

# *Swing Trading for the Fences*

with Jeff Drake



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# ***Swing Trading for the Fences***

**PART THREE:  
MANAGING THE SWING TRADE**

# Introduction

- Welcome to Part Three of *Swing Trading for the Fences*.
- We'll be concentrating on managing the swing trade.
- I consider this the most important part of the swing trade.



# Our Goal

- Our goal with every trade is to manage it to an optimal conclusion.
- That doesn't mean every trade makes a profit.
- Protecting our trading account is part of that goal.



# The Strategy Trade Plan

- We can use the Trade Plan provided in the strategies to manage the trade.
- The Trade Plan includes two stops:
  - Fixed Loss Stop
  - SMA Profit Stop

Long Trade Plan | Short Trade Plan

Copy Long Trade Plan

Trade Plan View

Step	Condition	Orders	Next
1	Initial Order		
		Buy 100% SYM Market on Open GTC	2
2	100% Long SYM		
	Fixed Loss Stop	Sell 100% SYM Market on Open GTC	End
	SMA Profit Target Stop	Sell 100% SYM Market on Open GTC	End

Condition | Orders

IMPORTANT: OmniTrader must have current data for any virtual condition to be checked [More Info..](#)

Enabled	Condition
<input type="checkbox"/>	SanjayVIXStop
<input type="checkbox"/>	Simple Position Trailing Profit Stop
<input type="checkbox"/>	Simple Trailing Profit Stop
<input checked="" type="checkbox"/>	SMA Profit Target Stop

Parameter Name	Value
Period	10

# The SMA Profit Stop

- The SMA Profit Stop is a dynamic profit stop.
- It will adjust downward in the case of a losing trade.
- This can reduce losses on a bad trade.



# The Fixed Loss Stop (Or Not?)

- The Fixed Loss Stop helps us minimize losses.
- Some traders and strategy writers won't use a fixed loss stop.
- This may seem reckless.
- However, there is a case to be made for not using a Fixed Loss Stop.



# The Case for No Fixed Loss Stop

- We compare ST-T11 with a Fixed Loss Stop and without a Fixed Loss Stop.
- Mechanical performance actually improves without the Fixed Loss Stop.
- This is because in many cases the SMA Profit Target will reduce losses.

Back Test						
Strategy	NT	PT	HR%	ANP%	PPT%	ABT
ST-T11 No FL	14,629	10,401	71.10	44.36	0.55	6
ST-T11	15,598	10,962	70.28	42.12	0.49	5



# Should We Use A Fixed Loss Stop?

- A matter of risk tolerance.
- Not using one could result in extensive losses in March of 2020.
- But in “normal” markets you might see better results.
- Should only consider not using one if you have a dynamic Profit Target.



# ***Swing Trading for the Fences***

**MANUALLY MANAGING THE  
SWING TRADE**

# Why Manually Manage the Trade?

- The basic reason we would manually manage a trade is to improve the final outcome.
- We can also use the chart to help determine stop levels.
- The goal is to increase profits and reduce losses.



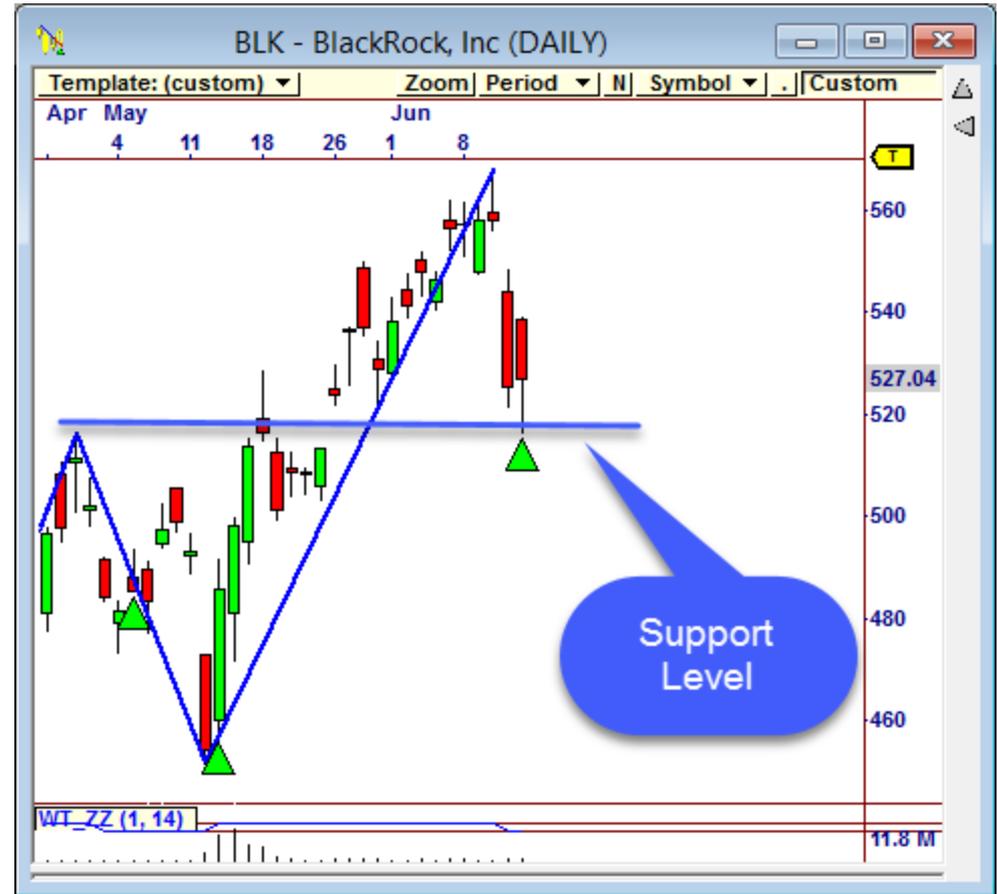
# Revisiting Pivot Points AGAIN!

- Pivot Points can help us manage the profit side and loss side of the trade.
- Using these instead of the Trade Plan will more than likely extend the length of the trade.



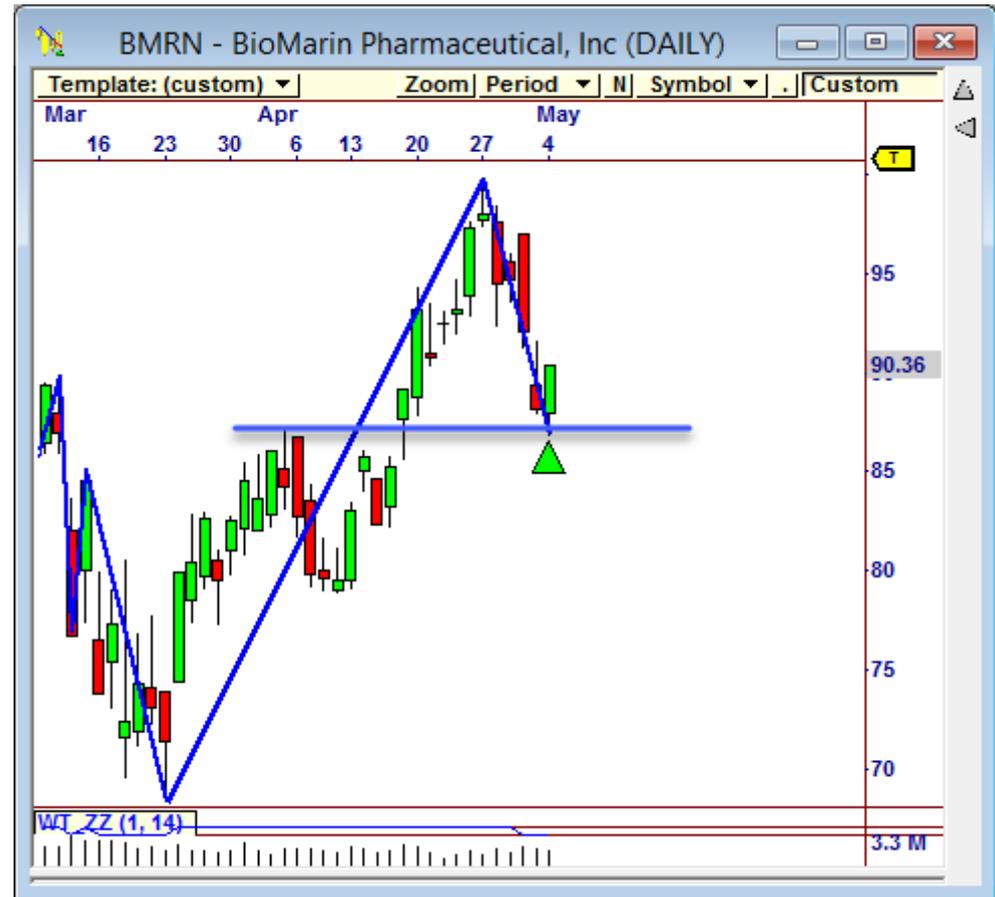
# Determining Loss Stop – ST-P37

- Our Loss Stop placement for ST-P37 is easy.
- Since we are expecting a reversal move, we can place the exit just below the most recent low.
- If you have support for confirmation, you can use that as a guide as well.



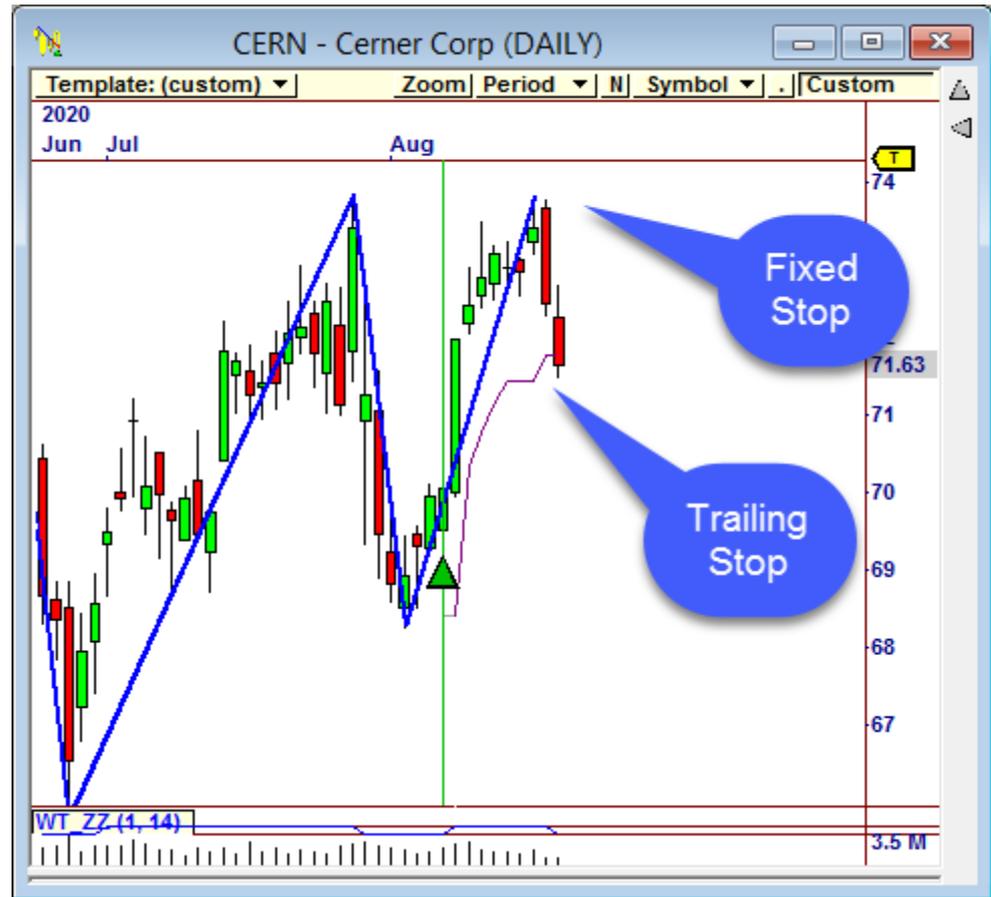
# Determining Loss Stop – ST-T11

- The Loss Stop for ST-T11 trades can be a little trickier.
- At times you can use the same approach.
- If price is well above the low, you can use various levels:
  - Percentage Below Last
  - ATR(s) Below Last
  - Arbitrary Level
- Consider your reward to risk ratio in this situation.



# Managing Profits

- There are various ways to manage profits.
- In each case, we want to use a Profit Target.
- These quick trades have relatively small profits.
- Trailing Stops tend to give too much profit back.



# The Natural Profit Target

- The natural Profit Target would be the last high pivot.
- This level represents potential resistance.
- However, be realistic about price reaching that level in 3-5 days.



# Locking in Profits

- Once you get a good move in your favor, you may want to lock in small profit.
- Be careful not to cut your trade short prematurely.
- Remember, this is an optional move.



# “Squeezing” Profits

- Our trade may stall just below our target.
- We can “squeeze” profits by having a stop order just below current price.
- This way we still make a solid gain even if the trade falls short of resistance.



# Taking Profits – Or Letting Some Ride

- Once we close through our Profit Target, we can take profits.
- You may also consider selling some of the position and let the rest ride.
- If you do this, set stop just below previous resistance as it now represents potential support.



# Conclusion

- We want to manage each trade to an optimal conclusion.
- We can follow the strategies Trade Plan for trade management.
- Our Pivot Analysis makes it easy to manually manage trades.



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