

## Thales/Forrest Dialog – Trade Management

- You do not have to drill down to a one minute chart to see this in real time, but for our purposes here, I am showing the one minute chart of the ES short I took as it gives a good example of how I cut a loss when a trade fizzles before it starts.
- Thales, I appreciate the further explanation. With this recent dialog I think I have a pretty good understanding on how to cut the trades quick that may not be moving in my favor as I want using HLs LHs etc, of actual price movement and not necessarily based on time summaries.

I have one more question for you. It is concerning further management. Before I ask I do realize there are a many ways to manage a position and come out profitable in the long haul.

Let's assume the trade is moving how you want, and you are actively in front of your monitor during rth. Do you trail all your positions beyond swing points(LHs, HLs) of price movement(and I mean not based on time but actual price movement), or is your goal to get to BE and let your targets play out?

Does this question make sense?

- Move to BE as soon as reasonable, and then wait for PT1 or BE. If you look back through this thread, I have very few times posted a trade where I say "I got it with 6 ticks." Maybe once or twice, but even that would surprise me. I get to break even, and then it is PT1 or bust. How many times have I posted this: "A break even effort." Many, many times.

Now, if I am taking a continuation trade in the middle of a range, e.g. suppose I took a long near the low of the day, and I made it to my PT1 but the second half was stopped out. Now, suppose further that we are only halfway between today's low and yesterday's high. Well, I might take another long trade after some consolidation. If so, I may very well move my stop to say, BE +2 to +4, because buying in the middle of the range is not a very favorable play compared to buying near the prior day's low, right? So, if ever I do say, I was stopped out for +2 or +4 or even +6, that usually will be a trade that was initiated from a level that is not, in my opinion, as favorable to my position as would like. The only other time will be if price came within a whisper of my PT1, I will start to shout my stop loss closer and closer. I do not want to risk +30 ticks because I stubbornly wanted 31.

- It does help Thales.

Your P2, how do you manage that? Let's say you hit your P1, how do you go about managing your P2? Always via swing points? Or is P2 a BE or bust

- Sorry for the delay, Forrest, I ran over to my daughter's elementary school to watch her perform in an assembly.

I'll trail via swing points, with the objective to get my SL to PT1's level as quickly as possible. Once I get to PT1 for a stop loss, then it is usually PT2 or bust, unless there is a stop and reverse situation.

- Did I leave out the part of re-entering on new lows?

- I have heard you mention that before Thales, a ways ago in the thread, but I had yet to grasp the concept of how to 'pull the cord' quickly' when a trade just nics your entry.

I thought about it, I suppose that is part of being nimble. How do you decide whether or not it is a re-entry you want to take, or how often is your entry just barely "nic'd" more than once? By that I mean, if you are stopped in, and price immediately moves against you, and you exit. But then take another re-entry at a slightly worse price..... Do you get these types of entries often, where you have to enter twice?

- How do you decide whether or not it is a re-entry you want to take, or how often is your entry just barely "nic'd" more than once? By that I mean, if you are stopped in, and price immediately moves against you, and you exit. But then take another re-entry at a slightly worse price..... Do you get these types of entries often, where you have to enter twice?
- I get "nic'd" as you put it, often enough for me to have figured out how to stop the bleeding quickly when it happens. So long as the initial H/LH is intact, I'll reenter on a new lower low unless price starts really getting wide ranging and over lapping within the range of the sequence. In other words, if price starts zipping up and down between the H and the L (I think I posted an example of this last week on the 6B) I stand down. I rarely get "nic'd" twice on the same opportunity unless I am shorting at the lows of a larger range expecting a bigger break down. Learning to recognize ending diagonal/wedges will prevent most of those.

## EXPLANATION ON MANAGEMENT

1. It seems like a 0.25 range chart might show price fluctuations near the entry price. Look to do this till the 1.27% is reached, at which point you move to BE. Look to move to BE as soon as possible.
2. Once I arrive at BE, it's pretty much P1 or bust.
3. Once P1 is hit, trail P2 via swings with the goal to get to P1's level as quickly as possible. Once I get to a P1 stop, look to allow P2 to be hit, unless a SAR occurs.

**EXAMPLE:**

Here is a losing effort. Note though, as price barely "nic'd" the entry, and went against us, a re entry at the new low one tic below original entry would have been a good play, since the original LH structure was well intact.

