NEUROSTREET
TRADING ACADEMY

GETTING STARTED AS A FUTURES DAY TRADER

Your Journey Starts Here

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eBook

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Chapter 1: Introduction to Trading

Trading vs Investing

What is Trading?

- Trading is buying and selling securities based on specific strategies.
- Trading uses technical analysis to identify low risk, high reward, high probability trade setups and strategies
- Trading utilizes advanced software and indicators to perform accurate analysis or trade setups and management
- Trading is not limited to day trading. It can include short term intra-swing trading or long-term position trading.
- Trading is a form of business that allows for extraction of income and does not hinge on a % growth of capital

Pros & Cons of Trading?

PROS:
1. You can make money in bullish and bearish markets
2. You can actively qualify and quantify the risk
3. You can maintain a high liquidity of personal assets
4. You can utilize multiple strategies and setups to profit from opportunities
5. You can make your own financial decisions
6. You can focus on extracting income from trading, not % returns

CONS:
1. Taxation is a liability if your corporate structure is not set up properly and youare trading full time for an income.
2. More decision making required due to being more active in the markets
3. Requires active brain focus in order to process quick decision making.

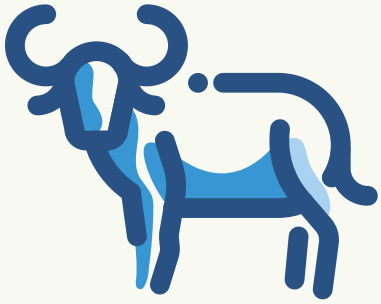
Pros & Cons of Investing?

PROS:
1. Capital gains taxation (50% of profits taxed) – Demographic Location Specific.(Canada)
2.Less decision making due to being less active in the markets.

CONS:
1.You are most likely to only add to a position in a bull market.
2.You may be exposed to high degrees of risk due to market swings.
3.You may Lack flexibility in strategies and setups.
4.Your assets are usually tied up for long periods of time.
5.You may depend on someone else's analysis and decision making.
6.You may find difficulty selecting the right investment.
7.You may experience average or sub-par returns after competing against inflation, fees, and taxes.

Risk Scenarios of Trading

Price risk (price fluctuations)
·Increase and decrease in price movement
Liquidity risk (volume)
·High volume and low volume trading times
Credit/capital risk (insufficient capital)
·Trading the wrong markets or being undercapitalized
Capital markets risk (global risk)
·Global catalysts (war, political, natural disaster)
Volatility risk (news risk)
·Federal reserve, economic data, business information

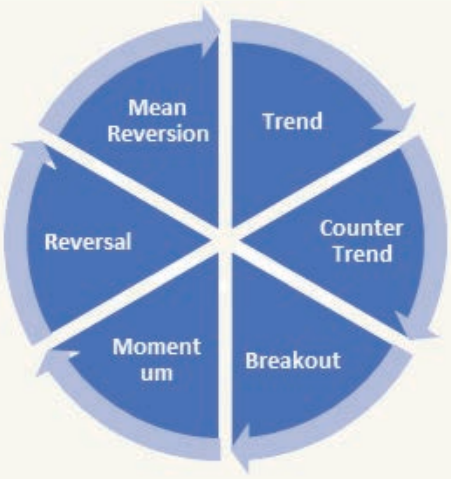


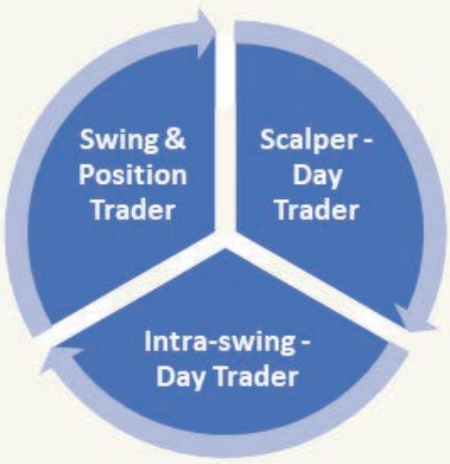
Trader Type vs Trader Style

A trader's type relates to their time horizon, goals, commitment level and availability to trade.
Our strategies are universal and can applied to Scalping/Daytrading & Intra-Swing/Daytrading.

A trader's style relates to their trading strategy.
Our Strategies Apply to:

- Trend Trading
- Counter Trend Trading
- Reversals
- Momentum





Chapter 2: Order Types & Trade Basics

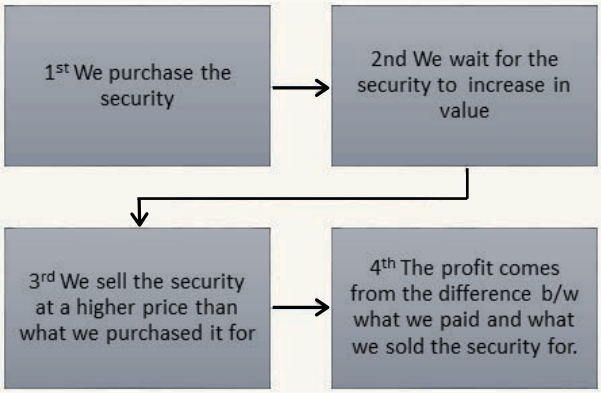
Order Types

Limit order: A limit order is one that guarantees price, but not execution.
Market order: A market order is one that guarantees execution at the current market price, given its priority in the trading order book.
Stop order: Also referred to as a stop-loss order, is your risk management tool. A stop is used to trigger a market order to exit a trade if price trades against you.
Trailing Stop Order: A stop-loss order that trails price in order to eliminate risk and to protect profits. The trailing stop price is adjusted as the price fluctuates and acts a market order for risk management.
Day Order: An order that remains open until the end of the trading day and then is canceled by the broker/trade floor.
Good till Canceled (GTC) These orders are also known as 'open orders'. This type of order is always working on the floor of the exchange unless it is executed, canceled by the client, or replaced by another order. When you place an order with a broker, it is assumed a day order and will expire at the close of that markets trading day. If you wish to have an order working beyond the day you place it, you must specify it to be GTC.
One-Cancels-Other (OCO): A pair of orders stipulating that if one order is executed, then the other order is automatically canceled. A (OCO) combines a stop order and limit order. When either the stop or limit level is reached, and the order is executed, the other order will be automatically canceled.

- **Traders use OCO orders to mitigate risk and plan trades in advance.**

Long Position/Trade

Long trades (Look for price to rise)
When we take long trades, we are buying the security with the outlook of capital appreciation.



Short Position/Trade

Short trades (Look for price to decline)
When we take short trades, we are actually selling the security with the outlook of capital depreciation.

Chapter 3: Futures Explained Pt:1

Exchanges/Settlement/Watchlists

Futures Exchanges

Futures trade on different exchanges than Stocks, Options and Forex.

CBOT (Chicago Board of Trade) is the 1st and oldest exchange in the world.

CME (Chicago Mercantile Exchange) in 2007 became the largest exchange in the world and purchased the CBOT.

ICE (Intercontinental Exchange) is the youngest and is only electronic.

NYBOT (New York Board of Trade) is owned by (ICE).

- Currency Futures
- Treasuries
- Meats
- Agricultures
- Stock Indexes

New York Exchanges trade:

- Precious Metals
- Petroleum
- Agricultures
- Softs

Softs Include:

- Cotton
- Cocoa
- Coffee
- Sugar
- Orange Juice

What are Futures?

Where contracts are agreed upon to buy or sell something with the terms identified now but the payment and delivery takes place at a future date.

If you buy a futures contract you are agreeing to buy something, from a seller, for future delivery, at a specific price based on an underlying asset.

If you sell a futures contract you are agreeing to sell something, to a buyer, for future possession, at a specific price based on an underlying asset.

When the contract ends one party purchases or sells the goods and the other is responsible for its delivery as noted in the contract.

What is Settlement?

- Settlement is the act of fulfilling the contract. Some contracts are cash settled and some with physical delivery
- Cash settled contracts use an external reference to settle the contract between the buyer and seller.
- Physical settlement contracts require the trader to make or receive delivery if they have an open position at expiration.

Ex:
Equity indexes are cash settled based on the closing price of the index on the settlement date.
Corn, Oil, Wheat, Cocoa are examples of underlying assets that require physical settlement and would be received or delivered by the trader after the settlement date.

Day Trading Futures

The goal of day trading futures is to buy and sell futures contracts based off the volatility and price movement of specific markets.

- We are not interested in delivering or receiving the underlying asset we only concern ourselves with the electronic contracts being traded.
- We are not concerned with fundamental analysis or valuations.
- We strictly focus on technical analysis and deployment of trading strategies
- We use price action, volume, candlesticks, indicators and specific software to take advantage of opportunities intraday either for an income or for capital growth.

E-minis & Full Contracts

E-Mini's are a certain type of futures contract

- The "E" represents that it is electronically traded.
- The "Mini" represents that the contract is typically 1/5 the size of the standard contract.
- E-mini's provide faster fills and better prices than full sized contracts

Full size contracts are larger contracts traded by larger traders and institutions

- Pit traded
- Larger leverage
- Only used for making large size trades due to liquidity requirements

Top Reasons To Trade E-minis and Global Futures

- Good volatility
- Very Liquid
- Leverage
- No short sale restrictions
- No day trading restrictions
- Price transparency
- Global coverage
- 23 hours/day 6 days/week
- Less capital requirements to trade

Building a Trading Watchlist

For this course, we will introduce you to the contracts traded with the most liquidity and market exposure. Use this list as your starting point for building your watchlist of markets to trade.

Stock Market Indexes:

- ES – S&P 500
- NQ – Nasdaq
- RTY – Russell
- YM – Dow Jones
- FDAX – DAX Index

Energies & Commodities:

- CL – Oil
- GC – Gold

Currency Futures:

6A – Aussie Dollar
6B – British Pound
6E – Euro Dollar

Ticker	Last price	Pts	%	Volume	Realized
YM 12-18	25545	26	0.10%	307,555	$0.00
NQ 12-18	7085.25	53.25	0.76%	494,105	$0.00
ES 12-18	2783.50	2.50	0.09%	1,577,233	$0.00
RTY 12-18	1582.3	11.8	0.75%	111,527	$0.00
VX 10-18	19.70	-0.45	-2.23%	114,660	$0.00
FDAX 12-18	11602.5	-118.0	-1.01%	144,792	$0.00
CAC40 12-18	5127.5	-59.5	-1.15%	286	$0.00
FESX 12-18	3222	-39	-1.20%	1,641,534	$0.00
Z 12-18					$0.00
CL 11-18	71.97	-1.20	-1.64%	369,893	$0.00
BZ 12-18	81.58	-1.51	-1.82%	26,525	$0.00
RB 11-18	1.9715	-0.0489	-2.42%	22,409	$0.00
NG 11-18	3.182	-0.102	-3.11%	98,005	$0.00
GC 12-18	1217.6	24.2	2.03%	310,823	$0.00
SI 12-18	14.535	0.210	1.47%	59,961	$0.00
HG 12-18	2.8015	0.0210	0.76%	108,767	$0.00
PL 01-19	832.9	5.6	0.68%	12,757	$0.00
ZB 12-18	137'30	0.68750	0.50%	367,603	$0.00
FGBL 12-18	158.19	0.31	0.20%	753,735	$0.00
6E 12-18	1.16220	0.00355	0.31%	218,339	$0.00
6B 12-18	1.3263	0.0025	0.19%	73,989	$0.00
6J 12-18	0.0089415	0.0000160	0.18%	172,981	$0.00
6A 12-18	0.7122	0.0034	0.48%	109,438	$0.00
6S 12-18	1.0166	0.0027	0.27%	23,155	$0.00
BTC 11-18	6200	-340	-5.20%	137	$0.00
ZS 11-18	853.25	1.00	0.12%	41,279	$0.00

Chapter 4: Futures Explained Pt:2

Contract Specifications

Each Futures Contract Varies Based on:

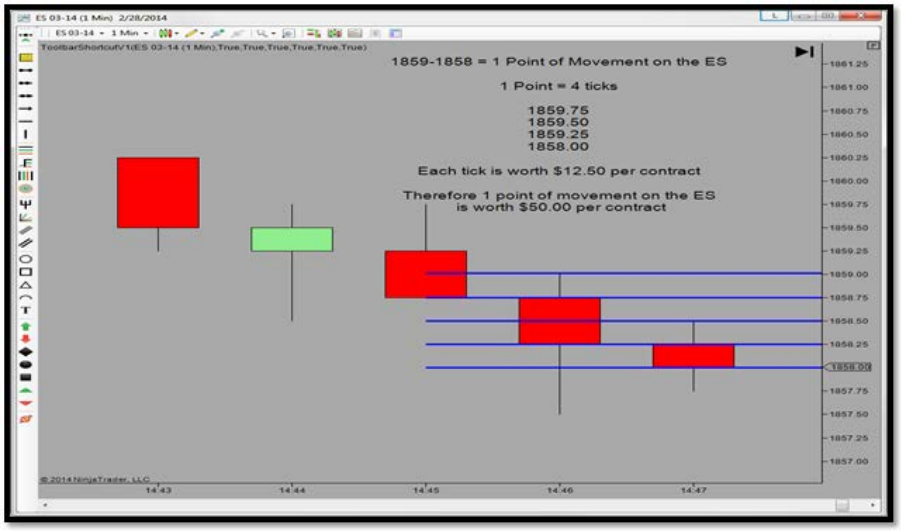
Contract size
Tick increments per point
Dollar value per tick
Dollar value per point.

Knowing this information helps identify which contracts will be suitable to trade for each person's risk tolerance and account size.

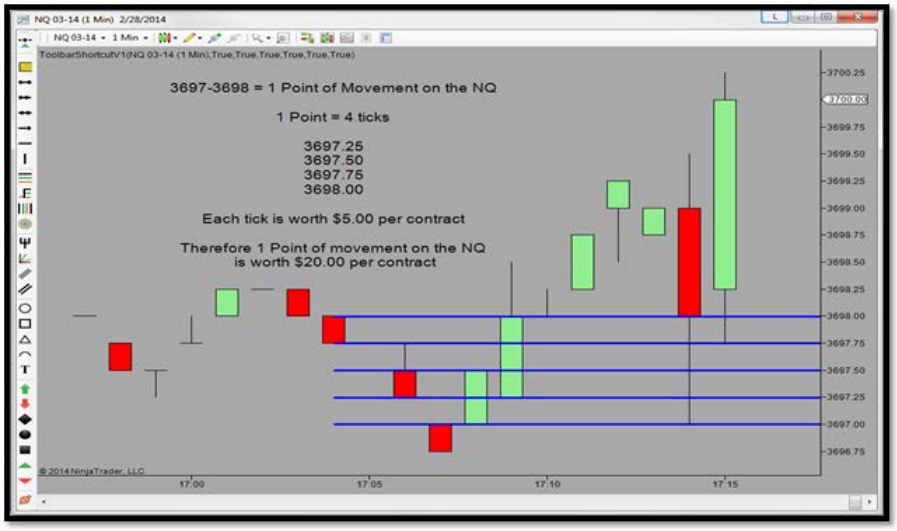
Ex:

- Someone with a smaller account may consider trading the NQ or the YM which have a smaller dollar value per point/tick.
- Someone with a larger account may consider trading contracts with larger parameters such as CL or TF as they have a larger dollar value per point/tick.
- You can use our manual position sizing template in the downloads section as we have included all the major markets we focus on as a quick reference tool for you to access these contract specifications and risk metrics.

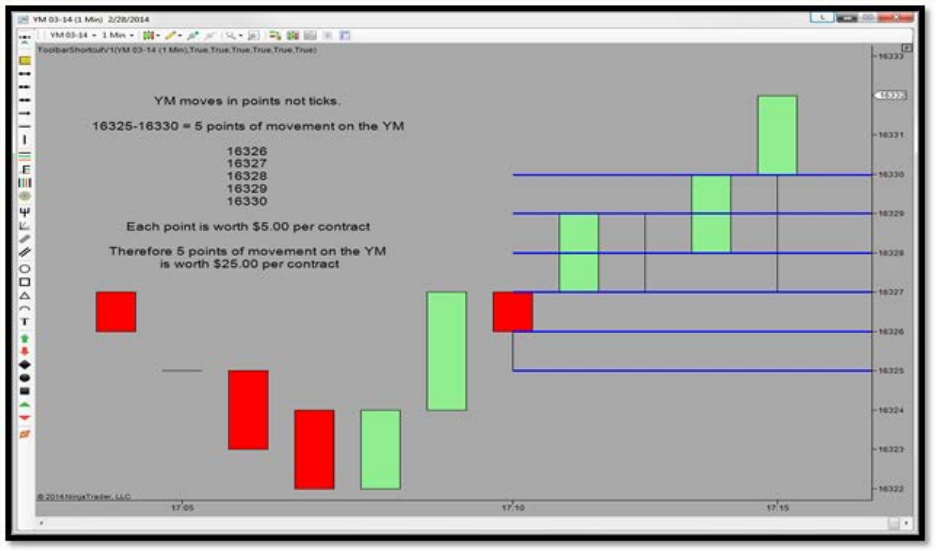
Market Example (ES)



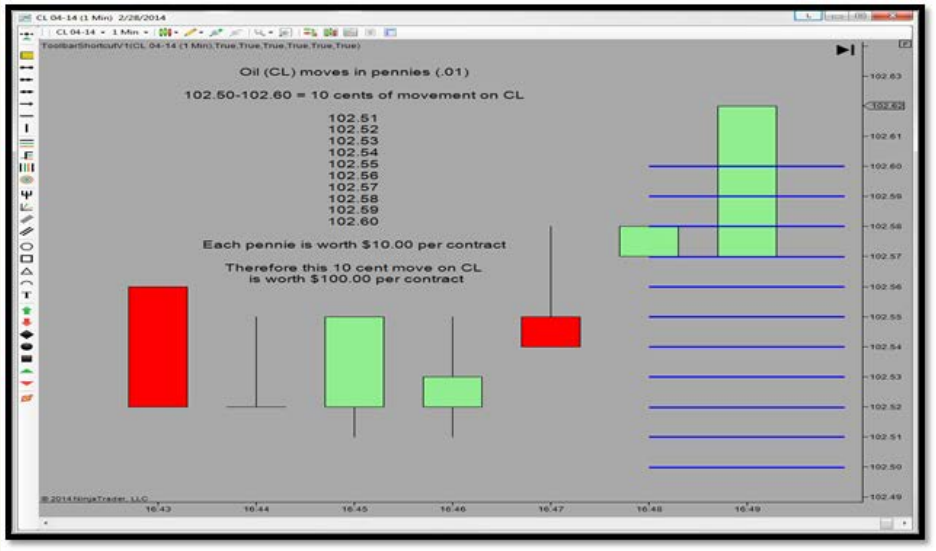
Market Example (NQ)



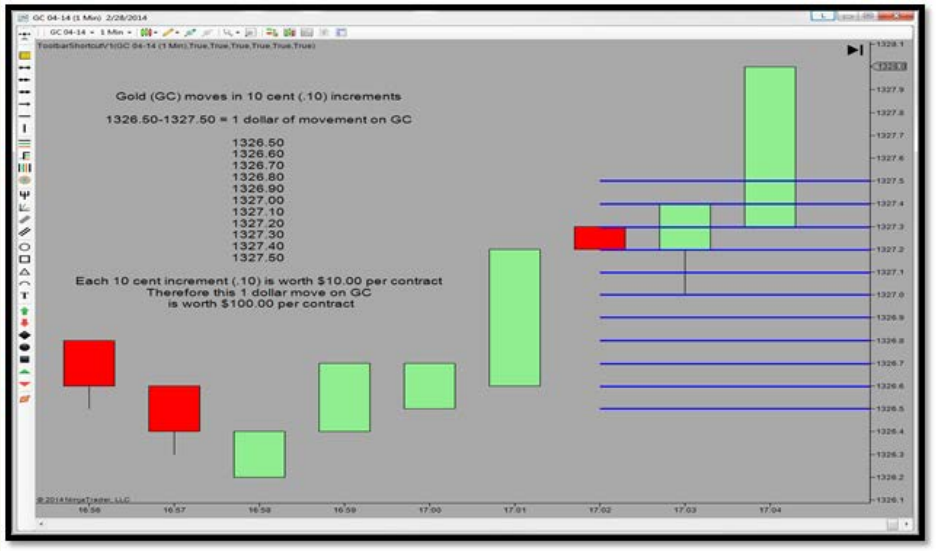
Market Example (YM)



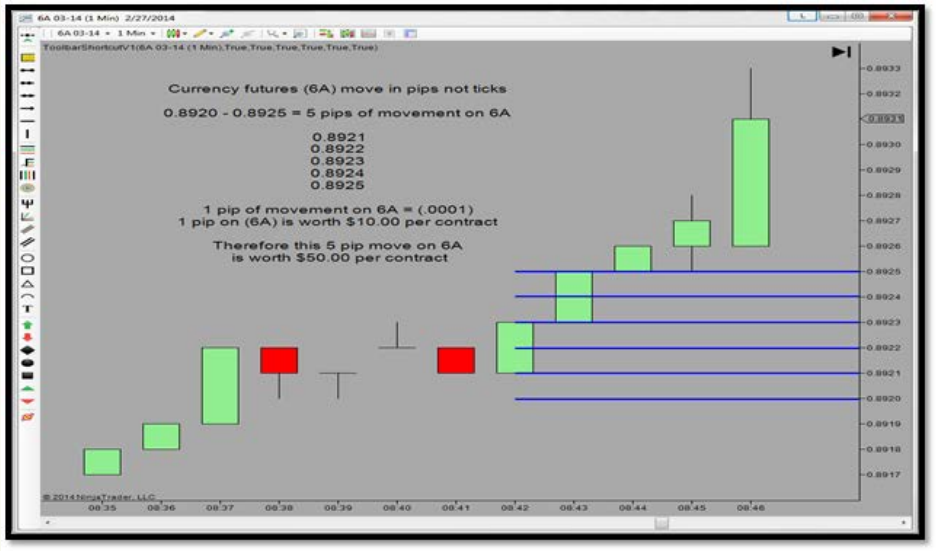
Market Example (CL)



Market Example (GC)

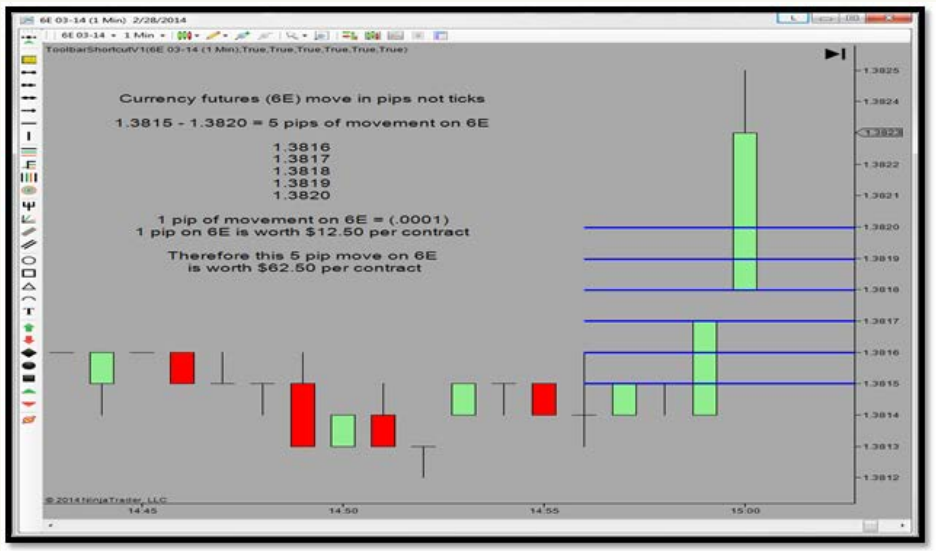


Market Example (6A)



Market Example (6B)

Market Example (6E)



Chapter 5: Futures Explained Pt:3

Expiration & Contract Rollover

Contract Expiration

- Each futures contract/market has an expiration date/month.
- Expiration takes place on the 3rd Friday of the expiration month at the close of the business day.
- The week that ends on the 3rd Friday is considered the roll-over period.
- Roll Over is where traders roll over their positions to the next active contract to avoid delivery or receipt of the underlying asset.
- It's wise to switch to the next most actively traded contract 1-2 days prior to expiration.

Rollover & Volume

- **Stock Indexes** expire quarterly (March/June/September/December)
- **Treasuries** expire quarterly (March/June/September/December)
- **Currencies** expire quarterly (March/June/September/December)
- **Energies** expire monthly (Monthly)
- **Agriculture/Metals/Softs/Meats** expire on different schedules.
  - Make sure you review the appropriate dates according to the contracts you trade.
- ***Always trade the contract with the most volume***
  - Front month contracts nearest expiration

Chapter 6: Futures Explained Pt:4

Margins & Trading Times

Understanding Margins

- **Margin is referred to as the cost of putting on a trade.** It is the amount set aside in your account for each contract you trade. Your margin varies by the market and the session time (day/overnight). Margin for futures is different than with stocks because we aren't paying interest and we are not borrowing money. We are setting money aside that is already in our account. Our margin acts as a security deposit for the trades we take because futures are highly leveraged assets.

- **Initial Margin** – The minimum capital amount needed to open a trade.

- **Maintenance Margin** – The minimum capital amount needed to keep the trade open. If your account falls below this amount your broker can liquidate your position without notice.
  Ex: Initial Margin = $5000
  Maintenance Margin = $3000
  If your account lost more than $2000 your broker will liquidate the position

- **Excess Margin** – money left over in your account in excess of the initial margin requirements to open positions.

- **Day Trading Margins** – Is the amount set by your broker in order to enter into a trade in $ value per contract during market trading hours. the day trading margins return to the initial margin requirements once the market closes. Once the market re-opens your broker will switch back to day trading margin requirements.

- ***Please visit your Brokerage website and platform resources to learn their basic requirements.***

Market Hours / Market Sessions

- One benefit to trading futures is that it provides flexibility with trading times available to trade.
- Unlike equities and options markets, global futures trading is open six days a week for 23 hours a day.
- This provides multiple opportunities for traders to trade different market sessions. (US/Aussie/Asia/Euro)
- A benefit to trading futures is that you can choose to trade faster market sessions like the (US/Euro) or you can trade the slower market sessions like the (Aussie/Asia).

Market Trading Times (Suggestions)

US Market Session: (9:30 am) – (4:00 pm) (FAST SESSION)

- (ES/NQ/YM/RTY) Monday – Friday: (8:00 am – 11:45 am)/(1:00 - 3:45 pm)
- (GC) Monday – Friday: (7:00 am – 11:45 am)/(1:00 pm) – (2:00 pm)
- (CL) Monday – Friday: (7:00 am – 11:45 am)/(1:00 pm) – (2:00 pm)
- (6A) Monday – Friday: (8:00 am – 11:00 am)
- (6B) Monday – Friday: (8:00 am – 11:00 am)
- (6E) Monday – Friday: (8:00 am – 11:00 am)

Aussie and Asian Session: (6:30 pm) – (3:00 am) (SLOW SESSION)

- (GC) Sunday – Friday: (7:30 pm – 11:00 pm)/(2:00 am) – (5:00 am)
- (CL) Sunday – Friday: (7:30 pm – 11:00 pm)/(2:00 am) – (5:00 am)
- (6A) Sunday – Friday: (7:30 pm – 11:00 pm)/(2:00 am) – (5:00 am)
- (6B) Sunday – Friday: (7:30 pm – 11:00 pm)/(2:00 am) – (5:00 am)
- (6E) Sunday – Friday: (7:30 pm – 11:00 pm)/(2:00 am) – (5:00 am)

European Session: (3:00 am) – (9:30 am) (FAST SESSION)

- (GC) Sunday – Friday: (2:00 am – 5:00 am)/(7:00 am – 9:25 am)
- (CL) Sunday – Friday: (7:00 am – 9:25 am)
- (6A) Sunday – Friday: (2:00 am – 5:00 am)/(6:30 am – 9:25 am)
- (6B) Sunday – Friday: (2:00 am – 5:00 am)/(6:30 am – 9:25 am)
- (6E) Sunday – Friday: (3:00 am – 5:00 am)/(6:30 am – 9:25 am)
- (ES/NQ/YM/RTY) Monday – Friday: (8:00 am – 9:25 am)

THE ABOVE TIMES ARE DESCRIBED IN (EST)

Chapter 7: Trading Strategies Basics

What is a Trading Strategy?

A Trading Strategy is the application of making money trading. Despite the different types of traders & strategies, there are several aspects that remain a constant among all traders:

- Trade selection & market selection
- Position sizing & money management
- Probability analysis
- Risk management & trade management
- The need for a trading plan

Strategy Types

Traders have options towards defining how they approach the markets. Some prefer active involvement and others rely on less human interaction by way of computer application.

3 MAIN CATEGORIES OF STRATEGIES:

Discretionary (subjective/hands on)
Aligns information, price & indicators to form a decision to buy/sell.

Automated (pre-built/hands off)
Create computer rules-based parameters to trade robotically.

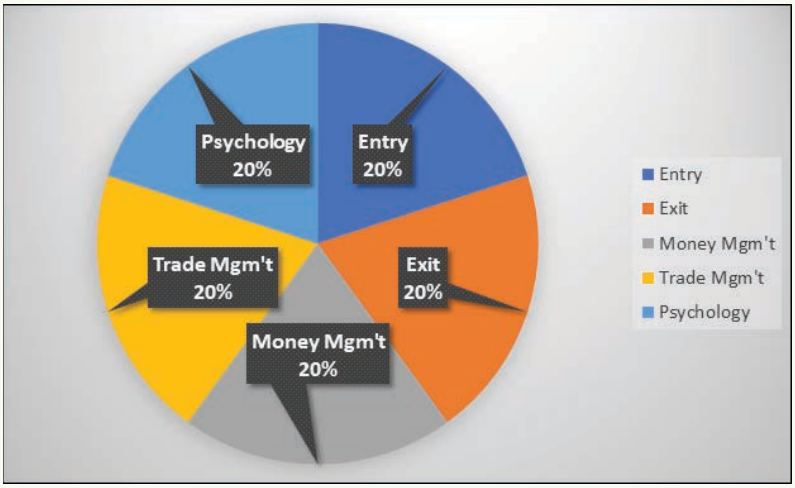
Rules based combination (subjective/pre-built/hands on)
Combines discretionary decision making using pre-built rules based parameters. Allows for human intuition with rules base structure.

What Makes a Trading Strategy?

A defined set of rules around:
–Entry
–Exit
–Trade selection
–Directional bias
–Market Selection

A defined set of rules around:
–Capital allocation
–Position sizing
–Money management

A defined set of rules around:
–Risk management
–Trade management
–Routine, trade planning and discipline



Chapter 8: Economic Calendars

News Volatility Risk

Economic Calendars:

- Traders use economic calendars to gauge expected market volatility.
- Traders use economic calendars to plan out their trading times and daily/weekly trading schedule.
- Traders use economic calendars to prepare for news event risk so they can avoid unnecessary volatility in the markets.
- Traders concern themselves with economic calendars surrounding news events that include:
  - **Federal Banks**
  - **Economic Data**
  - **Government Policy**
  - **Global News Announcements**

Traders should concern themselves with following information when analyzing economic calendars & planning their trading schedule:

- The economic report that is being released
- The time the report is being released
- The forecasted number expected to be released
- The actual number that is released
- Whether the actual number was (+) or (-) to the forecast
- The impact the report may have on the market volatility (low/med/high)
- The rules we have or chose to implement around trading times and news event risk

Chapter 9: Trade Statistics

Journaling & Review

Trading Stats

- Trading platforms provide a simple and effective way to monitor our trading process.
- As a trader we can track our success and roadblocks by looking at our trade statistics and our trading log/journal.
- We can look for patterns to see if we can identify strengths and weaknesses that need our attention.
- Some very important elements to pay attention to when analyzing your trade stats are:
  1. ***Net profit***
  2. ***Gross profit/Loss***
  3. ***Commissions***
  4. ***Max drawdown %***
  5. ***# of trades per day***
  6. ***% Profitable***
  7. ***# of wins/# of losses (Win/Loss Ratio)***
  8. ***Profit factor***
  9. ***Average time in market***
  10. ***Largest winning/losing trade***

- It is important to get into the routine of logging your trades daily. We provide a master trading journal for you to log your trades, so you can track your performance and decision-making behavior.
- You can also take screen shots of your trades to look back over and assess your trading, so you can learn from your strengths and weaknesses.
- You should review your stats after a given period to adjust your account risk and position sizing.

Journal/Log Examples

Current Account Information	
Initial Starting Capital	$ 40,000.00
Current Total Account Capital	$ 66,062.62
Drawdown %	15.00%
Trading Stop Loss Limit	$ 34,000.00

Current Overall Trade Results		
Income / (Loss)	$26,062.50	
Reward Ratio	1.09	
	Wins	Losses
Win / Loss %	77%	23%
Percentage Return	65.16%	

Futures Trades 1 - 25	
Reward Ratio for this Block	1.03
Income or (Loss) for the Block	$2,318.00
Per Trade Avg Income / (Loss)	$92.72

Current Futures Trade Information			
Winning Trade %	64.00%	Average Winning Trade Amount	$374.69
Losing Trade %	36.00%	Average Losing Trade Amount	($385.06)
		Commissions	$392.00

Trade #	Future	Contracts	Date	Short	Entry Information Price	Target	Stop	Partial Exit Information 1 Contracts	Price	Partial Exit Information 2 Contracts	Price	Exit Information Contracts	Price	Potential/Realized Reward/Risk Information Ratio	% Risk	Risk	Reward	Trade Gain/loss	Commission
1	TF	3	9/2/14		1,173.0000	1,174.5000	1,170.4000	2	1,174.5000			1	1,175.4000	0.69	0.22%	($780.00)	$540.00	$540.00	$ 12.00
2	YM	7	9/2/14	x	17,091.0000	17,073.0000	17,104.0000					7	17,104.0000	LOSS	0.08%	($455.00)	($455.00)	($455.00)	$ 28.00
3	YM	7	9/2/14	x	17,099.0000	17,086.0000	17,112.0000	5	17,086.0000			2	17,074.0000	1.26	0.08%	($455.00)	$575.00	$575.00	$ 28.00
4	GC	3	9/3/14		1,267.0000	1,267.6000	1,266.2000					3	1,267.6000	0.75	0.06%	($240.00)	$180.00	$180.00	$ 12.00
5	TF	3	9/3/14	x	1,180.3000	1,179.6000	1,181.0000					3	1,181.0000	LOSS	0.06%	($210.00)	($210.00)	($250.00)	$ 12.00
6	TF	3	9/3/14	x	1,181.0000	1,180.3000	1,181.9000					3	1,181.9000	LOSS	0.08%	($270.00)	($270.00)	($270.00)	$ 12.00
7	TF	3	9/3/14	x	1,181.6000	1,180.8000	1,182.5000	2	1,180.8000			1	1,180.5000	1.00	0.08%	($270.00)	$270.00	$270.00	$ 12.00
8	GC	3	9/3/14		1,267.5000	1,268.2000	1,266.8000	2	1,268.2000			1	1,269.1000	1.43	0.06%	($210.00)	$300.00	$300.00	$ 12.00
9	YM	7	9/4/14		17,085.0000	17,101.0000	17,077.0000	5	17,101.0000			2	17,110.0000	2.32	0.05%	($280.00)	$650.00	$650.00	$ 28.00
10	NQ	6	9/8/14		4,094.5000	4,097.0000	4,090.2500	3	4,097.0000			3	4,098.2500	0.74	0.10%	($510.00)	$375.00	$375.00	$ 24.00
11	TF	3	9/9/14		1,162.5000	1,163.5000	1,161.3000	2	1,163.5000			1	1,164.6000	1.14	0.10%	($360.00)	$410.00	$410.00	$ 12.00
12	CL	3	9/10/14		91.6100	91.7100	91.5100					3	91.5100	LOSS	0.11%	($300.00)	($300.00)	($300.00)	$ 12.00
13	CL	3	9/11/14	x	91.1100	90.9500	91.2800					3	91.2800	LOSS	0.19%	($510.00)	($510.00)	($510.00)	$ 12.00
14	ES	4	9/11/14	x	1,992.5000	1,991.0000	1,994.2500	2	1,991.0000			2	1,992.2500	0.50	0.09%	($350.00)	$175.00	$175.00	$ 16.00
15	GC	3	9/11/14		1,239.1000	1,241.1000	1,238.2000					3	1,238.2000	LOSS	0.07%	($270.00)	($270.00)	($270.00)	$ 12.00
16	GC	3	9/11/14	x	1,238.8000	1,237.8000	1,239.7000					3	1,239.7000	LOSS	0.07%	($270.00)	($270.00)	($270.00)	$ 12.00
17	NQ	6	9/11/14	x	4,081.5000	4,077.7500	4,084.0000	3	4,077.7500			3	4,081.5000	0.75	0.06%	($300.00)	$225.00	$225.00	$ 24.00
18	GC	3	9/11/14		1,238.7000	1,239.6000	1,237.8000	2	1,239.6000			1	1,238.8000	0.70	0.07%	($270.00)	$190.00	$190.00	$ 12.00
19	YM	7	9/11/14		17,013.0000	17,021.0000	17,004.0000	4	17,021.0000			3	17,028.0000	1.22	0.05%	($315.00)	$385.00	$385.00	$ 28.00
20	TF	3	9/12/14	x	1,160.6000	1,159.3000	1,162.1000					3	1,162.1000	LOSS	0.13%	($450.00)	($450.00)	($450.00)	$ 12.00
21	ES	4	9/12/14		1,991.0000	1,993.2500	1,988.2500					4	1,988.2500	LOSS	0.14%	($550.00)	($550.00)	($550.00)	$ 16.00
22	GC	2	9/12/14	x	1,236.3000	1,235.5000	1,237.4000	1	1,235.5000			1	1,234.6000	1.14	0.09%	($220.00)	$250.00	$250.00	$ 8.00
23	GC	3	9/12/14	x	1,234.1000	1,233.0000	1,235.0000	1	1,233.0000	1	1,231.4000	1	1,230.8000	2.63	0.07%	($270.00)	$710.00	$738.00	$ 12.00
24	TF	3	9/12/14	x	1,154.3000	1,153.6000	1,155.5000	2	1,153.6000			1	1,154.1000	0.44	0.10%	($360.00)	$160.00	$160.00	$ 12.00
25	CL	3	9/15/14		92.3300	92.4700	92.2000	2	92.4700			1	92.6500	1.54	0.14%	($390.00)	$600.00	$600.00	$ 12.00

FUTURES TRADE JOURNAL LOG

#	Future	Entry Date	Sht	Price	Reason for entry	Exit Price	Average Exit Price	Reason for Exit	Errors Made	Notes/Corrective Action	Trade executed according to plan / rules: Entry	Trade executed according to plan / rules: Exit	Profitable
1	TF	09/02/14		$ 1,173.00	low on curve - zone was very large so risk was not the most favourable. It was a 2nd test of the zone.	$ 1,175.40	$ 1,174.80	took bot T1 & T2 off at set targets. Could have trailed my stop if I had a runner as this was a very strong trade.	none	great trade.			YES
2	YM	09/02/14	x	$17,091.00	entered first zone on LOL. High on curve.	$ 17,104.00	$ 17,104.00	stopped out getting trapped at 2nd LOL	should have scaled 1/2 in at 1st zone and 1/2 in at 2nd zone.	scale into LOL for next trade like this when high on curve.			NO
3	YM	09/02/14	x	$17,099.00	re-entered in 2nd LOL after previous stop on 1st zone.	$ 17,074.00	$ 17,082.57	hit T1 & T2	none, other than the first zone loss on previous trade could have been avoided with scaling into LOL	great trade.			YES
4	GC	09/03/14		$ 1,267.00	entered in lower DZ LOL but this was an aggressive trade. I was trading with HTF so still good here but the first 2 DZ broke so wasn't sure if this would hold. My timing charts were followed so rules were met for a trade.	$ 1,267.60	$ 1,267.60	hit first tight target and moved stop to B/E+1.	none	great trade.			YES
5	TF	09/03/14	x	$ 1,180.30	this was an entry on 1st LOL in between the extremes	$ 1,181.00	$ 1,181.00	stopped out	should have scaled 1/2 in at 1st zone and 1/2 in at 2nd zone.	sloppy trade...loss was expected but could have been avoided			NO
6	TF	09/03/14	x	$ 1,181.00	I netered into the 2nd LOL from the previous trade as this was higher on the curve for a short. HTF was still good.	$ 1,181.90	$ 1,181.90	stopped out	my stop was too tight I made a mistake with the order which was human error and it cost me.	be more careful with orders when trading.			NO
7	TF	09/03/14	x	$ 1,181.60	I re-entered again in the previous zone after making a mistake with my previous stop oreder on the trade.	$ 1,180.50	$ 1,180.70	Hit T1 & T2	none	I could be leaving one on for a runner to let my trending trades take off and capture more profits. Still good trade and im proud I had the courage to reneter after a mistake...this helped gain back my losses.			YES
8	GC	09/03/14		$ 1,267.50	Entered DZ low on the curve with HTF in good standing. Waited for timing charts to allign for entry as immediate momo was against me on BB's	$ 1,269.10	$ 1,268.50	Hit T2 & T2	none	great trade.			YES
9	YM	09/04/14		$17,085.00	Enterd in DZ low on curve. + momo and uptrend on HTF	$ 17,110.00	$ 17,103.57	Hit T1 & T2	none	could have left a runner as this began to trend largly. Still great trade			YES
10	NQ	09/08/14		$ 4,094.50	Low on curve and this was the strongest market all day	$ 4,098.25	$ 4,097.63	Hit T1, T2 was a few ticks too soon as I dragged my order and it filled by accident beofre I wanted to exit.	T2 too soon	be more careful with orders when trading.			YES
11	TF	09/09/14		$ 1,162.50	Low on curve with + momo on HTF	$ 1,164.60	$ 1,163.87	hit T1 & T2	none	The TF was the weakest market but was the only setup on the indices at this time....might have not worked out as weaker markets are more risk...still a good trade			YES
12	CL	09/10/14		$ 91.61	Low on curve with + momo on HTF	$ 91.51	$ 91.51	stopped out	was a risky play as this was late in afternoon which is not best for this market. Also the (momo was weak/positive) this was a fake out and I new better.	avoid momo shifts when it's a fakeout. Not the best choice for a trade.			NO

Chapter 10: Creating A Trade Plan
3 Pillars

3 Pillars of A Successful Trade Plan:

Pillar #1: Trading Business Plan
Looks at business objectives and structure

Pillar #2: Trading Action Plan
Looks at the application of the trading business

Pillar #3: Trading Psychology Plan
Looks at our physical and psychological component

Pillar#1: Business Plan:
- *Business Overview & Objective*
- *Your Why*
- *Mission Statement*
- *Vision Statement*
- *Trading Style*
- *Corporate Structure*
- *Broker & Data*
- *Business Hours*
- *Equipment*
- *Resources*
- *Markets & Assets Traded*
- *Capitalization & Margin Rates*

Pillar #2: Action Plan:
- *Preferred Market Trading Conditions*
- *Position Sizing Models*
- *Risk Management*
- *Market Strategy*
- *Trading Process*
- *Trade Setup/Rules/Pictures*
- *Capital/Drawdown Rules & Procedures*
- *Market Routine/Pre-Post*
- *Trading Laws/Personal Rules*

Pillar #3: Psychology/Development Plan:
- *Self-Acknowledgement*
- *Personal Strengths*
- *Personal Weaknesses*
- *Trading Strengths*
- *Trading Weaknesses*
- *Objectives to Capitalize & Change*
- *Business Evaluation*
- *Personal Evaluation*
- *Personal Psychology*
- *Exercise Routine*
- *Cognitive Training*

Why Have Rules?

- Trading is a business of risk management. In order to stay consistent running a successful trading business we need to have rules around how we trade, how we manage risk and how we run our trades.

- Traders who don't have rules or structure lose money as a direct result of trading becoming more of a hobby rather than a business.

Rules & Laws List (Examples):

1. I will not trade into economic of fed bank news announcements 5M Prior/5M Post
2. With session open/close I will not enter a position 5M Prior/5M Post
3. I will only trade confirmed setups
4. I will only buy in demand and sell in supply
5. I will use HTF/Curve/Trend/Momentum to confirm directional bias
6. I will never trade without my entry and exit predetermined
7. I will only trade my plan
8. I will not force trades
9. I will not add to losing trades
10. I will wait for the market to prove itself if I am unsure about my trade or the direction.
11. I will not chase price
12. I will not listen to the media or outside influence
13. I will not trade if I am not rested and my routine is not completed prior to trading
14. I will not revenge trade to make back losses
15. I will stop trading if I feel to emotional to make sound trading decisions
16. I will not interfere with my plan and decision making prior to letting the trade play out.
17. I will not hyper-trade/overtrade
18. I will trade for small/large wins, to break even & for small losses but never large losses.
19. I will remain healthy, active and in a good frame of mind, so I can enjoy my work & have balance
20. I will always remain accountable to my trading business and decisions

Chapter 11: Skill Development Process

Learning Curve & Application

3 Stages of Trade Emotions:

- *As professional traders we are constantly experiencing challenges both in the application aspect of trading and the emotional aspect of personal development.*
- *Trading is a performance-based business. In order to develop we must identify the possible stages of emotions we will experience while trading.*

During every trade at some point a trader is likely to feel the following:

HOPE – We hope the trade turns around and comes back from negative to positive
FEAR – Fear sets in while in a trade and we simply hope to B/E
DESPERATION – We become completely paralyzed by the pain of loss which forces us to just get out of the trade regardless of the loss or state of the trade (Self Sabotage)

They will happen no matter who we are or what our experience level is

The solution is to know this will happen in advance, so we can plan to manage ourselves accordingly as we trade.

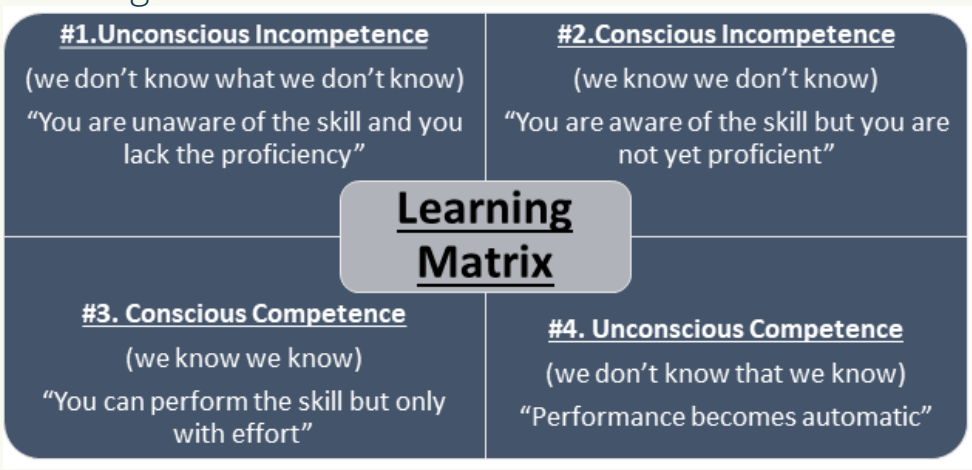
Learning Curve:

- As you approach trading it's crucial to not skip steps in the learning process.
- Doing practice exercises, marking up your charts, doing bar-by-bar analysis in simulation and market replay will drastically improve your chance of success.
- Often, traders will learn the educational concepts and skip the skill development phase. Trading live markets prematurely causes traders to set themselves up for failure.
- If you treat this seriously and want a positive outcome it is important to follow this process while being patient to learn and develop your skill. Those who do the work will be rewarded by their skill and application.

How to Become A Great Trader:

- In order to get to the "Unconscious Competence" level, we need to treat trading like a business not a hobby!
- When taking trades, only take the best setups
- When trading, practice patience before action
- When planning trades, think of risk first
- Before trading live, practice, practice, practice!
- Embrace the process. It's ok to make mistakes along the way.
- Make sure you start with healthy expectations and work towards improvement, don't expect perfection or certainty EVER!
- When you take a trade, log it in your journal and review it
- After you have an extended time of trades in your journal, go back and evaluate your decision making to look for +/- patterns and areas that need improvement.

Learning Matrix



Emotional Tools & Practice Resources:

- Consider reading: (Psychology)
  - Trading in The Zone by "Mark Douglas"
- Market Replay / Bar-By-Bar Analysis Sim > Live
- Each student should trade on simulation for at least 4 to 6 weeks or until they are able to document the following accurately:
  - Confidence
  - Consistency
  - Patience
  - Rules
  - Trade Selection
  - Profitability
  - Positive Belief
  - Trust

Next Steps

Put an end to late signals and missed trades. We trade live!
https://bit.ly/3fyOBCV