

Mindmap on How to Exit Swing Trades



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Exiting Swing Trades

Position not working in your Favor

Stop Loss based on Price

Pre-determined Stop Loss

Low of tight High-Low range

Percent below entry price (say 3-5%)

Other methods such as close below the low of entry candle or failure to close above the tight range etc.

Exit immediately when price hits your pre-defined stop loss. This is non-negotiable for risk management

Staggered Stop Loss

This approach allows for a more gradual exit, potentially capturing a reversal if the price rebounds after hitting the first stop, while still managing risk if the move against you continues.

Time based Exit

If the anticipated move has not materialized within your expected holding period.

For example, if price doesn't move within 3-5 days, exit regardless of profit or loss.

Predefined Target Exit

Exit at a pre-set profit target

When trade achieves a pre-set risk-reward ratio, often 1:2 to 1:5.

When price reaches certain % away from short-term EMA say 10% above 10EMA

Exit on Strength

Exit part or all of your position into strength while the momentum is still strong, reducing the risk of a sharp reversal.

Partial Exit

Book profits on a portion of your position at the first target, move your stop loss to breakeven, and let the rest ride with a trailing stop.

Position working in your Favor

Technical Signal Exit

Use technical indicators to trigger exits. Can consider any of the following indicators.

Price closing below short term EMA such as 10EMA or 20EMA

Breach of swing low on shorter timeframe such as 75-minute or 125-minute charts

Average True Range (ATR) Trailing Stop: Set your SL at a multiple (e.g., 2x or 3x) of the ATR (10-Day ATR or 14-Day ATR) below the highest price achieved since entry.

Percentage Trailing Stop: Set your trailing stop at a fixed percentage (e.g. 5% below the highest price since entry)

Other indicators: Parabolic SAR, Supertrend, Vstop etc.

There is no single best approach or indicator to exiting profitable trades. Each method serves different trading styles and objectives. Choose the exit strategy that aligns with your plan, risk tolerance, and market conditions, and be open to refining your approach as you gain experience.

Event/News-Based Exit

Consider exiting or reducing exposure ahead of major events such as earnings, or any adverse news floating around.