

# Stop Winner Turn Loser

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## Stop Letting A Winner Turn Into A Loser

We all have had trades which started off profitable only to end up in loss. This not only hurts financially but also emotionally. In this article we will explore the psychology behind it and how to overcome it.

We all know that fear and greed is what drives most of the new trader's decisions. Though a very simple concept to understand, it is very hard to put into practice. The primary reason why new traders let their winning trade become a loser is due to lack of trading plan. Before placing any trade we should know when to take profits and set the stop loss. We will cover ways of setting profit targets and stop loss in another article.

Setting profit taking point is only the first step. It happens so often then before the trade can reach the profit target it reverses back to go all the way to Stop Loss. At that time we curse the market and feel cheated. This has quite serious implications on mind of a trader. Next time as soon the trade turns profitable the trader is inclined to take profit prematurely so as to not get cheated by market again.

Now we covered the psychological point of how it works, lets look into how we can avoid falling in this trap. First divide the profit target into three parts. These three parts don't have to be of equal size. They can very based on support / resistance or any other criteria. When placing trades always trade in lots divisible by 3. Close first third when trade reaches third of your profit target. Do NOT move the Stop Loss to starting point yet. Once the trade reaches second profit target close the second third and move the Stop Loss to starting point. The last third is now a free ride.

Trading this way not only reduces your risk but also locks in profit as you move along. However always keep in mind not to trade more than 1-3% of account equity in one trade.

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