TRADE MANAGEMENT

How to manage a trade after entry: partial profits, break-even, trailing stops, and avoiding exiting too early

Welcome Back, Fam

In Lesson 15 we refined entries. Equally important is what you do after execution. Many traders spend hours hunting the perfect entry, then have no plan once in: they close winners early, move stops emotionally, take profits without regard to targets or let a winner turn into a loser. Your management plan determines how you handle the uncertainty that follows. (All prices hypothetical; no management method guarantees profit, and neither partials nor break-even automatically improve a strategy.)

1. What Is Trade Management?

It is managing an open position from execution to close: monitoring whether the idea is still valid, deciding on partials, managing the stop, deciding on break-even, following targets, closing when the setup is invalidated or the plan complete, and recording the outcome. Two traders with identical entry, stop and target can get different results if one follows a written plan and the other panics at each retracement.

2. Define the Plan Before Entering

Know entry, invalidation, stop, targets, risk, management rules and exit conditions before you enter. Example buy: entry 4,100, stop 4,090, TP1 4,115, TP2 4,125, TP3 4,140; initial risk is 10 price units. The targets are planned exit levels justified by your model and context, not predictions. Decide in advance whether you will close part at each target or the whole position at one.

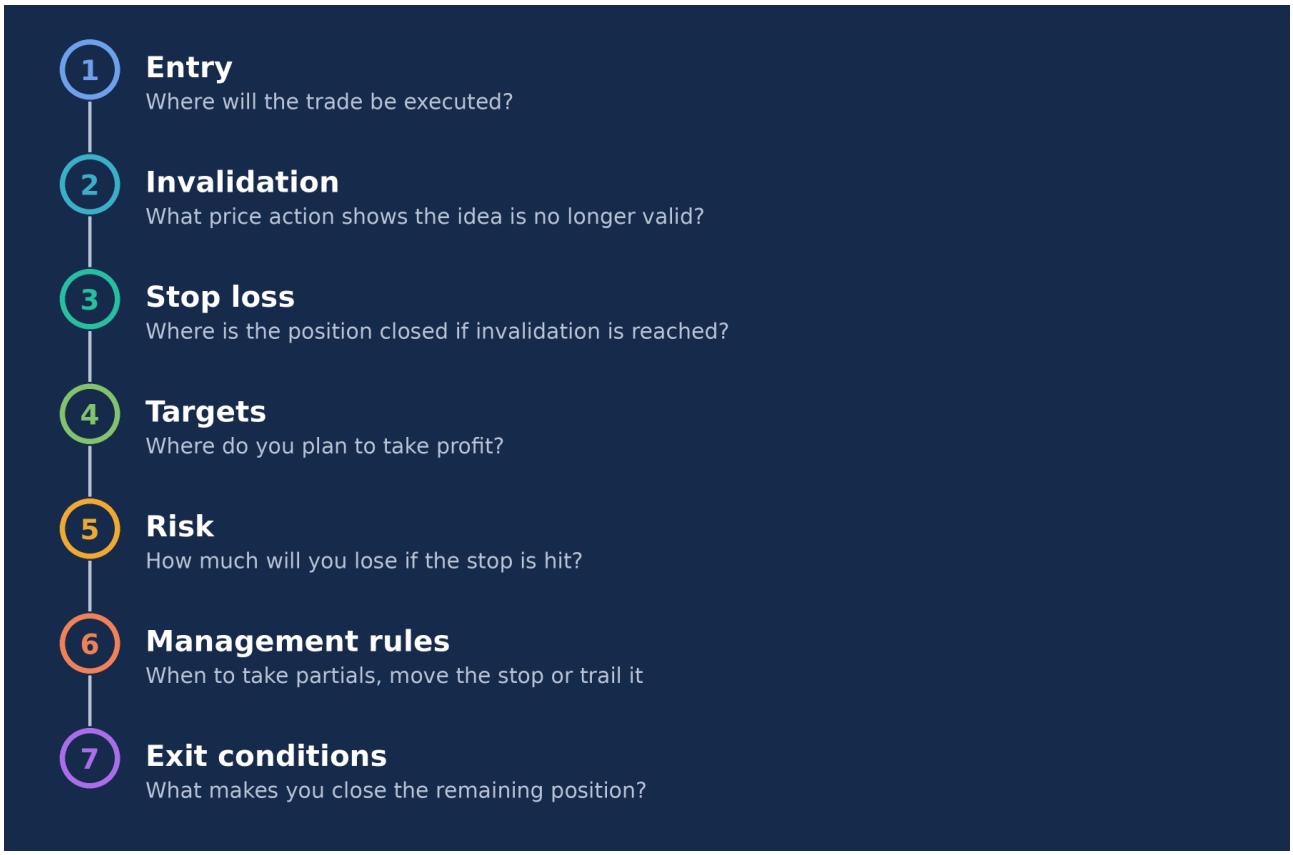


Figure 1: seven things to know before entry.

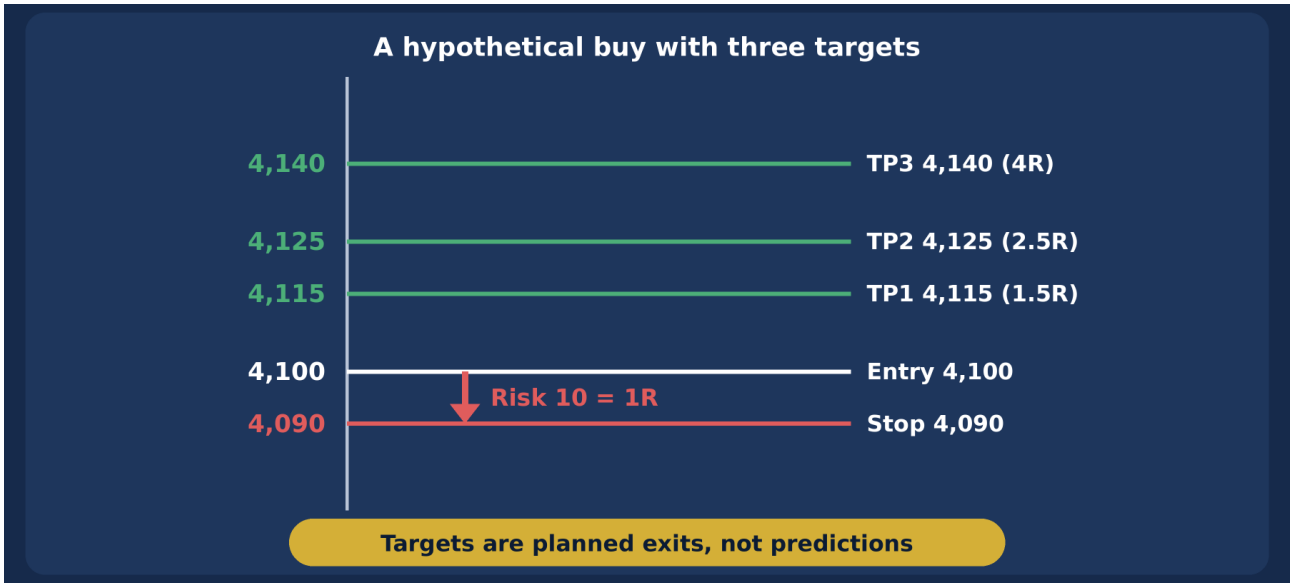


Figure 2: three targets and their R multiples.

3. Partial Take Profit

A partial closes a portion and leaves the rest active: a 0.30-lot buy at TP1 might close 0.10 and keep 0.20. Reasons: realise part of a gain, reduce remaining exposure, participate in a bigger move with a smaller size and follow a predefined exit. Trade-offs: less exposure to continuation, and frequent partials can lower a system's expectancy. They are not automatically better than holding to a target. And taking partial profit does not make the rest risk-free.

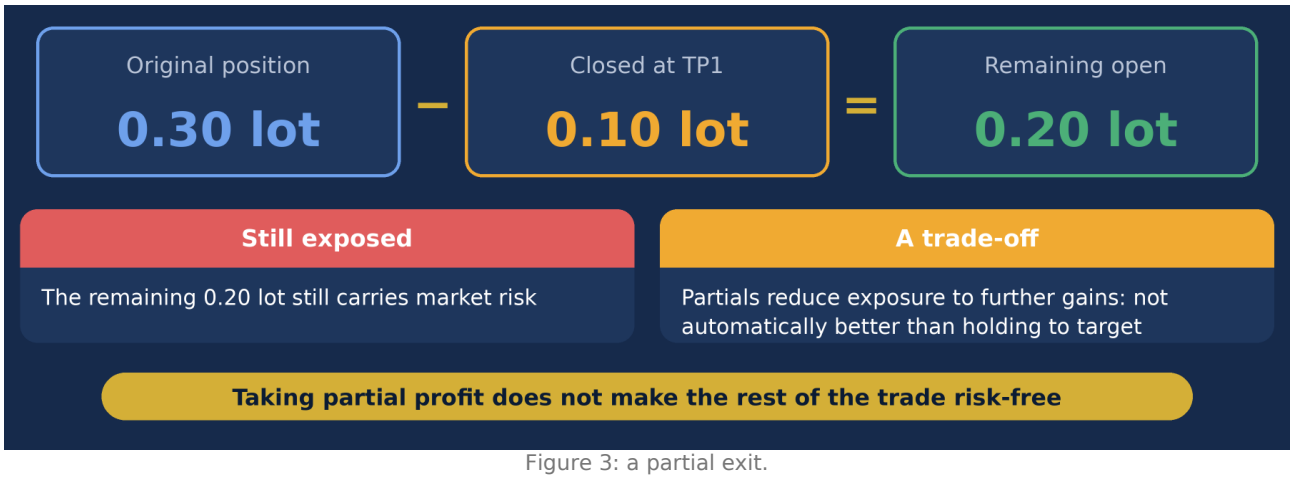


Figure 3: a partial exit.

4. What Does Break-Even Mean?

Break-even means moving the stop to the entry price so the trade can close near the original entry instead of at the original stop. "Risk-free" can mislead: spread, commission, swap, slippage and execution can still turn a trade stopped at entry into a small net loss. It can fit when price has moved enough, a meaningful objective was reached, a planned partial was taken, structure supports it, or your backtested rules say so. It can also hurt: buy at 4,100, price reaches 4,110, retraces to 4,100, stops you out and then rises to 4,130. The technique may not be wrong; the trigger may be untested or leave no room for normal fluctuation. Define the conditions before entering.

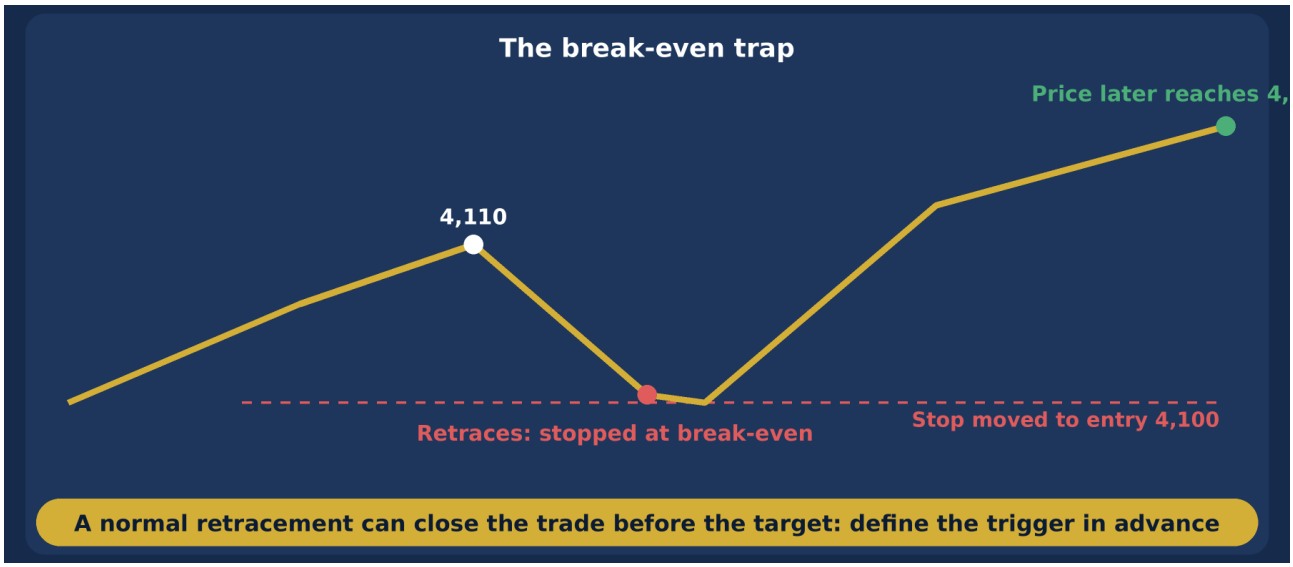


Figure 4: the break-even trap.

5. Trailing Stops

A trailing stop moves according to a defined rule as the trade progresses. Fixed-distance: simple but too tight in volatile sessions and too loose in quiet ones. Swing-structure: behind newly formed higher lows (buys) or lower highs (sells): connects the stop to the price action you study, but normal volatility can still hit it, and the swing must be identified consistently. Indicator-based: systematic but lagging. A structure-based method is worth testing for this academy, not universally superior.

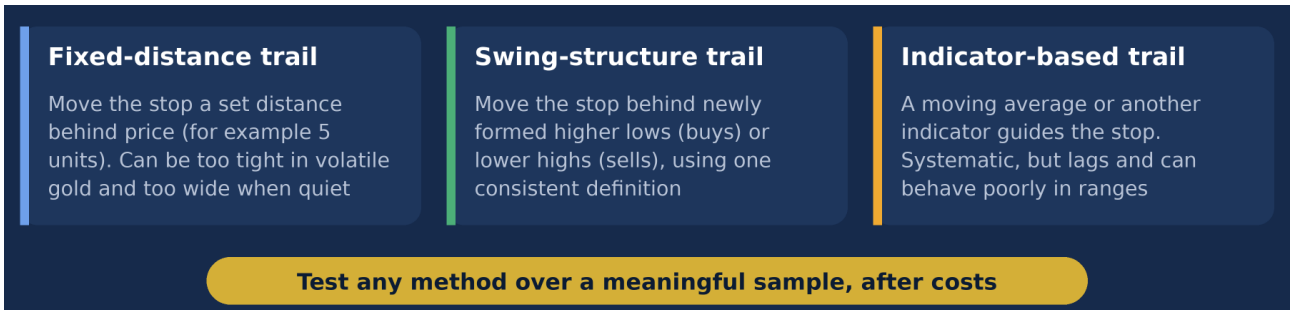


Figure 5: three trailing approaches.

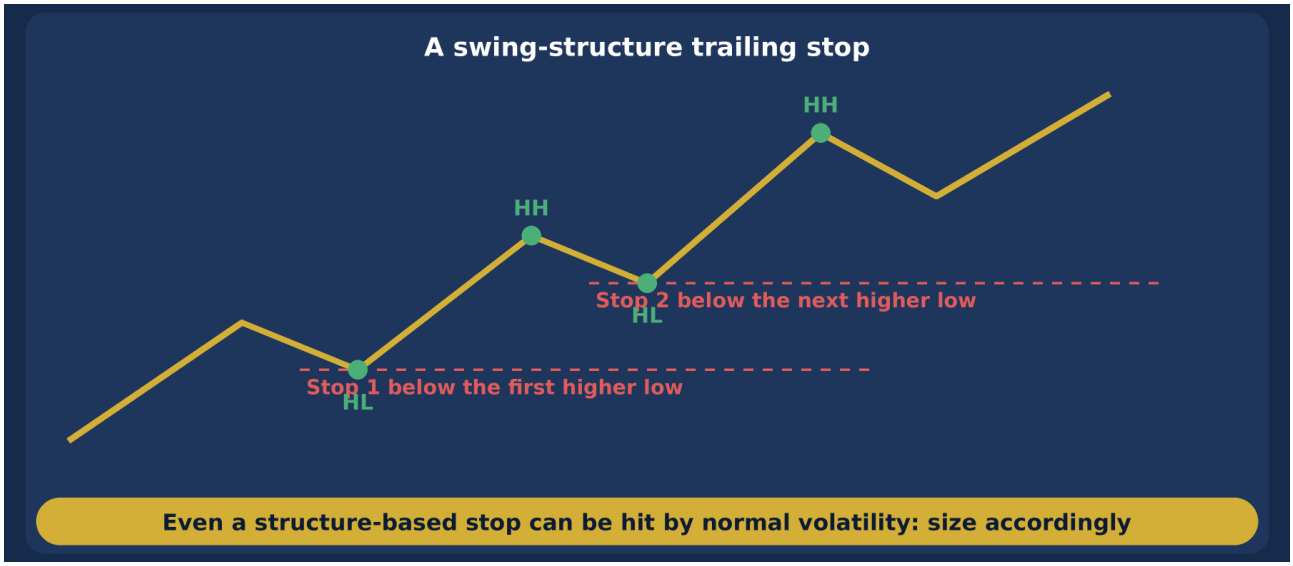


Figure 6: trailing behind higher lows.

6. Using ICT/SMC Concepts to Manage a Trade

After a bullish entry (sweep, displacement, MSS, FVG retrace), keep observing the conditions that supported it instead of reacting to every candle. If price continues, follow your targets and partial rules. A retracement alone does not invalidate a bullish trade; ask whether it reached your stop, violated your invalidation condition or changed the relevant structure. If price breaks the invalidation level, follow your risk plan; do not hold because gold “must” eventually go your way. An opposing FVG is context, not an automatic exit: consider its location, structure, target and tested rules.

7. Managing Through Multiple Targets

Three targets are one possible method. With entry 4,100 and stop 4,090 (1R = 10 units), TP1 4,115 is 1.5R, TP2 4,125 is 2.5R and TP3 4,140 is 4R. A plan might close a portion at TP1, apply a defined rule at TP2 and close the rest at TP3, or use one full-position target. Do not invent new rules mid-trade because you are excited, frightened or influenced by others.

Level	Price	Distance from entry	R multiple
Entry	4,100	0	0
Stop loss	4,090	10 against the trade	−1R
TP1	4,115	15	1.5R
TP2	4,125	25	2.5R
TP3	4,140	40	4R

Figure 7: the target ladder in R.

Added: what the plan could produce

Assume 0.30 lot, 100 oz per lot, and a 0.10 / 0.10 / 0.10 plan: stopped before TP1 loses about $300 (−1R); TP1 then break-even is about +$150 (+0.5R); TP1 and TP2 then break-even is about +$400 (+1.33R); all three targets is about +$800 (+2.67R). Gross, before costs.

Outcome (0.30 lot; assumes 100 oz per lot)	Result	In R
Stopped before TP1	−$300	−1R
TP1 hit, then stopped at break-even	+$150	+0.5R
TP1 and TP2 hit, then stopped at break-even	+$400	+1.33R
All three targets hit	+$800	+2.67R

Added: gross outcomes of a 0.10 / 0.10 / 0.10 plan, before costs

Figure 8: four possible outcomes.

8. What If Price Almost Hits TP?

Gold comes within a few units of TP2 and retraces, and you feel tempted to close. If your plan says close at TP2, follow it; if it says hold toward TP3 while structure is valid, do not abandon it because profit fluctuates. There is no universal rule to always hold or always close early: set the exit rules in advance and evaluate them with your records.

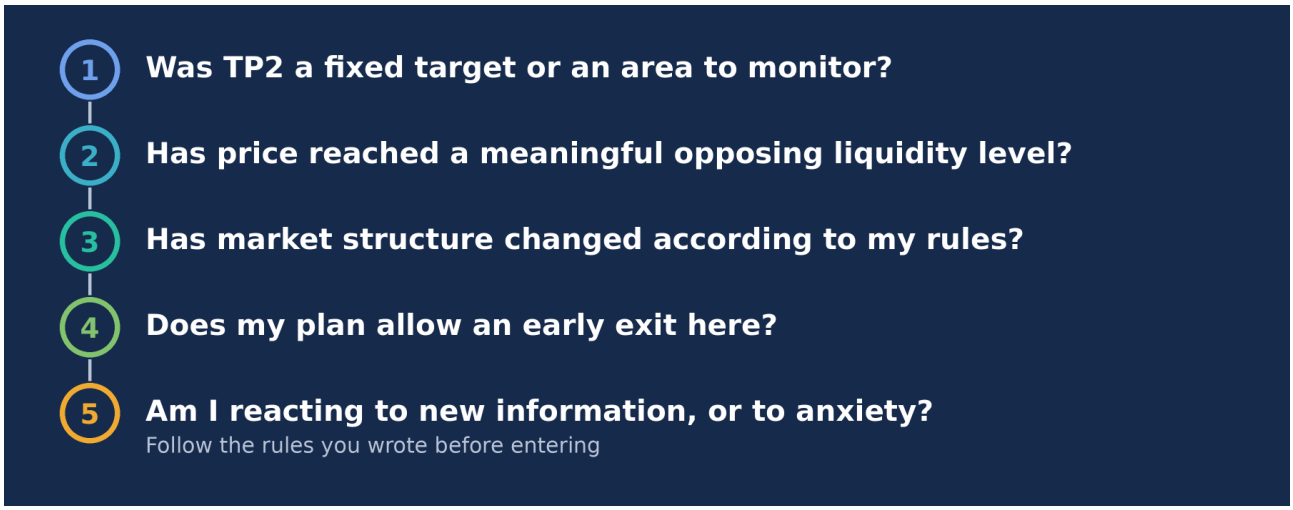


Figure 9: five questions.

9. What If the Trade Goes Into Drawdown?

Separate normal fluctuation within the planned risk (let your rules apply) from invalidation (follow the exit rules). Four rules: never move the stop farther away to avoid a loss; do not add to a loser unless a separately tested plan allows it and total risk stays controlled; do not remove a stop because you expect a reversal; accept that small planned losses are part of trading.



Figure 10: two kinds of drawdown.

10. The Psychology of Trade Management

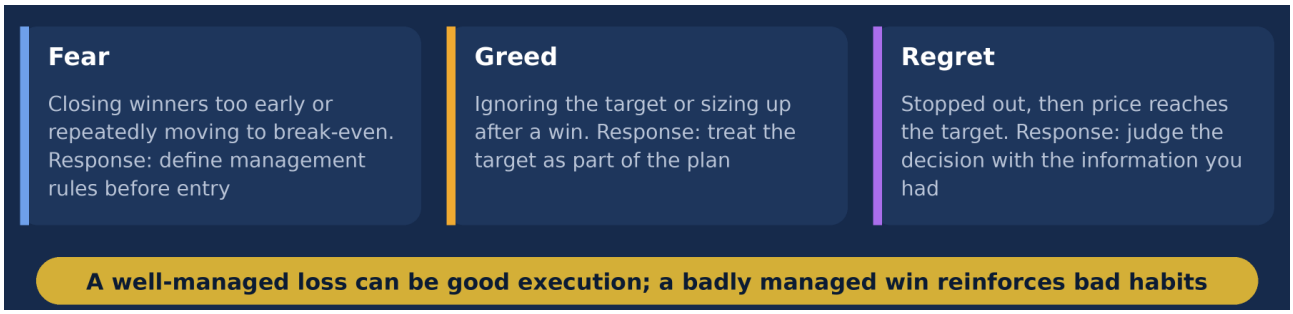


Figure 11: fear, greed and regret.

11. Common Trade-Management Mistakes



Figure 12: nine mistakes.

12. The Trade-Management Checklist

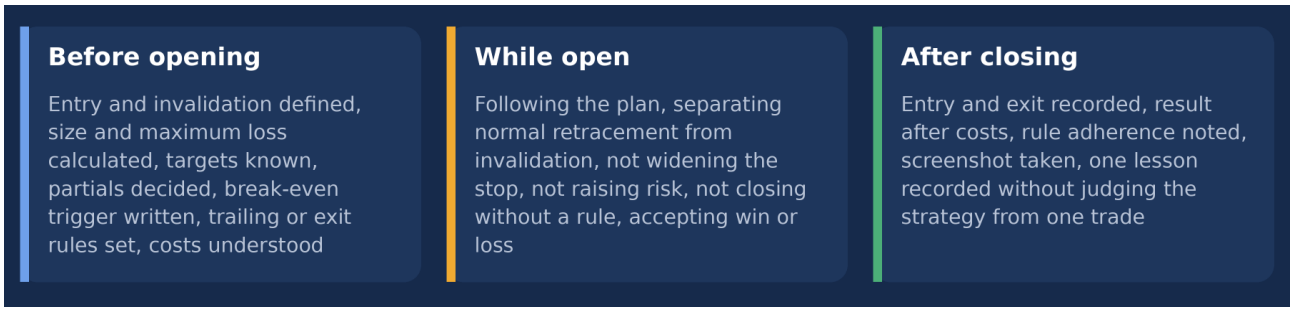


Figure 13: before, while and after.

13. Practical Exercise

Take five historical or demo trades and compare management methods. Do not assume what worked best on five examples will always win: a larger sample is needed; the goal is to discover whether a method fits your entry model and improves results after costs, not whether it feels more comfortable.

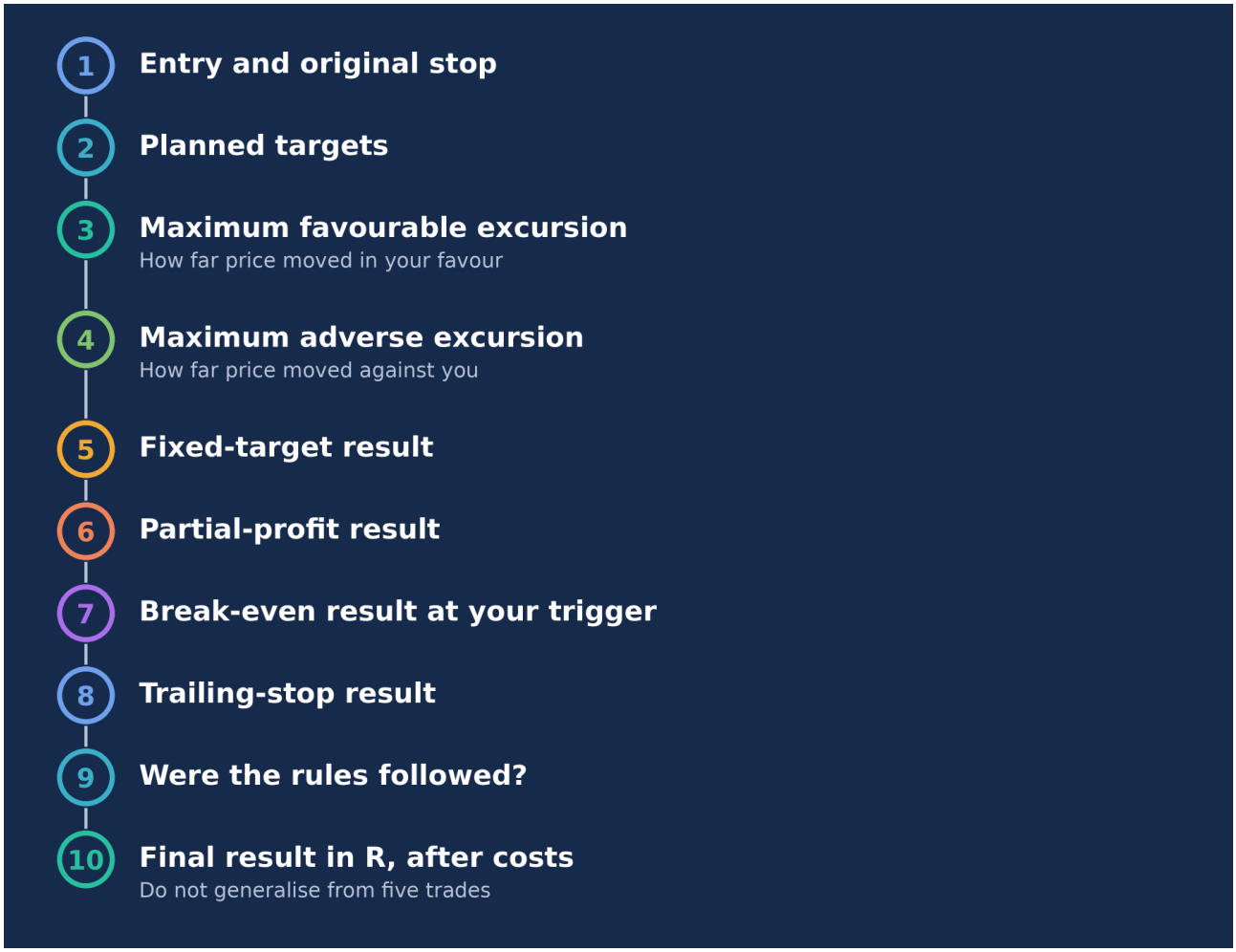


Figure 14: ten things to record.

Key Takeaways

- A good plan covers entry and exit.
- Partials, break-even and trailing stops are tools to test, not guarantees.
- Distinguish normal retracement from invalidation.
- Never widen a stop or remove it.
- Judge a series of trades, not one result.

Knowledge Check

Q: What is partial take profit?

A: Closing part of an open position while leaving the rest active.

Q: Does break-even guarantee a risk-free trade?

A: No: costs and execution can still cause a loss.

Q: Why might you be stopped out at break-even before the target?

A: The stop moved too early and a normal retracement closed the trade.

Q: Price reaches the invalidation level?

A: Follow the predefined exit rules.

Q: Is an opposing FVG automatically a reason to close?

A: No: it depends on context and tested rules.

Q: Why is widening the stop in drawdown dangerous?

A: It increases the loss beyond the original plan.

Q: How do you decide between partials and trailing stops?

A: Test methods over a meaningful sample and compare after costs.

Added: Glossary

Term	Meaning
R	The initial planned risk of a trade.
Partial	Closing part of a position.
Break-even	Stop moved to entry.
Trailing stop	A stop that follows price by a rule.
MFE / MAE	Maximum favourable / adverse excursion.

Next lesson

Lesson 17: Trading Journals and Backtesting.

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