

Trading EveryDay PitFalls

Trading EveryDay

Chinese Proverb

*"**Tension** is who you think you should be.
Relaxation is who you are."*

Trading Insight

Whether you realize it or not,
as an aspiring trader...

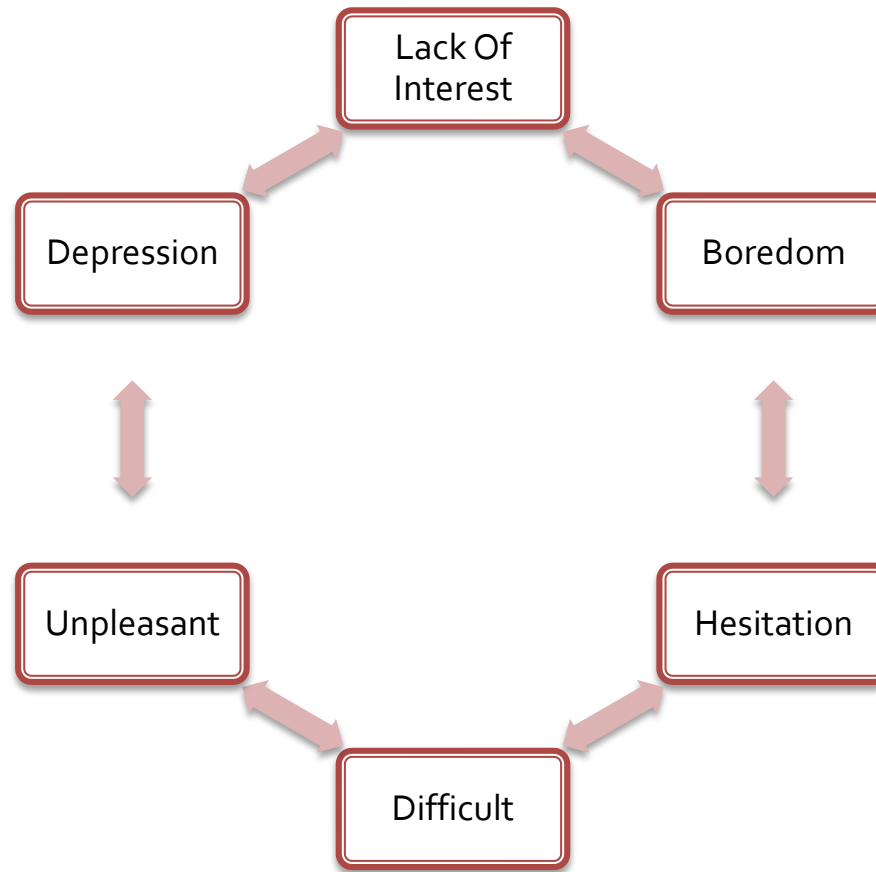
you will *unconsciously experience* numerous
psychological disorders and *panic attacks*!

Why?

Psychological Barriers...



More Procrastination Barriers...



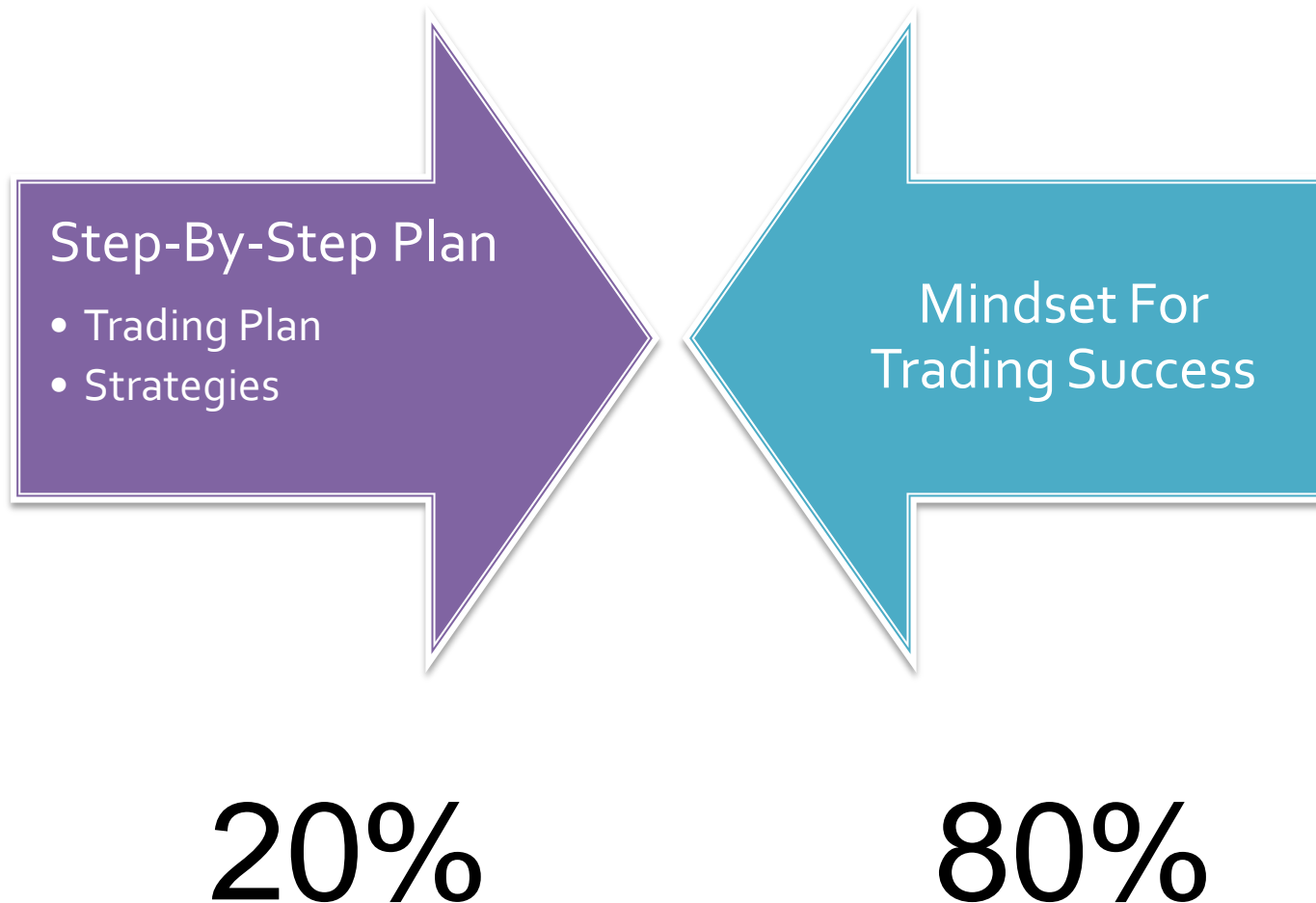
Unlimited, Never-Ending Success...



Your Subconscious Mind Holds The Key...

1. Identify the internal conflicts
2. Conflicts often come from a lack of understanding or incompleteness
3. With age, our minds are closed with a great amount of tension
4. To allow them to open requires us to relax it and relax our body along with it
5. Identify when we are fighting a perceived, but illusionary enemy
6. Understand that your 6 senses or the receptors of trading information
7. Learning to use all senses collectively for a common purpose is what heightens your intuition and instinctive ability
8. Realize that your ego often is what's keeping your intuition at "arms-length" when you suppress, deny, ignore or don't tap into your subconscious
9. Realize that bad situations...are temporary

Minimum Requirements Approach



Trading Dilemma...

- You are still mentally attached to the “**Boat Load**” of money in strategies, black boxes, gadgets, gizmos or trading education you’ve spent ...
- And at this point, :
 - *Hell, It’s tough to walk away from all that lost time, money and effort and have either nothing or very little ...to show for it!*
- You might think you can take “shortcuts” and make it as a profitable trader!
- These traders have an even bigger dilemma:
 - How do you expect to “learn to trade” if you can’t trust what you see in the charts?
 - *You don’t know what you don’t know ... until you see it for yourself!*
- Have you worked on your trading mindset any?

How Much Do You Really Know?

1. Traders try to piece together requirements for their trading success
2. Why? Because they see the step-by-step “how-to” in one area and then try to find the other ingredients to change their mindset...without a recipe!
3. From personal experience, my BIGGEST breakthroughs in all facets of my trading success – started with a shift in my mindset
4. Most of us have a lot of clutter and commotion in our lives and even more in our trading careers
5. This definitely blocks your mind from allowing you to break through to your success .

The Problem

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Overcoming The Trading Blues...

1. Learn from your trade execution mistakes and failures
2. Don't dwell on previous trades
3. Don't be afraid to "pull the trigger" again, because you will make mistakes in the future
4. Realize that failure is a part of the "learning curve" to trading success
5. Change your perception of "learning to trade" and stop using profits as the result for success
6. To be able to concentrate for a considerable time is essential to difficult achievement
7. Unlike critical thinking which expects you to think out of the box literally and sometimes come up with the most ludicrous ideas, critical thinking involves a measured process of analysis of facts, data and assumptions in order to come to a rational conclusion.

More Procrastination Barriers...

Stage One

- Identify the key issue that needs to be resolved

Stage Two

- Gather relevant facts and data

Stage Three

- Clarify possible assumptions, theories and concepts

Stage Four

- Look for evidence to support your cause of action

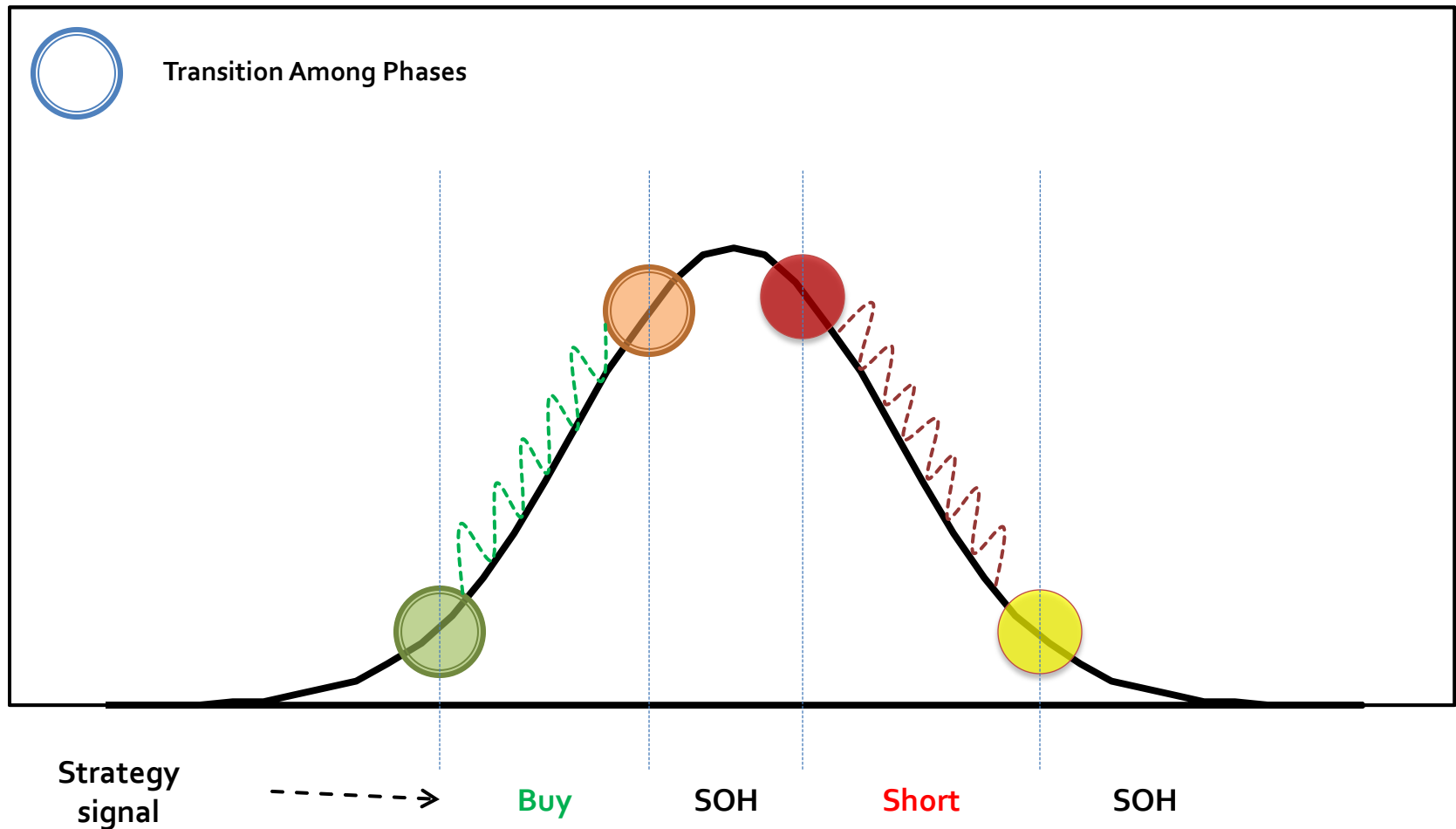
Stage Five

- Check and keep in view any inconsistencies

F.E.A.R.

1. False Evidence Appearing Real
2. Conquering those fears by understanding that they are false until you believe them!
3. Fears are created and conquered in the mind first
4. Overcome the belief that you are not ready!
5. When we stand in our own way, we stand in the way of what is in front of us...progress
6. Become a powerful problem solver
7. Focus on becoming more attentive

Market Cycle + Trending Strategies



10 Attitudes to Avoid for Trading Success

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Attitudes to Avoid – 1 through 4

1. **Pessimism**. If you have negative thoughts about your trading, it will feed your actions and affect your motivation - and not in a good way. Make every effort to **STAY POSITIVE**.
2. **Procrastination**. Setting aside your scheduled tasks kills time AND opportunities. *In trading*, **EVERY SECOND COUNTS**.
3. **Laziness**. Examine your work ethic. In trading, you don't get something for nothing. So, **if you want trading success, work for it**.
4. **Anxiousness**. Anxiety contributes to stress that triggers sickness. It should be avoided in order to develop a healthier mind, body, and soul. It's always best to **start your trading without any worries**.

Attitudes to Avoid – 5 through 7

5. **Greediness.** In trading, the excessive desire for money, power, etc. will lead to trading failure. Why? Because your emotions become involved. **Be logical and objective at all times** in order to have a clearer mind in making trading decisions.
6. **Ungratefulness.** Without a thankful heart, you'll end up nowhere. It's not only about karma, but how you return the kindness of people. So **attract positive energy** that will help you achieve your trading goals.
7. **Vices.** Vices always breed something bad. They breed unhealthy thoughts, words, and actions. By eliminating vices, you open the door to positive changes in your trading.

Attitudes to Avoid – 8 through 9

8. **Unwillingness to change.** If you're trading isn't working for you, you must do something different. Insanity has been defined as doing the same thing over and over with the expectation of getting a different result each time. **Change incrementally** if that works better for you.
9. **Cowardice.** A person who lacks courage is not capable of moving forward. If you are afraid of taking risks in trading, you may never succeed. There is no successful trader in this world who hasn't taken risks. Best to **be courageous and persevere on your path to trading success.**

Attitudes to Avoid – 10

10. **Lack of self-confidence.** More often than not, people who lack confidence never succeed. You must believe in yourself and your trading to achieve trading success. But beware of too much confidence, because arrogance takes your focus off of your trading goals.

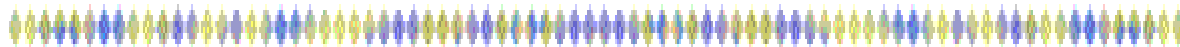
Celebrate Your Trading!

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Celebrate Your Trading!

Do you ever **CELEBRATE** your trading?
CONSCIOUSLY, DELIBERATELY celebrate?

Trading can take it's toll on you, so it's important to reward yourself and
CELEBRATE YOUR SUCCESSES!



Why Celebrate?

Why Celebrate?

There are at least three (3) great reasons to celebrate your trading:

- To recognize your results and efforts.
- To acknowledge your accomplishments and progress.
- To show appreciation for the people in your life who are supporting your efforts.

When Should I Celebrate?

When to Celebrate

- When you reach your profit goals.
 - Weekly, monthly, and *especially* your annual goal!
- When you achieve a milestone.
 - Complete a trading plan that includes EVERYTHING you need for trading.
- When you find a mentor, a course, a seminar, etc. that has lifted you from the trading doldrums!

When Should I Celebrate?

Other (not so obvious) **Times to Celebrate**

- When you've worked exceptionally hard or made it through an especially difficult day, week, month, or year.
- When you've helped out a trading colleague with your trading knowledge and experience.
- When you actually stick to the trading plan you worked so hard to complete.

Do's and Don'ts of Celebrating!

A Few Do's and Don'ts for Celebrating...

- DO clarify the reason(s) for the celebration to yourself and others who might be present.
- DO be real and genuine about the reason for celebrating. Take this as seriously as your trading and know you deserve this celebration.
- DON'T just go through the motions. Be present and enjoy the occasion.
- DON'T delay the celebration! If you do, it'll quickly lose its luster or you may never have the celebration if you wait too long.

Failure

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What People Think?

- PEOPLE THINK FAILURE IS AVOIDABLE. IT'S NOT.
- PEOPLE THINK FAILURE IS AN EVENT. IT'S NOT.
- PEOPLE THINK FAILURE IS OBJECTIVE. IT'S NOT.
- PEOPLE THINK FAILURE IS THE ENEMY. IT'S NOT.
- PEOPLE THINK FAILURE IS IRREVERSIBLE. IT'S NOT.

What People Think?

- "It doesn't matter how much milk you spill as long as you don't lose your cow." In other words, mistakes are not irreversible. The problems come when you see only the "spilled milk" and not the bigger picture.

What People Think?

- "If silly things were not done, intelligent things would never happen."

When you make a mistake, keep things in perspective. Understand that on the heels of every mistake is a valuable lesson and another opportunity to improve.

Improve Your Trading Effectiveness

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Improving the Effectiveness of Your Trading

- Commitment to Learning. Most traders don't see themselves as a true asset of their trading endeavor. For this reason, many choose –consciously or unconsciously - not to invest enough in their training and development, resulting in desperation, the hunt for quick fixes, huge losses, panic, etc.
 - Many will tell you **that the best and quickest path to successful trading is to LEARN how to do it** – methodically, logically, patiently with a variety of resources (seminars, courses, coaching/mentoring, books, trading rooms) that make sense for you.
 - **Make a commitment to your learning. It may be the best investment you ever make.**

Improving the Effectiveness of Your Trading (cont.)

- Develop a Single Goal. A Trader needs a Single Goal to achieve and both short-term and long-term goals to get there. A trader needs something to rally around, **like financial security and freedom**. With this as your ultimate goal, you may be more inclined to dig deep and find the motivation to make it happen.

Improving the Effectiveness of Your Trading (cont.)

- Perform Regular Reviews. We all like to know how we're doing, yet most traders don't seem to review their performance on a regular basis to find out.
 - If you **review your progress everyday**, figure out what worked and what didn't, and develop an action plan for improvement, you will **always stay focused on the Single Goal**.
 - Believe it or not, if you skip a review, you may lose momentum and have to work to regain it. The last thing you want to do is lose momentum, **so review your performance every day**.

Improving the Effectiveness of Your Trading (cont.)

- Instill a Sense of Urgency. Complacency can be the biggest barrier to the success of most any effort. Anytime you pause to rest on your “laurels”, be ready for others to pass you. You may not be going backwards, but standing still can be just as disastrous.
 - **Make trading fun, but always have a sense of urgency** when it comes to your daily trading. If you don’t, your competitive edge may quickly dissipate.
 - Develop a culture of constant improvement to help instill a sense of urgency. You may never reach perfection, but it doesn’t mean you stop trying.
 - **Be happy with your performance, but never satisfied.** Make sure you are always hungry for your next great achievement.

Improving the Effectiveness of Your Trading (cont.)

- Hold Yourself Accountable. Trust is often the most difficult part of developing yourself. Do you trust yourself? Do you trust yourself to do the right thing?
 - Being fully trained and equipped with the right tools helps, but **trusting yourself leads to confidence** and being secure in the knowledge that you have prepare well and planned diligently for trading success.
 - **Trust is an amazing thing when it comes to the psychology of success**. And trusting in yourself accomplishes amazing feats.

Improving the Effectiveness of Your Trading (cont.)

So if you want to see the effectiveness of your trading improve,
try one or two of these concepts.

If you want trading success beyond your wildest dreams, commit
yourself to implementing all five –

and watch what happens!

Improve Your Trading with a Sense of Humor

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Why a Sense of Humor?

Did you know that laughter...

- **Reduces stress?**
 - Laughter is known to reduce levels of the stress hormones, while at the same time increase levels of 'feel good' endorphins.
- **Enhances the immune system?**
 - The number of antibody producing cells is increased as a result of laughing and the effectiveness of cells that destroy viruses/cancer cells is enhanced.
- **Improves creativity and productivity, communication and rapport?**
 - Studies show that laughter expands our vision, opens us up to new ideas and potential, and is a great icebreaker in uncomfortable situations.

Lightness and Laughter in Trading

- Lightness and laughter are not consistent with the serious nature of trading.
 - But since you know the benefits of laughter and having a great sense of humor, it's more than OK not to be so heavy and uptight all the time with your trading.
- Setting the mood can be beneficial. Set aside a few moments at the start of the trading day, or any time you're feeling a bit stressed, to get in an upbeat mood. Listen to comedians, play with your kids or pet, etc.
- The benefits of laughter and having a sense of humor with your trading are real. Just ask your family and those around you!

Time Management and Trading

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Time Management and Trading

- Time management is about getting results, not about being busy. It is an essential skill for trading.
- The essence of keeping track of your trading is to **organize and execute your trading plan** and is the key to keeping everything in order.

Time Management and Trading (cont.)

- Time management is really **an attitude (vs. technique)**, meaning you should be enthusiastic about achieving your trading goals. It is something that you can work on over time to develop and perfect.
 - It is as much a state of mind as an actual performance skill.
 - When you get into the right frame of mind, your brain is setting itself a goal. Set your mind to it and get it done.
 - It is **a core skill of effective trading** because it affects the way you use or waste other peoples valuable time as well as your own.

Time Management and Trading (cont.)

- **It's all about balance.** You should not allocate every single minute to your trading. Make time to spend with your family, exercise, go for a walk/hike for fresh air, take a bike ride. You'll be refreshed and ready to dive into your trading activities again.
- Time is not a renewable resource. We all have the same 24 hours in a day. With personal, professional, social, family, and financial goals, we all work toward multiple goals. **If you get organized**, plan ahead, and define your priorities, **you will be better positioned to deal with the stress** that comes with trading.

Time Management and Trading (cont.)

You Choose How You Want to Use Your Time.

Remember that All You Can Do is All You Can Do.

**And Reward Yourself from Time to Time.
You Deserve It!**

Most people find the most success in ***"structured" environments and maintain their learning's easier.***

These environments create natural instincts and acceptance of ***discipline, organization, attention to details, courage, risk taking*** and other characteristics **required to succeed** in trading!

Military and/ Armed Forces
Academic Schooling & Training
Sports, Medicine, Law

Ignore The Truth

- **Can't follow simple instructions consistently!**
- Don't accept that trading is a progression of continuous learning
- You get "less than" what you put into trading...
 - *Little* work means *no* return; *Significant* work equals *some* return
- **Not aware of their intuition.**
 - Not learned how to control thoughts (self-talk)
- **Don't realize that their past success is deceiving**
 - Creates a false sense of security
- **Don't repair the damages to their trading mindset**
- Looking for fr.ee help or constantly trying something new
- **Holding on to "bad decisions" ...wasted money and trading purchases**

Winning Trades

- When a winning trade occurs...
 - *There is usually a profit*
 - *Initial stop can be moved to minimize the potential of the initial risk*
 - *The potential target is at risk of being hit*
- Most traders don't accept the "natural" price action movement (*i.e., pullbacks and rallies*) and often don't understand having to risk some if not all of the profits in a winning trade.
- Practice considering the initial target as a milestone for only selling a "portion" of the original *position*



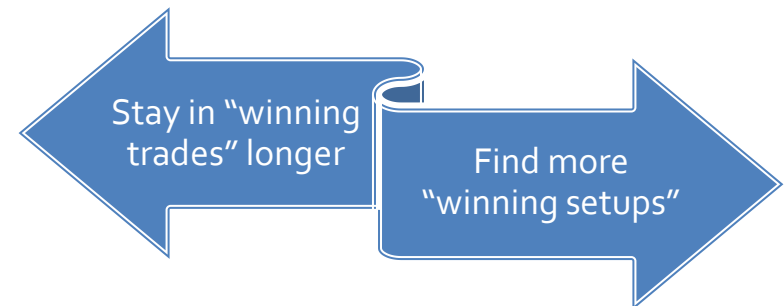
Picture for Most Traders

- ✦ Tenacity for staying in “wrong and bad” trades
- ✦ Very suspicious of “winning trades”
- ✦ Unwillingness to detach from old trades
- ✦ Distrust for the current trending price action
- ✦ Consumed by anticipation of next trending move
- ✦ Excessive sensitivity to losses
- ✦ Lack of remorse during account draw-downs
- ✦ Disregard of feelings in losing trades
- ✦ Impulsive and irresponsible decision-making
- ✦ Strong emotions of anger, anxiety, or depression that last for hours
- ✦ Unstable trading behaviors...chasing markets, entries...



The Fastest Way To Succeed In Trading

- Focus on learning to stay in “winning trades longer”
- Learn to manage trades from a “free trade” mentality
- Place emphasis on keeping profits
 - Without taking on “too much risk”
 - Use them on “higher timeframes”
- Get good at trading simple up-trends and down trend.
 - *Have a SOH strategy otherwise!*



Ignoring Capital Preservation

- Novice traders think that “paper (simulated) trading” will improve them as a trader
 - First, trading is 80%, 90% or more mental and psychological
 - Paper trading has nothing to do with your mindset...at best, it can help with your trade execution
 - Not good for managing emotions
- Most traders try “Dollar-Cost Averaging” a few times to improve the price of a bad trade...
 - Avoid just cutting the initial loss
- Traders are magnetically drawn towards...taking more trades to compensate for the many mistakes they make...this leads to “Over Trading”
 - Having a feeling of “missing profits” or “don’t leave me”...
 - Traders easily chase late after the setups are GONE
- Most traders don’t have a game plan for Position Size Management
 - Most traders keep looking for the “Big Trade” and usually end up reducing their position size as they keep losing (Totally Backwards Thinking!)
 - More Backwards Thinking....usually exiting “winning trades too soon” and hold onto losing trades too long!
- ***Refuse to focus on consistency and small profits first!***

Have No Clue...of High Odds Trading

- Most Traders *can not distinguish* a “high odds” trade from a “low odds” trade...even after having some success
- A “high odds” trade for one trader may be a “low odds” trade for another.
- What is a “high odds” trade?
 - When you have trading performance...it’s the best performing strategy or setup that provide you with a positive expectancy and you have a high percentage of profitability with taking it!
 - In reference to the broad markets... it’s market conditions that are the most favorable for you to generate profits
 - Usually trending market conditions are the most favorable and “highest odds” since there are more profit opportunities
- Identify strategies and trading styles that provide high odds trading
- Have no idea of which trading style fits their demeanor
 - Low % of winning trades ([Being Wrong more...](#))
 - High % of winning trades ([Being Right more...](#))
- Understand the requirements for having a profitable approach.

Profit Taking

- **Goal:** Pull profits out of a small account
 - Easier to understand the average range of a market and pursue profit targets within these boundaries
 - Remember trading is about survival, small accounts have very little room for errors
 - *In the beginning...More trades will lead to more errors*
 - Requires you to become a high odds trader; otherwise account will drawdown on a losing streak and trading plan rules and criteria will mitigate future trades or trading regulations will stop your trading
- **Danger:** Multiple trades simultaneously
 - Correlated positions will accelerate losses
 - Learn to trade with “marker lot” first; then gradually work towards learning to scale-in to positions
 - *Only add to winning positions*

Day Trading Small Accounts

- Most traders don't develop a clear game plan for **"preserving capital" by any means necessary!**
- Traders usually don't have or create a **simple yet effective trading plan** that can be followed **w/o hesitation**
 - Max # contract/shares
 - Position size based on odds of trade & less than max #
- Develop a **disciplined** trading strategy that makes money!
 - Focus on trading strategies & systems with positive expectancy
 - Start trading w/ extremely small quantity.
- **Quit searching** for "holy grail" and free stuff!
- Build up trading confidence...because you will need every "bit" of it and some!
- FOCUS on Incremental account growth and diligently watch "draw-down"
- Don't over leverage your account
 - **Using margin can accelerate your losses** and liquidation of your account
 - Avoid big risk trades; one bad loss usually will **"wipe out"** a small trader
 - Learn to trade for tomorrow

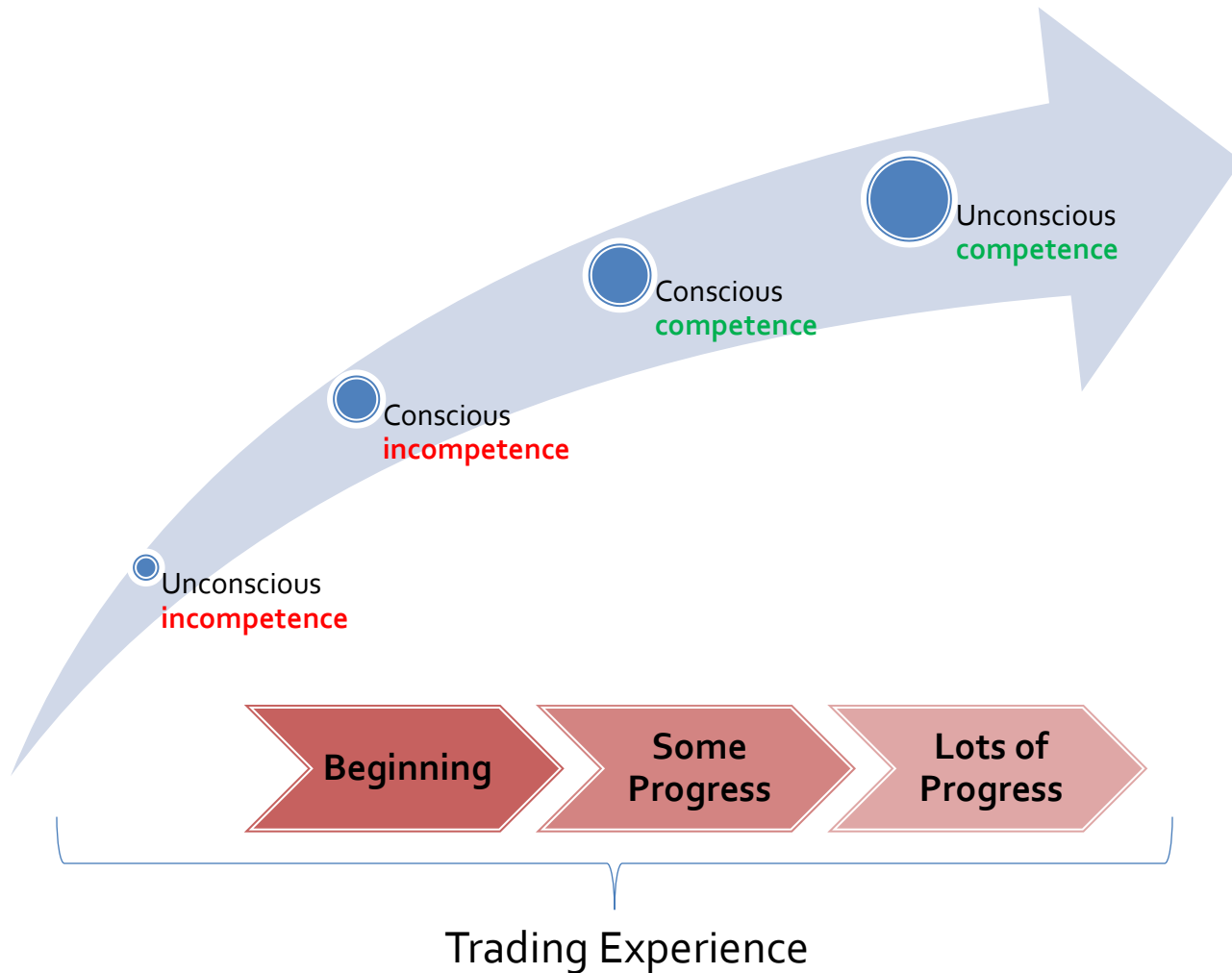
Self-Sabotage

- Focusing on what you're lacking versus "what you want!"
- Allowing fear to get in your way
- Feeling of inadequate in some manner
- Limited belief of how well you can do at trading
- Too much focus internally on negative propaganda
- Not willing to do what it takes to make it as a trader
- Don't listen to your intuition enough
- Back away from opportunities for growth
- Afraid to take BIG risk
- Not clear on your life purpose
- Not focusing
- Afraid to invest in yourself versus losing more money
- Ashamed of something in your life
- Don't believe in miracles, chance, or fate
- Continue to procrastinate
- You enjoy getting in your own way
- Your inner critic is LOUD and SCREAMING
- Don't believe inside you can do this

Looking In The Wrong Places

- Trade to win or don't trade at all
- Understand your trading landscape (i.e., timeframe, expectations, goals) first, then trade with clarity
- In trading, YOU don't get an "A" for Effort!
- Learn "something" to do something with it!
- Ask...What is it YOU really need to learn?
- Goal...What do I need to get X?
- Why?
- *Traders naturally become tradaholics...*
 - *Must Avoid This Destructive Force*
 - When you trade a style that your natural strengths don't provide leverage, it's a recipe for disaster

Mind Set Evolution



Four (4) Stages Trading Competence

- Unconscious **incompetence** - traders are naive and blind as to what they don't know about "learning to day trade" well.
- Conscious **incompetence** - traders realize, after big losses, they don't know "how to trade" well.
- Conscious **competence** - trading dramatically improving with profits by using proven trading plan, strategies, support, and lots of practice.
- Unconscious **competence** – trading in natural sense and flow, trading skills or reaching levels of intuitive.

Developing Trader's mindset

Successful trader's understand that they most continuously
learn the BASICS and make it "second nature"

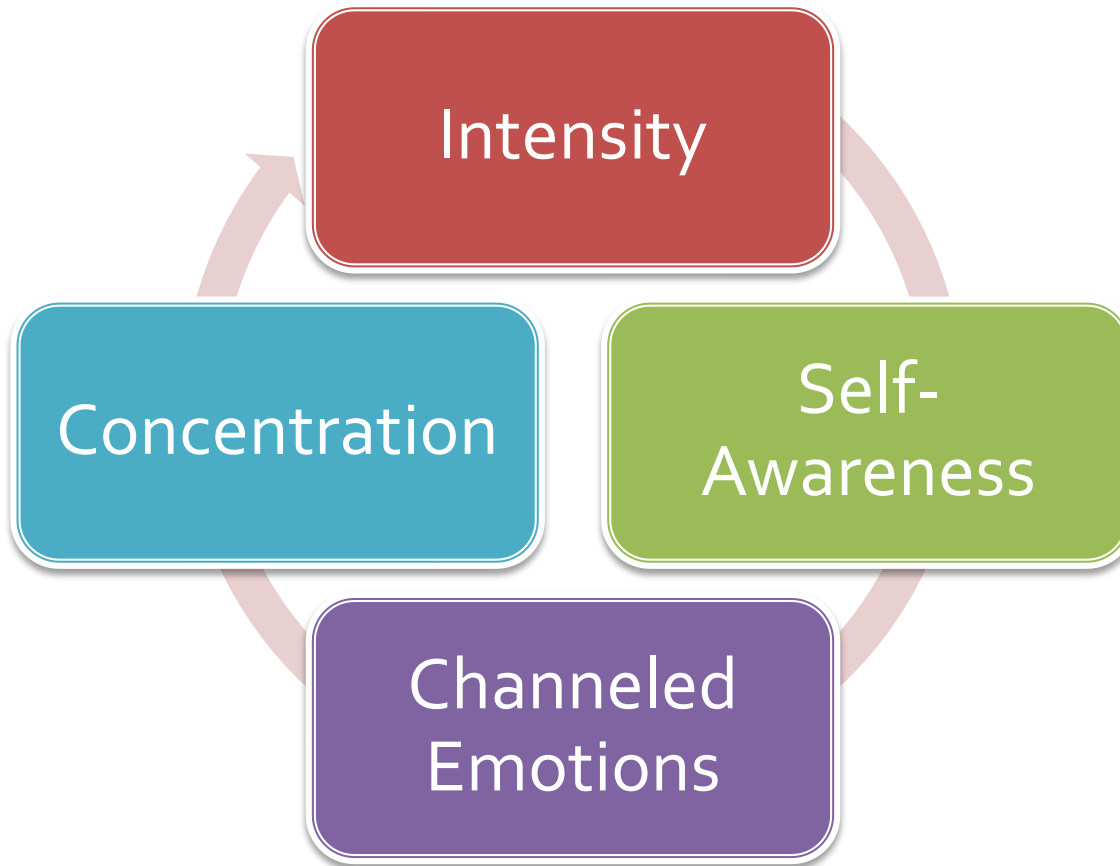


Disciplined trader's **use a incremental learning approach** for
"new trading related" materials



Consistently profitable traders learn to **trade "with in" the markets** and not force their beliefs on it

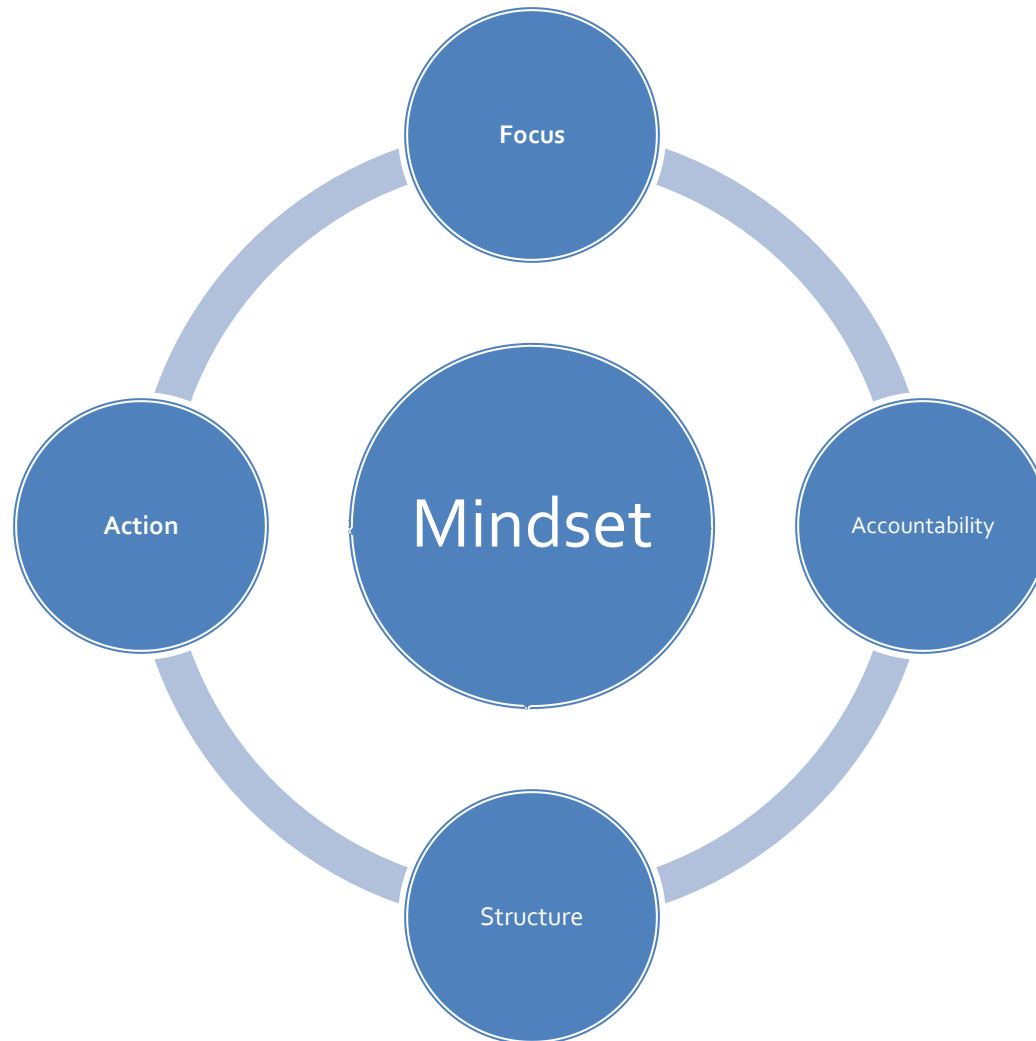
Mastering The Basics



Time is Required

- An aspiring trader needs to accept ...
 - that some amount of time is required for the conscious development
 - to go from a dissatisfied, inconsistent, not profitable trader
 - understand that *focus, accountability, structure and actions* are required
 - just to achieve average results.

Safeguard the Mind Set



Value of Trading Experience

- Trading experience and psychology are worthless unless you learn to leverage them in tandem with your results and apply them to your trade execution.
- Maximum growth is attained by **redirecting intensity, focus, emotions and concentration** into efforts that create productivity and leads to results = profits.

Change is Easy

Struggling outside implies you are ***struggling inside***

Realize the ***right mindset creates “warp” speed!***

Let go of the “hand-me-down” beliefs
and experiences gone wrong!

Trading ANTS versus Trading APES

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Trading ANTS and Trading APES

Trading ANTS

- Automatic Negative Thoughts

Trading APES

- Automatic Positive Experiences

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Trading ANTS

1. "I pretty much know everything there is to know about trading because I've read a lot of trading books, so show me something new! Show me something I don't already know"
2. "I already know that! I got that already. By the way, that don't work for me!"
3. "I already understand technical analysis and indicators, and I get good execution. I have a lot of trading experience....oops...I mean lots of "losing trades".
4. "I get bored easily, so I have to be trading. I can't sit on my hands. Besides, I don't like holding for very long....too much potential risk.
5. "I need to build my confidence. And start making some money."
6. "I can do it. This is easy! I can make a lot more money by scalp trading....just need to continue using tick charts. I can even trade the e-mini futuresit has tax incentives, low cost to trade, and leverage. Just don't tell anyone that I blew up my first brokerage account in no time. "
7. "What can you show me that I haven't already seen? Believe me, I've seen it all."
8. "I have a trading plan and just want to learn some new things"

Important perspective

Please know this about me:

I had some of these SAME self-sabotaging issues I am about share with you!

Trading ANTS...Help You With Self-Sabotage

- Focusing on what you're lacking versus "what you want!"
- Allowing fear to get in your way
- Feeling of inadequate in some manner
- Limited belief of how well you can do at trading
- Too much focus internally on negative propaganda
- Not willing to do what it takes to make it as a trader
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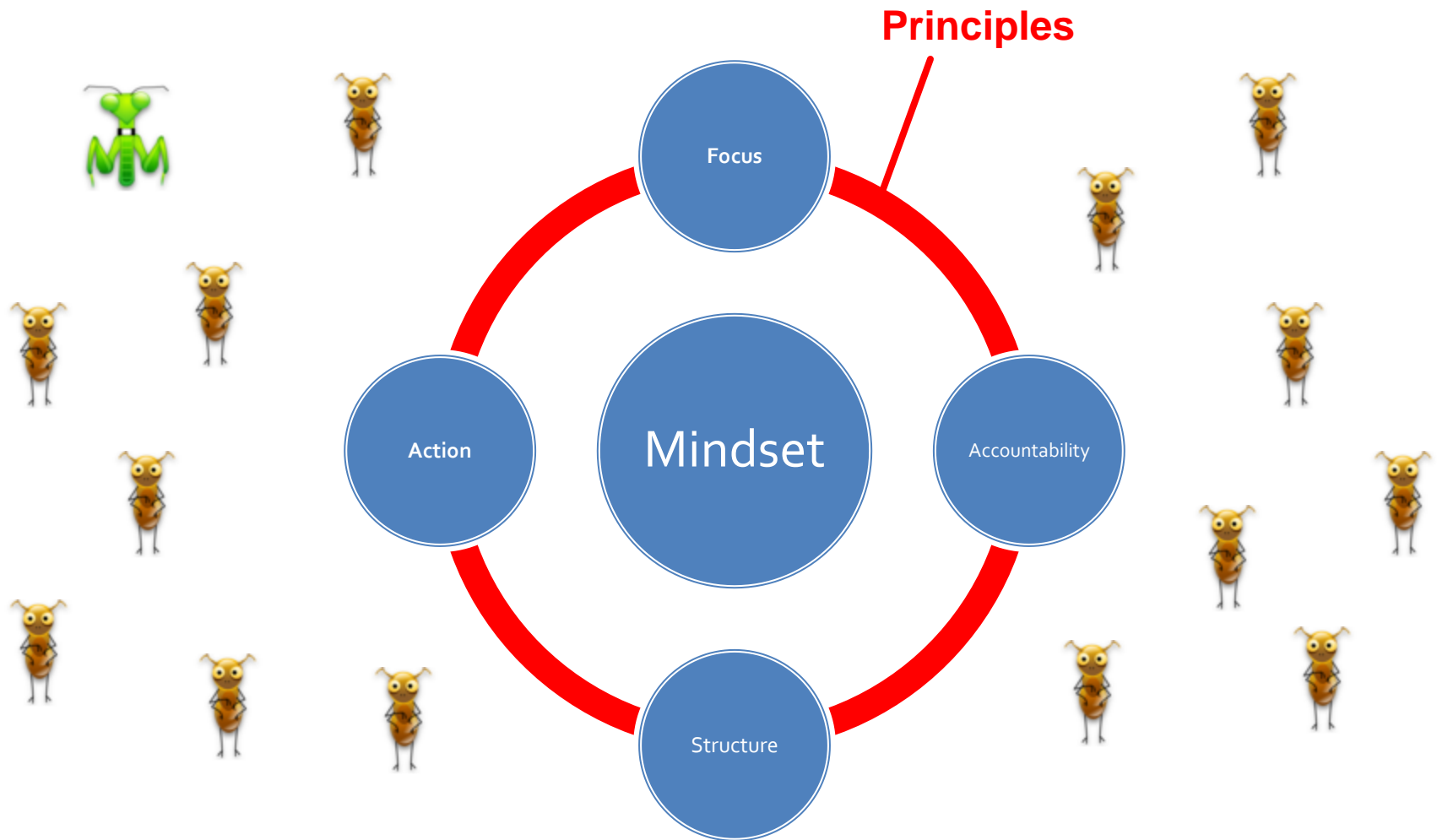
Squashing Your Trading ANTS

1. Always pictures your trades as having a positive lesson to be learned
2. Do not inflate the possibilities of a negative trade to more than what it really is
3. Everyday, evaluate your trades and find “something” good to be gained from that trading experience
4. Fear is only a trading problem when you allow it to take control of your trade execution
5. Remember it’s not what happens in any one trade that leads to success
6. It’s what’s inside you as a trader that settles negative events and ANTS
7. Your trading thoughts directly impact your trading results
8. You can not have trading success and a negative mindset
9. There are no shortcuts to trading success...“just wrong turns”
10. Don’t allow your subconscious become the villain that runs your trading amuck
11. Certain trading tactics easily conduct subliminal persuasion on your trading discipline

Time is Required

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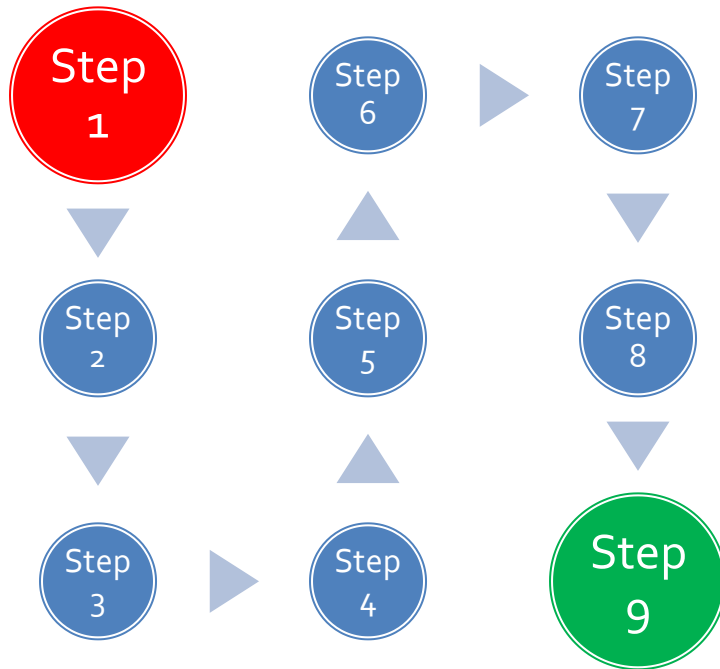
Guiding Principles to Safeguard the Mind Set



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- Maximum growth is attained by **redirecting intensity, focus, emotions and concentration** into efforts that create productivity and leads to results = profits.

Incrementalism



Incrementalism: The preferred approach for introducing change to your trading. There are advantages to introducing change in small steps. Two (2) of them being

1. Reduced initial negative impact and
2. Increased efficiency and measurable results.

Change is Easy

Struggling outside implies you are ***struggling inside***

Realize the ***right mindset creates “warp” speed!***

Let go of the “hand-me-down” beliefs
and experiences gone wrong!

Three (3) Easy Steps To Improve Your Trading

Trading EveryDay

The Wise Approach...

- Transform Your Trading Mindset to one of simplicity

Unique Trading Psychology Mindset

- 📌 Adopt a Three-Prong-Approach
 - 📌 Minimize loses in each and every trade as much as possible
 - 📌 Maximize profits in winning trades
 - 📌 Manage and reduce the amount of “paper” profits given back from winning trades
- 📌 **Focus on one objective: creating the “best” trading psychology mindset**

The Wise Approach...

- Build a learning blueprint and use a **market lot** for all trades until you see consistent **improvements**

Only Entry Method You Need: Scaling In

- ✚ Simple techniques usually are the most effective in trading
- ✚ Typically you don't know it's trending price action until you get "confirmation" with either
 - ✚ Higher Highs and Higher Lows, or Lower Highs and Lower Lows
- ✚ Trending price action comes with natural retracements
 - ✚ Potential to give back some of profits with price action fluctuations

The Wise Approach...

- ✿ Stop focusing on “profits” & always start with “risk” first

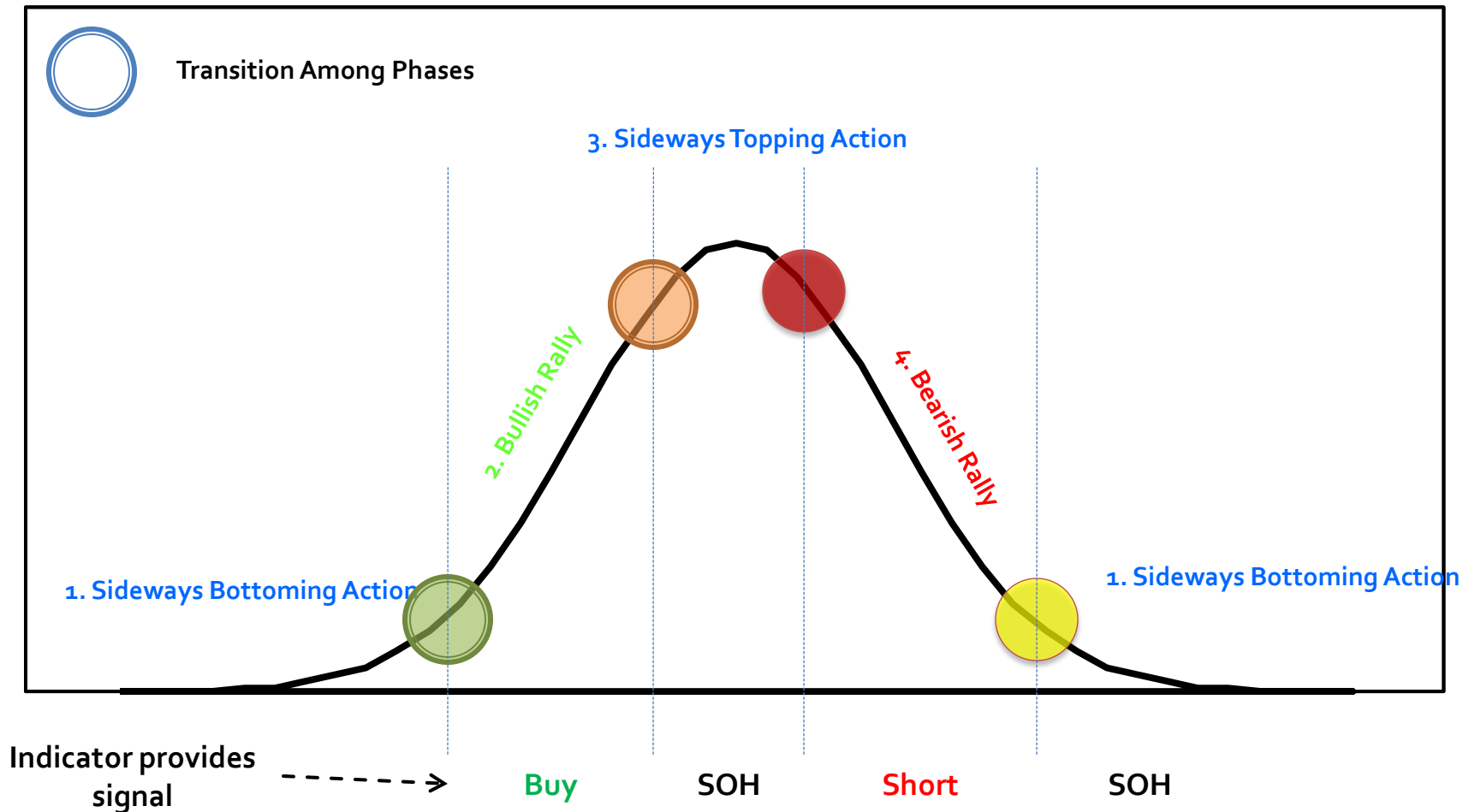
Preserve Your Trading Capital

- ✚ Preserving your trading capital should suggest to you to scale in to trades first
- ✚ Look for confirmation that the setup is correct and price action is moving in your favor
- ✚ You minimize the potential lose of trading capital with "Scaling In"

Bonus: 4th Step

✚ Stop using indicators to enter trades

Market Cycle + Indicators



The Wise Approach...

- ❖ Indicators or traders biggest “downfall” and lead to failure faster then they think

Words of Wisdom...

- Typically built to assist with determining **directional/trending** Price Action
 - Up Trend with Higher Highs (HH) and Higher Lows (HL)
 - Down Trend with Lower Highs (LH) and Lower Lows (LL)
- Oscillators typically used to gauge **"extended"** Price Action
- Markets spending significant time in non-trending direction
 - Consolidation
 - Congestion
 - Range-Bound
- Usually **NOT designed** to provide multiple entries as price action is going in your favor..."Scaling In"
- Should be obvious that most designed for a "All-In-At-Once" strategy
- Indicators and "All-In-At-Once" usually lead to very high likelihood of "big losses"
- Additional efforts required to get multiple signals for entries using indicators

Everything In Trading That Gets The “Best Of You!”

Trading EveryDay

Change something...

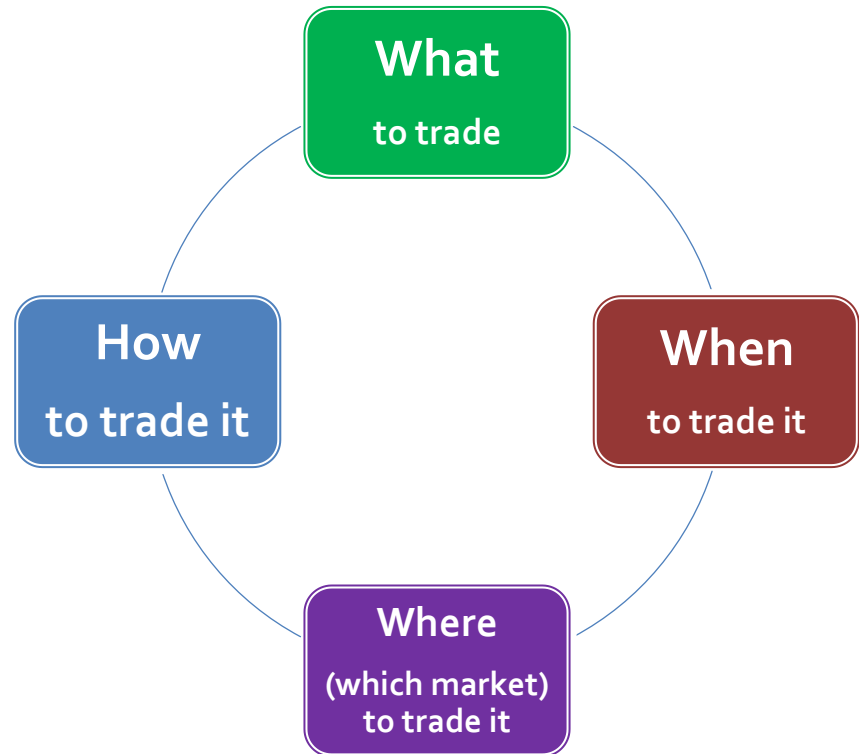
- Not enough trading capital for style of trading
- Turning your nose up at small profits
- On a scavenger hunt, looking for a “holy grail”
- Not focused on learning to trade “price action”
- Trying to accelerate their learning curve without trading experiences
- Searching for free resources and not realizing that the answers are not free!
- Not discovering quickly that trading is an art first; then a science
- Focused on a single trade and not a series of trades
- Not good at basic trend-following techniques
- Not preserving your trading capital should suggest to you to scale in to trades first
- Very poor organizational or disciplinary skills to reduce repeating mistakes

More Hurdles To Change ...

- No reporting and measuring system to monitor performance
- Developing a perception of trading appears deceptively easy,
- Ignore the real risk and take thoughtless chances,
- Lots of unrecognizable bad habits, negative demeanor and knowledge denial,
- Using gambling tendencies and behaviors
- Impatience, lack of discipline, no control in trade execution
- Looking for instant gratification with very limited trading experience
- Unrealistic expectations of profit goals based on trading capital

Where Should You Really Start?

- Trading Style
- Chart Analysis
 - Timeframes
 - “Top-Down” / Multiple Timeframes
- Technical Analysis
 - Indicators
 - Techniques
- Trading Psychology
- Price Action
- Trade Execution
 - Risk & Money Management
 - Trading Survival
- Trading Plan

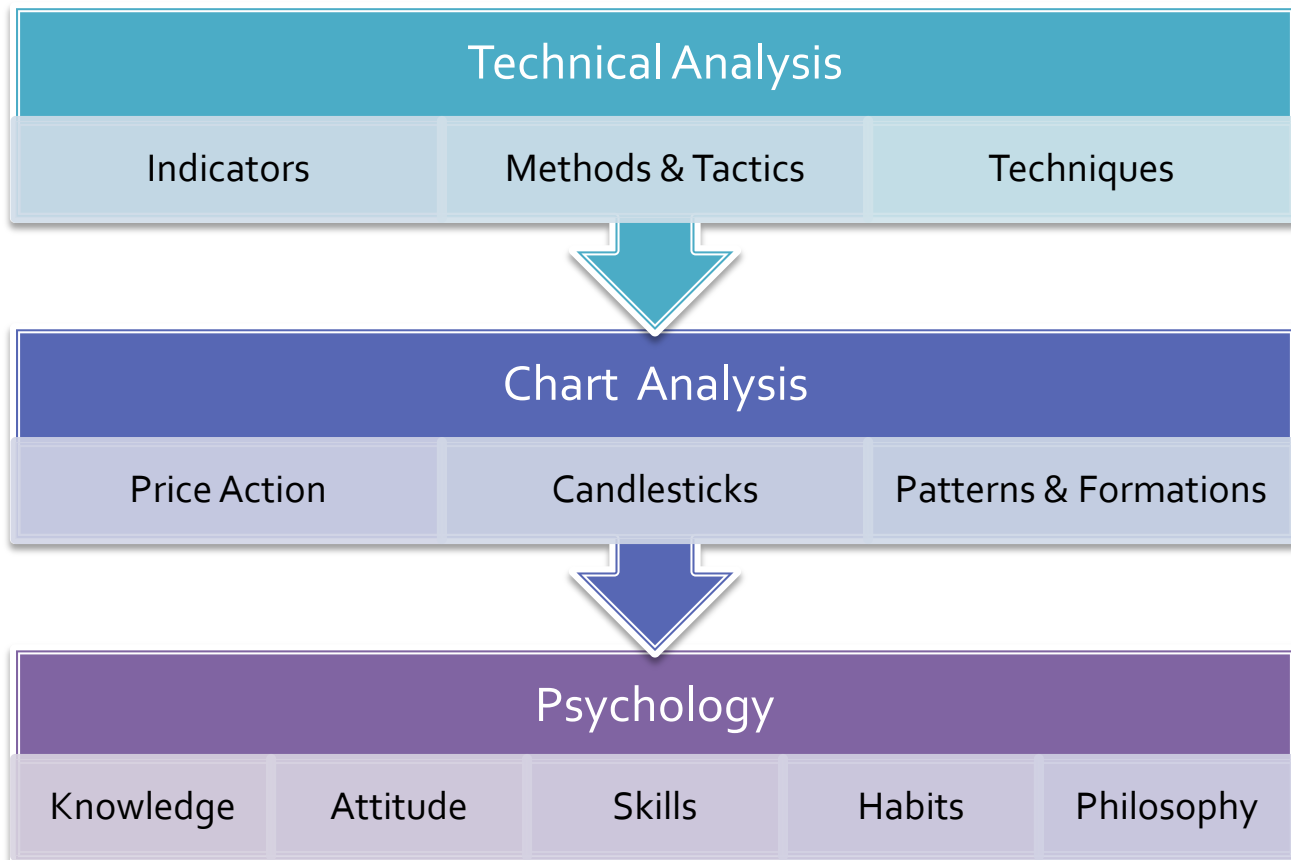


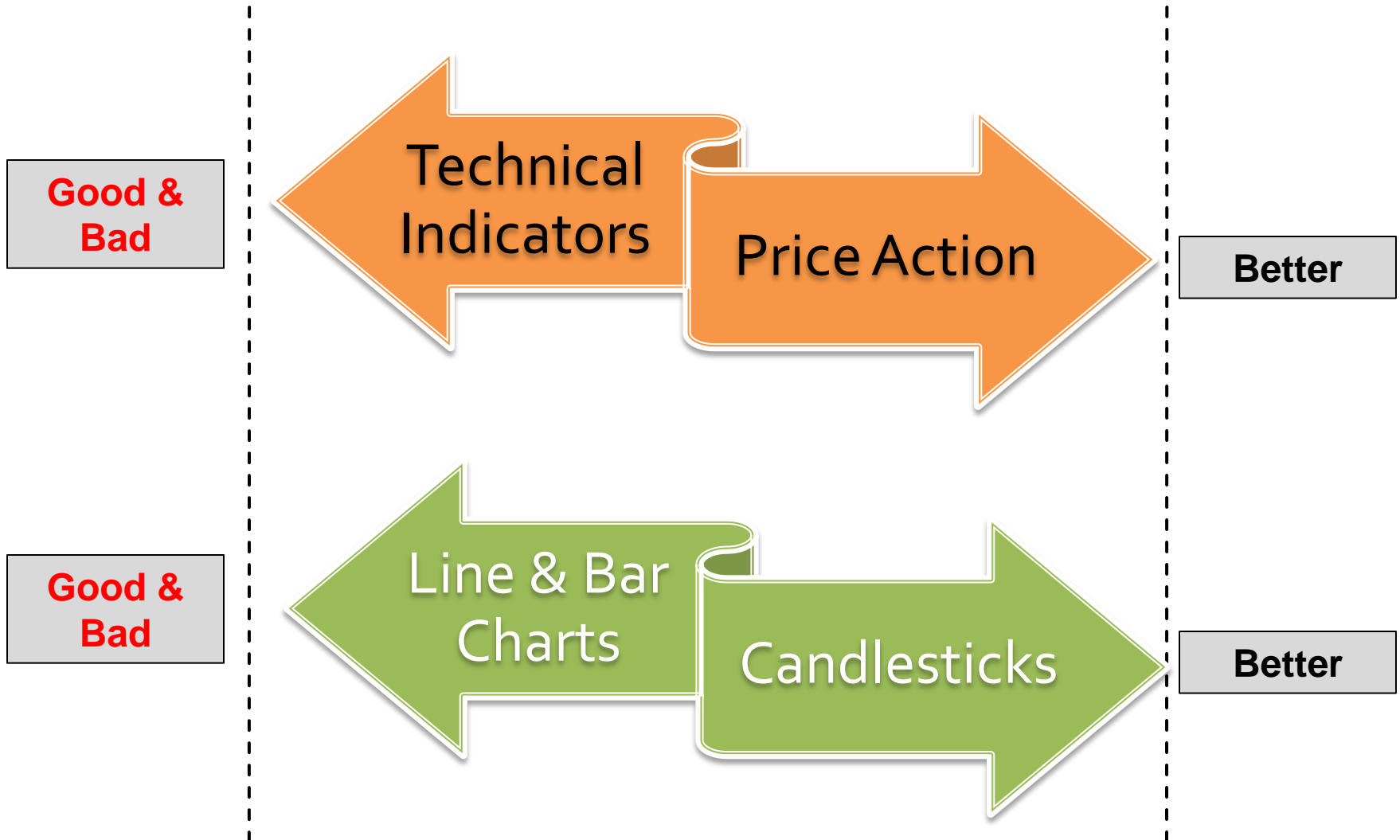
Maintaining Confidence In Tough Times

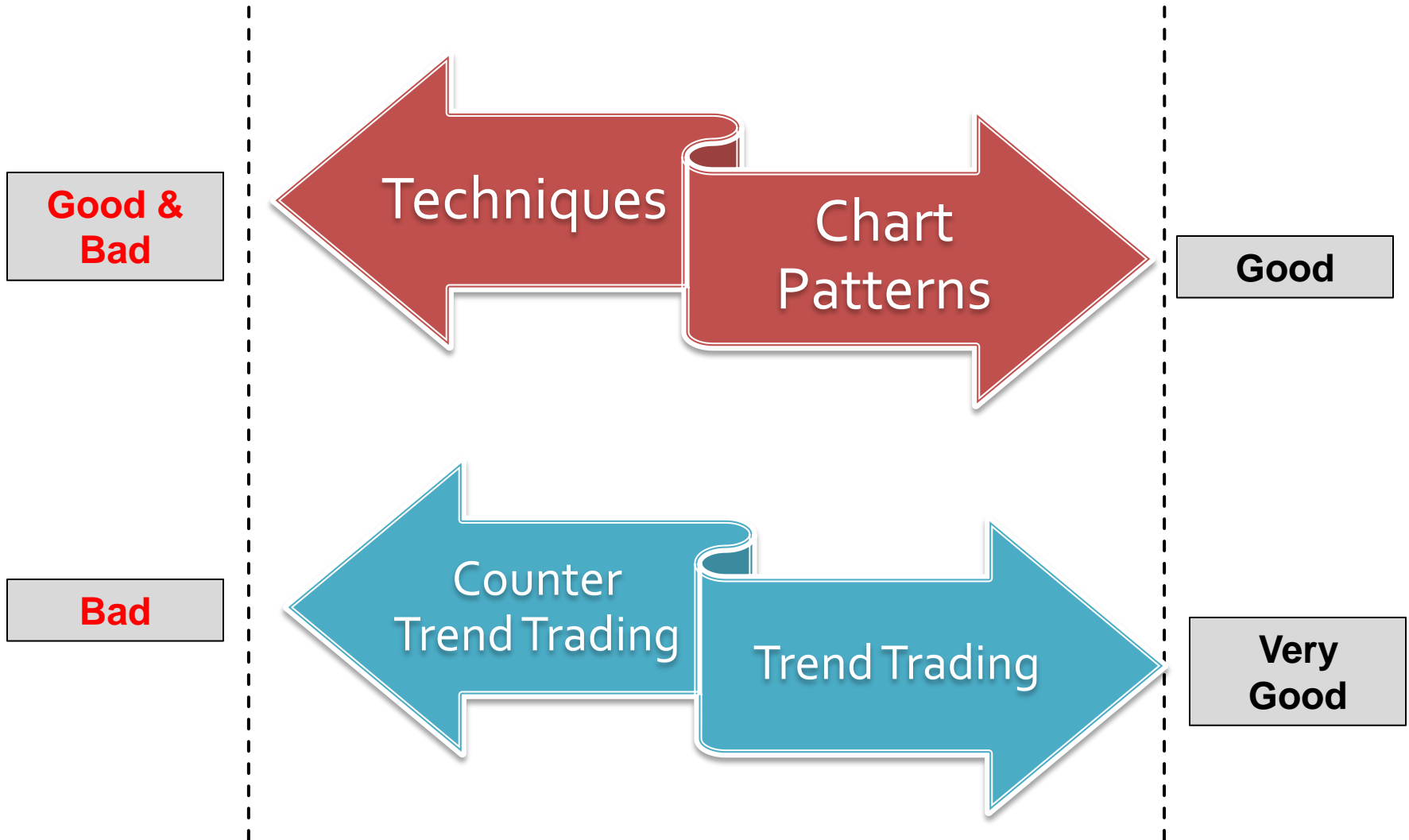
- Trust that your strategy, chart analysis, technical analysis, chart patterns, candlestick formations...
(“weight-of-evidence”) is sufficient information for you to initiate the trade.
- Develop impartiality for what we *“want to do”* versus *“what we actually do”*
- Trading Journal of the following:
 - “What you’re doing” – Strategies and Setups
 - “Why you’re doing it” – Conditions and Performance
 - “What the results are” – Profits and Losses



Trading Concepts







Three (3) Easy Steps

- ✦ Transform Your Trading Mindset to one of **simplicity**
- ✦ Build a learning blueprint and use a **market lot** for all trades until you see consistent **improvements**
- ✦ Stop focusing on “profits” & always start with “risk” **first**
- ✦ **Bonus:** Stop using indicators to enter trades
- ✦ *Indicators or traders biggest “downfall” and lead to failure faster then they think*

Unique Trading Psychology Mindset



“Repeatable Events “

How to evaluate market direction using index futures contracts

- S&P, Russell, Dow and NASDAQ with low risk strategies

Learn to focus on the behavior of “repeatable events”

- Patterns in the first hour that will specifically show you whether or not the market will trend for the entire day or not!
- Key time reversals during the day for the S&P's, and how to trade at these times
- How to spot and trade high profit chart patterns and set Support and Resistance targets for the day
- How to find high probability Counter Trend trade setups using only a few technical indicators

How to interpret Price Action and predict the next bar

- How to trade opening gaps and the “Late Day” setups
- How to correctly use Fibonacci Retracements and confluence from other time frames for reentering trending markets
- The best way to trade consolidation and sideways range-bound markets

Psychology

Free Trades Approach

- Learn to use the “Best Chart Patterns” as opportunities for Free Trades
- When price action moves in your favor...
 - There is initially a profit of some size
 - Initial stop can be moved to minimize or eliminate the initial risk; hence a free trade
 - The potential target is at risk of being hit
- Eliminates the hidden trading-barriers that block you from reaping real trading profits consistently
- Teaches you about the current price action movements and find answers to how you can generate consistent profits that have been constantly eluding you
- Allows you to accept the “natural” price action movement (i.e., pullbacks and rallies) and determine whether to risk some if not all of the profits in order to trade directional trends.

Trade Execution

Market Timing

- Lower time frames present more price action; hence more chance for error and failed patterns
- Higher time frames present better quality setups and removes noise in price action
- Often, the speed of the uptrend can assist traders with determining the profit opportunity and “odds” of success for counter trend trading
- Aggressive up trends often have aggressive retracements
- Setups, Signals, and Strategies have to be very focused and fast for entry to maximize potential profit
- Counter trends are short in duration
- Very dependent on the timeframe for performance
- Most traders are NOT aware they are counter trend trading price action until they are actually in the trade and managing it.

Trade Execution

Position Size

- Always trade with a “**comfortable**” position-size such that you always eliminate your emotions from the trades.
- Focus on only increasing **position sizes** for new trades to a threshold that still stays within your overall risk tolerance (i.e., 1%, 2%,...)
 - Take advantage of **up** trends and **down** trends to add to winning trades.
- Consider different position sizes based on time of day (morning session, mid-day and late-day session)
- Use quality of setup as a primary criteria for position size
- Leverage bigger position sizes only in trending price action
- Minimal positions constantly remove impeding psychological trading constraints (i.e., watching your P&L)
- Allows you to condition your behavior to **focus on the technical and analytical nature** of your trades.

Trade Execution

Scalp Trading Tactics and Survival

- Learn To Use Simple trading techniques for scalp trading versus complicated approaches
- Focus only on trending markets / move in both futures and stocks
- Use simple (3) Charts for Trade Analysis consistently on all charts
- Identify Market cycles on all (3) timeframes (i.e., 15/5/2 minute charts)
 - How long has price action been in the current phase?
 - Is there congruency in the multiple timeframe charts?
 - Is there congruency between the (4) e-mini futures and/or your stock on same timeframes?
- Learn to trade in increments of 2 to 3 trades in same direction at most
 - Unless you have clear CONFIRMATION of a dominant uptrend on all time frames
 - MUST keep losses SMALL
- MUST have solid RISK and MONEY MANAGEMENT otherwise you WILL have trouble with trading style!
- Have to be able to track and measure performance in real-time constantly

Trade Execution and Psychology

Counter Trend Trading

- Major Price Action is moving upward and you are focused on SHORTING
- Major Price Action is moving downward and you are focused on going LONG
- Major Price Action is trading in a sideways consolidation pattern and
 - Your focused on price action trending upward or
 - Your focused on price action trending downward
- Price Action gaps
 - **Up** and you are focused on FADING the gap
 - **Down** and you are focused on the gap FILLING
- Price Action is relatively
 - **Strong** in multiple markets and your focusing on weak price action setups for shorting
 - **Weak** in multiple markets and your focusing on strong price action setups for going long

Technical Analysis

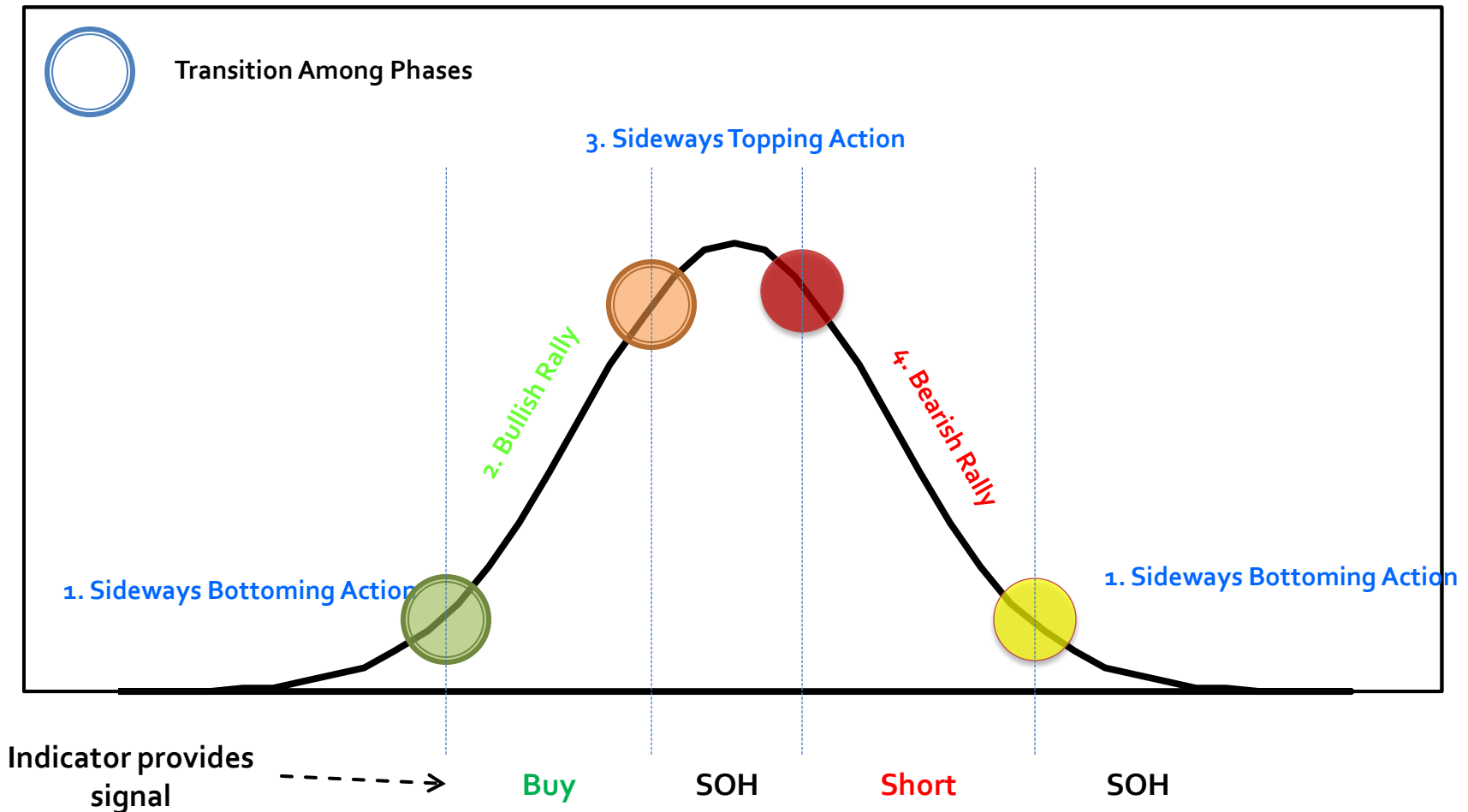
Indicators

- Indicators are suppose to assist with determining **trending** Price Action
 - Often creates lagging effect in market timing and entries
- Oscillators typically used to gauge "**extended**" Price Action
- Markets spending significant time in non-trending direction
 - Consolidation, Congestion, Range-Bound
- Usually **NOT designed** to provide multiple entries as price action is going in your favor..."Scaling In"
- Should be obvious that most designed for a "All-In-At-Once" strategy
- Indicators and "All-In-At-Once" usually lead to very high likelihood of "big losses"
- Additional efforts required to get multiple signals for entries using indicators

Indicators

- Advancers vs. Decliners: TICKS
- Bollinger Bands and Volatility
- Fibonacci Retracements
- Simple vs. Exponential MA
- Support and Resistance
- Stochastics Oscillator
- Trends and Trend lines
- TRIN
- Momentum Indicator/Oscillators
- Moving Averages (MA)
- Moving Average Convergence-Divergence (MACD)
- Open Interest and Volume
- Relative Strength Index (RSI)

Market Cycle + Indicators



Technical Analysis

Market Internals

- To identify when the markets are advancing and declining based on price action and use market internals as “weight-of-evidence”.
- Derivations of market internals can easily provide an inaccurate picture of the broad markets
- **TRIN** is suppose to measure volatility within the stock market.
 - The TRIN represents the relationship between advancing and declining issues by measuring their volume flow.
- **TICK** - Used to determine market strength and directional changes
- **Advanced/Decline Ratio** - Very good gauges of how many stocks are participating in the move
- Understand that market internals often presents the markets as lop-sided

Better Approach

Transform Your Trading Mindset to one of simplicity

Build a learning blueprint and use a market lot for all trades until you see consistent improvements

Stop focusing on “profits” & always start with “risk” first

Start learning to trade Price Action and using Chart Analysis techniques exclusively

Reduce the # of decision points for trade execution

References

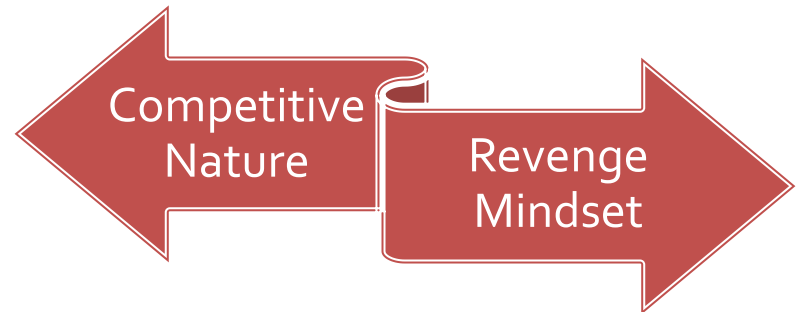
Why Counter Trend Trade?



- Lack of patience and discipline
- Tunnel vision in reference to market conditions
 - Inter-market Analysis
- Improper money management or risk management
- Over-trading
 - Too many markets at one time – not enough trades setups
 - Excessive trades – trying to recoup losses
- Pursuit of Perfection and High expectations of “Winnings” and “Profits”
 - Catching “The falling Knife”
 - Trying to Pick “Tops” and/or “Bottoms”
- Not having a “trust-worthy” trading plan for trading trends
- NO accountability for actions

Counter Trend Trading (cont.)

- Like fast-paced, risk-filled environment
- Looking for “Instant Gratification”
- Trading from a mindset of “greed” or “desperation”
- **Overconfidence**
 - Have a very demanding ego that unfortunately distorts one’s rational thinking
 - Emotions empower your actions
 - Remaining in position to avoid admitting wrong
- Relying on “Sense of Timing” or “Trading Intuition”



Secrets to Successful Trading

1. Manage the Risk first, then think about the Reward.
2. Keep trading positions small. Big positions = Big losses.
3. Money management is the key to trading survival.
4. Be very selective of stock and option choices.
5. Learn to be Consistent.
6. Trade the market, not your opinion of it.
7. Plan the trade – trade the plan.
8. Have a clear reason for being in the trade.
9. Learn to be Patient and Disciplined.

Secrets to Successful Trading (cont.)

10. Know from what Phase each future contract/equity has come!
11. Know your exit conditions in advance.
12. Take what the market will give you, rather than what you would like it to give you.
13. Trade where the crowd is, not where it has been.
14. Accept responsibility for your actions. It's ok to be wrong on a trade! Just cut your losses!
15. Manage every trade, every day.
16. Treat each trade as a separate event. Don't harp over the last trade!
17. Always analyze winners and losers. But never agonize.
18. Trading is about lifestyle, so we can do without the stress.

Trading Problems

Trading EveryDay

Introduction...

If you find yourself uncomfortable with anything conveyed in this presentation...you probably are experiencing some form of trading psychology disorders

Trading Problems

- ✂ Combative and tenacious adherence to “wrong” trades
- ✂ Relentlessly suspicious of “winning trades”
- ✂ Unwillingness to detach from old trades
- ✂ Perception of markets having sinister motives
- ✂ Distrust for the current trending price action
- ✂ Consumed by anticipation of next trending move
- ✂ Excessive sensitivity to losses

Trading Problems (cont.)

- ✂ Lack of remorse during account draw-downs
- ✂ Feelings of low self-esteem
- ✂ Feelings of anxiety to discuss trades openly
- ✂ Disregard of feelings in losing trades
- ✂ Impulsive and irresponsible decision-making
- ✂ Strong emotions of anger, anxiety, or depression that last for hours
- ✂ Unstable trading behaviors...chasing markets, entries...

Trading Problems (cont.)

- ✂ Lack of remorse during account draw-downs
- ✂ Grandiose sense of “winning trades”
- ✂ Obsessed with fantasies of trading fame, power, or expertise
- ✂ Need for perfection and excessive discipline
- ✂ Inflexibility
- ✂ Hyper-focus on details and rules
- ✂ Excessive devotion to trading

The Wise Approach...

- ✂ Transform Your Trading Mindset to one of **simplicity**
- ✂ Build a learning blueprint and use a **market lot** for all trades until you see consistent **improvements**
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Only Entry Method You Need: Scaling In

- ✚ Simple techniques usually are the most effective in trading
- ✚ Typically you don't know it's trending price action until you get "confirmation" with either
 - ✚ Higher Highs and Higher Lows, or Lower Highs and Lower Lows
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 - ✚ Potential to give back some of profits with price action fluctuations

Preserve Your Trading Capital

- ✿ Preserving your trading capital should suggest to you to scale in to trades first
- ✿ Look for confirmation that the setup is correct and price action is moving in your favor
- ✿ You minimize the potential lose of trading capital with “Scaling In”

Interesting thought

Have you engineered your mindset to succeed in one of the most difficult careers or professions of any imaginable?

Interesting thought

If you were an idiot or did really dumb things
before you starting trading...
Do you really expect anything to change after
you start trading?

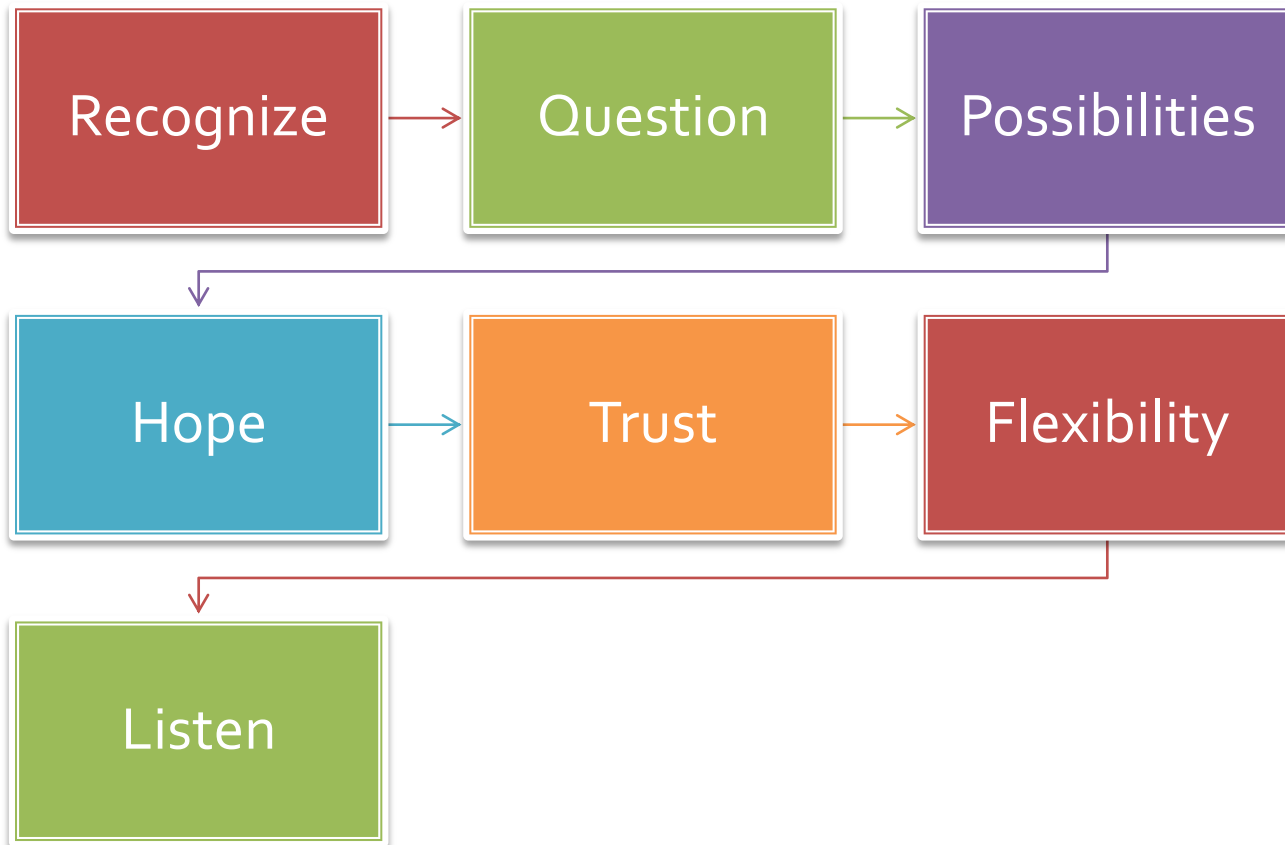
Trading Temperament

Trading EveryDay

High Performers

1. If you want to create the successful life and trading career you want and deserve, you need to perform at a high level consistently.
2. High performers manage their time, life and stress well.
 1. It is impossible to perform at a consistently high level if you don't feel healthy and energized.
 2. Traders often get tired, run-down and out of sorts often.
 3. That's when it's important to catch your second wind.
 4. Eat healthy snacks during the trading day
 5. Relax and spend a couple minutes during market hours taking deep breaths
 6. Close your eyes for a few minutes and envision how you want to trade the remainder of the trading day
3. Exercise in some form daily (i.e., walking, jogging, swimming, yoga)

Traders Worry To Much...



Stress Management Tactics...

1. Acute Stress
 - Normally caused by everyday situations
 - Easy to remove
2. Episodic Acute Stress
 - Found in hyper-active traders
 - Traders worrying about anything and everything
3. Chronic Stress
 - Found in traders with extreme financial circumstances
 - Feeling trapped

Walk

Breath

Stretch

Count

Talk

Laugh

Lunch
Breaks

Prioritize

Take
Time Out

Smile

Stress Factors (expand)

1. Work related problems

1. Practically everyday, another discovery and invention wins the headlines. Present day living has caused our lifestyles to adapt toward the radical changes brought about by advancement in science as well as technology. Moreover along with these adjustments come stress and anxiety.
2. Problems with superiors, subordinates, or co-workers

2. Family problems

1. Families today are faced with their fair share of pressures and problems. Add faulty parental styles and relationships to this and 'hello' to the start of more problems within the family. Inadequate or incorrect parenting added into the sensitive family equation can trigger a dysfunctional family. Consider further that dysfunctional roles embedded during childhood will be carried forward into adulthood.
2. Any problems related to family members such as death, or sickness of a family member, unwanted pregnancy of a daughter, etc

3. Personal problems

1. Personal health, mental, physical or emotional problems

4. Financial problems

1. Any problems involving money

5. Relationship problems

1. Problems with peers, severed family relationships, marriage, divorce

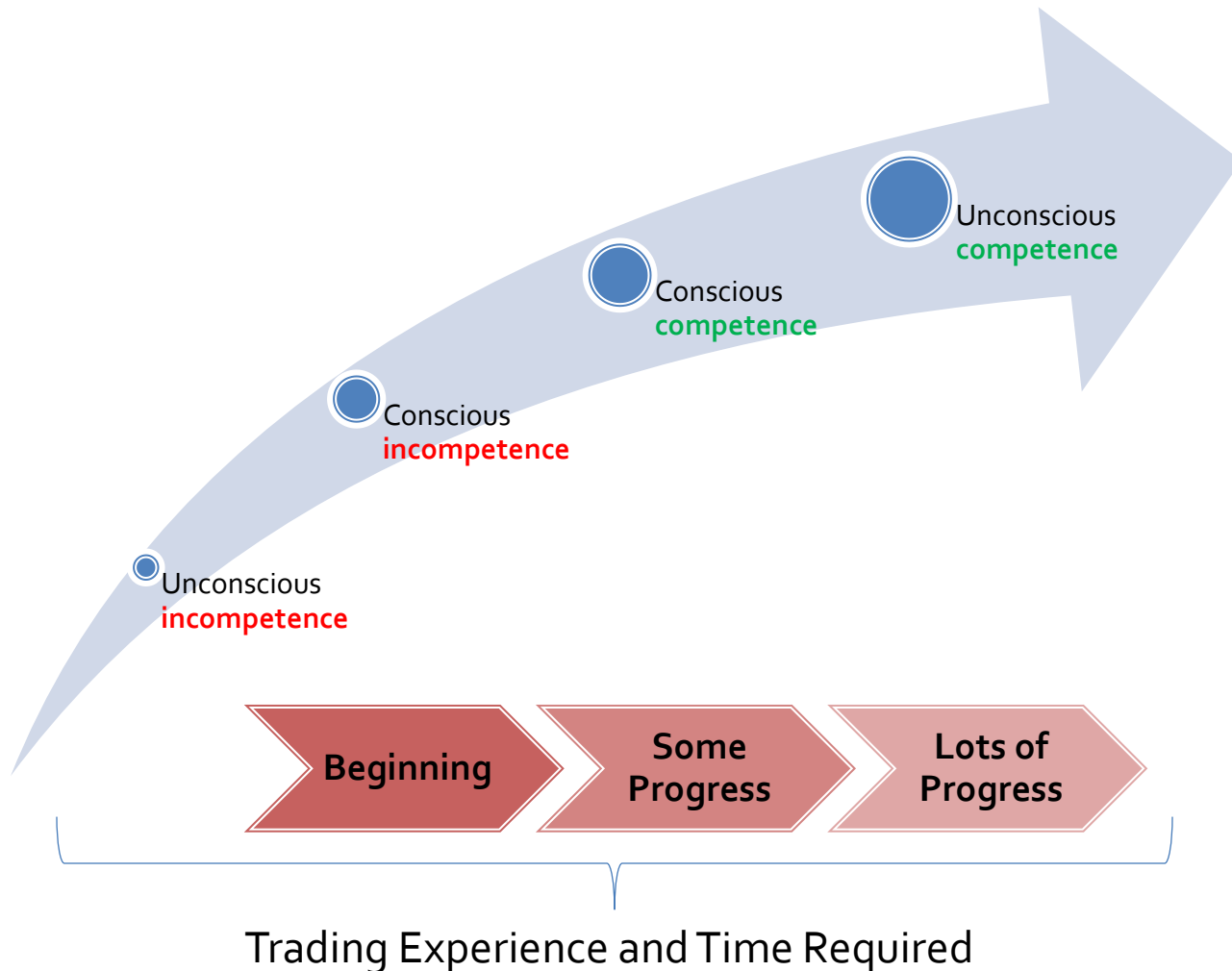
Stop Worrying and Start Living...

1. Recognize your trading concerns and give them space to be looked at. What are they showing you? How are they moving you forward or holding you back?
2. How is worrying about your current trade helping you or your trading goal? When you question your worry, often you will find that it isn't helping, in fact, quite the opposite
3. Possibilities. Believe it or not, potential lies hidden in worry. When you take steps, no matter how big or small they might be, you are moving forward, not backward or staying stuck.
4. Hope. Worry often has a feeling of hopelessness, about our trades. When you have hope you are opening yourself up to the markets infinite mysteries and relying on the worst possible strategy.
5. Flexibility. Things may not always work out the way we hope or plan. Being adaptable allows us to grow in ways we hadn't imagined. We tend to worry less and enjoy more when we are flexible in our thinking and being.
6. Trust. When you believe in your trading approach and paradigm, (whatever word fits for you), you tap into the greatest source of inner strength and courage. You let go of stress and worry and become peaceful and joyful. You receive "truths" not "beliefs".
7. Listen. Be still. Meditate. Breathe. Tune in. Relax. Be Patient. Valuable insights await your stillness. This is the space where worrying is transformed and you open to new views and outcomes.

Trading Temperament

1. Smart decision making
2. Loves every part of trading
 1. Preparation (Pre-Market, Trading Hours, After hours, Evenings & Weekends)
 2. Strategy testing and execution timing (i.e., Practice, Practice, Practice)
 3. Long sideways consolidation, range-bound, congestion moves in price action
 4. The intense mental orientation of trading
 5. Chart Analysis and Reviews (Pre-Market, Trading Hours, After hours, Evenings & Weekends)
 6. Detail trading reports, diary and journal review
3. Instinctive trade execution

Mind Set Evolution



Are You Trying To FAKE it?

1. You expect to be good at trading because you were good in your career, occupation or job!
2. You're not seeing consistent profits because you're not disciplined, organized and can't follow your trading plan...then change your plan!
3. You're frustrated and struggling because you think you can do this with a couple weeks, months of LIVE trades...Get Real!
4. You think you're smarter than the markets...STOP Think!
5. Without the exact steps, you find yourself constantly in a fog of doubt, uncertainty and frustration. Obviously not what you want.
6. You have a trading plan and still don't see the results you want?
7. You're tired of using bad trading tools, tactics, and techniques
8. You claim you just want someone to show how to do?...But, will you listen and follow their guidance?

The Problem

1. Traders try to piece together requirements for their trading success
2. Why? Because they see the step-by-step “how-to” in one area and then try to find the other ingredients to change their mindset...without a recipe!
3. From personal experience, my BIGGEST breakthroughs in all facets of my trading success – started with a shift in my mindset
4. Most of us have a lot of clutter and commotion in our lives and even more in our trading careers
5. This definitely blocks your mind from allowing you to break through to your success .