WINTER 2011 ISSUE 68 The Discipline Perspective of Trading

TradingOnTarget.com

Adrienne Laris Toghraie, Trader's Coach

Register NOW	Making Better Choices By Adrienne Toghraie, Trader's Coach	 body to support your trading: Do at least 20 minutes of aerobic exercise a day Stretch your muscles and ligaments
TOP PERFORMANCE SEMINAR March 19 & 20 North Carolina \$2,500	A n all-encompassing resolution this year would be to <i>Make Better</i> <i>Choices</i> for your mind, body, spirit and your business. By improving any one of these areas of your life, it improves all of the others.	 Get a massage every week Hire a trainer or coach to give you a routine Have the staple of your diet be grains, vegetables and protein with less fat, less simple carbohydrates and keep away from processed foods
Ask about early enrollment special	Let's focus on how you can improve yourself in each area of life to improve	• Take nutritional supplements that are prescribed by a doctor or nutritionist
Call to Register 919-851-8288	your trading: Mind	SpiritYou are more likely to:Stretch to the next level of success that
	 You are more likely to: Recognize opportunity when you increase your knowledge base Take that opportunity when you feel sure of yourself Feel comfortable about making 	 leads to mastery in trading Enjoy the process of becoming and being a trader Maintain a high and consistent level of success
	choices when you let go of all the self-imposed limitations that result from the negative history of your life's experiences	 To create a spiritual life that will support your trading: Be in a quiet environment where you can focus only on pleasant thoughts Read inspirational books that will moti-
	 To make the mind support you in your trading: Read, study, and attend webinars, seminars, and conferences 	 Take time to quiet the mind by paying attention to your breath Give a percentage of your earnings to
Adrienne Toghraie Trader's Coach	• Engage the expertise of a mentor, teacher or coach	help others
Trading on Target 100 Lavewood Lane Cary, NC 27518 (919) 851-8288 (919) 851-9979 FAX Adrienne@ TradingOnTarget.com Website TradingOnTarget.com	 Body You are more likely to: Respond quicker to opportunity Have more endurance for each part of your trading day Require fewer days off for illness To create the best environment for your 	 Trading You are more likely to: Become a professional trader with huge success, when you act like an entrepreneur by creating a trading business, having a plan that includes all the resources necessary to make money and implementing that plan Be a consistently successful trader when

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you have tested your strategy to know that the probabilities of success are high

• Grow as a trader when you handle psychological issues

To create a good trading environment:

- Organize your life by letting go of anything that takes away your focus
- Reconcile the issues with significant others to support loving exchanges
- Acquire the resources to support good trading
- Hire professionals to assist you in breaking though each barrier towards your ultimate potential

Conclusion

Small steps lead to large distances. Making better choices in each area of your life is the foundation necessary to become more successful in less time and enjoy the process. I have dedicated my life to assisting traders in bringing out the best in themselves. I hope you will join me in my webinars and seminars and for some of you, private coaching. Here's to a Happy New Year of trading success.

TOP PERFORMANCE SEMINAR Presented by Adrienne Toghraie, Trader's Coach

"You cannot trade a proven system without discipline"

March 19 & 20

Cary, North Carolina

\$2,500 US (Pro-rated Early Enrollment Discount)

Emotional Control & Discipline

- Dramatically increase your self-discipline
- Develop the emotional control essential for trading
- Re-define your goals and turn them into realities
- 10 tools for handling mental states
- Learn the model of successful traders
- Learn NLP for eliminating self-sabotage in trading

Register Now — Space Limited Call 919-851-8288 or email Adrienne@TradingOnTarget.com

From No System to a Proven System in Three Well-Defined Steps By Sunny J. Harris

Sunny is a mathematician and programmer, as well as a 30-year veteran trader, who has written several bestselling books on trading: "Trading 101—How to Trade Like a Pro," "Trading 102—Getting Down to Business," "Electronic Day Trading 101," "Getting Started in Trading," and the newly released "TradeStation Made Easy!" She is currently at work on her next book: "Grading the Gurus."

Eschew Obfuscation

Traders who are consistently successful, whether they know it or not, are using some sort of system to make trades. A system is simply a recipe, a map, a guide that you follow to its conclusion. Your system might be as simple as trading on the long side on sunny days and on the short side on rainy days. That's a system! And if you follow that plan day after day, keeping track of the results, you are a systematic trader.

The word "system" has become synonymous with the fear of math and for many of the same reasons. Usually people who didn't like math in school simply didn't have a good teacher. Likewise, if you hesitate at the word "system," it's probably for lack of a good teacher. In this article we'll look at the elements necessary to create a successful trading system and how you can apply them to your own trading.

Potential Hourly Wage Analysis

For my own analysis I've come up with a rule of thumb which I use in determining which markets are tradable. I take a look at all markets on the same scale, over a one year period, and mark the ideal entries and exits. If 40% of the ideal would give me an annual wage I'd be happy with, then I consider the market to be tradable. I initially called that "Potential Hourly Wage" Analysis (PHW Analysis), and though the concept grew well beyond hourly computations, the name stuck.

The first thing I do is mark all the ideal entries and exits, trading from both the long and the short sides. Although you and I will see different ideals, the concept is the same. Below is the chart as I would mark it. I used to draw yellow circles on the chart with a highlighter; now I have an indicator that does it for me. (And, of course it is available for sale.)

Why didn't I mark every jig and jag on the entire chart?

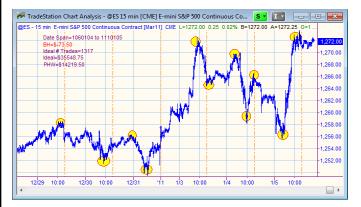
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Because we have to leave room for error. You can't catch every up and down move in any market. Keep in mind that we're estimating we'll only catch 40% of the ideal move. Thus, if a move is small and we miss 60% of it, then it'll probably be a losing trade.



Next we must analyze the ideal trades we've marked to see how much our annual wage would be from this effort. Will it be worth our time to trade this instrument? This you can do by hand, or with a spreadsheet, or like me you can have the indicator do it for you automatically. I also use this indicator in RadarScreen, and there I sort the columns from the highest PHW to the lowest. This gives me an instant view of which symbols are the most tradable, i.e., have the most potential for profit.

The chart above shows that we could make \$4,054 in 5 years trading one share of the EMini if we caught 40% of every swing in the market. That is hugely important to know. How many traders just jump right in and start trading the EMini without knowing how much money is available? Most!



Next, I am going to put this same indicator on the EMini, but this time use a 15-minute chart over the same 5 year time period. This should tell us whether a different time frame would be more beneficial.

And, indeed, as you can see in this chart, the PHW Indicator says we could potentially capture \$14,219 simply by changing our focus from daily to 15-minutes. It is easy to see that the next step would be to test several different time frames to find the ideal (that is, the ideal that would be suited to our psychological makeup) and then to add contracts to increase the revenue. Only your pocketbook dictates how many contracts you can trade. Notice on both charts that Buy and Hold (BH) was a losing venture, while trading would yield a profit.

Finding the Right Indicator

After determining which market to trade and which time frame to use within that market, by using the PHW Indicator, it is now time to turn to the job of creating or purchasing the right indicator, strategy or pattern recognition scheme. I created a Dynamic Moving Average many, many years ago—using my own proprietary mathematics—which to this day does a great job of staying in trending markets and avoiding choppy markets.



This next chart shows my DMA on the same EMini chart we've been using. The slow and the fast components of the DMA are very close together, but notice how well the average goes flat and refuses to crossover when the market is going sideways. I have many clients who, like me, have been using this DMA for years and years.

The only way you can gain confidence in a system like mine is to run it through rigorous tests, over many time frames and with many different trading instruments (symbols). Or, of course, you could throw money at it and trade it real-time without any testing, but your psychology would immediately let you know whether this single combination was a success or failure and you would likely be out of money to try again.

The bottom line is, test, test and re-test. Don't risk your hard-earned cash on strategies that you haven't rigorously exercised and proven to be successful (mathematically). Put pen to paper first, before you put money to the market. **www.moneymentor.com**

Intuition Seminar May 6 - 8, 2011



This advanced seminar is for those traders that have taken the Top Performance Seminar & have made money in trading within the last 6 months.

"This seminar was phenomenal. It gave me the added edge I needed to step my trading up to a new level. I finally have a formula that I needed to maintain my highest level of profit." **R.R. Trader**

Call to Register 919-851-8288

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OUT AND ABOUT

Feb 5	Adrienne's Master Class (online event) Saturday 10 AM - 2 PM \$500 - Early Enrollment \$300 Call to Register 919-851-8288	
Feb 20-22	Traders Expo New York <i>Evolution of a Master Trader</i> New York, NY	
Mar 19-20	<i>Top Performance Seminar</i> Cary, NC	
May 6-8	<i>Intuition Seminar</i> Cary, NC	
Free Online Webinars Weekly & Monthly Email Adrienne@TradingOnTarget.com for Webinar Details		

TO: