

TRADER^{ON THE} STREET

QUICKFIRE TRADING

How to make changes fast in times
of increased volatility.



Trading has a lot to do with risk management. And when traders follow even the simplest procedures to protect their capital from risk, they're preventing the losses from getting worse. Losses come and go, but it's how you react to changes in the tide that define your continued success. In current times, volatility in the markets is more unpredictable than ever.



So, you will experience levels of uncertainty in which you must adjust quickly to changes in trends. By doing so, you won't get caught in an opposing range. Therefore, you won't have to climb back up more than you should have.

MAKING QUICK REACTIONS

While the markets nowadays can seem a bit overwhelming, it's no cause for concern. With a proper strategy that utilizes risk management basics, you can still pull ahead. Changes in trends are often identified by highs and lows. When price is reaching lower highs and lower lows, that signifies a downtrend. The opposite goes for an uptrend. If the downtrend makes a higher high, a reversal is upcoming. If price in an uptrend swings to a lower low, a bearish reversal will likely occur.

*You need to await this confirmation of the change in trend BEFORE you start placing trades. Otherwise, you might be caught in a breakout and have to switch up your approach.

GETTING OUT BEFORE IT GETS WORSE

Losses in trading will happen. And most of the time, you must take it for what it is and move on to the next trade. When your trades lose probability of profit, it can become increasingly difficult to bring it back up to a safe level. What's important here is that when you have profitable trades still in the pipeline, and losing trades trailing behind, you need to exit out of these before they get worse.

PINPOINTING THE SMALL MOVES

One major indicator of changes in market direction is a weakened trend. This is identified by looking at the smaller corrections in the markets. If a trend is strong, the corrections will be even more pronounced. As the trend weakens, the movements become more corrective, and sometimes fail to make new highs and lows.

However, a weakening trend often does not indicate a complete reversal. These smaller moves are what can influence our trade setup, as you can try to capture quick profits if there are pullbacks. Focus on both the big and short moves if you want to find the best trade entries.