



1 INTRADAY TRADES

1.1 SL/PT

There are many ways how to trade intraday trades. Here are some good ones

1.1.1 10/12 approach

I use PT 10 pips, SL 12 pips. Reasons for this are:

- a. It simply suits me to trade with RRR around 1:1
- b. Even when the market goes in a strong trend against your position it could make small (10 pip) correction and I can catch it and profit on it. It is not that usual that this strong counter trend would make bigger corrections than about 10 pips.

1.1.2 20/20 approach

There is not just one right way to this. It is also possible to trade my intraday levels with PT 20 pips and SL also 20 pips. I have backtested this idea and it is also very profitable. Some of my fellow traders successfully use this 20/20 approach.

Advantages of this method:

- a. You can trade this way even with a broker that has not so tight spreads.
- b. Possible slippage isn't such a big deal (compared to 10/12 approach)
- c. Trading this way isn't that quick and stressfull and sometimes gives you more opportunities to quit a bad trade.

Disadvantages:

- a. There is possible risk that the level works nicely and makes the 10 pips move but the reaction isn't strong enough to make 20 pips. Remember this is intraday trading and 20 pips could just be too far.
- b. Longer trade duration. In my trading I prefer quick intraday trades because longer ones can be mentally quite hard to handle.

1.1.3 Other approaches

You can for example trade with a 12 pip SL and when you hit +10 pips in profit you quit half of your position and try to get +20 pips with the second half (securing the position at BE).

You can also trade with much smaller SL (for example 6 pip SL).

There are many profitable ways to approach this. There isn't just one which is best and the others are bad. You should chose the one that suits you trading style and psychology the most.

1.2 Managing your losses

You manage you losses mostly by moving your SL. I distinguish three kinds of approaches – aggressive, neutral and conservative. You can chose which one suits you best:

- a. **Aggressive approach:** trade without moving your initial SL. If you put for example 12 pips SL don't move it. There are only two outcomes of the trade: full SL or full PT.
- b. **Neutral approach:** When the market makes 70-80 % of your profit target move your SL below/above the reaction:



- c. **Conservative approach:** When the market makes 70-80 % of your profit target move your SL to break even point so this trade isn't a loss.



Quitting the position earlier: You can apply this rule in all three approaches I mentioned. The basic idea is to quit the position at BE when you see no reaction to the level and when the market makes a long rotation in red numbers (below your long entry or above your short entry). For example if there is little or no reaction for more than 10 - 20 minutes you try to get out ideally at BE or in green pips. For example like this:



1.3 Manage your profits

You manage your profits mostly by defining your PT. There are many ways how to approach this. I will mention three possible profit target methods that work well with my intraday levels.

- a. PT = 10 pips
- b. PT = 20 pips
- c. PT 1 = 10 pips, PT 2 = 20 pips. Get rid of half of your position when it reaches +10 pips. Go for +20 pips with second half of your position.

TIP: Don't exit the trade earlier just because you are scared. Always stick to your planned profit target. Only exception is previously mentioned quitting when the position goes nowhere and makes a rotation in red numbers.

1.4 Adapting your position management to market behaviour

You can adapt your trading to markets behaviour. Here are some examples what you can do.

- a. **Trading against a strong trend:** Don't try to go for more than +10 pips profit. Be careful and use **neutral approach** or **conservative approach**. Secure your position by moving your SL after the market makes +7 pips.
- b. **Trading in the direction of a strong trend:** You can be more aggressive with tightening your SL and use **aggressive approach** or **neutral approach**. Don't secure your position too soon or with too tight SL. In this case trend is your friend. You can go for more than 10 pip profit when following a trend but don't get too greedy!

1.5 Macroeconomic events

You can use for example this macroeconomic calendar: <http://www.forexfactory.com>. The most significant events are in red colour. Never trade during such events. Always wait until volatility subsides. If there is strong trend that started with high impact macroeconomic event it is better not to place intraday trades against such trend at all. If you are extremely aggressive and place the trade anyway make sure you manage your SL accordingly and trade with tight SL.

1.6 Correlation

Sometimes it happens that there is very similar level at two (or more) forex pairs. If you see that price is approaching both of the similar levels and that it will most likely hit both of them in the same time it is better to halve your trading volume in both positions. If you didn't halve your positions you would be betting too much on 2 highly correlated trades which will

probably both end up in loss or a win. Here is an example of 2 heavily correlated trades that both ended up in the same way (loss).

AUD/USD



EUR/USD



2 SWING TRADES:

2.1 SL/PT

For every swing trade I use different SL. It is because I search the chart for the best place for the stop loss order.

My PT depends on how far my SL is. Ideally the distance to PT is more or less the same as the distance to my previously determined SL (if I choose SL for example 100 pips, I use PT also

around 100 pips). This is because I like RRR close to 1:1. However, there are more ways to trade my swing levels. Here are some with very good results:

- a. **RRR 1:1:** When trading this way I don't move my SL. There are only two possible outcomes: full SL or full PT.
If you don't feel that aggressive you can move your SL in similar way like in intraday trading i.e.: move SL below/above the reaction or at BE when you are about 70 - 80 % in open profit.
- b. **RRR 1:2:** You try to gain 2x more than you risk. When price reaches 50 % of your profit you move your SL below/above the reaction. For example: your SL is 120 pips so you want PT 240 pips. When the price moves 120 pips in your favour (50 %) you move your SL below/above the reaction. This method has very good results but is quite mentally challenging.
- c. The same as previous one with the exception that you don't move your SL below/above reaction but at your break even level.
- d. **RRR market dependant:** RRR in this method ranges from RRR 1:1 to RRR 1:2 depending on the market conditions. This requires some skill to determine how far the move could go. I use this method when I want more than RRR 1:1 but don't want to go for RRR 1:2 because I think it is too risky. My most frequent risk reward ratio with this method is around RRR 1:1,5

***I use limit orders when trading swing trades.**

2.2 Macroeconomic events

I trade my swing positions even during significant (marked in red) macroeconomic news. There are so many of them every week that if I wanted to quit my position before every such event the position would just rarely have enough time to reach my PT which is usually over 80 pips far. This approach may look a bit aggressive but it is working nicely.

There is one exception: I close all my swing positions and all pending orders before the most significant news. Those are news that are issued by central banks and concern their monetary policy. Here are some of them:

- a. Monetary Policy Statement and BOJ Policy Rate (JPY)
- b. FOMC Statement and Federal Funds Rate (USD)
- c. Federal Funds Rate and Official Bank Rate (GBP)
- d. RBA Monetary Policy Statement and Cash Rate (AUD)
- e. RBNZ Rate Statement and Official Cash Rate (NZD)
- f. BOC Rate Statement and BOC Monetary Policy Report (CAD)
- g. Minimum Bid Rate and ECB Press Conference (EUR)
- h. Some other significant news concerning Brexit, US presidential election, significant news concerning Grexit, etc...

*If you trade your own swing trades with SL tighter than about 50 pips I suggest you adapt the rules and close the trades even before less significant macro events.

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