

3) The "Protection Range"

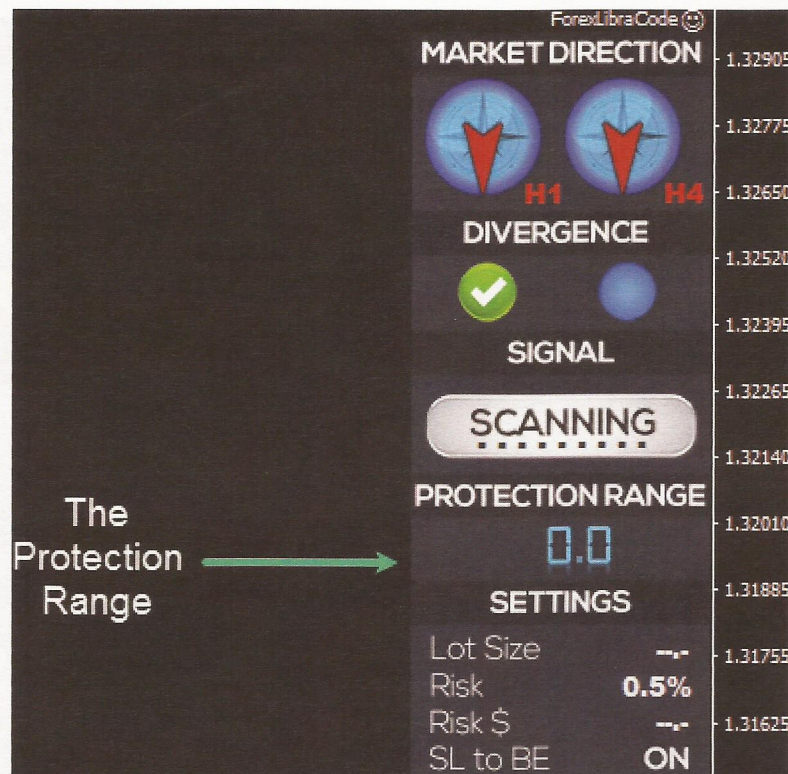


Image 10

The **Protection Range** will stop us from trading should there be, what I call, "unnatural" price movement.

The **Protection Range is measured from the entry price to the Stop Loss level** and compares these points to the market volatility, and the time frame we trade to the movement range on the pair.

We want to avoid trading when, for instance, the daily range is "small," at say 40 pips. This could then mean that our stop loss could be placed too far away from entry at say 80 pips, making the trade risky ie. the range is too large. *(Our trading rules later in this manual will specify what Protection Range value should display, whether trading Conservatively or Aggressively).*

That's where our **Protection Range** comes in. **It identifies the current market volatility and normal range, and alerts us to the current range.**