Twitter Thread by Sheetal Rijhwani



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How to find out the expected targets and what should be the exit criteria when you enter a trade - ■

Possible ways to find out the target:

Check if any patterns forming - it gets quite easy to figure out the targets that way. (1/15)

Let's say cup and handle. Our first target in this case will be the height of the handle and final target will be height of the whole cup. It's the same with H&S. First target will be the height of the shoulder and final will be the height of the head. (2/15)

In triangles, the targets will be height of the whole triangle.

Sometimes, after hitting the first target.. stock starts consolidating or take a retest of the breakout. On some occasions, stock gives one sided move non-stop.. without any pullback. (3/15)

A lot depends on the stock behaviour too. If a particular Index gave a breakout, then too stock gives final target without pullback.

Also, if stock gives weekly breakout and market is trending during that time.. even then it gives a one sided move. (4/15)

Recently, we've seen many such stocks -- Kotak Bank, TataMotors, TataPower.

Other helpful thing I learned from @Traderknight007 about exit criteria is using volume expansion and DMA/EMA. I began using it and benefitted. This is recently observed in TCS, DLF & many others. (5/15)

Now let's talk about extended move. When a stock gives one sided rally in short period of time, it's extended move.
In large caps, it's generally an extended move when stock is away 20-25% from 50 EMA and midcap/small cap give 30-35% move and then pause a little in trend. (6/15)

However, exceptions are always there in extended move like Mindtree, IRCTC and IEX. You can book partial profits there if targets and this condition meet and you can simply use Trailing SL for partial profits. Let's take an example of DLF. (7/15)

DLF Daily timeframe has changed trend. It began moving upside and gave breakout. Formed Inv. cup & handle and gave breakout again followed by rally of 20-25% from 50 EMA. First target was 355-60 as per handle target. Also, it has already moved 20-25% from 50EMA. (8/15)



For more understanding, go through this amazing thread of @Traderknight007 ■

https://t.co/5N6hcW6SOm

(9/15)

> How do find the best exits using Volume climax \U0001f447https://t.co/MMJfdvSGeW
>
> — Trader knight (@Traderknight007) July 24, 2021

Now let's talk about Trailing SL

Trend followers prefer to trail their profits but you can do it as per your comfort. Just make sure you have an exit plan.

Trailing has many methods. Being a price action trader, I use swing lows and candlestick for trailing. (10/15)



I also like Supertrend (10,1) to trail short term trades.
There are many other ways too.
@Traderknight007 has written this one more amazing thread you can go through and put this information to use. (11/15)

https://t.co/Pysa6LDK4t

2. TRAILING METHODS-

1. SWING POINT METHOD-

In this method we use the swing points or the HH- HL OR LH-LL points for placing sl,

In this method we trail our sl when the stock make a Higher low after our entry and keep Trailing the sl till it hits.
pic.twitter.com/CqzCkLdWmC

— Trader knight (@Traderknight007) December 24, 2020

Trailing is the best way to be in a trade and ride the trend as far as stock gives a move. You can capture the big move too through this. You should use trailing SL till your target shows up. It's always advisable to use one fixed method to trail SL. (12/15)

With a strong Index, stock gives easy move but if Index is sideways or weak- stocks troubles you for your target. This makes trailing SL important to minimize your loses. Once you get follow up post breakout or 2 bullish candles, start trailing your SL immediately. (13/15)



In trailing, sometimes our TSL triggers due to volatility but be ready for re- entry.
If stock breaks last swing high, enter again and use same trailing SL method. It's difficult initially to enter same trade from higher price but good opportunity shouldn't be missed. (14/15)

The trick is to not look at the price and simply follow the chart. Take a smaller quantity if you don't feel comfortable but make sure you don't miss the trade.
Having an exit plan is as important as entry plan. I hope it helps. (15/15)

