



Stop Loss & Take Profit

Complete Guide to Managing Risk & Securing Profits

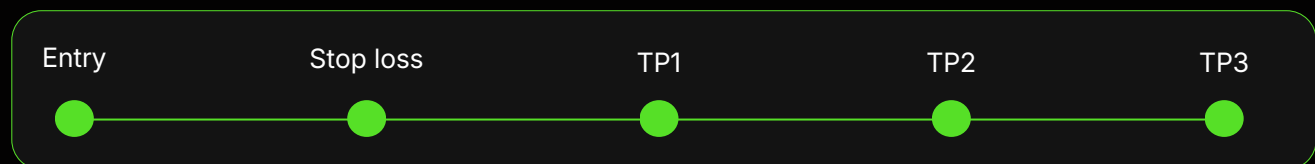


What You Will Learn

In this guide, you will learn:

- What a Stop Loss is
- What a Take Profit is
- Why every trade should have predefined exit levels
- How Break Even works
- How to move your Stop Loss
- How Traidx uses TP1, TP2 and TP3
- How partial profits work
- How Stop Loss and Take Profit work with Traidx signals
- Common beginner mistakes

The goal is to understand how to **control risk, protect your capital and manage profitable trades in a structured way.**



Getting Started

Every successful trader uses **Stop Loss** and **Take Profit** levels before entering a trade.

While your Entry determines **where** you enter the market, your Stop Loss and Take Profit determine **how much you are willing to risk and where you plan to secure your profits**.

Trading without predefined exit levels often leads to emotional decisions.

A trader may:

- Hold a losing trade for too long
- Close a winning trade too early
- Move the Stop Loss because of fear
- Change the original trading plan while the position is already open

By planning your trade in advance, you remove much of this guesswork and create a structured plan before the position is even opened.

A simple trading plan should always answer three questions:

01 Where do I enter?

02 Where do I exit if I am wrong?

03 Where do I take profits if I am right?

These three levels form the foundation of proper trade management.

What Is a Stop Loss?

A **Stop Loss (SL)** is a predefined price at which your trade will automatically close if the market moves against your position.

Its purpose is simple:

PROTECT YOUR TRADING CAPITAL BY LIMITING POTENTIAL LOSSES.

Without a Stop Loss, a losing trade could continue moving against you and result in much larger losses than originally planned.

No trading strategy wins every trade.

Losses are a normal part of trading.

The goal is not to avoid every loss, but to make sure that a single losing trade does not cause unnecessary damage to your account.

A Stop Loss helps make this process automatic.

Instead of deciding emotionally when a trade has moved too far against you, the exit level is already defined before the position is opened.

EASY WAY TO REMEMBER

Stop Loss = The price where your trade idea becomes invalid.



Example: Stop Loss

Imagine you enter a Buy trade on Gold at:

Entry: 4,100

You expect the market to rise.

However, based on your analysis, you know that your trading idea becomes invalid if price falls below:

4,090

You could therefore set:

Entry: 4,100

Stop Loss: 4,090

If the market moves higher, your trade remains open.

If the market falls to 4,090, MetaTrader automatically closes your position.

Your loss is therefore limited to the distance between:

4,100 → 4,090

This allows you to preserve your capital for the next trading opportunity.

Without the Stop Loss, the market could continue falling far below 4,090 while your position remains open.

The Stop Loss prevents this from happening.

What Is a Take Profit?

A **Take Profit (TP)** is a predefined price at which your trade will automatically close once the market reaches your desired profit target.

Its purpose is simple:

Secure your profits automatically before the market has a chance to reverse.

A winning trade does not automatically stay profitable forever.

Markets can reverse at any time.

Without a predefined Take Profit, a trader may watch a profitable position move strongly in their favor and then give back a large part of that profit when the market reverses.

A Take Profit helps prevent emotional decision-making.

Instead of deciding during the trade whether the profit is "enough," the target has already been planned in advance.

EASY WAY TO REMEMBER

Take Profit = The price where you plan to secure your profit.



Example: Take Profit

Imagine you enter a Buy trade on Gold at:

Entry: 4,100

You expect the market to rise and believe your target is around:

4,130

You could therefore set:

Entry: 4,100

Stop Profit: 4,130

If the market reaches 4,130, MetaTrader automatically closes your position.

The profit is secured without requiring you to manually close the trade.

The trade structure now looks like this:

Entry: 4,100



Market moves higher



Stop Profit: 4,130

Position closes automatically in profit

A Take Profit therefore allows you to plan your profit target before entering the market.

Stop Loss & Take Profit Together

A Stop Loss and Take Profit should not be viewed as two separate tools.

They work together as one complete trading plan.

The Stop Loss defines:

How much you are prepared to lose if the trade is wrong.

The Take Profit defines:

Where you intend to secure profit if the trade is correct.

For example:

Entry: 4,100

Stop Loss: 4,090

Stop Profit: 4,130

Before opening any position, always ask yourself:

- Where will I enter?
- Where is my Stop Loss?
- Where will I take profits?

Before the position is opened, you already know:

- Where you enter
- Where the trade becomes invalid
- Where you plan to take profit

If you cannot answer these questions, you should consider waiting before entering the trade.

This creates a much more structured trading process.

Entering a trade without one of these levels usually means the trade is not fully planned.



Why Every Trade Should Have Both

Without a Stop Loss, you do not know exactly how much you could lose.

Without a Take Profit, you do not know where you intend to secure your gains.

Using both levels helps define the complete structure of the trade.

Stop Loss

Controls your downside.

Take Profit

Defines your planned upside.

Together, they create the framework for your trade before the market begins moving.

This helps reduce emotional decisions once the position is open.

A trader should not suddenly decide during the trade:

"Maybe I should hold longer."

"Maybe I should move my Stop Loss."

"Maybe I should close everything now."

The plan should already exist before the trade is entered.

EASY WAY TO REMEMBER

Entry

= Where the trade starts

Stop Loss

= Where the trade idea is wrong

Take Profit

= Where profit is secured

Moving Your Stop Loss

A Stop Loss does not always need to remain in its original position.

As a trade moves into profit, many traders adjust the Stop Loss to reduce or completely remove the original risk.

One of the most common techniques is moving the Stop Loss toward:

BREAK EVEN

What Is Break Even?

Break Even means that your trade closes at approximately the same price where you entered.

In simple terms:

No significant profit.

No significant loss.

Example:

Entry: 4,100

Original Stop Loss: 4,090

The market moves strongly higher.

You then move the Stop Loss to:

4,100

The trade is now protected around the Entry Price.

If the market continues higher, the position remains open.

If the market reverses and returns to 4,100, the trade closes around Break Even.

This means the original trading risk has largely been removed from the remaining position.

The Structure

Original Trade:

Entry: 4,100

Stop Loss: 4,090

After price moves into profit:

New Stop Loss: 4,100

The Stop Loss has now moved from:

Risk → Break Even

01 | Original Trade

Initial Stop Loss Placement



Entry: **4,100**
Original Stop Loss: **4,090**
Risk: **10 points**

02 | After Moving to Break Even

Stop Loss Adjusted to Entry Price



Entry: **4,100**
New Stop Loss: **4,100**
Risk: **Removed (Break Even)**

Why Move to Break Even?

Moving a Stop Loss to Break Even can help protect a profitable trade.

For example, imagine the market reaches your first Take Profit target.

You have already secured part of the profit.

Instead of leaving the original Stop Loss at the same level, you can move it toward the Entry area.

Now one of two things can happen:

Scenario 1

The market continues higher.

Your remaining position stays open and can potentially reach further Take Profit levels.

Scenario 2

The market reverses.

Your remaining position closes around the Entry Price instead of returning to the original Stop Loss.

This is one of the main reasons Traidx moves the Stop Loss toward Break Even after securing the first profits.



Multiple Take Profit Levels

Many trading strategies use more than one Take Profit target.

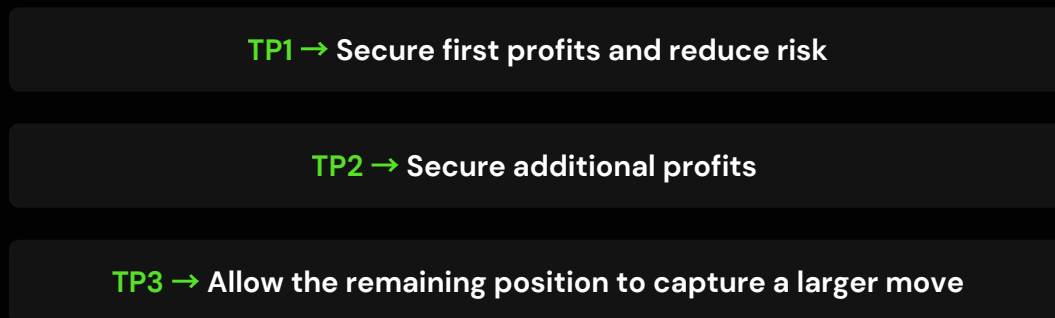
Instead of closing the entire position at one single price, profits can be secured gradually.

Traidx uses this approach with:



Each Take Profit level serves a different purpose within the overall trade management strategy.

The basic idea is:



This allows traders to lock in profits while still giving part of the position enough room to continue moving with the market.



Take Profit 1

Once the market reaches TP1, Traidx recommends securing the first profits.

Usually:

35–55% of the original position is closed.

Example:

Original Position: 1.00 Lot

At TP1:

Close: 0.35–0.55 Lot

The remaining position is therefore approximately:

0.45–0.65 Lot

At the same time, the Stop Loss of the remaining position is moved toward:

Entry Price / Break Even

This is an important part of the Traidx trade management strategy.

You have now:

- Secured the first profit
- Reduced the size of the open position
- Reduced or removed much of the original risk

If the market continues moving in your favor, the remaining position can continue toward TP2 and TP3.

If the market reverses, the remaining position is protected much better than before.

Take Profit 2

If the market continues moving in your favor and reaches TP2, another portion of the original position is closed.

Traidx typically recommends closing an additional:

15–25% of the original position.

Example

Original Position: 1.00 Lot

Already closed at TP1:

0.35–0.55 Lot

Close at TP2:

0.15–0.25 Lot

After TP2, approximately:

0.20–0.50 Lot

of the original position remains open.

At this stage, a significant part of the trade has already been secured.

The remaining position can continue running toward TP3 while the Stop Loss remains around the protected Entry area.

This allows you to benefit from a larger market move without keeping the full original position exposed.

Take Profit 3

After TP1 and TP2, the remaining part of the position stays open.

From here, one of two main outcomes may occur.

Outcome 1 – TP3 Is Reached

The market continues moving in your favor and reaches:

TP3

The remaining position is closed at the final planned profit target.

Outcome 2 – Market Reverses

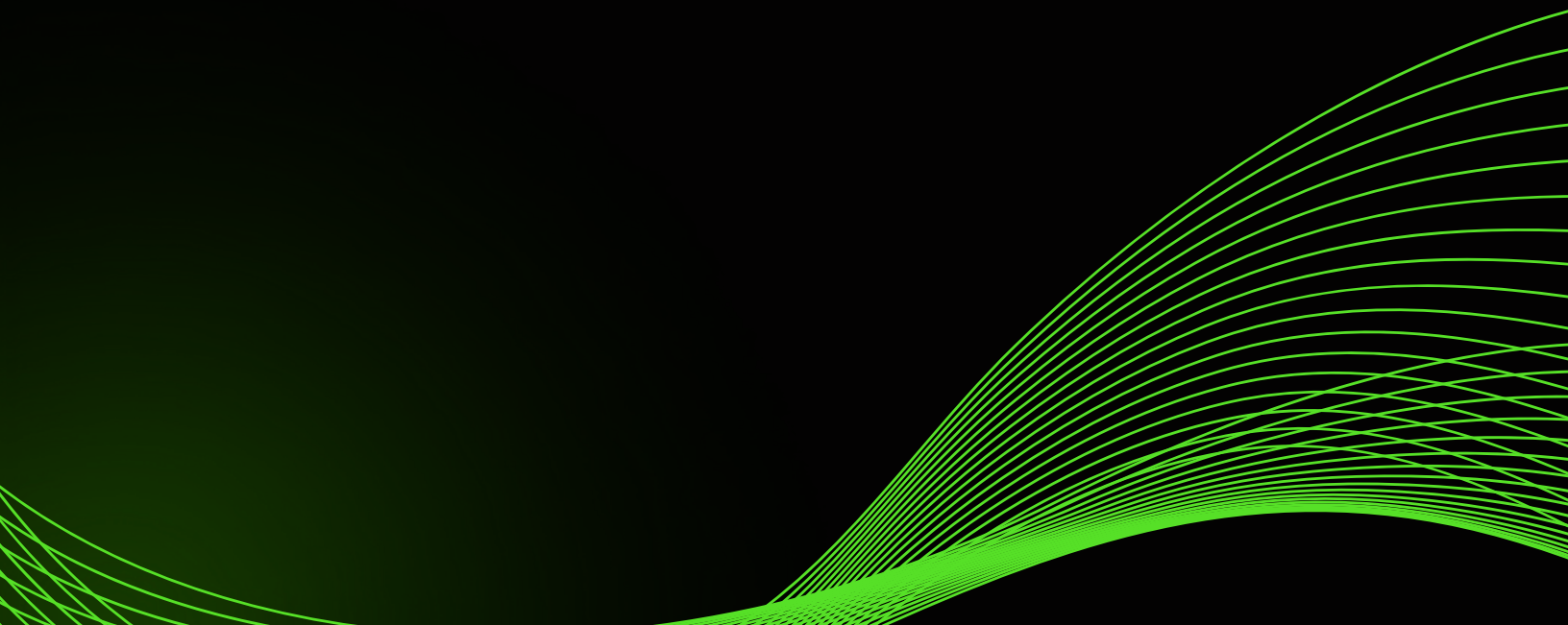
The market does not reach TP3 and instead reverses.

The remaining position is then closed by the Stop Loss that was previously moved toward the:

Entry Zone / Break Even

Because profits were already secured at TP1 and TP2, the remaining part of the trade can continue running with significantly reduced risk.

This is one of the main advantages of using multiple Take Profit levels.



Complete Traidx TP Strategy

A typical Traidx trade management process can therefore look like this:

Entry

Open the planned position.



TP1

Close approximately:

35–55%

Move the Stop Loss toward:

Entry / Break Even



TP2

Close another:

15–25%



TP3

Allow the remaining position to continue toward the final target.

If the market reverses before TP3, the moved Stop Loss may close the remaining position around the Entry area.

Simple Overview

TP1 = Secure first profit + reduce risk

TP2 = Secure additional profit

TP3 = Capture the larger move



Why Partial Profits Can Be Useful

Closing part of a position at different Take Profit levels creates a balance between:

Securing profits

and:

Allowing a winning trade to continue

If you close the entire position at TP1, you secure the profit but no longer benefit if the market continues much further.

If you never secure any profits and always wait for TP3, a strong winning trade could reverse before reaching the final target.

Partial profits offer a middle ground.

You secure part of the result while allowing the remaining position to continue.

This is the basic idea behind the Traidx TP1, TP2 and TP3 structure.



Stop Loss & Take Profit with Traidx Signals

Every Traidx signal already includes:

- Entry Zone
- Stop Loss
- Take Profit 1
- Take Profit 2
- Take Profit 3

These levels are designed to work together as one complete trading plan.

Example:

XAU/USD BUY

Entry Zone: 4,100–4,105

Stop Loss: 4,090

TP1: 4,120

TP2: 4,135

TP3: 4,160

Before entering the signal, you already know:

- Where you should enter
- Where the trade becomes invalid
- Where the first profits should be secured
- Where additional profits may be taken
- Where the final target is located

This removes much of the decision-making while the trade is already running.

Rather than changing these levels randomly, beginners should first learn to follow the provided structure consistently.

As you gain more experience, you will better understand why the individual levels have been selected.



Common Beginner Mistakes

Many new traders make similar mistakes when managing Stop Loss and Take Profit levels.

Avoid the following:

- Trading without a Stop Loss
- Moving the Stop Loss further away after entering a trade
- Removing the Stop Loss because the market is approaching it
- Taking profits too early because of fear
- Holding a winning position too long because of greed
- Setting unrealistic Take Profit levels
- Ignoring the planned Risk-to-Reward Ratio
- Moving the Stop Loss too quickly
- Changing the entire trading plan while the trade is already running
- Entering a trade without knowing where the trade becomes invalid

One of the most dangerous mistakes is moving the Stop Loss further away simply to avoid taking a loss.

If your original Stop Loss represented the point where the trading idea becomes invalid, moving it further away usually means accepting more risk than originally planned.

REMEMBER

Plan the trade before you enter.

Do not create the plan after the market has already started moving.



Trading without a Stop Loss



Moving the Stop Loss further away after entering a trade



Removing the Stop Loss because the market is approaching it



Taking profits too early because of fear



Holding a winning position too long because of greed



Setting unrealistic Take Profit levels



Ignoring the planned Risk-to-Reward Ratio



Moving the Stop Loss too quickly



Changing the entire trading plan while the trade is already running



Entering a trade without knowing where the trade becomes invalid

Final Notes

Stop Loss and Take Profit are two of the most important tools in trading.

They define your risk, protect your capital and help you follow a structured trading strategy.

Always remember:

- **Stop Loss protects your downside**
- **Take Profit secures your upside**
- **Moving to Break Even helps protect your capital**
- **Taking partial profits helps manage risk while allowing winning trades to continue**

Successful trading is not about avoiding losses completely.

Losses are part of trading. The important thing is to:

Control your losses

while:

Giving profitable trades enough room to develop

The trade should already have a clear structure before the position is opened. Your Entry, Stop Loss and Take Profit levels should not be random. Together, they form one complete trading plan.