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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, March 14, 2012

Trouble Areas

This is a concept I learned from James16 of Forex Factory. Trouble areas are potential barriers to price movement. They are implied support and resistance points obstructing price moves. When we enter a trade, it is very important to know where price can potentially have a bounce. There is no way to know for sure what can happen but still we can have some precautions to turn the odds in our favour.

While entering trades better to make sure that the First trouble area is within our Risk Reward rules. If we find a trouble area just beyond our entry be prepared for a quick reversal that could give us a loss. At the trouble area you can

1. Exit the trade taking a small profit
2. Exit part and move your stop loss of the remaining position to breakeven if you are trading multiple lots.
3. Hold on to the position hoping for the break of Trouble area moving your stop to breakeven
4. If the level is too close enter the trade only after the level has been broken.

Always think FTA (First Trouble Area) as your first target

Posted by [SMART Trader](#) at 8:33 PM



2 comments:

Anonymous January 24, 2014 at 11:11 PM

ST

Do you need a close below the trouble area if you are sure to take the trade even if FTA is near ?
Or will you take the trade just below FTA

rgds
kishore

Reply



[SMART Trader](#) January 25, 2014 at 9:40 AM

Kishore

Entries are always on break of a level. If you wait for the candle to close you will miss almost all the momentum moves

ST

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