

STOPS & PROFIT TARGET STUDIES

We believe that the success of a trader is directly correlated with their stops and profit targets. We focus on trading only in the direction of the trend using low risk entries points (less < 8 ticks).

This past week we sent out an article explaining the direct correlation of your stop to your profit target ([to view this article click here](#)). One of our clients was nice enough to provide us with the same analysis on Spot Forex. The tables below show the effect on your trading account using the following parameters:

Trading one contract

[Table 1: 50 pip stop and 30 pip profit target](#)

[Table 2: 50 pip stop and 50 pip profit target](#)

[Table 3: 50 pip stop and 100 pip profit target](#)

[P/L is the total Profit or Loss after all trades.](#)

As you can see below, by setting your profit target to double your stop value, you can have an accuracy rate (accuracy defined below) as low as 40% and still increase your account.

Trade #	70%	50%	40%	30%
1	30	30	30	30
2	30	30	30	30
3	30	30	30	30
4	30	30	30	-50
5	30	30	-50	-50
6	30	-50	-50	-50
7	30	-50	-50	-50
8	-50	-50	-50	-50
9	-50	-50	-50	-50
10	-50	-50	-50	-50
P/L	60	-100	-180	-260

Trade #	70%	50%	40%	30%
1	50	50	50	50
2	50	50	50	50
3	50	50	50	50

4	50	50	50	-50
5	50	50	-50	-50
6	50	-50	-50	-50
7	50	-50	-50	-50
8	-50	-50	-50	-50
9	-50	-50	-50	-50
10	-50	-50	-50	-50
P/L	200	0	-100	-200

Trade #	70%	50%	40%	30%
1	100	100	100	100
2	100	100	100	100
3	100	100	100	100
4	100	100	100	-50
5	100	100	-50	-50
6	100	-50	-50	-50
7	100	-50	-50	-50
8	-50	-50	-50	-50
9	-50	-50	-50	-50
10	-50	-50	-50	-50
P/L	550	250	100	-50

[You can download the Excel Worksheet and put in your own numbers by clicking here.](#)

The Accuracy Rate is defined by the number of winning trades versus losing trades, ie achieving your profit target versus being stopped out. Therefore, a 70% accuracy rate means you had 7 winning trades and 3 losing trades (out of a total of 10 trades).