Rules

By traderjim · April 1, 2022

TL;DR

This blog post outlines essential trading rules, including entry criteria, risk management, and exit strategies. Key points include only taking 1-3 trades a day, maintaining a risk of $5-10, and avoiding trades under specific market conditions. Adhering to these guidelines can enhance trading performance and minimize losses.

Follow Rules:

- **ENTRY**
  - **Prior bar is Bullish Engulfing at key level**
  - **Prior bar volume matches price movement**
  - **Only take the best setups. Try to trade only 1-3 trades a day.**
- **RISK**
  - **Only allow 5-10$ risk on the table at a time**
- **EXIT**
  - **Scale out of working trade at key levels (or if buyers dry up), adjust stops**
  - **Normally I exit when price stalls / buyers dry up / price moves lower then the prior bar's low.**
  - **Ride the trend until it stops.**
- **DO NOT TRADE IF**
  - **average range of bars are over 10-15 cents**
  - **if volume doesn't match the bullish bar**
  - **The spread between bid and ask is greater than 5-10 cents**
  - **There is chop and a wide range. I want .40-1.00 max range.**
  - **Distance between key levels is below .30-40 cents, not enough oppurtunity.**

FAQ

What are the entry criteria for trading?

The entry criteria include a bullish engulfing pattern at a key level, matching volume with price movement, and focusing on the best setups.

How much risk should I take per trade?

You should only allow a risk of $5-10 on the table at a time to manage your exposure effectively.

When should I exit a trade?

Exit when the price stalls, buyers dry up, or if the price moves lower than the prior bar's low, while scaling out at key levels.

What conditions should I avoid when trading?

Avoid trading if the average range of bars exceeds 10-15 cents, volume doesn't match the bullish bar, or if the spread between bid and ask is greater than 5-10 cents.

What is the maximum range I should consider for trades?

The ideal range for trades should be between .40-1.00 cents, as anything below .30-40 cents lacks sufficient opportunity.