

Twitter Thread by Quant Guy

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Mega Thread on Exit Strategies (Long-Mid Term Portfolios) ■

We talk about systematic exit a stock portfolio in a bear market in this ■

Most have made good profits in stock positions and its always good to be aware of what can be done when markets turn bearish

Read on.

(1)

1. Death Cross (50MA Crossunder 200MA)

This is a popular method to judge whether the stock/index is in a bear or bull market.

Book profits at a death crossover

My view: Not the best way of exit, there are better, more refined ways.

(2)



2. MA based Systematic Exit

MAs used:

21MA - 1 mnth avg.

65MA - 3 mnth avg.

150MA - 6 mnth avg.

250MA - 1 year avg.

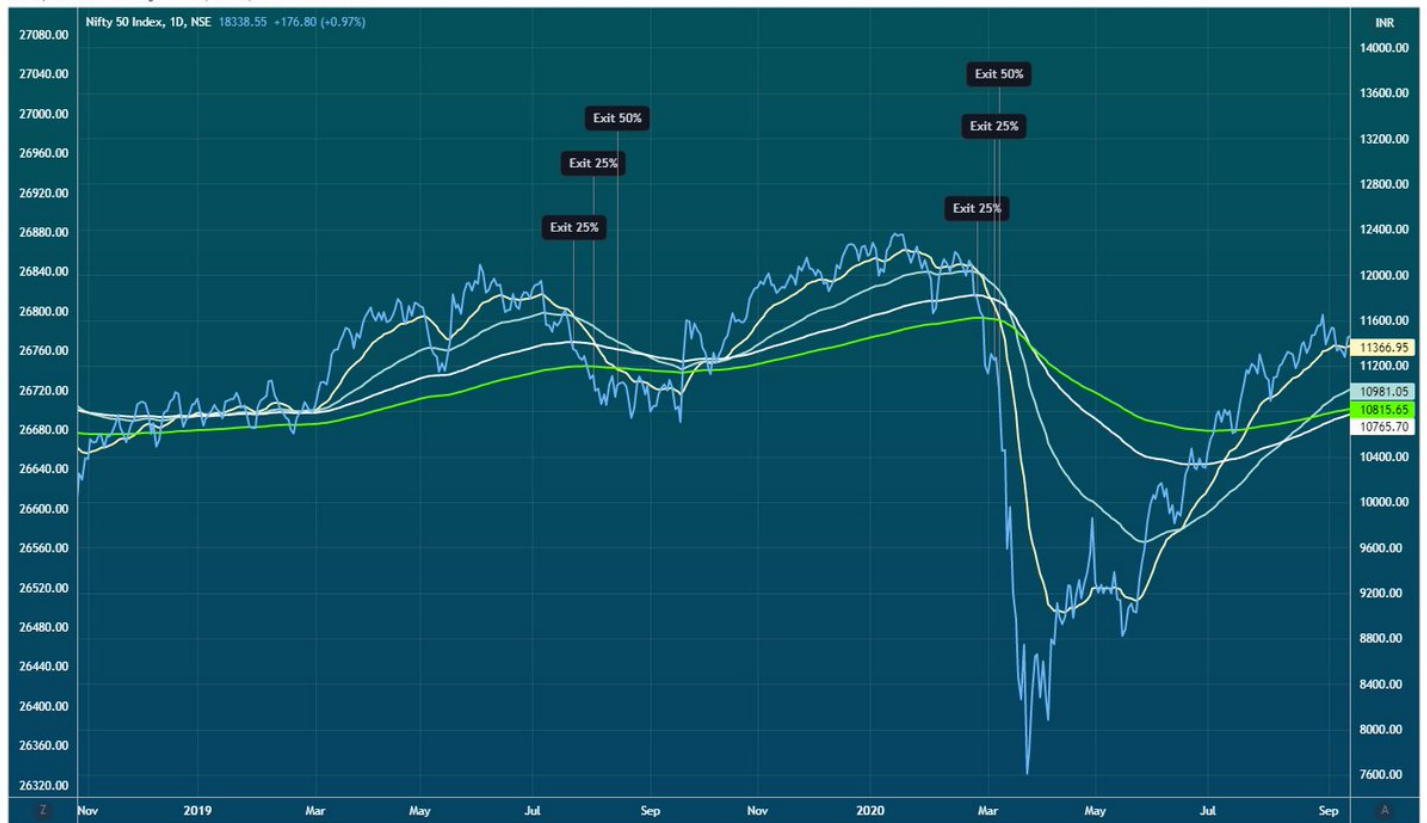
Exit 25% if 21MA below 65MA

Exit 25% if 21MA below 150MA

Exit 50% if 21MA below 250MA

This method handles short term correction while having skin in game

(3)



3. ATR based Stop (Supertrend, Chandelier Exit, Chande Kroll)

For positional exit, ATR based trailing stop can be used.

ATR multiples are 3(aggressive), 5(conservative) are used

My preference is exit 25% on ATR(20,5) breach daily, full position on ATR(20,3) breach wklly

(4)



4. Ichimoku KUMO Breach

The KUMO cloud offers good support areas.

Exit 25% on breach of top of cloud

Do nothing while price inside the cloud

Exit FULL when price breaches cloud on downside

(5)

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5. ICHIMOKU KUMO Twist

The KUMO cloud in the ICHIMOKU system also convey the bias of the underlying

A bullish twist happens when SENKOU SPAN A crosses above SENKOU SPAN B n opposite

In chart below the exit is not exactly at KUMO cross because it leads price by 26 periods

(6)



5. Trailing % Based Stop

A trailing stop loss based on a percentage price can be used for exit.

This is a fixed method of exit position. Usually used as a mental stop by many positional traders.

A good number is >5% and <10% (I use 7%)

(7)



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6. Coppock Curve

Coppock Curve is simply a smoothed momentum oscillator
 Its designed for long term analysis of price charts

(8)

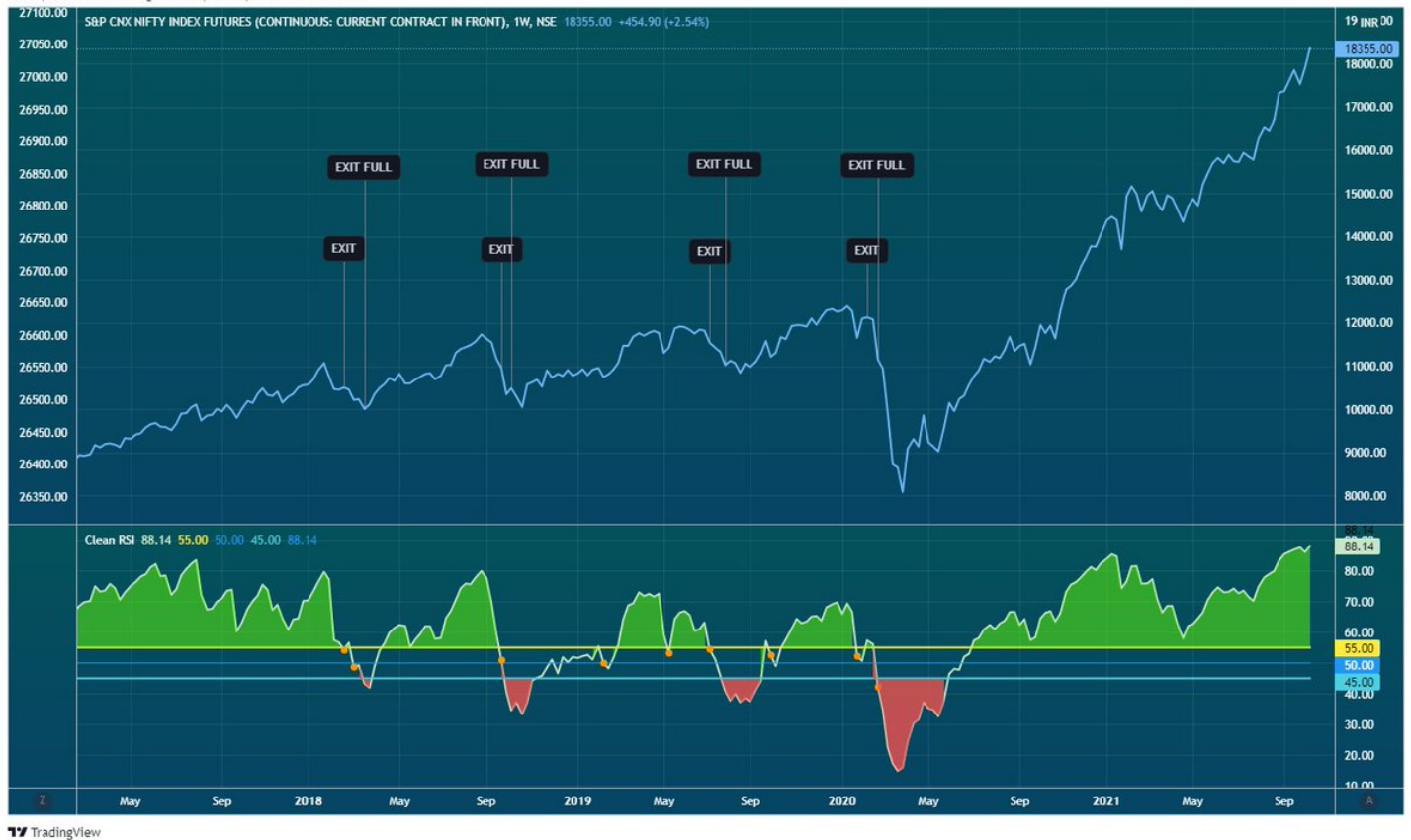


RSI Based Exit

Position management can be planned of the RSI line breaches 55 from above.

Its a levels based way of exit when compared to a moving average.

(9)



Fixed Stop Loss (Based on Entry)

Perhaps the most basic.. a fixed percentage stop can be derived while entering a stock position and then used as a exit mechanism

My view is to use it as a during initial position entry and then use a trailing method

(10)



Some winding up thoughts

- Is there a best way?

No, there isn't. But having a plan won't hurt your pocket

- Are there any other ways?

Ofcourse! These are just the ones I know and would like to share!

- Are you suggesting a market crash?

No(I don't know too)

END OF ■

PLZ ♥■ and RT