

Hedging – one person's method

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Using your normal rule-based trading strategy for all trades, and only if you're past 5-10 pips negative from your entry, **based on 5% risk**:

Hedge at **more than 62% retrace**, but **less than 3% loss** *only if the long-term indicators are still good for the original trade, and short-term for the hedge**

Close hedge at **hedge = 0 profit** re-hedge only if necessary, 1-2 more times

Close both:

re-hedging not working *you're just wasting time or losing opportunities*

at original trade = 0 profit *set hedge SL = trade TP = original trade's entry point*

Can leave the original trade going if it looks good *can make up for all or part of the loss*

While hedging, **keep trading** based on **available margin** *so you don't miss great opportunities*

Limit the number of hedged trades to 2 *so you have some margin left*

**For instance, the H1 chart says BUY, but the trade makes a nasty retrace, but stays in the channel. Only take the hedge if the retrace is going strong on a shorter timeframe chart.*