



# Disciplined Trading Strategies

By Paul Lange

## Introduction

For these next four mornings I am going to give you a series of exact steps that will help you tremendously if you have the technical knowledge, but cannot seem to turn the corner on making good profits. There are going to be four things that you can do that I feel will 'dramatically change your trading/investing career'. The results will be immediate, every week.

It should be stated again, that if you do not have the technical expertise, you are not at the level that these comments will help. If you don't know how to look at a chart, no amount of refining will help you.

After a long time of working with many traders, one discovers that there are certain truths that cannot be denied. There are four things that are done so consistently wrong by new, and even fairly experienced traders, that each of these mistakes results in bad trades 90% of the time for most traders. If traders would simply follow these four rules, they would eliminate most of their losing trades. The fourth rule does not really fall into this "90%" category, but is perhaps the most important.

## Four Secrets to Trading/Investing – Part Two

Here is the second rule, and the subject of this lesson. Traders should **ONLY** take trades that exactly fit the parameters outlined in their trading plan. It sounds simple, but again the facts behind this are staggering.

Of the four 'secrets', this one is the easiest to describe, and really requires no technical expertise, just discipline. However, it is arguably the one that costs most traders the most money.

Having a trading plan is simply the most important step to trading and investing. When it comes to day trading, it is the only concept that has a 100% correlation



# Disciplined Trading Strategies

By Paul Lange

with success. 100% of successful traders use trading plans. 100% of traders who do not have plans fail. What more needs to be said? Unfortunately, there is still great aversion to having a trading plan. Here is the pattern that usually happens.

First, traders simply leave a seminar or training course and sit in front of the market with the intention of 'developing' a plan over the first few days. The trials and tribulations of trading, combined with the huge dislike for the 'work' of writing a plan keeps 80% of the traders from ever beginning to write one. Of those that begin to write one, 80% never finish, or they do finish a plan that is so poor and vague it cannot be used. Of those that do finish a reasonable plan, as bizarre as it sound, 80% of those never use it. Of those that use it, 80% never follow up properly to see if they are truly following them, or if they are effective. Where are you in this process? No. Stop. Really; go back and answer that honestly. WHERE are you in this process?

The purpose of this article is picking the one most important concept to follow up on to eliminate losers. When traders are asked to go back and review their records, it is found that when they go back and pick out the trades that were not really in their plan, an amazing 80-90% of trades taken outside the plan fail. 80-90%. Does that get your interest? Don't believe it? Check for yourself. While it would be interesting to see your results (feel free to send them to [Paul@DisciplinedTradingStrategies.com](mailto:Paul@DisciplinedTradingStrategies.com)), experience tells me that few will send them, because few will REALLY do it. Stop and take these lessons seriously. These four 'secrets' will change you career, if you are not doing well now, and if you actually do what they say.

The point of this lesson is simple. The glory of this does not come from a chart; it comes from the discipline to follow a plan, and more importantly, the discipline to check to see if you are following that plan. By following up in this one area, you may be able to stop the majority of your losing trades. *You can't correct what you do, if you are not doing anything consistently.*



# **Disciplined Trading Strategies**

**By Paul Lange**

So you ask, “But I don’t have a trading plan, or I don’t have strategies outlined in my plan, what do I do?” The answer is simple, develop a detailed trading plan that has one or two specific strategies, and follow them.

In the next issue of this letter we will look at the third ‘secret’ that will change your trading.

-Paul