Stop Losses Are For Sissies I know that a zillion people are going to write me and criticize what I'm about to say. Let me say up front: if you read to the end of the ebook, we talk about what a smart ratio includes. I'm not against ratios per se. I'm just against "holy grail" ratios. I think the illustration below captures the thought. People will tell you, on message boards and in courses and on the Web and in videos and in books that you have to have a "certain" ratio – your average win has to be greater than your average loss. Is this true? Is that really, really true? No! It's a bunch of BS and it has caused more traders than I can list to go broke trying to get 50 pips for every 25 that they lose. Or 100 pips for every 30 that they lose, because someone was talking to them about having to have twice as many pips on their wins as they have on their losses. You can't just think about your stops in relation to your gains. You can't cut off every trade just because it's reached a point at which it equals 50% of your average gain. That's ridiculous. While it might be true that you're doing really well if your average gain is bigger than your average loss, there is no – ever, ever ever – magic ratio. It simply does not exist. It never has, and it cannot be proven to have existed. What if your average loss is 50 pips and your average gain is 50 pips, but your win% is 70%? Doesn't the reliability of your system have something to do with it? What if your system wins 68% of the time, and your average bet/trade size is 3% of your account value? Can you see what I'm getting at? If you only think of trading in terms of your avg loss vs. your avg. gain, you're not getting the entire picture.

It is useful for any Forex traders that
like Learn Forex online Trading. For Easy to use

https://www.pipsafe.com

I think that most people who talk about ratios are implicitly telling you this. They're assuming that your system is 50% profitable. I've even seen ratios where they "build in" your bet size and your win% -- those are better ratios by far. But don't become obsessed with finding a system that returns some magic ration of wins to losses. You don't have to find that magic ratio. It doesn't exist. **By Rob Booker To read more,please download the book.** Download This Book