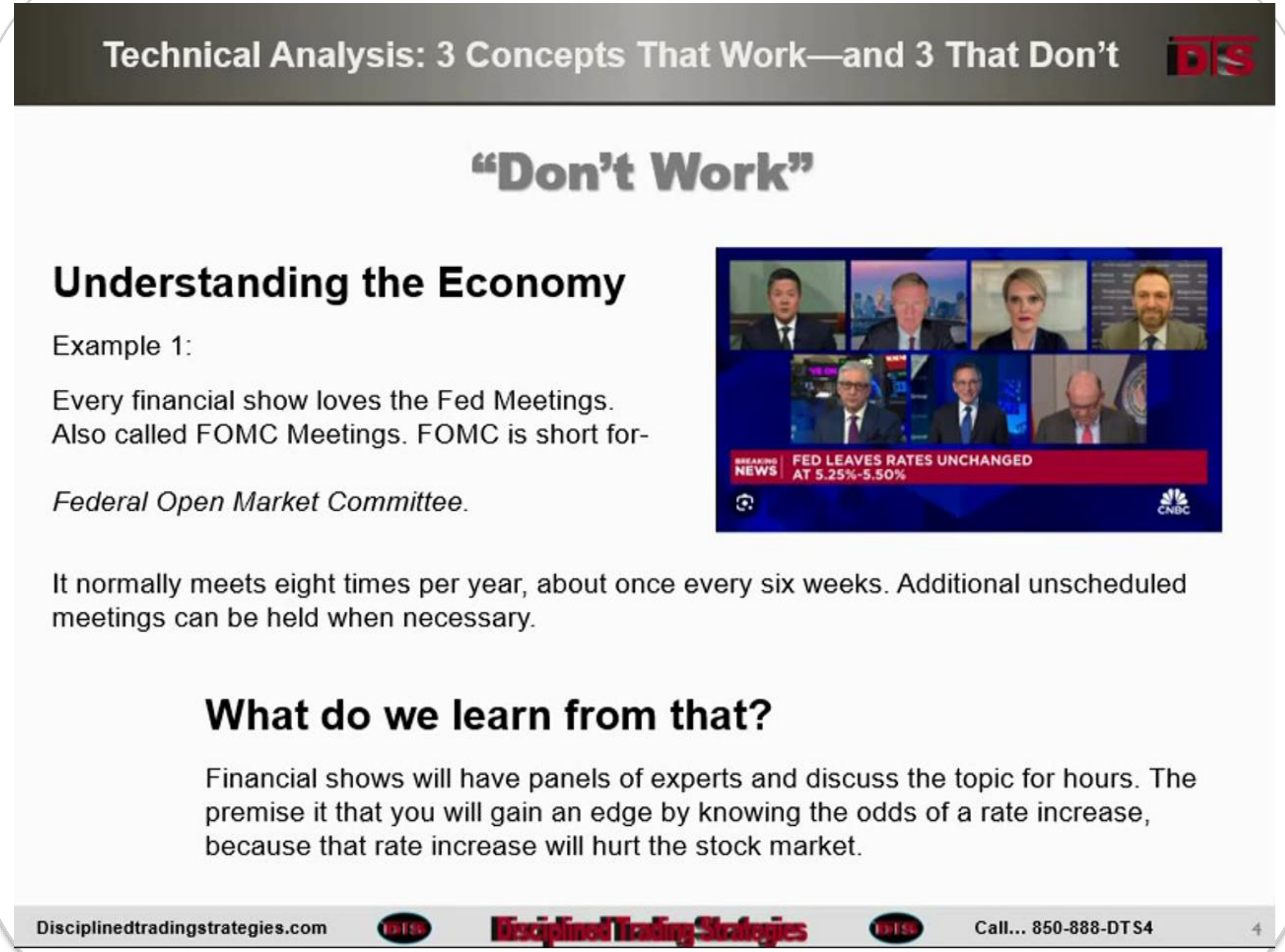
How to Use This PDF

- The original presentation slide appears on the left.
- Where explanation is helpful, the Key Takeaways appear in the red panel on the right.
- The takeaways summarize the actual teaching point - not just the topic shown on the slide.

Understanding the Economy

Original slide

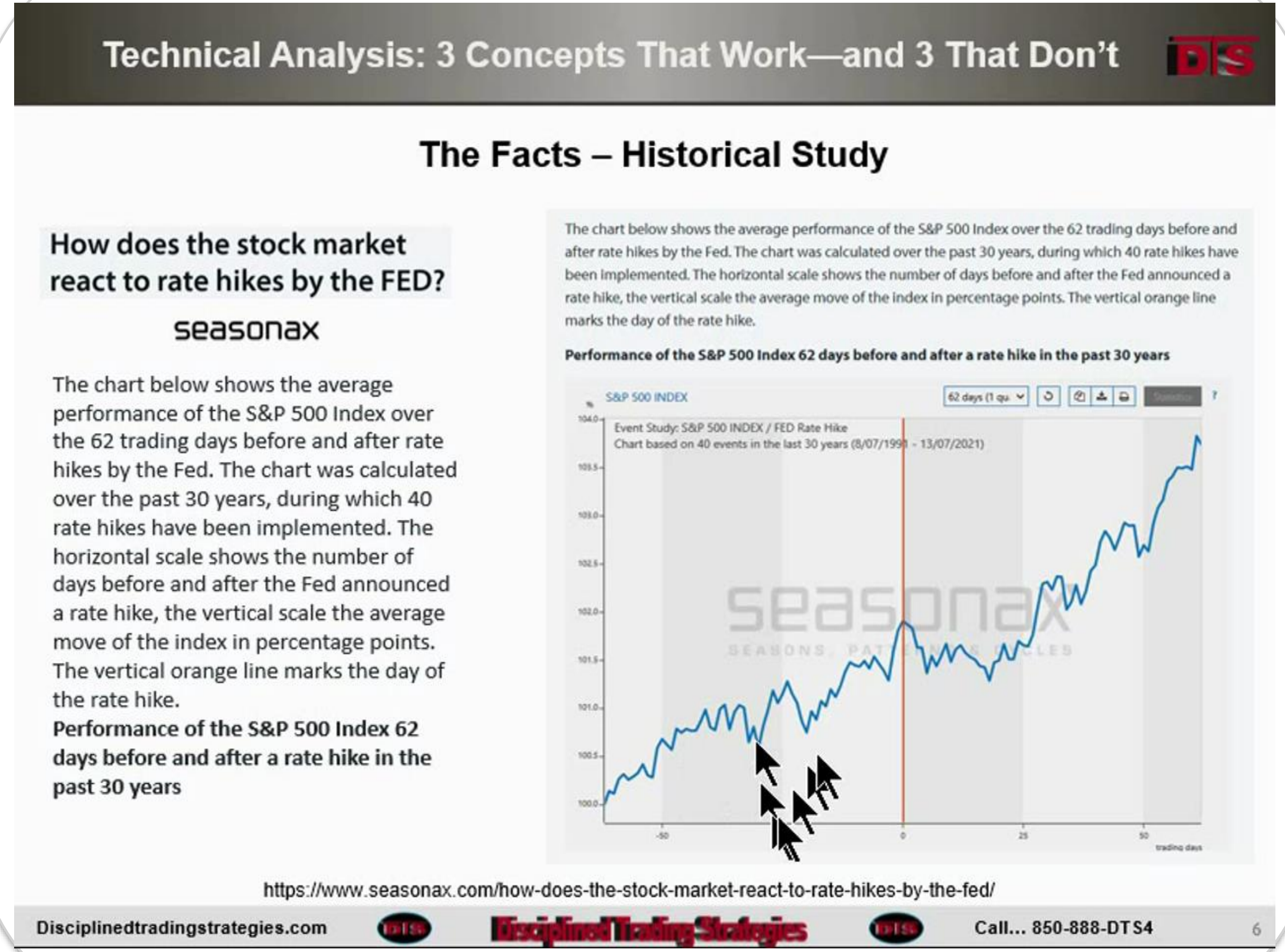


Key Takeaways

- Common belief: Fed rate hikes are bad for the stock market.
- The question is not what sounds logical. The question is what the market actually did.

The Facts - Historical Study

Original slide



Key Takeaways

- The historical study shows the S&P 500 rallied through Fed rate hikes.
- That is the opposite of what most people expect.
- The shocking result is not that the market was unpredictable - it is that the market did the opposite of the common belief.

Inflation - What Actually Happened?

Original slide

Key Takeaways

- Consumer prices increased 29.5% from June 2020 through June 2026.
- During that same high-inflation period, the market roughly tripled.
- Again, the actual market result was the opposite of what many people would expect from the economic headline.

Moving Average Mayhem

Original slide

Key Takeaways

- One stock is shown in six different time frames - and the moving averages tell six different stories.
- Moving averages are only guidelines to trends.
- They do not tell you whether a valid trade exists.

Moving Averages on a Support Play

Original slide

Time	Stock	L / S	Entries	Stops	Exits	% exit	Time	R units	@Risk $500.00	Trade Total
10.00	TAL	L	11.72	11.54	12.02	50%	12.35	1.7	$416.67	
		L	11.72	11.54	11.98	50%	14.55	1.4	$361.11	$777.78

Key Takeaways

- On any kind of support play, the moving averages will never look sensible.
- If moving averages were treated as a rule, this valid trade would appear impossible.
- The specific moving-average number does not matter.

Foresight - Many Small Concepts Add Up

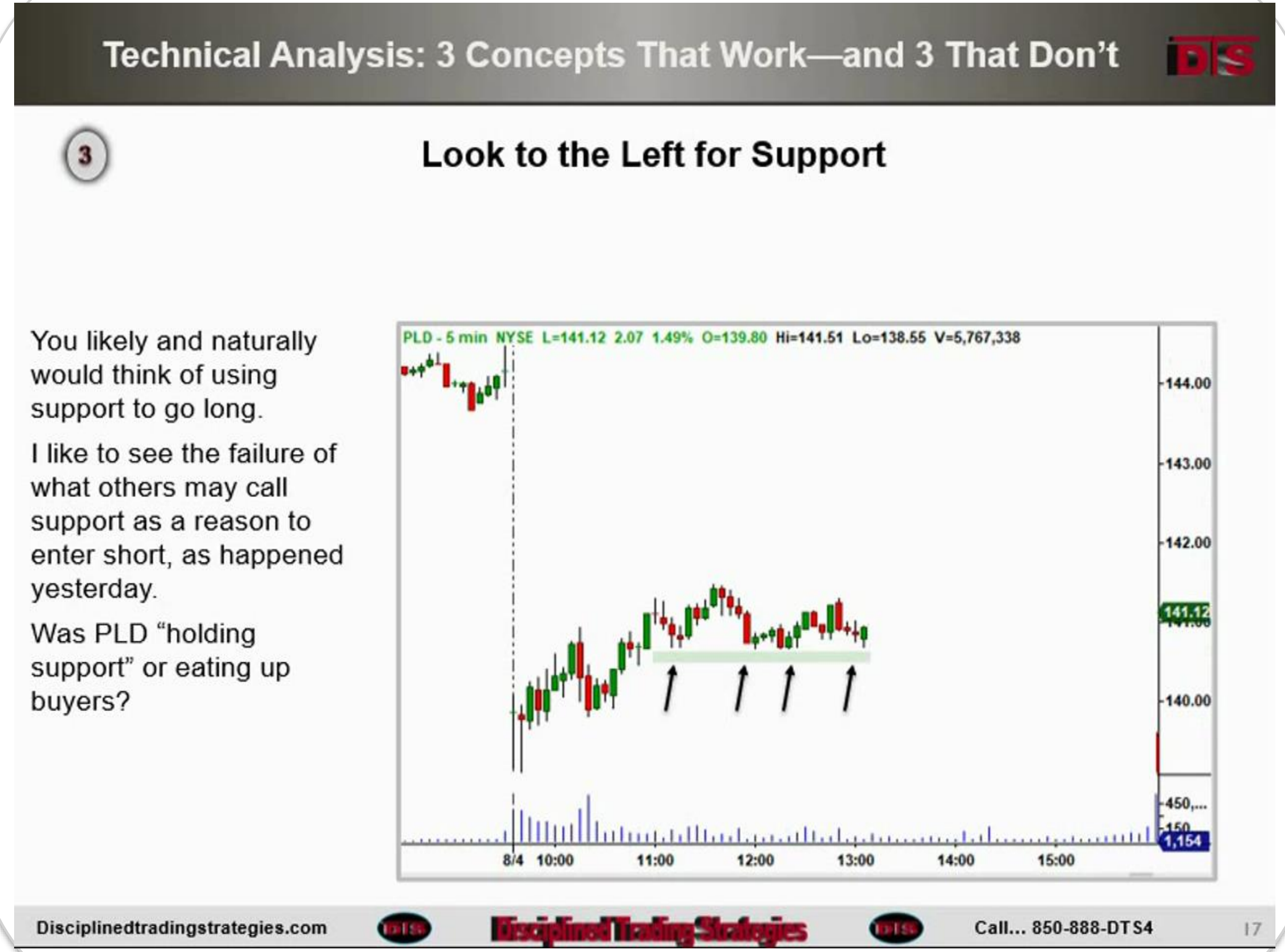
Original slide

Key Takeaways

- Many small concepts add up to make a trade.
- A quarterback may receive a play from the bench, but that is not automatically the play he runs.
- After reading the defense, he may change the play completely. A trader must react to the setup actually in front of them.

Apparent Support

Original slide



Key Takeaways

- From this narrow view, the repeated lows look like obvious support.
- But support only means buyers are matching sellers at that moment.
- The larger picture may show that buyers are only temporarily holding the area.

What Happened to That “Support”?

Original slide

Key Takeaways

- Once sellers outnumbered buyers, the apparent support gave way.
- This was not after-the-fact analysis - the break of that support was actually traded.
- “Look to the left” is not enough to identify valid support.

Interaction of the Appropriate Time Frames

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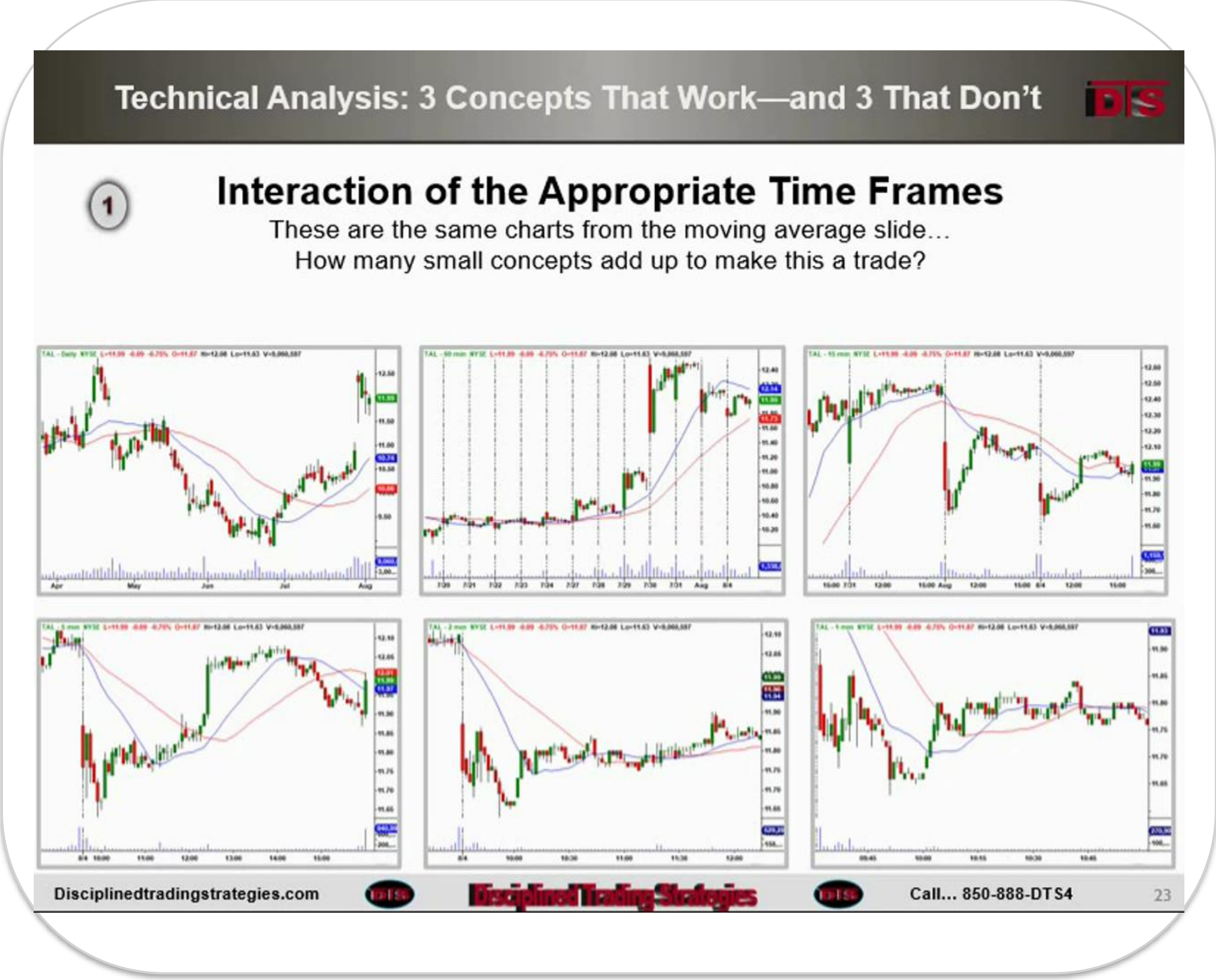


Key Takeaways

- These are the same charts shown in the moving-average section.
- The trade came from the interaction of the appropriate time frames - not from a moving-average signal.
- Again, many small concepts add up to make the trade.

Understanding Expectancy

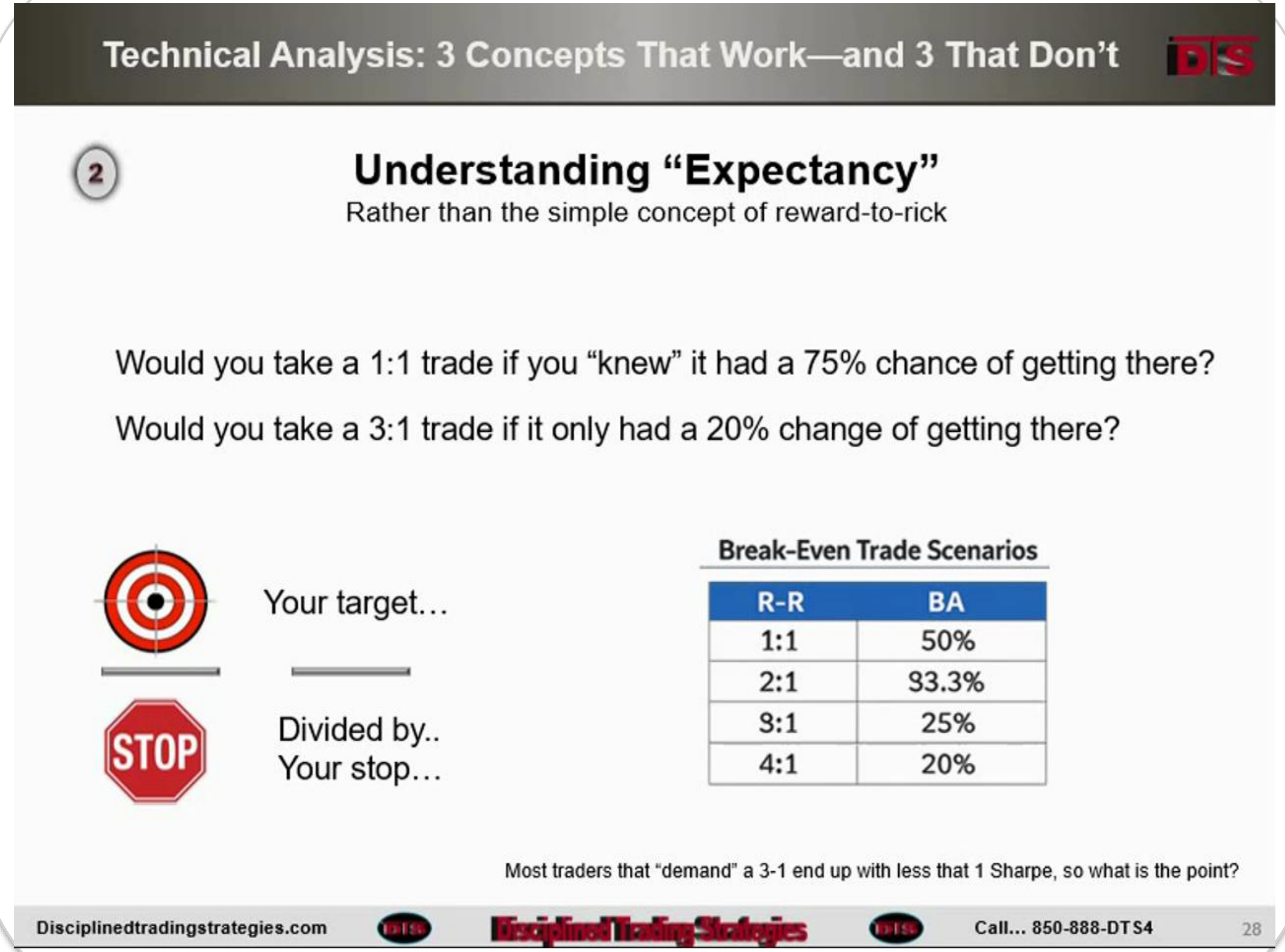
Original slide

Key Takeaways

- A reward-to-risk number by itself does not tell you whether a trade is good.
- The probability of reaching the target and the probability of hitting the stop both matter.

Expectancy - Odds Matter

Original slide



Key Takeaways

- A 1:1 trade can be excellent if the probability is high enough.
- A 3:1 trade can be poor if the probability is too low.
- Expectancy combines the size of wins and losses with how often each occurs.

Ignore the “Mickey-Mouse” Sayings and Rules

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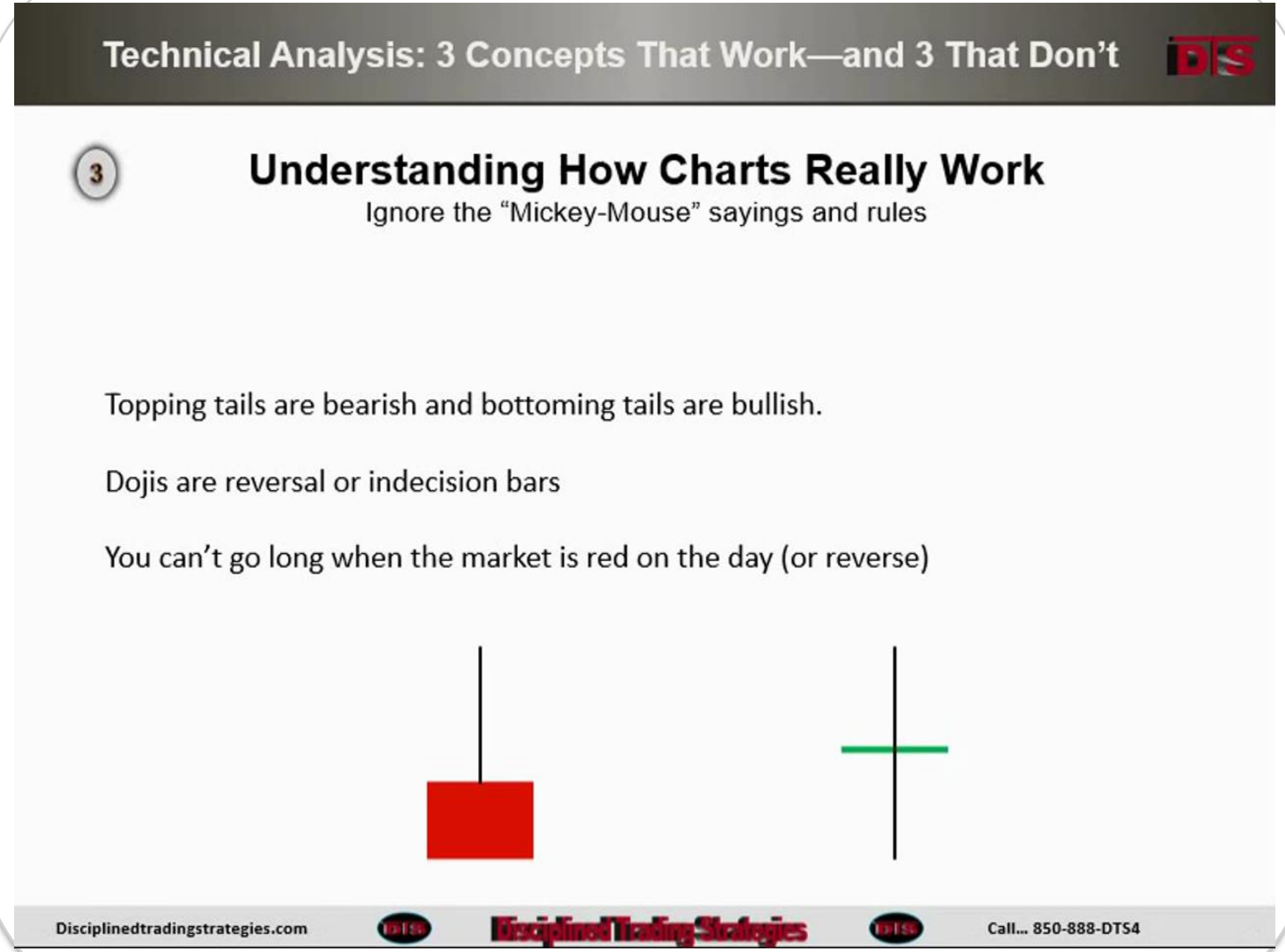

Key Takeaways

- Topping tails are not necessarily bearish, and bottoming tails are not necessarily bullish.
- Dojis are not necessarily reversal or indecision bars.
- A red market does not automatically mean you cannot take a long trade.

A Red Daily Bar Can Be Misleading

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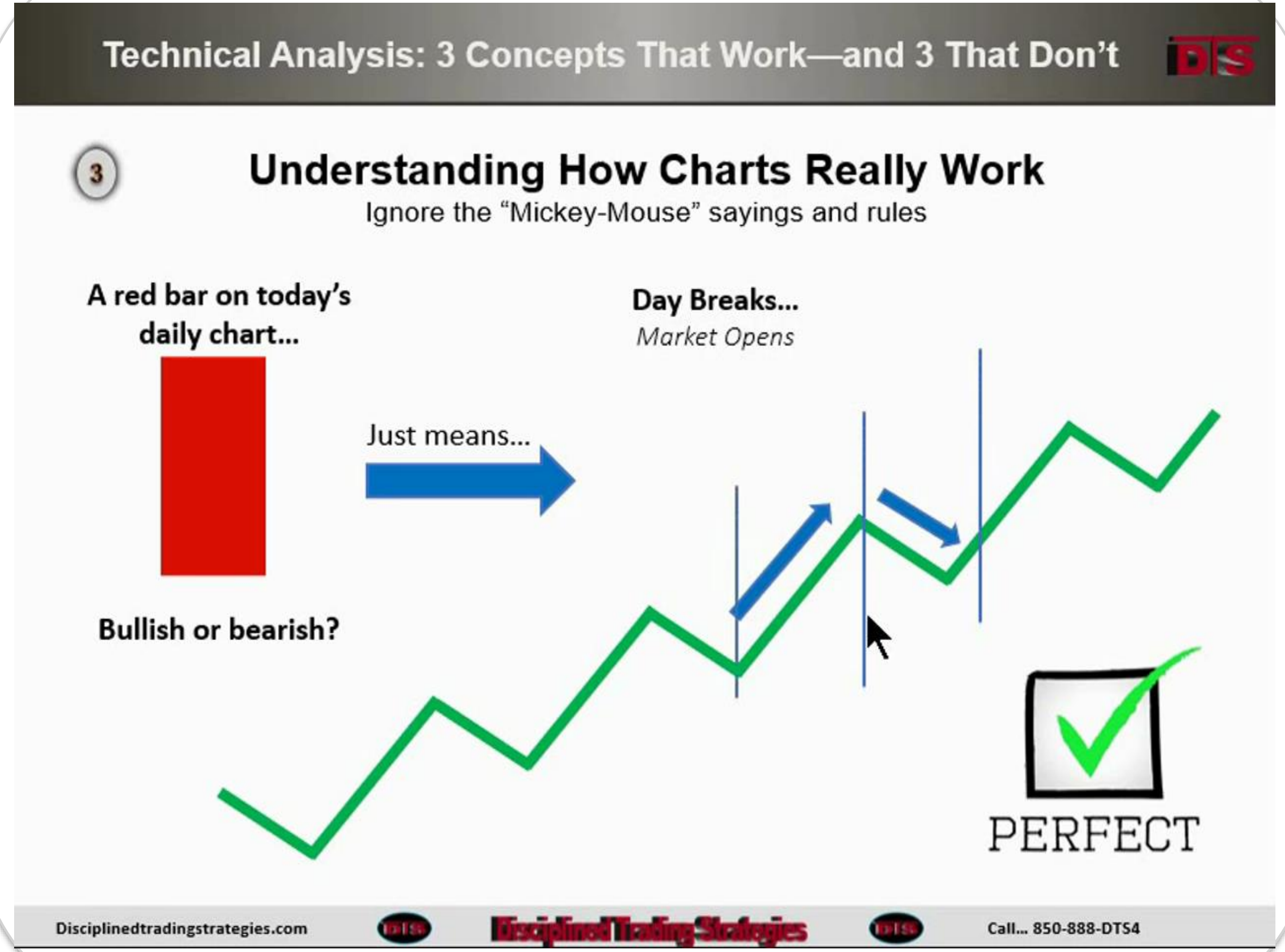


Key Takeaways

- Mid-morning, today's daily bar can be red while the stock is still in a powerful overall uptrend.
- The appearance of the bar depends on where you start and stop measuring the pullbacks.
- One bar's color does not define the larger move.

Sally's Trading Summary

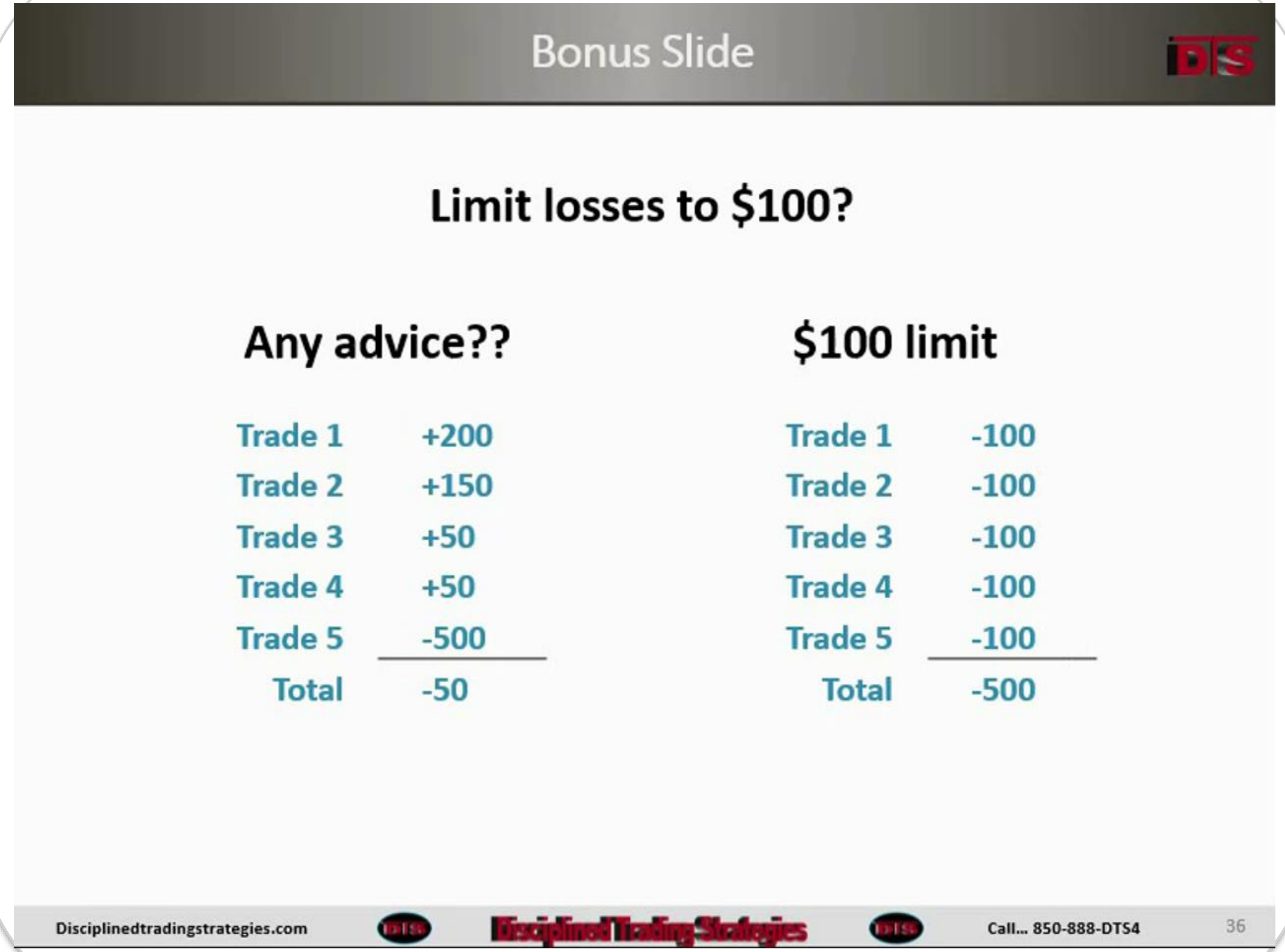
Original slide

Key Takeaways

- You cannot properly analyze a trading record from the totals alone.
- You need to see the actual trades and how each one developed.

Would a $100 Loss Limit Help Sally?

Original slide



Key Takeaways

- Limiting every loss to $100 may sound disciplined.
- But in this example, that rule could have turned a $50 losing day into a $500 losing day.
- A trading rule cannot be evaluated without seeing the trades.

Final Takeaway

These Six Concepts Are Only a Small Sample

- There are many things that simply do not work in trading - yet traders keep going back to them.
- There are also many key concepts a trader must understand in order to trade well.
- These were only a few of the key concepts, selected from comments and questions that Paul regularly receives.
- The list on both sides is much longer.