Originally Posted by **ut2DaMax**

Well I certainly saw all of that: And the Brokers made out like bandits! IMO Neat how the Banks/Brokers kick out your stops ... and assume the positions ... and immediatly .... change direction and make a quick profit ..... at your expense .... a sitting duck you are ... for a ragging appetite by them. Some of you need to read this report and get an understanding of this process on going to steal your positions and eventually break your accounts: Now do you understand why so many unsuspecting Newbies bite the dust eventually? Read this report and find out why: IMO IMO

Stop Hunting 101:

Trade Team Update -- 2/26/08

Today in the chat and over the past few weeks, we indicated that should the market take the euro to 1.5000, that it would not stop there and turn around, but would likely move to 1.5050 to give the banks and brokers the opportunity to trigger stops and cause major stoplosses acrossed the board...

That is precisely what happened when we touched 1.5000... the banks and brokers triggered stops and this fueled the exaggerated move towards the 1.5050 level, before falling back...

Now to this day I still get traders that want to argue with me or don't want to believe that there's such a thing as stop hunting and stoploss triggering. I'm not going to use this post to discuss the value or stupidity of using stops, but rather to explain how this whole thing works with the hopes that more traders can eliminate getting stop hunted and can keep more of their profits...

Basically, all ***the brokers shove it down your throat****that you must set tight stoplosses of 20 or 30 pips or at 00 and 50 levels, plus most tech traders use stops because they have* ***no clue how this market really works*** *and why it moves the way it does, plus all the* ***big "gurus"*** *beat traders over the head about* ***placing tight stops****, plus if you go into any FX chat room or message board (except ours) and you tell them* ***you don't use stops*** *you'll get ridiculed, beaten-up and bullied for not using stops... it's really ridiculous...*

With the vast majority of retail traders using tech indicators, the same tech indicators, the vast majority are all setting stop losses within a few pips of each other all on the same key tech levels, so right off the bat, ***they are sitting ducks****, in addition,* ***the brokers can see those stops*** *and they have computer algorithms to hunt those stops...*

So, during times of low liquidity and during times when the big market players are out of the market, the ***banks*** *and* ***brokers work together*** *to manipulate the market to* ***move against those traders*** *and to* ***trigger those stops****, it's very simple and* ***easy for them to do****...*

Have you ever set a stop? Have you ever seen your stop get hit only to watch the market turn right around and go the opposite direction? If you answered yes to that, you were the victim of a stop hunt.

The other way traders get easily stop hunted is for the fact most set stops on round-number levels like ***00, 20, 40, 50,*** *etc. For example, suppose a trader uses some techs and they decide to set a stop 30 pips below a key Fib line (which is tremendously common) well, the brokers and banks know what those levels are and they know the mentality of the tech traders so they use low-liquidity opportunities to* ***push the market past those key tech levels*** *to* ***knockout stops*** *and then the* ***market turns around*** *and* ***goes the opposite direction****...*

I could go into much more depth on this, but I think you should get the idea...

Stoploss triggering *is similar to* ***stophunting****, but slightly different... lets use today's move from 1.5000 to 1.5049 as our example because that was a classic, textbook, run-of-the-mill* ***stoploss trigger****by the* ***banks and brokers****...*

How did I know that the banks would trigger stops if we were to break the 1.5000 level? I can't see any stops and I'm not a broker, and I'm not psychic, but I knew this and warned about this way in advance because I know the mentality of traders and I knew there would be tons and tons of stops all over the place between 1.5010 and 1.5050...

On a ***stoploss triggering*** *situation, when there are big stops placed with big money on the line, this just fuels the stoploss fire and that's when we see the kind of exaggerated and violent moves we saw today...*

And surprise, surprise, when did this take place? Almost as soon as the NY traders went home, when the European and UK traders were sleeping, and before the Tokyo traders turned their computers on... ***it started right after 5:10 p.m. EST*** *when the market was completely flat and there was almost zero liquidity...*

That is the time of day that the ***banks*** *and* ***brokers will hunt stops*** *and* ***trigger stoplosses****... it's tremendously easy for them to do, as we saw today right before our eyes... and just as we said, the market would return to the point from where it took off -- the market will almost always return to the point it takes off from because those moves are 100% stoploss triggers and 0% buying... if it was a move caused by buying, the market would not fall right back down again and return to point of take-off, but it did...*

Simply look at a chart at ***5:10 p.m. EST****, follow the spike up to 1.5049, then follow its fall back to where it was at* ***5:10 p.m. EST*** *-- I'm not into candlepatterns, but that is a straightup stoploss trigger pattern on your chart!*

Again, I could go into more depth on the stop thing, but hopefully I've made my points clear and this is information you'll take into consideration if you decide to use stops in *the future...*

Credit goes to:
http://www.fxinsights.com/forums/showthread.php?t=858

And I agree with this report: IMO