

TURTLE TRADING RULES SIMPLIFIED

Entries

System 1 Entry - Turtles entered positions when the price exceeded by a single tick the high or low of the preceding 20 days. If the price exceeded the 20-day high, then the Turtles would buy one Unit to initiate a long position in the corresponding commodity. If the price dropped one tick below the low of the last 20-days, the Turtles would sell one Unit to initiate a short position.

System 1 breakout entry signals would be ignored if the last breakout would have resulted in a winning trade. The direction of the last breakout was irrelevant to this rule. Thus, a losing long breakout or a losing short breakout would enable the subsequent new breakout to be taken as a valid entry, regardless of its direction (long or short).

However, in the event that a System 1 entry breakout was skipped because the previous trade had been a winner, an entry would be made at the 55-day breakout to avoid missing major moves. This 55-day breakout was considered the Failsafe Breakout point.

At any given point, if you were out of the market, there would always be some price which would trigger a short entry and another different and higher price which would trigger a long entry. If the last breakout was a loser, then the entry signal would be closer to the current price (i.e. the 20 day breakout), than if it had been a winner, in which case the entry signal would likely be farther away, at the 55 day breakout.

System 2 Entry - Entered when the price exceeded by a single tick the high or low of the preceding 55 days. If the price exceeded the 55 day high, then the Turtles would buy one Unit to initiate a long position in the corresponding commodity. If the price dropped one tick below the low of the last 55 days, the Turtles would sell one Unit to initiate a short position.

All breakouts for System 2 would be taken whether the previous breakout had been a winner or not.

Stop Placement

The Turtles placed their stops based on position risk. No trade could incur more than 2% risk.

Since 1 N of price movement represented 1% of Account Equity, the maximum stop that would allow 2% risk would be 2 N of price movement. Turtle stops were set at 2 N below the entry for long positions, and 2 N above the entry for short positions.

Exits

The **System 1 exit** was a 10 day low for long positions and a 10 day high for short positions. All the Units in the position would be exited if the price went against the position for a 10 day breakout.

The **System 2 exit** was a 20 day low for long positions and a 20 day high for short positions. All the Units in the position would be exited if the price went against the

position for a 20 day breakout.

These are Difficult Exits

For most traders, the Turtle System Exits were probably the single most difficult part of the Turtle System Rules. Waiting for a 10 or 20 day new low can often mean watching 20%, 40% even 100% of significant profits evaporate.

There is a very strong tendency to want to exit earlier. It requires great discipline to watch your profits evaporate in order to hold onto your positions for the really big move. The ability to maintain discipline and stick to the rules during large winning trades is the hallmark of the experienced successful trader.

Read Complete Turtle Trading Rules at:

<http://forex-strategies-revealed.com/mt4/turtle-trading-system>