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WHEN NOT TO TRADE

Most traders are smart energetic and hard-working people. Traders that make the most money are the ones that know when to go to the golf course or the gym and NOT trade!

1. **Around any economic news.** News comes out almost every day. The best way to keep up with the schedule is to log onto: <http://www.forexfactory.com/>
2. You should never forget to look for news. This information is in our morning report every day
3. **On Fed day. For FOMC meetings you might as well take the afternoon off.** Lately it has been affecting the whole day so you may want to just trade the first 2 hours.
4. **On Options Expiry day.**
5. **On Triple Witching Week.** This used to be know as Triple Witching Day but has caused so much volatility in the days preceding it some now call it Triple Witching Week! On the third Friday of March, June, September and December investors are unwinding their positions in index options, futures and options on futures. This can cause some major price swings. This week has become so volatile that you can really only trade on Monday and Tuesday without getting thrashed around.
6. **Anytime the volume dries up.** This is often Noon to 3pm EST and Friday afternoons.
7. **The day before and after any holiday.**
8. **The second Thursday of every Quarter when the futures contracts roll over.** The back month doesn't expire for another week but the first Thursday is the day all traders start trading the front month.
9. **Be careful on Bank Holidays** when the stock market is open and the bond market is closed.
10. **The last trading day of the month.** This day portfolio managers are adjusting their portfolios.
11. **Anytime you are not rested, are worried, are stressed** or just generally out of sorts you can almost guarantee you will have a losing day.
12. **Around century points on the Dow** 30 (12500, 12600 etc.) there tends to be a lot of support and resistance which can make for very choppy trading. If the market stalls out and whipsaws back and forth around these areas it will cause choppiness in all the equity markets.



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TRADING EXECUTION AND SOME CONSIDERATIONS

First of all, you must truly believe that you have unlimited potential to make money trading. You must believe that anything can happen in the market. You cannot have any pre-conceived ideas about what is going to happen next; you must simply take the signals when they come. You don't need to know what is going to happen next in order to make money.

1. Don't break your rules!
2. Get up early enough to be wide awake, dressed and have done some mental exercises before you put on a trade.
3. Try to be absolutely disciplined in every aspect of your trading.
4. Don't re-enter a botched trade. Its over!
5. Don't try to get even.
6. Don't hesitate to put the trade on when you have a signal.
7. Don't jump the gun.
8. Don't change your stop or your profit target.
9. Don't ever refuse to take the loss and let it turn into a bigger loss.
10. Don't get out of a winning trade too soon. This often is what you want to do after you have taken a loss on a previous trade!
11. Don't ever let a winning trade turn into a loser. It is a morale killer. By this I mean, you start to trail a position, it is winning and you let it go back down below your entry.
12. Don't move a stop closer to your entry point and then get stopped out and then watch the market trade back in your favor, but you are out! This is a mental killer.
13. Don't trade too big a position.
14. To win in trading you only need to master one trick and do it over and over again.



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15. In surgery and in trading there is **ABSOLUTELY NO ROOM FOR ERROR!**
Try to trade as perfectly as you possibly can; every day, every trade. Even if you lose you will feel good about trading well. Focus on your executions and do it right every time.
16. Don't short a quiet market! If you have a valid short signal but the market has been flat lining for an inordinate amount of time, pass on the trade. This consolidation almost always ends up in a move to the upside.
17. If you get whip sawed or reversed on 2 trades in a row, stand aside, you are in a chop and the problem with chops is that you don't know when you be out of it. It is better to miss the next winning trade than to have 5 losers in a row.
18. After an explosive move it is wise to stand aside on the next set up in the opposite direction. It is usually a losing trade as the market needs to consolidate after a big move.

19. Don't break your rules!!

20. Here is a "Road Map" that I keep on my screen. It is a chart with the Tick, the Trin and the Tiki. It has invaluable information about the markets in general.
 - a. At 1.0 the Trin is neutral, meaning that market sentiment is neither bullish or bearish. At .7 or below the market sentiment is bullish and at 1.3 and above it is bearish. I like to put a 21 EMA on the Trin to see what the trend of the sentiment in the market is.
 - b. The Tick is a count of the number of stocks trading on an uptick or a downtick. At plus 1000 the markets are bullish and minus 1000 bearish.
 - c. The Tiki is like the Tick but as it is based on the Dow 30 the range is minus 30 to plus 30. Watching this will give you a very good "feel" for the market at any time during the day.



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