

Art of Trend Trading

Is Your Routine Holding You Back? Make it Part of Your Edge!

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Clarify, Simplify & Multiply

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The Art of Trend Trading

- Is there really an element of Art in Trading and especially Trend Trading?
 - Like any professional endeavor—there is an element of Art
 - Art of the Deal
 - Art of Negotiations
 - Art of Speaking
 - Art in Motion (Sports)
- How the tangibles and intangibles come together helps define is often the visual demonstration of “The Art”

Great Performers: Learn & Plan how to be Successful!

The Art of Trend Trading

- Pro Athletes: Their effortless accomplishment of the extremely difficult is an example of Art, BUT!



Art Doesn't Happen without a Plan!

- A set of rules
- A pre-routine
- Take the Shot
- A post routine

Great Performers: Learn & Plan how to be Successful!

What's Missing From Your Routine?

- What is the main objective golfers want to gain from their coaches?
 - After learning the basics, the number one objective is:

Greater Consistency!

How does the golfer develop greater consistency?

- They Have a Plan—Physical & Mental
- They Practice based on the Plan to eliminate mistakes
- They learn their routine based on the Plan
- They use their routine based on the Plan
- They use a routine that lessens distractions
- They Know their Edge is determined by their consistency

What's Missing From Your Routine?

- Your Routine will either promote you success or hamper your success!
 - **Poor Routine » Poor Consistency » Poor Results**

What's Missing From Your Routine?

- Do you have a defined Routine?
 - What does it include? Physical & Mental?
- Did anyone review your Routine with you?
- *What are the enemies of your routine?*
- Is your Routine Haphazard? Do you complete it?
- Is your routine realistic? How many Practice Swings?
- Does your routine promote your Edge?
Your Edge is define by your system.

Basic Elements of a Sound Trading Routine

- Physical & Mental Side
- Written Rules & Plan
- Practice the Rules and Plan consistently

Foundational Elements:

1. System Rules
2. Strategy Rules
3. Journal- **What to capture**
4. Schedule
 - Plan
 - Study
 - Practice
 - Trade
 - Review

The Rules

What to Trade:

1. IBD 50 Running List Stocks, Sector Leaders, Leaderboard, Stocks on the Move & Leveraged Bullish Index ETF's
2. Stocks that pass IBD Stock Check Up with composite over 80 (with one exception)
3. Stocks/Index ETFs Priced Over \$10 with volume GTE to 500K shares/day
4. Stocks/Index ETFs with Weekly Options
5. Stocks/Index ETFs from my personal and "Go To" List
6. Stocks/Index ETFs with observable price patterns

When to Enter: At **Objectively** defined Action Points

1. Bounce or breakouts above/below moving averages (Primarily the 8 day EMA) Trend line Breaks
2. Support/Resistance Bounces or Breaks
3. Candlestick Patterns
4. Use consistent price trigger cushion (10-50 cents)
5. With Convergence of Clues

When to Exit: At **Objectively** defined Action Points

1. Stop Losses: 15-50 cents above or below swing high or swing low
2. 8 day EMA Rule (can apply to any moving average that trigger the trade.
3. Break Trend Line
4. Profit Stop: At set technical targets for Income Generating Trades, 1/3 to 2/3's a position
5. Profit Stop after candlestick reversal signal is confirmed & violation of the low/high of a close below/above 8 day EMA
6. With Convergence of Clues
7. Hard Stop Loss @ 7-8% loss from entry price based on stock or ETF

What Strategy to Use: Long & Short Stocks and ETF's. Weekly Covered Calls, Naked Puts, Strategic Bullish & Bearish options (directional)

What to Expect: Cumulative 40% ROI & 60% Winning Trades

A Sample Routine

- Start with the End in Mind
 - Consistent Trading
- Schedule out the Routine—
Daily, Weekly, Monthly, Yearly

Saturday & Sunday
Monday
Tuesday
Wednesday
Thursday
Friday

A Sample Routine—Path to Consistency

- Schedule out the Routine

Saturday & Sunday—Sets the tone for the week!

- Review Rules!! *Don't just assume you know them*
- Review all open positions & plan action
- Review & Record Trades Closed during the past week
- Monthly: Measure your Return
- Review Current Watch List
- Review IBD 50, Sector Leader, Leader Board
- % of Stocks Above the 20 day SMA on the NYSE
- Develop the Go To List for the week
- Prepare Strategic Orders
- Study & Practice

A Sample Routine—Path to Consistency

- Schedule out the Routine

Monday-Friday (Repeat Daily)

- Review all open positions & Plan Action
- Review **Go To List** & Plan Action
- Prepare Strategic Orders
- % of Stocks Above the 20 day SMA on the NYSE

- Read predetermined articles
 - The Big Picture
 - Stocks on the Move, Leaderboard, Sector Leaders

Bottom Line: Learn to use your tools!

A Sample Routine—Path to Consistency

- What about your routine when the market is open?
 - A routine is important here also—lack of one can lead to impulsive trading
 - A good rule to follow—If the nightly/daily Routine was not completed—DON'T TRADE!

Daily Routine Live

- Go to the Routine
- Finish Routine
- Plan Complete

Recap

Great Performers: Learn & Plan how to be Successful!

- What appears to be Art is actually the result of focused planning and practice (in other words hard work)
- Develop a routine that promotes greater consistency
- Destroy the Enemies of your Routine
- Master Yourself