

# **Your First Profitable System**

Exits

# Why Are Exits Important?

Reduce risk when out of the market

Dramatically improve profitability

Let's the market tell you when to get out

# Consistently Profitable

Is not about winning every trade

It is about making more money than you lose...over time

With a systematic approach a losing trade gets you that much closer to your next winning trade

# Types of Exits

Take Profit

Trail Stop

Stop Loss

# Take Profits

*“No one ever went broke taking profits.”* Old Wall Street  
Saying

Take profits in Mean Reverting markets

Find high probability profit targets

Before the end of the move

# Trail Stops

How to catch big trends in a Trending Market

“Cut your losers short and let your winners run.”

Reduce risk of a big move going against you

# Stop Loss

Correct placement of stops

Just outside of the obvious stop placements

Higher winrate = wider stops but riskier

Higher profitability = tight stops but lower win rate

# How To Use Stop Losses In A Trending Market

## **Bullish:**

Initial stop is placed below a significant low

If taken out you are obviously wrong

Something bigger is happening and it's best to step away



Breakout - Buy Stop above high of breakout bar

EURUSD, 1440  
U.S. Dollar

Entry

Stop Loss





Pullback - Buy Stop above high of pullback bar

EURUSD, 1440  
U.S. Dollar

Entry

Stop Loss



# How To Use Stops In A Trending Market

## **Bearish:**

The initial stop loss is placed above a significant high

If taken out you are obviously wrong

Something bigger is happening and it's best to step away



Breakdown - Sell Stop below low of breakdown bar

Stop

Entry

Euro / U.S. Dollar

1.16901



EURUSD 1440

Euro / U.S. Dollar

Pullback - Sell stop below low of pullback bar

Stop

Entry

01 May 18 14:00

Market Closed



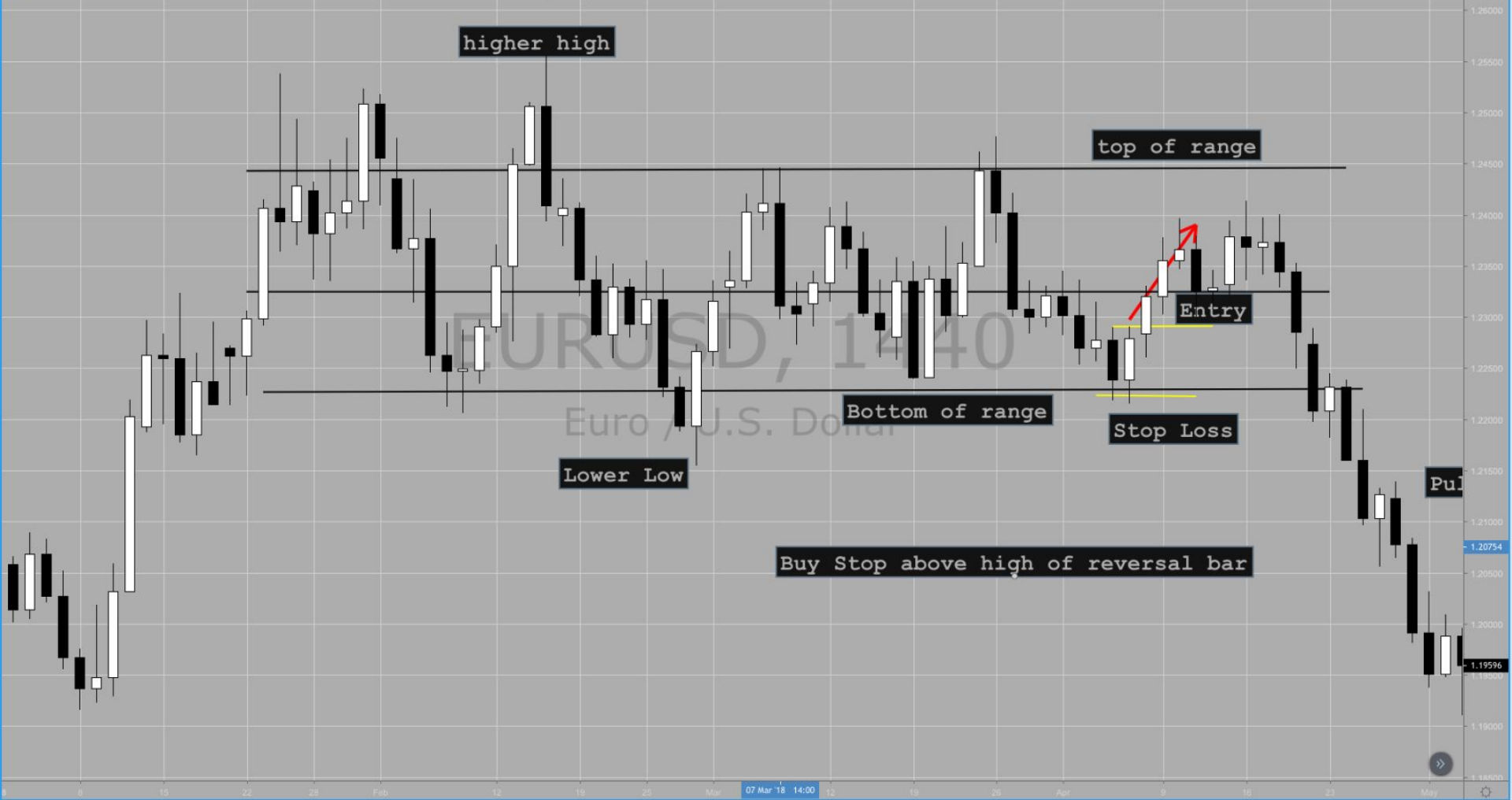
# How To Use Stop Losses In A Mean Reverting Market

## **Bullish:**

Stop loss placed below the most recent low

If this stop is taken out a breakdown is likely

Something bigger might be happening



# How To Use Stop Losses In A Mean Reverting Market

## **Bearish:**

Place initial stop loss above the most recent high

If this stop is taken out a breakout is likely

Something bigger might be happening



