

# Emmanuel on "Position size"

dinsdag 10 november 2015 19:21

## Position sizing

it is always using 0.5xADR 100 days to calculate every ME trade.

remember we keep it simple and no need for complex position sizing formula when you want to trade wit small account.

if you trade with large account, then use the R and R-Multiple method for position sizing and use a technical stop loss for that. Do not use the Hard Stop Loss

From <<http://www.forexfactory.com/showthread.php?p=8773220&highlight=position+size#post8773220>>

Hi Dan,

I think you did not get the ME/ME concept right.

See these recent posts:

<http://www.forexfactory.com/showthre...78#post8751578>  
<http://www.forexfactory.com/showthre...99#post8761299>

One of the rule is..."take what the market gave and give little back".

When the market move in our favour, take the profit and re-enter again so long as there is no invalidation of the trade setup.

We are using 0.5ADR distance to add-on trades with small lots size which we calculate using 0.2% risk and the ADR(100).

We add-on trades (the initial entry plus 4 add-on trades to a maximum 5 trades in total) when the market retraces and this is to help us get a better average entry price. When the trend is strong, the retracement may not be deep enough to add-on more trades, in such situations we simply take the profit and start a new position all over again.

We trade this on D1 chart, and there is nothing todo in the lower TF H4. I only posted the H4 chart to show where the actual add-on entries are or else on the D1 chart, you will see several entry in the same D1 candle.

The chart below is one open position I have from last week. We shall see what happen next week to this EURAUD pair.

Maybe I have to cut loss or may it will continue downwards.

From <<http://www.forexfactory.com/showthread.php?p=8766735&highlight=position+size#post8766735>>

Yes, I use R:R.

My R:R is based on basket of trades not just one single trade.

500 pips is hard stop loss

risk is 1% divided into maximum 5 trades of 0.2% to build up to one full position.

trade size is based on using ADR 100 days and not the hard stop loss.

this is for traders who trade with small account and position sizing based on using R and R-Multiple is not possible.

From <<http://www.forexfactory.com/showthread.php?p=8761774&highlight=position+size#post8761774>>

hi Kevin,

First, do not use that TMS Monitor for buy/sell signal. Use that only for alerts only to show what the HA, TDI and SEMA status on the tf displayed. Then when you have the alerts, you then go back to your Big Picture Plan and follow your trade plan for the day/week/...

Second, since you are learning ME/ME money management strategy using a demo account, you can trade several pairs at the same time. But you realised it is very difficult tp manage several pairs at the same time. The experience doing this will help you learn faster and in shorter time. Remember I took 18 months and more than 50,000 trades.

Third, to help us make quick decisions while trading, experience matters a lot. But we also need trading tools to assist us in our work. For lot size and position size calculation, simply use a spreadsheet like MS Excel and doing that manually. There are MT4 scripts and EA trade managers, we learn to use them.

BTW, we have AJ trade invalidation when Day closed. So its time to do recovery of that 1% loss.

regards,

From <<http://www.forexfactory.com/showthread.php?p=875534&highlight=position+size#post875534>>

there is a script to draw the open trades on your chart,

goto this post link:

<http://www.forexfactory.com/showthre...23#post7224523>

I see you got the MPBM running...



learn how that EA trade manager works and 'tame' that monster. it's a very good tool and you can also learn from the coding structure.

continue with demo until you master this MM strategy. I did demo for 18 months and lost count of the number of trades I did. Maybe 50,000 trades because I ran demo with 10 currency pairs to fast track my learning in shorter time otherwise that could have taken me 10 years.



being a slow learner.

From <<http://www.forexfactory.com/showthread.php?p=8752575&highlight=position+size#post8752575>>

Hi,

Average figures are not useful without knowing the detail analysis of the system performance.

Using risk 1% divide into 5 trades 0.2% each to build a **position** is correct. BUILD phase.

For example,

My best performing pair this week is USDJPY ... it is in RUN phase.

The average trade **size** is 2.5 standard lot. The total number of lots traded this week is 37.5 standard lots with average win 70 pips.

Do you know Big E's money management? he shared very little in both threads.

But read his [post#557](#) in response to that MM question asked.

From <<http://www.forexfactory.com/showthread.php?p=8751572&highlight=position+size#post8751572>>

Hi,

The average entry price is calculated using the open trades - entry price and lot **size**. Closed trades/**positions** goes into the account balance.

About **SMART-Cut Loss**, read these posts:

<http://www.forexfactory.com/showthread.php?p=8555100#post8555100>

<http://www.forexfactory.com/showthread.php?p=8555209#post8555209>

Trading the D1 **Position** trading, you don't worry about spikes caused by news. Just go back to your charts, how often do news spikes hit 2-day look back.

All trades are based on ADR-100 days to calculate the trade lot **size**. I said before, there is a system variable which you do not see on my charts.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8747542&highlight=position+size#post8747542>>

MN is sideways , but very wide range. this years' target is the high of 2015.

W1 - we have a Bullish Engulfing Bar BUEB close last week, and with 1.9900 as support, this week is buy with ME/ME.

the ADR (100days) is about 190 pips, use this for the trade lot **size**.

minimum distance between trades, is 0.5ADR(100)... ca 95pips, round up to 100pips distance between each ME trade entry.

D1 chart - couple of near term resistance, these should not pose any problem when we trade with ME/ME ... but that historical resistance 2.0450 RN 2.0500

other factors:

- Chinese market will re-open on Mnday next week. Be prepared.

- USDCAD is sideways, look out for bullish reversal which will help this pair.

From <<http://www.forexfactory.com/showthread.php?p=8746376&highlight=position+size#post8746376>>

the 400 pips is hard SL and it was based on the first **position** open on Monday. the last swing high on Monday open.

after that, it will remain as 400pips SL which follows the average entry price of several open trades. this is not the cut loss level. the cut loss is before that 400pips.

the TP is 100pips from the average entry price and this one thing which I keep track of all the time. I change this when there is need to.

the trade lot **size** is based on using ADR(100 days). the is one variable which you do not see on my chart. it is based on trade history statistics.

From <<http://www.forexfactory.com/showthread.php?p=8743724&highlight=position+size#post8743724>>

Hi Steven,

No apologies needed. I know what you meant.

My concern was that new traders seeing those pics get the wrong idea.

We do not do counter trend when we want to trade with ME/ME. We trade following the dominant trend or bias and we use the retracements to build up our positions to get a better average entry price for several ME entry trades. This is important rule.

Only when our **positions** are in profit and protected, then we look at the market and decide when to increase our **Position size** and let the profits run for us.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8740873&highlight=position+size#post8740873>>

You can start your first entry when market opens tomorrow.

ADR(100) days is about 120pips.

so we can use 0.5ADR distance and place our ME trade entries.

max. 5 trades to build one **Position**.

use the ADR 120 pips to calculate the trade lot **size** for each of the ME trades.

AJ pip value is \$8.3

And if you risk 0.2% of \$5000,

you can calculate the trade lot **size**.

From <<http://www.forexfactory.com/showthread.php?p=8737549&highlight=position+size#post8737549>>

Big E was an aggressive reversal trader and he enters on APB#1 and APB#2.

But you can also enter on APB#3, APB#4, APB#5, ... and so on when the trend is strong.

Question is where do you place your initial Stop Loss when you enter on APB#3, ....

If you use the last swing low or swing high to place your initial SL, your **position size** is not attractive.

So what shall we do TMS traders?

From <<http://www.forexfactory.com/showthread.php?p=8731111&highlight=position+size#post8731111>>

if Weekly candle close bullish and the trend is UP,  
you buy when the new week open.  
no need to wait for H4 setup or D1 setup.  
the TMS 5-Method 'trend' must be valid on the Weekly.

for SL, use the 2-bars/candles look back. i.e the previous 2 weeks low in this case.

when to add trades to build the **Position**?

- Rule 1: use the 4-hours delay which means to wait 4-hours before add the next trade. Do Not open too many trades within a 4-hour period.
- Rule 2: you can either use the M15 or H1 TDI cross to add trades, but must follow rule above.
- Rule 3: maximum number of trades to build a **position** is 5.

Use **position** sizing to calculate your trade lot **size** for every trade.

From <<http://www.forexfactory.com/showthread.php?p=8705073&highlight=position+size#post8705073>>

Hi Pete,



.. that [post#2622](#) was in Oct 2010 and till today both trading methods 21/233 and 5-Method remains the same because we are trading the trend on the chart timeframe we chose to trade. When we want to trade with multiple entries, we trade the higher timeframe charts like the H4 and D1 and we build up our **positions** with multiple trade entries with controlled and manageable risks. For example, when we trade setups on D1 chart, we build up our **position** by adding multiple entries trades in the lower timeframes like H1 and M15. But when we do this, we must avoid opening add-on multiple entries trades at too close pips distance from the previous trade. One way to do this effectively is to use the Average Daily Range (100 days) and place add-on trades at 0.5ADR from the last open trade and also use a time delay of at minimum 4-hours from the last open add-on trade. Do Not add-n too many trades in the same day. Set a maximum number of open trades per Day according to your risk model. Always have a hard stop loss for the basket of trades and know when you need to cut losses when market goes against you. Use technical stop loss method like the recent swing high/swing low or the 2-bars look back. Know the Market Type of the currency pair when you want to trade with Multiple Entries / Multiple Exits ME/ME. You must avoid trading ME/ME when market is in sideways narrow range market type. You need to practice this ME/ME for quite long time to get a good understanding of how it work and feel of the market. Also very important is develop your mental fitness to cope with the money management strategy, it is conditioning your mind for such trading strategy when you are trading with larger account **size** and to grow your wealth.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8653876&highlight=position+size#post8653876>>

Hi tibowwh,

Thanks.

I am having very good time living a fulfilled life enjoying two vacations a year. This is what financial freedom is about and which many are envy of.

Back to your question, I posted something before.

Read this post: <http://www.forexfactory.com/showthread.php?p=8581693#post8581693>

Below is another ME/ME basket of trades closed today with +695pips total.

Note that I trade with standard lots and therefore I do not open too many trades in the same candle at too close distance. If I trade micro lots or nano lots, I can simply blast lots of open trades in the same candle and a small distances. This may look great when the closed trades will give thousands of pips with micro/nano lots.

My current trade manager EA had different option for opening add-on trades.

One is to use the TDI cross in the lower TF like M15 or H1 to open new trades. This what I mean sell the rally, i.e. when price rally, I look for the TDI to cross from down from above but only after certain pips distance from the last open trade. The reverse logic when buying the dips, add trades after the TDI cross up in lower TF M15/H1. Simple logic which I program into the trade manager EA.

The other option is to use fix pips distance (like a grid) from the last open trade. Using fraction of the ADR(100 days) is easy to program in the EA as option. But doing this may result in too many trades in one candle hence the right **position** sizing has to be considered.

Both these options requires money management to calculate the trade **position size**.

Hope this is clear.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8598174&highlight=position+size#post8598174>>

Hi,

There are many trade manager EAs out there but none of them do what I want in my ME/ME trading and trade management. There are a few good basket trade managers which you can consider and use. PM you details later and to avoid conflict with FF membership CoC.

What I wrote above were just two very basic functions to add or build **position**.

There are more functions required and the money management part is very complex when trading

with multiple pairs in one same account. Moreover, MT4 account is based on the account and it calculate its trade accounts statistics based on this account deposit. Is the account deposit the real trading account size? How many traders actually deposit their real trading capital 100% into their broker account.

The other part which is also rather complex is the trade management module. There are too many variables which the traders have to decide and have control over the EA. This is a very difficult part because as traders, we must do the control and make the decisions and not allow the EA to do everything for us.

Exit strategy has many variations and that depends on the trader. How to keep trading account equity healthy for ME/ME trading and how to keep drawdown to sizeable manageable amount for easier recovery is very difficult to program into any EA. An EXCEL spreadsheet work very much quicker and easier than any EAs. There is no full functional EA that can do all that I want. I still do many trade decisions on my own and take control of my trade manager EA whenever I need to.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8582051&highlight=position+size#post8582051>>

sorry miss the part on placing SL. Using the 2-Day candle look back is safe.

I know many traders here trade with fix lot size and do not trade using %Risk and calculate their trade Position Size.

Here is a good video explaining Position Sizing which we can use trading with ME/ME.

**Position Sizing :**

<http://www.compassfx.com/video/flash/92209/92209.html>

From <<http://www.forexfactory.com/showthread.php?p=8581710&highlight=position+size#post8581710>>

Hi,

Use the same top down approach. I start by looking at the MN chart at the beginning of this Oct month.

MN was bullish but it failed to make higher high in Sep and close a Doji. I see that as first sign of market consolidation.

So when I trade this month, I will look at the Weekly then Daily to pick my trade bias direction.

If you look at the Weekly chart, the sell condition is quite obvious for the past 2 to 3 weeks.

This week, my trade bias is still to sell with ME/ME.

Regarding the trade lot size, I have posted before in the past 2 months. Please read my posts from August onwards.

If you do not trade with risk % and use position sizing for each ME entry lot size, you can trade with the smallest lot size your broker allows in your account. 0.01 lot is the smallest lot size.

From <<http://www.forexfactory.com/showthread.php?p=8546661&highlight=position+size#post8546661>>

Hi Guys,

See attached chart below with more details. Hope these will explain the trades.

Every initial first trade is based on using 0.2% risk for the position size. However, for those who do not want to use this position sizing method, you can consider the other which DM explained in this [video](#), on Position Sizing.

As for the build positions, you can either use the same lot size of you can use the same 0.2% risk and calculate the lot size. there are other simpler way to do this and I will not talk about now.

I exit every trade at every 50pips, that is approx 0.5ADR (100 days) or you can use the H4 ATR. You don't need to accurate. The idea is to take what the market gave you and re-enter. Re-enter at same lot size.

Maximum build position is 4 in addition to the first entry.

This is a money management strategy for TMS 5-Method trading the higher TF.

From <<http://www.forexfactory.com/showthread.php?p=8531869&highlight=position+size#post8531869>>

Hi Helee,

The 'secret' is in Position Sizing and how you utilise your equity % risk of 1% to 2 % maximum per basket of trades.

If you risk 0.2% per trade and do position size, whether you lose 100pips of 150pips, your loss is still 0.2%.

Read these post and study the attachments.

Money Management Strategy for TMS: [Post#48,008](#)

Using Multiple-Lot Positions to Improve trading TMS: [Post# 33,507](#)

Entry and Exits ... [Post#19,617](#)

How to Build a Position: [Post# 19,588](#)

regards,

From <<http://www.forexfactory.com/showthread.php?p=8530399&highlight=position+size#post8530399>>

Hi,

When I trade the D1 chart setup the retracement can be rather big. remember what Big E why he did not like to trade the D1 chart because the pull back can be 100pips against his entry.

What I do is to enter with smaller position, then build more positions during the pull back. Exit the trades (2,3 and 4) when they are profitable then re-enter (5) with newposition size when the trend is

established.

Read [post 61.103](#) for explanation on the GN trade.

From <http://www.forexfactory.com/showthread.php?p=8530286&highlight=position+size#post8530286> >

Once you have done your Big Picture Plan for GN, you know its is bearish. You can open sell when this week open i.e. Monday open. But you must be prepared to build more positions when it retraces against your first entry. This way you will get several entries and an overall better average entry price.

But what of it does not retrace? Simple, you take profit at every +50pips move, re-enter again. Keep doing this until one of your entry is caught in a retracement and you build positions again.

From <http://www.forexfactory.com/showthread.php?p=8525460&highlight=position+size#post8525460> >

Question is , when do we add position during the retracement?

rule#1: Do not add position within a 4H period, wait for the next 4-hour.i.e space out your entries.

rule#2: Use the H1 or M15 TDI setup for add-on entry, but must follow rule#1.

rule#3: Know your cut-loss i.e. your Exit Strategy for the trade when the retracement go "too deep" and there is trade invalidation in the timeframe of your trade.

rule#4: Take what the market gave you and be prepared to come back the next day and be able to trade again.

rule#5: Do not pray when market goes against your positions. Remain calm and compose, be very focus on what you are suppose to do, your tasks as a trader.

If you do not want to use %risk and position sizing for every new entry position, you can trade the smallest lot size your broker allows you. For example, in a standard account, the smallest lot size is 0.01 lot and you can make some money this way. But using %risk and position sizing, you can grow an account much quicker.

From <http://www.forexfactory.com/showthread.php?p=8525460&highlight=position+size#post8525460> >

Hi,

I use 1% to 2% of my base capital not the equity and calculate the position size of every trade. Every trade has its initial risk R in pips and every trade result is measured in multiple of R. If one trade hit the initial SL, that would be -1R. Position sizing is key in my money management strategy plus a few other components to consider such as keeping drawdown to 10%, recovering from drawdowns, etc.

Dr Van Tharps book title *Definitive Guide to Position Sizing* is a good source of information to develop your money management strategy. Google the subject and you will find preview of this book. Attached is the content page of his book. This is a 'must have' book of knowledge for investors/traders alike.

However, professional traders like DM has other position sizing methods. Something for traders who trade small accounts and fix lot size to consider.

Watch his video on [Position Sizing](#) by DM.

Have A Good Weekend.

From <http://www.forexfactory.com/showthread.php?p=8522297&highlight=position+size#post8522297> >

Hi Bordy,

We first be careful with this pair because the Average Weekly Range is between 350 pips and 410 pips. The recent 2 weeks was above 700 pips and there was Black Monday.

How to manage depends on :-

- your initial open position price level,
- the number of ME positions planned (usually max 4 pos) and the distance (in pips) used.
- the position size of each ME position.

How many positions have you opened?

Depending on the price action, I would normally close oldest positions when I find the opportunity to. Remember one rule is to "cut losses short". You need to look at your equity and balance all the time.

If you already have 5 open positions since Monday till today, and you have not close any oldest positions, where is your breakeven level? Try to breakeven some open positions at the next opportunity. Do not wait.

Should the market retraces further higher above the 78% closer to the 90%, you have to decide to cut all losses as there is trade invalidation.

regards,

From <http://www.forexfactory.com/showthread.php?p=8481181&highlight=position+size#post8481181> >

Hi Given,

When I trade the 4H swing, I will use the high/low of the previous 2 weekly candles for the technical SL to calculate the trade positions size.

Another method which a few of my buddies use is to simply use the ADR(100)days and calculate the lost size using 0.2% risk per trade. Maximum 5 trades with a total maximum risk of 1%. This method is good and may work for those who trade with small account and fix lot size. You can trade with 0.01lot.

Remember that most forex coaches will tell you that averaging down is bad or is wrong. I agree with that and it is not for novice traders. You need to know about money management strategies and how to make your money work for you. Read these books for some more knowledge.

1) Kathy Lien book title "Day Trading and Swing Trading the Currency Market", chapter 11 -How to trade Like a Hedge Fund Manager.

2) Augustin Silvani book title "Beat the Forex Dealer".

Below is an example USDCAD H4 which I started this week using the ADR(100) method for position sizing.  
Here you need to know when to cut losses which will keep the drawdown small and easier to recover.

From <<http://www.forexfactory.com/showthread.php?p=8456646&highlight=position+size#post8456646>>

What is more important is to know the TMS rules and when you do your visual back-testing by scrolling back the history chart, you check and confirm that you know the rules where your entry and exits point are. Know the time of day when you are available to trade and look at the charts and see if your trade setups occur during your trading hours. Once you have done enough back-testing and know the TMS rules, then you should start forward testing with a demo account in live market environment. Open a demo account of the the same size of what your live account would be in future, if you want to trade with \$10,000 live account then make sure your demo account is also \$10,000. This is to ensure that you forward test money management strategy - risk calculation, position sizing, exit strategy, etc. works in live market.

It is all about entry and exits...

read about Entry and Exits ...: [Post#24.918](#)

Trading is all about **Entry and Exits**. You cannot achieve good positive results without doing your preparation work.  
Your prep work includes having a trading plan ready for every currency pair you want to trade.  
When you do not have a trading plan ready, do not trade.

From <<http://www.forexfactory.com/showthread.php?p=8438039&highlight=position+size#post8438039>>

Hi Steven,

Sorry that I caused some confusion in bringing up the positions sizing using 100-days ADR without a more detail explanation how this is done. This is a variation of the ME/ME strategy which a few traders created and are trading with. It is much simpler but the exit strategy is quite different. I will explain in more details in week 35 with some chart examples of live trades.

Meantime, I still use the technical SL method and calculate my ME/ME trade position size.

GBPUSD is still in narrow range. But we must wait for the next big move.

Look at the D chart, you can see the June high-low (Mother Bar) and then the July high-low. That is an MN IB Inside Bar. We do not know which direction of the breakout of this IB  
I have few small buy positions and will see how things develop over the next few days.

From <<http://www.forexfactory.com/showthread.php?p=8433629&highlight=position+size#post8433629>>

Hi Steven,

Yes, it is possible to place your technical SL below that consolidation area.

My concern was that the Fib0 retracement of the June low to the July high is also around that region and I usually do not like it when there is a Fib38/50 retracement zone to place my technical SL.

I know what you mean that the SL distance will reduce the positions size. The other way to calculate the trade position size when we trade with ME/ME is to use the ADR(100 days) using 0.2% risk and the 100-days ADR in pips, you can calculate the lot size. But when you build positions using this ADR-Lot-size method, you will have to know exactly where you want to cut loss should the market move against you. The exit strategy for this has to be different.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8431077&highlight=position+size#post8431077>>

Hi,

Yes, Martingale is doubling the previous lots size, 1,2,4,8,16,32,64,...

It is a gambling strategy and I do not use that in forex trading. It can destroy a trading account much quicker than one can think of.

Some very inexperienced traders see averaging down as Martingale without any knowledge what Martingale and anti-Martingale actually are.

Averaging down has both pros and cons and only knowledgeable and experienced traders know when and how to use this.

There are other ways to determine the average down trade lots size other than Martingale.

There is also a Fibonacci way using 1,,2,3,5,8,13,21,34,55,...

Or a simple Linear way using 1,2,3,4,5,6,7,8,9,...

Or a Fractional way using a multiplier (1.2x for example) , 1, 1.2, 1.4, 1.7, 2.1, 2.4, 2.9, ..

You can consider to use this fractional way instead of doing positions sizing for the additional levels in a basket.

Nanningbob's recovery method uses a linear way in increasing the subsequent position size in a linear way which works when it is done correctly according to his 4H trading system. It usually did not require more than 4 open average down positions.

In my ME/ME trading , I limit my position building using only 1% risk and dividing that into 5 trades of 0.2% each as one basket. There is a technical stop loss for every trade basket and using the same technical stop loss I do the position sizing from each trade entry to the SL. You know that as the price retraces after the initial entry trade level, every subsequent trade level will be closer to the technical SL hence the positions size will be larger than the previous trade level. The increase in the subsequent position sizes is a fractional increase of the previous and initial position. In all cases a basket consist of total of 5 open trade levels and a total 1% risk. This is a manageable and controlled money management strategy which has work for me for many years when trading the 4H swing and position trading.

I have mentioned this before several times in this thread. We trade the higher timeframe charts with Multiple Entries / Multiple Exits using small positions. It is a combination using position building when there is retracement to get a better average entry price and to add more positions when my trades run into profits.

It is knowing the market type which is very important – whether the market is trending or sideways ranging. Trending market is easy to manage with ME/ME trades. But it is when the market is sideways, we need to identify whether the range is narrow or wide range. We learn to avoid narrow range market type.

We identify historical support and resistance on higher TF Monthly and Weekly and use these levels to plan our trades. Knowing the market swings on the H4 chart TF – swing highs and swing lows is important part of how we trade. It has nothing to do with using lower TF for smaller stop loss, etc. We play with average price of all open trades hence in a basket and also the technical cut loss of all

open trades when things goes against our trade plan. There will be times when after we have maximum 5 open positions in a basket, the market starts range again and we can then look at the price action and exit some position to take some profits while keeping some position in floating loss. We may at times have to close the earlier trade levels by breaking even the first 1 to 3 levels when there is opportunity to and even take small losses but letting the later 4th and 5th levels be the profitable ones to run. We will by then know if the trend will continue and when it does, we begin to scale-in with more trades.

I don't use Hedging as a recovery method but I know a few of my buddies do. Hedging is not allow by the US based brokers so I think it would be matter of time that this would also be forbidden in other countries too. We don't know when.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8413376&highlight=position+size#post8413376>>

Hi birdnest,

It can be done and I have shown you in the past months how trading with small %risk and using Multiple Entries / Multiple Exits in different market condition will work out over longer term trading.

TMS 5-Method is a trend following trading method which performs better when trading the higher timeframe and it work great when we add to it a proven money management strategy. Position sizing is one of the key to a winning trading system.

A lot have been shared here in this thread and you need to pick out the posts and attachments and study them. The basic knowledge you need is all here.

Trust me that you won't take decades to learn how to do it. A few hundred hours of reading, studying and putting things in realtime practice. You will get there sooner than you think provided you stay on track and know how to spot and avoid the detractors.

I get few PMs from members who asked what is a good trading account size to start with. There is no correct answer to this question. We need to ask ourselves what are we trading for. Forget about wanting to trade for a living. Some can do that and have made it, but many failed. The best way to start is to trade for a supplement income to what our day job. Start small with financial goal to supplement 10% of our annual income, then grow to 20% in small steps.

Let use an example; for someone with an annual salary of \$100k and have saved up \$100k to invest in a business, this is hard earned money so we treat that money with carefully when we invest. Use \$50k of that hard earned for trading forex. Aim for 10% return every 20-trading days. This 10% maybe small and can be achieved with a proper trading business plan what I call a SMART objective. Why 20-trading days cycle? well there will be periods where you won't find good trades and may have some losses. Losses and drawdown is inherent in every trading system. We cannot avoid nor prevent that but we have to know how to recover from drawdowns. Like many businesses, this is forex trading business requires constant attention and development to keep up with market dynamics. Systems need maintenance and that is the fun part which requires our attention day in day out. You know you can grow that \$50k slowly with tender loving care.

At the end of it all, you gain a lot of knowledge and experience which stay with you. You can shared them with other people, you can pass them down to future generations, but the knowledge and experience remains in you and nobody will ever take them away.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8406049&highlight=position+size#post8406049>>

Hi,

1. The technical stop loss must be the same for all positions and use for the calculation of the trade lot size.

2. There will be instances where there is little retracement and you do not have opportunity to build more position to get an average entry price, you will have to scale-in new positions above the first entry price. As you scale-in new positions, your average entry price will move along and further away from your initial SL, right?

regards,

From <<http://www.forexfactory.com/showthread.php?p=8391247&highlight=position+size#post8391247>>

Hi Mkfx,

1. I apportioned the starting account balance to that currency pair traded. In your example, when you use \$20k of a \$100k account, you calculate the 0.2% of that \$20k.

2. Yes, with every added on build position, the average price will be the average of all open positions calculating every position open price and lot size. All open trades are treated as one basket of trades.

3. For build positions, the lot size must be calculated from its entry price to the technical Stop Loss. Your technical SL must be determined before you start a new basket. Every build pos will have bigger position size than its previous one.

4. We do not calculate the TP. There are different scenarios which depends on what we see on our charts. one is to use support and resistance levels on our charts to target our TP. Another way is to use the weekly traded range as our target when we are trading 4H swing. We only need to manage the stop loss and subsequent moving of the stop loss to protective stops to lock in floating profits.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8391245&highlight=position+size#post8391245>>

You are welcome!

For those who PM me asking me to show how ME/ME trading is done, here is my GBPUSD ME/ME trades done last week.

Remember, I do my Big Picture Plan first to see where the Historical Swing levels are near to where current market is trading.

With GBPUSD, it was much easier with the D1 price patten seen after 10 July D1 chart close. There was a bullish price pattern and after that, it will be buy only.

Similarly when 14 July D1 candle closed, it was buy only.

And this week, we saw the previous week candle close bullish and with the previous month June close bullish MN candle, we are good ofro buy only this week.

But we have to handle the pullback/retracement during the week. This is very difficult thing for many traders when trades are in negative floating. This is how the use of ME/ME can help us handle the floating loss. We build position gradually during the retracement using smaller risks of 0.2% instead of one single entry of 1% to 2% full risk. With multiple entries of 0.2% risk, and after several ME build build positions we will get an overall average entry price. Remembr we do not use martingale in our MEpositions. We calculate each position lost size using 0.2% risk of our allocated balance and using a technical Stop Loss. I use a 2 Days Look Back, menaing when I make my entry today, my technical SL is last Thursday Low, but in the case of GBPUSD last turdsday low is too small to consider for a SL, so I use the WRB low for my technical SL and do my position sizing. I know many of you trade with small account and fix lot size. This may not make sense for you to do position sizing.



Screen clipping taken: 2/03/2016 18:53

To learn this ME/ME, I suggest you open a bigger demo account where you can trade fraction standard lot. Try this with a \$50k demo account and apportion \$10k for each currency pair you want to trade with ME/ME. You will see and learn how Money management work with percentage risk and position sizing. Your target of 10% profit per every 20-trading days can be achieved and can be repeated over and over again with knowledge, practice and discipline in this business. This is a good way to trade yourself to financial freedom. Forget about those system which promises you to turn \$500 into \$100,000. Ask yourself how often or many times can your repeat turning \$500 into \$100,000.

Learn to trade, and trade well.

From <http://www.forexfactory.com/showthread.php?p=8389343&highlight=position+size#post8389343>

Hi fronline,

First, this is not a trading system. It is a simple trading method known as 5-Method. This is a trend trading method. It does not work in narrow range sideways market. It is a rule based discretionary trading method and therefore relies on the traders' knowledge and experience. Over the past years, I have tested EA found here in FF and none produce profitable results over long term. From my testings, the better result comes from trading higher timeframe H4 and D1 TDI crosses for entry and exits. But still the longer term results is not very profitable beacsue there was no proven money management strategy in those EAs. So don't waste your time looking for one.

When you want to build an EA, I suggest you build one which is semi-automated that will manage your trades using a proven money management strategy. You as the trader need to decide when to open trades and when not to. This is the vital part which requires your knowledge and experience. Your EA should not be a trading robot which make trade entries and exits on its own. Your EA should only be a trade manager with defined parameters to do the tedious work for you like calculation of position size based on stop loss distance, building positions during retracement, calculating the average entry price of all open positions, moving protective stops to protect open positions, adding position when market run in your favour, etc. It can be very complex when it comes to coding in mql4 but can be done to great extend.

Goodluck in your EA development.

regards,

From <http://www.forexfactory.com/showthread.php?p=8388032&highlight=position+size#post8388032>

**Multiple Entries / Multiple Exits ME/ME** trades closed week 29 17 July.

A good week and closing some profitable baskets of trades and also taking a few small losses.

This account started at US\$50K on 23 June and grew nicely and now a healthy balance. I will continue to use 0.2% per trade position lot size will increase. Will need to manage this properly so that I don't blow this one in the coming weeks.

From <<http://www.forexfactory.com/showthread.php?p=8388013&highlight=position+size#post8388013>>

Hi,

It took me 18 months to learn and practice in realtime this ME/ME money management strategy. I suggest you work on the how to calculate the position size of each ME entry using a fix initial SL and using percentage the account balance for each basket of trades. You need very good grasp this and when you see how it is done, then trading it will become easy with practice.

The end result after 18 months of hardwork and loss sleep is I have a trade manager which does all these automatically.



regards,

From <<http://www.forexfactory.com/showthread.php?p=8381378&highlight=position+size#post8381378>>

EURUSD 30 Jun ME/ME trades:

Here another example how I traded EU yesterday.

The direction was follow the previous day candle which was bullish and build positions during the retracement. Take profits when opportunity present itself. Take what the market gave when the market condition is uncertain.

Note that each of the 4 positions are based on 0.2% risk each and are of different position size using the same initial SL.

From <<http://www.forexfactory.com/showthread.php?p=8356829&highlight=position+size#post8356829>>

For those who PM me yesterday about the basket of trades [post#58,426](#)

Common question asked, is if I am using martingale money management.

Answer is **NO**.

EURJPY Multiple Entries Multiple Exits trades open.

Follow up to that post:

I have these positions open and now in floating loss.

This is not martingale as some may see it. You need to look at the higher TF monthly and weekly charts to determine the direction you want to trade.

I use a 1% risk for this basket of trades and each position is 0.2% risk and position size is calculated with an initial SL. I have now maximum 5 open positions and there is a breakeven level.

Today I will manage this basket to see if I can breakeven and start recovery trades.

From <<http://www.forexfactory.com/showthread.php?p=8356725&highlight=position+size#post8356725>>

USDCAD update:

Hi dewdrops,

Did you catch that trade?

We have a breakout of the D MC, but face some recent swing high resistance and the BRN 1.2500.

With both the Mn and W1 bullish bias, we should be on the side of buyers on D chart.

Position building is one way to mitigate risk and to get a better average entry price. Do not enter D chart setup with full risk. I will use 1 to 2 % risk and break down my trades into small portions using 0.2% risk per position. use a technical stop loss and calculate each position size and build up to a full risk 1 or 2 %.

Do Not use Martingale and double up your position. It will damage your trading account very quickly when you are wrong.

From <<http://www.forexfactory.com/showthread.php?p=8356705&highlight=position+size#post8356705>>

Hi mazingaz,

The Multiple Entries / Multiple Exist ME/ME will work in all timeframes too. But in lower TF like M15, it would require too much time in front of the computer to place add on positions. Big E traded multiple entries in M15 using the 21/233 method.

I trade mostly H4 and D1 chart TF. On H4, I only need to check my trading charts 2 to 3 times during the day. On D1 chart, I check only once a day.

The multiple entries are placed at certain pips distance (like a grid) base on price action and the ADR of the pair. We need to consider the money management and calculate the position size using the total risk per currency pair traded and avoid placing too many trades at small distances. On D1 chart trading, I keep it simple and use percentage of the ADR to place the entries. Usually 25% to 75% of the ADR(100 days), this will limit the number of new open positions per day.

We have tested using the TDI cross in lower TF (M5 and M15) to add on positions but you know that the TDI will cross many times in lower TF and this will end up with too many positions and risking over exposure. Best way is really to place trades using grid levels.

We need to combine both - position building during the retracement of the initial entry and add-on more position when market move above the initial entry level. we take profits as positions become profitable, then re-open new ones as the market continue to trend in our favour. With banked-in profits, all new positions are risk free and trading become less stressful and there is little fear factor. But the greed factor will be tempting us all the time.

There will be some small losses and breakeven trades as we need to keep our margin healthy and keeping the number of open positions to a pre-defined number. Overall the winners are much more.

Hope this explains.

If there are more interest here, I can post some trades live and let you all follow during the week and have more interactive discussions.

have a good weekend.

From <<http://www.forexfactory.com/showthread.php?p=8337404&highlight=position+size#post8337404>>

Hi Jonisonvespa,

1) You do not need MT4 or MT5 to trade TMS 5-Method.

You can trade using any trading platform because the RSI is a common indicator which show your the price momentum.

read this book - RSI: The Complete Guide [Post#27,110](#) by John Hayden

2) initial Stop Loss - use stop loss based on recent Price Action seen on your chart, where the last swing high or swing low before the setup. Or you can use a volatility based SL like  $2 \times \text{ATR}(10)$  of the chart TF you trade. What is important is Position Sizing, i.e. you use %risk and calculate your trade position size after you know the initial SL in pips.

read up on Chandelier Exit and learn how to apply that in your trading.

<http://forex-indicators.net/volatili...handelier-exit>

regards,

From <<http://www.forexfactory.com/showthread.php?p=8254375&highlight=position+size#post8254375>>

Hi rtradem,

For this EU trade, I used a script to place 3 positions with different target profit TPs.

This is a money management strategy using multi-lot positions. You can have same position size or different position size for each of the open positions.

A sample script was posted in the TMS thread:

Multi-Lots Buy/Sell scripts : [Post#55,407](#)

Also some reading material:

Using Multiple-Lot Positions to Improve trading TMS: [Post#33,507](#)

The other way is to open one single large position and use CaveManager to manage 3 exits in batches what is known as TP\_By\_Batch feature in CM.

If you need more information, please post and ask here.

regards,

From <<http://www.forexfactory.com/showthread.php?p=8236259&highlight=position+size#post8236259>>

Hi mordin,

There is a pdf [Post#33,507](#) which explained the H4 trading Using Multiple-Lot Positions.

It is important that we use percent risk and position sizing when we trade multiple lots.

It does not matter if the SL is 50 pips or 100 pips when we use position sizing. The problem here is most traders trade with fix lot size and they fear 100 pips SL.

When we trade H1, the TP1 is 25pips for those 12 pairs I trade. When we pick a good entry candle with momentum and volatility, the TP1 should exit in 2 to 3 H1 candles. This TP1 will help reduce the overall risk of the other two positions. Usually, I will move my initial SL to BE when TP2 is exited. If after first entry and you don't see the market move in your trade direction, you must be prepared to exit.

Remember that we must not chase after large candles because the next candle can retrace in most cases. This can be the case where you get 60pips retracement in H4. The better way to enter after a large candle is to wait for a retracement entry, usually a Fib38/50 entry.

You need to know the hourly volatility and the timing of the entry. Reversal entries are very risky.

I traded the NZDJPY pairs which I posted my analysis early in the week. This pair had low hourly range and the Weekly range is between 200 and 230 pips. I used the same script on H4 with TP1 set at 25pips.

I exited the trades before the weekend as the the G20 and IMF meetings.

From <<http://www.forexfactory.com/showthread.php?p=8214503&highlight=position+size#post8214503>>

Hi sknight1,

Well, if you simply divide the nett pips won with the number of trading days in Feb, then the maths is correct. But these are trades which are closed by the 14 Feb and there were some trades which were roll-over from Jan. These are trades open in the last 2-3 days in Jan and were closed in early Feb. The statistics report the close dates of the trades and not their open date/time. In total there were 67 closed trades in Feb, with 61 wins and 6 losses. If I take only the win trades, the average pips per trade is 91pips. I have all trades exported to Excel spreadsheet where I do my own analysis. This is my own trading journal which I use for system performance analysis.

Let me find some time later and show all the trades on their respective charts. You have to PM me if you want to see those charts. I only share those charts and trade journal among my group of active TMS traders at the end of each month and those who subscribe to me and share the same trading beliefs. But since you asked, I will be transparent with you as I have nothing to hide. I am not selling anything here and have no commercial interest. A lot of my trading stuff and tools and personal and I do not want these to be made available in a public forum like this.

Why I post my day trades results is because I want to share with those who have day jobs and can only trade the Day charts or to trade only once per day. I know many traders here wants to learn and know how they can trade TMS 5-Method to give them a supplement income in addition to their day jobs. It can be done and I want to share that here.

Read my post link: [Post#52,347](#) to get an idea how I trade TMS 5-Method using different timeframes.

Also, to better understand what I mean by trading Multiple Entries / Multiple Exits, you must read these following posts so that when you see my charts, it will be easier to see my trades entries and

exits.

Entry and Exits: [Post#24,918](#) [Post#18,422](#) [Post#19,617](#)

How to Build a Position: [Post#19,588](#) [Post#20,342](#)

Profiting in Forex : [Post#20,118](#)

Three Powerful Forex Price Pattern: [Post#20,110](#)

In the past, I did post some pre-trade analysis on a weekly basis and also when I open new trades as planned. These were done live and updated live in this thread to show how I manage my trades. But I got feedback from members, some good and some not so good. Some traders followed my trades but lost money because they did not understand my exit strategy and also they did not use the % risk model and do position sizing. They place H4 trades with fix lot size with small SL of 30 to 50 pips and get stopped out easily. They did not understand position sizing and think that a 100pips initial SL is too much. Some traders did not have any trading plan and follow trades blindly. Many did not understand why I have a Plan A and a Plan B in my trade planning. yet some did not know how to make recovery trades to recover their losses.

I posted two charts today - GBPUSD and NZDUSD day charts. Look at them and see if you share the same analysis and view, and how I will trade these currency pairs next week. I use the 20-day MA on the TDI for specific reason to trade the Day chart. Learn to see why on that two charts. These are live examples, but many members still don't get the big picture.

So much for now, I think you have plenty to read and catchup. Then when you see my trades on charts, you will find that easier to understand the way I trade the Day chart with ME/ME.

regards,

From <http://www.forexfactory.com/showthread.php?p=8069707&highlight=position+size#post8069707> >

Hi Ryan,

I don't have a good money management strategy but I have a tested and proven one which I use for many years.

It is combination of money management and entry and exit strategy for use in D chart position trading.

On Day charts position trading, we believe that each price swing will run between 3 to 8 candles, so we want to capture those swings moves on D charts.

- use position building when there is a trend reversal
- use multiple entries and multiple exits during the established trend
- use re-entry after intraday retracements / corrections / price pull back, etc.
- trailing stop is by 2-Day look back, i.e. I trail my trades using the previous 2 days - high/low of the price bars.
- do not use CaveManager because it does not manage multiple trades.
- use % risk model, for example, a \$50k account, risk 0.2% per position and with a 100pips initial SL, the trade position size is 0.1 std lot for pip value \$10 per pip. Maximum build 5 positions at distance 50% and 75% ADR to full risk 1%.
- protect all open positions, then think of adding more positions using 50% and 75% ADR.
- exit profitable positions, then re-enter when there is retracements seen in lower TF like H1.
- look at the average price for all open positions.
- always have a stop loss for all open positions.

regards,

From <http://www.forexfactory.com/showthread.php?p=8026024&highlight=position+size#post8026024> >

Hi Michael,

Good question and I am glad that you asked.

This is a money management strategy for a ruled based technical strategy like TMS. Managing risk is paramount in trading and investing.

The example I started this week using EURAUD is not the best as we jump in after the MC breakout and it was already the 7th APB candle at our entry. But the setup was good enough and I used that to reply another member post.

When to add position is a money management question and also timing question. For traders who have no time to trade the market sessions, they can trade any time of the day when they have access to their broker platform. The initial entry trade is important to get into the market trend. Once that is accomplished, every subsequent additional order can be place after considering the overall risk being managed and position size of each trade. There will be occasions, after the first initial entry position, market 'reverse' on us and we are in drawdown situation and this is when we have to use the position building which is different from averaging down. There is a "cut-loss mechanism" in place which I have not come to yet.

When trades are in profits, subsequent orders can be place using lower TF setups during the following days, but this requires watching the charts during the day time market session. The example yesterday used this method because I have time during the London session. I have several H1 type of setups for the market sessions.

The other method is to place subsequent order at a pre-determined pips distance like a grid. Any grid size between 45% and 60% of the 100-days ADR is good. This can be done using stop orders and no need to look at charts all day long. I prefer this method and it can be automated in a trade manager and is relatively stress-free.

So far, does this answer your question?

regards,

From <http://www.forexfactory.com/showthread.php?p=7982218&highlight=position+size#post7982218> >

TSS,

You are most welcome. I am just sharing what I learned and had worked for me.

When you want to grow an account over a given time frame, you need to look at various money management strategies out there and find one which will work for you at a comfort level.

I know many traders here trade with fix lot size and focus on the amount of pips and money win each day/ each week... and the money pay for some bills and personal expenses, etc. I have no

doubt about that work for many here. Eelfranz explained how he traded with a \$10,000 account and he made money this way being a retiree.

I know a trader here who trades with a \$100,000 account and he grew his account smoothly and very safely in risking no more than 0.5% per trade. He does not trade for a living because he has a full time job, and he is growing that trading account to finance building his new house and also for his young children's education. His financial objectives are clear and he has made a plan to achieve with 5-Method as the core method of his system.

It is important to know about money management strategies and find one or build one which will work for you. A winning trading system which fits you must have your own money management strategy incorporated in it. MM has also to do with your personality as a trader, your risk profile, your financial position and more important it must fit your psychological profile as a trader. This is 60% and maybe more. A proven MM strategy can help reduce the stress when we trade.

regards,

From <<http://www.forexfactory.com/showthread.php?p=7971895&highlight=position+size#post7971895>>

For SL, better to use the recent swing high or swing low to place your initial SL and manage from there. Another way is to use the volatility factor to determine the initial SL. Using 2 x the ATR(10) on the trading chart TF is generally safe. When we use percentage risk (say 1%) and do position sizing, whether your SL is 50 pips or 100 pips, your initial risk remains the same. The end results in money will be different but your winning statistics will be better overall. What is important is your exit strategy and how you manage your trades. You need to differentiate TMS technical exit rules and work that into your with exit strategy.

When scaling-in positions, the trade lot size can be the same or different. You must consider the % risk and position sizing. But when you trade with fix lot size without the use of position sizing, then you must make sure you have locked in profits and use that to open more positions.

regards,

From <<http://www.forexfactory.com/showthread.php?p=7971885&highlight=position+size#post7971885>>

here some general remarks to this money management topic:

The pips count alone is not sufficient to measure your trading results or the performance of a trading system. There are many other factors to consider how a trading system performs. This is outside the scope of discussion in this thread.

You need to look at how you manage your trade risks when you use multiple entries and multiple exits ME/ME strategy. It is complex at first look but with enough practice it will become easier. Know the concept, work that on paper then try it in live trade using a demo account.

You need to manage your initial trade entry to Breakeven BE and then think of whether you want to add another position after the initial trade is 'risk free' or a 'free trade' what some traders call it. Whether you add the second position of same lot size or not depends on you. It need not be the same lot size as the first trade. But I use the same lot size of the first trade because I do position sizing and do not risk more than 2% for the first trade. Every subsequent added on position must have also its own risk % and do the position sizing using the same initial SL. What is important is every position must be protected with a SL.

Besides looking at the total number of pips won for each currency pair traded, there are also other parameters to look at. The pips \$value being one. If you make nett win of 2500 pips overall and with the pip value of say \$10 per pip, then the total amount of money is important. That is exactly what snarlyjack said in his post#47,652, look at the money. Other traders will look at the money as percentage of growth in their account.

How you want to measure your business performance is up to you. Instead of pips, you can also use R= % risk say 1%. Then, when your trade results in a total 5R, that would be 5% overall gain with position sizing being used.

For those who do not know the R-Multiple concept or still think that it is misleading, then it would better you to read up on R and R-Multiple concept explain by Dr Van Tharp. Many trading schools and coaches teach this and also many investors and traders alike adopt this concept in their business. Professional traders know this but whether they use it or not is up to them.

Dr Van Tharp book titles / references:

*Super Trader*  
*Trade Your Way to Financial Freedom*

If you have tried this R-Multiple concept and find that it does not help you in your trading business to achieve your financial goals, then please thrash it and do something else.

I traded the stock market since 1980's and I was taught to use position sizing but never heard of the R-Multiple concept until years later. Ever since then, trading has not been the same and it has more to do with risk management of my hard earned money, how I invest and re-invest the same money I make. It has become more money management game we play in the market. The trading method being a very small part of the system is no longer the winning edge. We need to make our money work for us. Easy to say but not easy to do, that is the psychological challenge in trading and how we as traders and investors deal with and develop our mental fitness.

My advice is read what is being shared in this thread. Verify all the information shared here. There are lots of online resources available. Then decide in leaning what being shared, follow up with practice it to see how things will work. If you think what being shared here does not work for you, by all means thrash them and move on. There are many things which I read here and I learn not do follow. That's the discretion I use being an independent trader.

regards,

Good Trading in 2015.

From <<http://www.forexfactory.com/showthread.php?p=7971877&highlight=position+size#post7971877>>

Try doing everything to be measured in term of R and R-Multiples and all things will be much clearer. Your initial risk R is 25pips. So you calculate the total profit in number of Rs.

You use the same position size for each subsequent scale-in order (trade), so this is good. You did not scale-out the first position, that is good.

You protect each previous trade before you scale-in additional position, very important and it is good.

But, I would not use this ME/ME for H1 intraday trading and with 25pips SL because of the market noise in H1 timeframe makes it difficult to manage trades manually. For H1 intraday trading, I keep my exit strategy and trade management by using the Multi-Lot entry (usually 2 lots entries) and exit a Lot at profit to minimise the overall trade risk as early as possible.

Using Multi-Lot entry is not scaling-out so we keep our pips count or better use the R and R-Multiple for all our trade accounting statistics.

I do not use the emergency SL 50pips and TP 50pips because when in trade management as to when to move the initial SL is a matter to consider in our exit strategy. You need very good timed H1 entry to make this work or else when market reverses after your entry, you will be caught right away. Every trade requires both room and time to breathe, so we must study the currency pair volatility carefully and pick only those pair which we can trade using this 50pips SL and 50pips TP. You need a high win rate to make this work over long term.

I use the ME/ME for 4H swing trading and **Position** trading only.

BTW, I saw your PM and will reply you later.

regards.

From <<http://www.forexfactory.com/showthread.php?p=7971594&highlight=position+size#post7971594>>

Reading recent posts, there are a few questions which I think are related to money management strategy used in trading TMS. Most traders here trades with fix lot **size** and do not use **position** sizing with percentage risk of equity.

Whether you are trading just for few dollars, or to supplement your full time job, or to grow an account, etc. you need to consider what your money management strategy work best for your business. I posted one of my account using myfxbook to show you that trading with TMS can be profitable and you need to use a proven money management strategy.

I explain the details in the attached pdf which I made reference to several posts made in this thread.

Hope this pdf will help you develop a money management strategy to trade TMS in 2015.

My best wishes to you in 2015.

From <<http://www.forexfactory.com/showthread.php?p=7968153&highlight=position+size#post7968153>>

Hi Folks,

I see we have a few new members - michael\_k, shoe, Marin0s, GreenGoblin recent posts and they have made commitment to start trading TMS and have plans made for 2015. I am sure there are others but did not post and share their intentions yet. It is festive holidays time and most of us will have some time to make new plans and resolution for 2015. When you make your business trading plan for trading TMS in 2015 and you are considering which currency pairs to trade during your trading hours, I would recommend you spend time and learn the currency pairs - its volatility and also what their pip \$value are.

Here is a good website which I been in for many years.

Learn the currency pairs Volatility:  
<https://www.mataf.net/en/tools/02-01-volatility>

Pips \$value:  
<https://www.mataf.net/en/tools/04-02-pip-value>

Knowing both the volatility range and pips value is important so that we keep your Exits (Initial SL and TP) within expectations and when you trade with **position** sizing, the pip value is use to calculate your Risk and Trade **position size**.

There are other tools available at that website which I find very useful.

regards,

**Seasons' Greetings**

From <<http://www.forexfactory.com/showthread.php?p=7960694&highlight=position+size#post7960694>>

Hi moretti et al,

Forming small groups of like-minded TMS traders in a live trading room (using skype or other realtime online chat) is a good idea. A few members here have started but as I know, they did not continue for very long and eventually stopped.

I would love to hear from the experience from those who started live trading groups and are still active.

I am sure those members who joined these previous live trading groups have their experience why they did not continue. We can learn from them and not make the same mistakes.

As far I am concern, my small group of live TMS active traders are still together for 3 years. Why we stayed together?

1. We all share the same beliefs about the market and how to trade it.
2. We are all active TMS traders, we use the same 5-Method taught by eelfranz whom we fondly call Big E.
3. Everyone of us have more than 5 years live trading experience on average when we started the group.
4. We developed our own trading systems for intraday day, swing and **position** trading using TMS 5-Method as the core technical method. We use the same system development concepts taught by Dr. Van Tharp.
5. We share a different money moneymnt strategy which each one eventually develop in their own system but have different account **size**.
6. We share a common pool of resources - books, trading courses materials, trading platfrom tools, trading pool, etc..
7. We all share a list of trading tasks like doing Big Picture Planning BPP for various currency pairs and share them in the group. Saves time instead of everyone doing the same for all pairs. We do this every Sunday at 1500hour London time.
8. We have assigned market watch duty for group members on weekly rotation basis and a watchlist for every trading week and members alerts the group when he sees potential setups in our trading plans.
9. On an every day basis, everyone is online at specific agreed trading sessions and encourage one another on matters related to managing one' trading psychology and keeping our emotion state positive for trading. We are like migrating birds flying in V-formation.
10. Most important is - Everyone brings something to the table. There is no free meal.

For new members who are very new to trading (less than 1 year) and new to TMS, the better way is stay in this thread and post your charts with questions. Many of the experinced traders are here to

share their thoughts and their experience with you. Nothing should stop you from forming groups to learn together and practice together. But each one must have a structured approach to learning to trade. You need to have the basic stuff about trading the forex market and also how to use a trading platform like MT4. DO NOT jump to other thread in FF or to other forum and look at other trading methods and systems. Commit to this TMS 5-Method and start from here and develop using the 5-Method to be your own winning trading system to fit you, and you only. Soem of us have done it and that took time. Be patient, be active in this thread by posting and asking questions, sharing your trades with charts, sharing your experience as you learn along the way.

Learning to trade is a journey in life. You learn more about yourself as a trader much more than in ordinary life. You will become a better person. Once you decided on taking this journey, it is up to your to continue. There is no end. There is no destination. What you learn will not only benefit you alone. You can pass it on to your children and future generations. This is one way to create wealth and Financial Freedom for yourself and your future generations.

Kind regards,

From <<http://www.forexfactory.com/showthread.php?p=7956269&highlight=position+size#post7956269>>

Hi abokwaik,

Good thread. Congrats!  
I hope to be able to contribute some ideas here.

This is a good money management strategy and work well on day chart trading. I use a similar MM system and using an EA to manage all my trades on D chart.  
You are correct to use the ADR to determine the distance for add-in more positions after we place the 1st trade entry manually.  
The Initial SL is using the ADR and the position size calculate using a % of capital. The each subsequent add-on position is half of the initial trade.  
Trailing stop has differnt options. I use to trail 2 days behind after each new day open. I use stop orders using the ADR distance.

Below is an example:

Kind regards,

From <<http://www.forexfactory.com/showthread.php?p=7857235&highlight=position+size#post7857235>>

Hi Guido,

You are correct that my entry was on the 3rd H1 APB candle.  
Big E H4 trading rule is to use only the 1st and 2nd APB candles only. His trade entry on H4 is very aggressive because he scalp the H4 TDI cross which is seen as counter trend and that are usually reversal trades. But he is very sharp to see market consolidation and catch the reversals.

On my H1 chart, that H1 candle where is entered in actually a Fib38/50 retracement entry. At that time of my trade, I look back at the last 10 candles and they are large candles which means the ATR(10) would be 105pips. If I had enter at candle#2 close, my initial SL would be pips away also where the recent swing high is. A Fib38/50 entry saved me 25 pips and I can have a bigger position size.

Note also that entry candle is also the last H1 candle which will close that H4 candle. I saw that a H4 potential all in one chart. seeing this, my entry is actually APB#1 on H4.

Hope this explains.

regards,

From <<http://www.forexfactory.com/showthread.php?p=7851280&highlight=position+size#post7851280>>

Hi Guido,

We usually like to give each trade some 'room to breathe' hence not to place our initial SL too close to the Entry Price.

One way is to use the volatility. For EURAUD, the H4 volatility is higher than other USD major pairs, so using 2 times the ATR(10) would roughly give 93 pips as initial SL which is the trade Risk or 'R'. Another way is to place the initial SL using the 2-Bars Look Back method, i.e. to place the iSL at the high of the previous 2 bars. In this example, that would also be where the last swing high was. That would be 'safe' technical stop to use.

From <<http://www.forexfactory.com/showthread.php?p=7836469&highlight=position+size#post7836469>>

Hi gavman,

There are different forex exit strategies. Just google "forex exit strategies" and you will find plenty of online resources.

Jumping Stop Loss is a term used in SteveHopwood' Multi Purpose Trade Manager MPTM found in the Commercial Content forum in FF.

I do not use THV CaveManager so I do not know how that EA was programmed and with what exit strategy.

Jumping Stop discussion can be found in other forums and I followed the discussions in the babypips fourm many years ago.

There is a different between Breakeven Stop and Jumping Stop.

Breakeven Stop is the number of pips the market move then we move our initial Stop Loss to breakeven level which is usually Entry Price + few pips to cover spread and our screen time.

Jumping Stop can be smaller than the Breakeven Stop.

In all my trades, I use position sizing, so my initial stop loss is my risk 'R' of my trade. With that R (in pips) , I calculate my trade position size.

I will move my trade(s) to BE when the market move +1R.

Only after my trade(s) are at BE level, then only I will activate my Jumping Stop Loss JSL.

Some traders activate their JSL immediately after opening a new position.  
See chart example below using yeterday's GBPJPY trade as example.

From <http://www.forexfactory.com/showthread.php?p=7498896&highlight=position+size#post7498896>

Hi ElectroNitro,

Yes, that's correct.

I look for the price retracement on the H1 chart. When the trend is strong, the retracement can be shallow to the Fib 23% and 38%.

When we see price retrace deeper to below Fib 50%, we look at the Price Action and attempt an entry.

However, when trading the D chart for setups, I will place limit orders using smaller **position size**. The full risk remains the same at 1% to 2% maximum.

Using **position** sizing and risk percentage model, the maximum risk for the trade remain the same when we have a stop loss R in place.

Even in situations if there is a 250pips drawdown, the maximum risk remains the same at 1% to 2%.

From <http://www.forexfactory.com/showthread.php?p=7490744&highlight=position+size#post7490744>

Hello hiddengiant,

Your name reminds me of another member by the name HiddenGap.

😊

a VSA expert.

Anyway, you are correct to say that most time when we see a D chart TMS setup candle, the H4 already ran several candles. This is more so when the D chart setup occur at a significant support or resistance and the high probability of a reversal is there.

Another member posted a D chart setup in the USDJPY pair on Thursday 22May.

Using the USDJPY pair as example, we saw a D chart Setup candle on 22May and that happen at a very recent support and that D chart price pullback from support created a D Pin Bar follow with a TMS D chart Set-up candle#1.

Please see the triple screen charts below where I wrote my comments to explain what I see.

We can apply this triple screen technique on any currency pair and using three timeframes we trade.



Usually when trading the setups on D charts, I always look for retracement entries. The Fib38/50 entry is one of my favourite intraday entry for D chart trading. It allows smaller initial SL hence I can have bigger **position size**.

regards,

From <http://www.forexfactory.com/showthread.php?p=7490380&highlight=position+size#post7490380>

Fib 38/50 entry is one of my entry technique.  
Use lower timeframe to look for such retracement entry and avoid using limit order.  
In strong trending market, the retracement can be shallow 23% and 38%, so we can miss a momentum entry.  
What can we do so as not to miss a good trade entry?  
Use **position** building method.

From <<http://www.forexfactory.com/showthread.php?p=7357793&highlight=position+size#post7357793>>