



Disciplined Trading Strategies

By Paul Lange

Introduction

This is the last in a series of four articles designed to show 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. They are 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 Four

It is time for the fourth and final rule of this series. As I have mentioned in the introductory paragraph of each of these four lessons, this is not really a ‘new’ rule. However, the first three rules are ineffective and worthless if you do not know the fourth rule. The fourth rule is to simply follow up to make sure that you are doing each of the first three rules properly.

Now, DO NOT stop reading this and say, ‘yea, yea, follow up, I know’. There is an exact procedure that must be followed. When this is followed, traders are always shocked and amazed at the results.



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1. Print out the chart for the relevant time frame(s) for the trade you took. If it was based on a 5 minute 'breakout', print the five minute chart.
2. Write the name of the strategy you played on the top of the chart.
3. Take a 'green' marker, and mark in the correct entry, stop, targets, and management, based on your trading plan.
4. Now take a 'red' marker, and mark in the actual entry and exits you had based on your trading records.
5. Now decide if the play you did was substantially correct according to your trading plan. If it was, write a 'good' on the top of the page.
6. If the play was not correct according to your plan, write a 'bad' on the top.
7. If the play was bad, put the reason why on top.

Save these until the end of the week. Over the weekend, take all the 'good trades' and start a binder of good trades, saving the best examples of each of your strategies. We are very visual people, and learn best by pictures. Take all the 'bad' trades and categorize them by the reason they were bad. Take the number one mistake you committed that week, and do whatever necessary to resolve that problem the next week. Eliminate ONE mistake every week.

Please keep a couple of important rules in mind.

First of all, this process MUST be done at least 30 minutes AFTER the market closes. Traders often do not think properly when the market is open, and you will 'rubber stamp' any trade you do if you look at it soon after you close out the trade. The best case is to wait until that evening.

Second, it is BEST to write by hand on the chart. Print the chart, and then use your own hand to write on the chart. Many like to use Power Point or other software, but the best learning will come from having all of your senses involved. If you



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must, it is better to do this on the computer than not at all, but try doing these by hand, as shown in the example above.

This concludes a very important series of four lessons. If you are serious about your trading, see how well you currently do at these, and vow to follow them religiously for a week. You may be surprised.

Even if you have not been following these four 'secrets', take the time to do this one. Print up some charts, and go through the procedure, even if you do not have a good plan, or don't feel you even know what to look for. You will be shocked, and you will have a whole new perspective on the four things that were discussed over these last four lessons. I hope you have enjoyed this series of articles.

-Paul