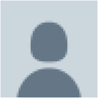
Twitter Thread by Zafar Shaikh



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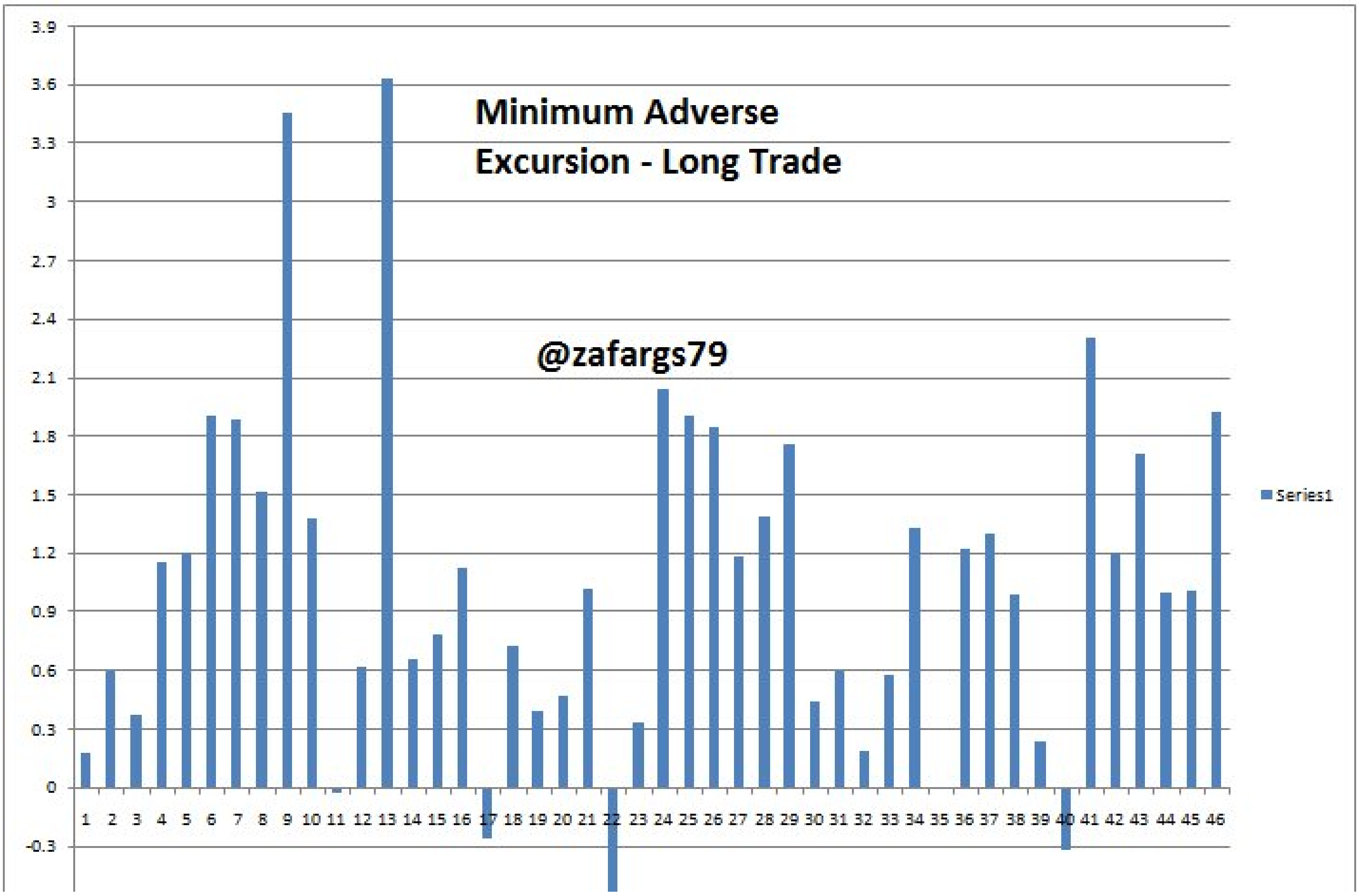
#TrendFollowing
#SystemTrading
#StopLoss

In TrendFollwoing, We Look To Enter Trade & Keep Holding as Long as It is in Our Favour. Initial Stop Loss Is Important Part of System Trading.
How To Decide What Should Be Initial StopLoss? (1/n)

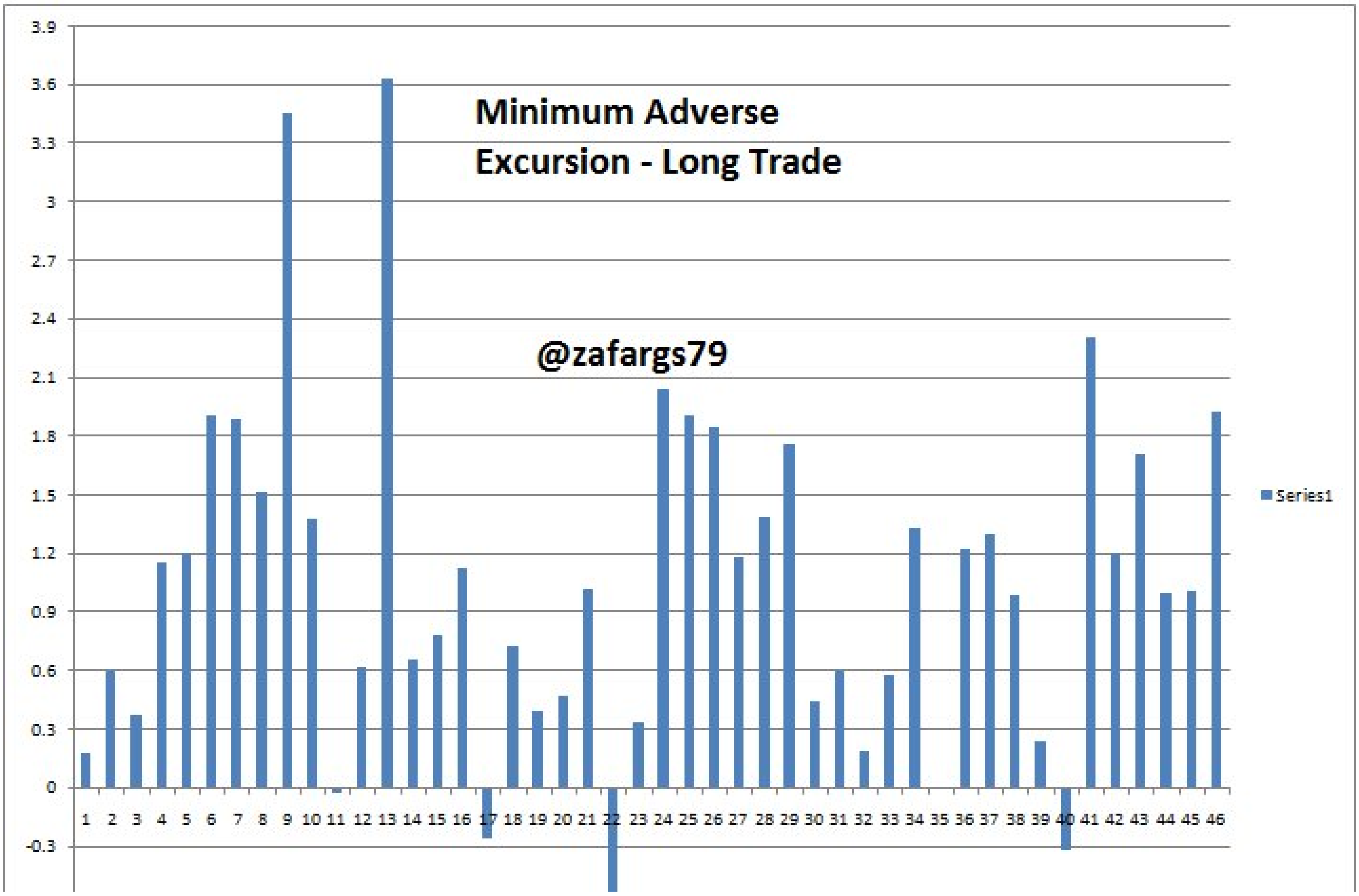


Too Tight StopLoss Will get Stopped Out Frequently.
Too Loose Will Cause Bigger Loss & LessRR.
What Is Optimum StopLoss?

We Need To Generate Data on What is Called Minimum Adverse Excursion (MAE)

MAE Is The Max Amount By Which Trade Goes Against Us From Entry Point (2/n)

MAE Can Be Measure in Amount Or Percentage Or ATR. We calculate MAE In ATR so as to adjust for Different Volatility of Different Scrips. Here You Can See The Data for MAE in ATR For Our #Stock #Futures #Swing #Trading System For Long & Short Trades For December (3/n)



Visual Look Tells That Price Doesn't Go Against Us By More Than 2 ATR in More Than 95% Of Trades. So We Can Safely Take 2 ATR StopLoss For Our Trades From Entry Point. Also, More Than 90% Of The Trade Show Loss After Entry Which Can Be Used To Decide Level Of PullBack Entry (4/4)

This System is Based on 25Min TimeFrame & 75 Candle ATR. Every System Uses Different Entry Method, Different TimeFrame For Signal Generation & Different No Of Candles For ATR. So Don't Assume 2 ATR is Universal Stoploss. See What Suits Your System & Then Develop Own StopLoss (5)