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Why a daily target halves the result

A fixed 200 $ target per day cuts the year's profit in half. A time limit on losing trades costs nothing and lowers the drawdown. The difference is which trades you cut.

Many traders want the same thing from a system: a steady 200 $ a day with a Micro contract, and no long runs. The simulator answers both wishes with numbers.

A fixed 200 $ profit target per trade halves the annual result, because the system's profit comes from the few trades that run to the next liquidity level, often 300 to 600 $ on one Micro. Capping those at 200 $ keeps all the losers and cuts the winners.

'Stop trading after 200 $ for the day' changes almost nothing: only 24 % of trading days reach 200 $ with one Micro at all, and the average day makes 31 $. The rule rarely triggers, and when it does it removes a second winner.

A time limit is a different kind of cut. Closing a trade that is still below its entry after sixty minutes removes trades that were going nowhere; it keeps the runners, because a runner is above its entry by then. Result: nearly the same profit, drawdown down from 916 $ to around 800 $ in version 2 and to 573 $ in version 3, longest losing streak from ten to eight.

Trailing the stop tightly and adding contracts on a good run were also tested: both worsen the ratio. Scaling works only by fixed size, two Micros from about 3 000 $ of account.

The lesson generalises: cut by time what is not working, not by amount what is. The amount you would cut is the amount the system lives on.

Backtest results are produced with the benefit of hindsight and do not account for every cost and failure of live execution. They are shown so that the system can be judged, not to promise a result.