and vice-versa. The Stochastics indicator is said to be “leading” since it generates signals before they appear in pricing behavior.
As PRO Traders we use the indicator to determine overbought and oversold conditions and the beginnings and endings of cycles in the stock market.

The Stochastics indicator is classified as an “oscillator” since the values fluctuate between zero and “100”. The indicator chart typically has lines drawn at both the “20” and “80” values as warning signals. Values exceeding “80” are interpreted as a strong overbought condition, or “selling” signal, and if the curve dips below “20”, a strong oversold condition, or “buying” signal, is generated.

The Stochastics indicator is common on most stock trading softwares, and the calculation formula sequence involves these straightforward steps:

Stochastics consist of two lines formed by “%K” and “%D”;

Choose a period “N” for “%K”, “X” for %D (Standard settings = 9,3);

%K = 100 * (CCL – LN)/(HN – LN) where CCL = Current Closing Price, LN = lowest low of past “N” periods, HN = highest high of past “N” periods;

%D = 100 * (HX /LX) where HX = X-period sum of (CCL – LN), LX = X-period sum of (HN – LN).

The Stochastics indicator is composed of two fluctuating curves – the “Green” %K line, and the “Red” %D signal line. Forex traders prefer a slower version of this indicator because they believe the signals are more accurate. For Slow Stochastics, %K becomes the old %D line, and the new %D is derived from the new %K. The chart above is the slower version, a setting selection on the charting platform of your choice. The Stochastics oscillator is viewed as a “leading” indicator, in that its signals foretell that a change in trend is imminent, especially when lines cross into extreme regions. The weakness in the indicator is that it is difficult to discern how long in advance the signal truly is.

The Slow Stochastics oscillator with settings of “9, 3, 3” is presented on the bottom portion of the above “15 Minute” chart for the “AUD/USD” currency pair. In the example above, the “Green” line is the Stochastics “%K” value, while the “Red” line represents the “%D” signal line that acts like a moving average. Stochastics values below 20 and over 80 are worthy of attention.

Welcome to the Stochastics Rollercoaster

The key points of reference are highpoints, lowpoints, divergences, and occasionally crossovers. The slow “Stochastics Rollercoaster” tends to be more sensitive and is favored by PRO traders. The Stochastics oscillator attempts to convey pricing momentum direction changes. Typical “oversold” and “overbought” conditions are noted on the chart, and line crossings confirm these trading signals. Divergences are also important as seen in the noted “overbought” condition. Prices are reaching new highs, but the Stochastics are already receding from previous highs, a sign to sell or short.

As with any technical indicator, a Stochastics chart will never be 100% correct. False signals can occur, but the positive signals are consistent enough to give a forex trader an “edge”.

Skill in interpreting and understanding Stochastics signals must be developed over time, and complementing the Stochastics tool with another indicator is always recommended for further confirmation of potential trend changes.- A great indicator to confirm a signal is the RSI or the ADX. In the next article on the Stochastics indicator, we will put all of this information together to illustrate a simple trading system using this Stochastics oscillator.

Setting the correct parameters are essential to your trading success If you haven’t already, we suggest that you check out the above article about the Stochastics Indicator, we have covered the background, the calculations involved, and how to use and read the Stochastics indicator.

The Stochastics indicator is said to be “leading” since it generates signals before they appear in pricing behavior. Traders use the indicator to determine overbought and oversold conditions and the beginnings and endings of cycles in the stock market.

Pro traders focus on the Stochastics key points of reference, which are highpoints, lowpoints, divergences, and occasionally crossovers. As with any technical indicator, a Stochastics chart will never be 100% correct in the signals that it presents, but the signals are consistent enough to give a forex trader an “edge”. Skill in interpreting and understanding Stochastics indicator signals must be developed over time. In the example below, let’s develop a simple trading system based on Stochastics signals and alerts.

Our trading system is for educational purposes only. Technical analysis takes previous pricing behavior and attempts to forecast future prices, but, as we have all heard before, past results are no guarantee of future performance. With that disclaimer in mind, the “Green” circles on the above chart illustrate optimal entry and exit points for a short-selling strategy using Stochastics analysis in combination with the “divergence” noted at key decision points (Stochastics are moving counter to pricing behavior).

Determine your entry point after the “Green” Stochastics line crosses the upper extreme, diverges from pricing behavior, and the “Red” lines also crosses in an upward fashion;

Execute a “Buy” order for no more than 2% to 3% of your account;

Place a stop-loss order at 20 “pips” above your entry point;

Determine your exit point after the “Green” Stochastics line dips below an extreme lower value and is crossed by the “Red” line in a downward motion (delay closing the position if divergence is noted).

Steps “2” and “3” represent prudent risk and money management principles that should be employed. This simple trading system would have yielded two profitable trades totaling 85 “pips”, but do remember that the past is no guarantee for the future. However, consistency is your objective, and hopefully, over time, Stochastics Technical Analysis will provide you with an “edge”. To get an edge navigating the market do what some of the largest hedge funds on earth do, they hire this market timing technician.