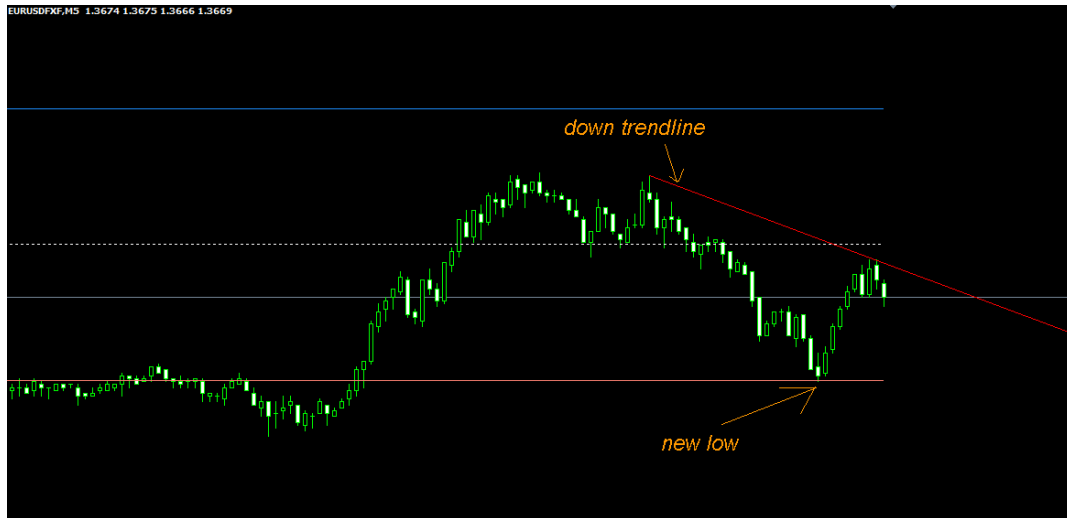


These are some examples of how to deal with bad trades.

These examples show how to cut your losses as small as possible.

Trade no.1:



Connect the previous lower highs with a trend line as soon as you see a new low.



Enter the trade when a candle closes above the down trend line after it makes a higher low. Use this higher low as a Stop Loss.

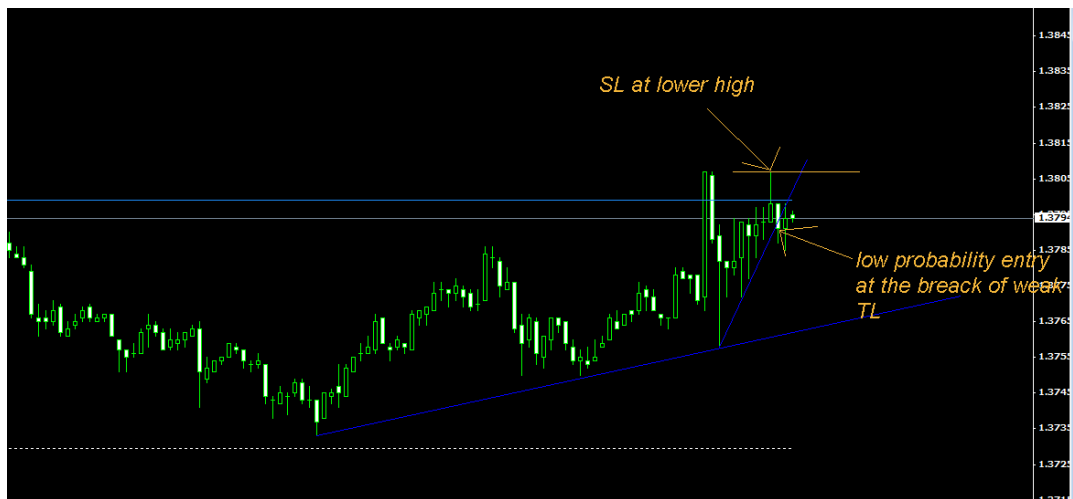


Draw a trend line between both lows. As soon as a candle closes below that new TL the trade should be closed, because that means that the previous HL was a fake and the price has a big probability of continuing to go down.

Trade no. 2:



Sometimes we can draw more than one TL at the same time. The bigger TL was drawn connecting the 3 previous higher lows and the small one was drawn connecting 3 lows of 3 candles after price made a new lower high.



The break of the smaller TL is a valid entry too. It has less probability of being a good trade but has the possibility of using a smaller SL so I would take the risk on this one.



In this case there's nothing to do and the initial SL would be hit.



After the first loss, price made a new lower high and broke the bigger TL. We should reenter the trade and use the previous LH as SL spot. This trade has a bigger probability of going in the right direction but usually it makes us use a bigger SL... but not in this case.



This is an example of how after a loss a good trade could happen. Here we can use 3 different exits. 1- at the middle MA. 2- at a pre established TP of 1:3 RR ratio (that is what i use). 3- at the break of the down TL

THE BEST EXIT IN MY OPINION IS TO USE A 1:3 RR RATIO. AND CLOSE A TRADE AT THE BREAK OF THE TL IF IT HAPPENS BEFORE PRICE HITS THE INITIAL TP. CLOSING THE TRADE AT THE MIDLE OF THE CHANNEL MAY BE A VERY GOOD EXIT STRAT BUT I HAVEN'T TESTED IT YET.