



WARRIOR TRADING

CHAPTER 1. BECOMING A DAY TRADER

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CHAPTER 1. BECOMING A DAY TRADER

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Warrior Starter Curriculum

a prerequisite to the Warrior Pro Course

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- | | |
|--|---|
| 1. Becoming a Day Trader | 9. Time & Sales |
| 2. Picking Stocks for Day Trading | 10. Orders Window |
| 3. Account Types | 11. Positions Window |
| 4. Fundamental Analysis | 12. Scanning 101 |
| 5. Technical Analysis (Stock Charts) | 13. Preparing to Trade |
| 6. Account Information & Balances | 14. The Psychology of Trading |
| 7. Order entry window, Hot Keys & Hot Buttons | 15. Day Trading as a Business, The Learning Path on a Timeline and Your Personality Test |
| 8. Market Depth (Level 2) | |

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Today's Lesson

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- 1.** Getting Ready to go pro with the Warrior Pro
 - 2.** Historical stock market performance
 - 3.** How to Profit from Compound Interest
 - 4.** Setting your Targets & Goals
 - 5.** What does success look like for you?
 - 6.** Setting Expectations

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1. Getting Ready to Go Pro with the Warrior Pro

Step 1. Watch EVERY Chapter of the Warrior Starter

Step 2. Login to the Day Trading Chat Room as often as possible to watch me trading.

Step 3. Begin using a trading simulator as soon as you feel comfortable to start testing the waters.

Step 4. DO NOT TRADE WITH REAL MONEY until you've completed the Pre-Trading Checklist in the Warrior Pro Course.

Step 5. Do NOT Mirror trade with real money (blindly following)

Students who skip classes, don't follow the rules of the strategy, trade the wrong stocks, and trade with real money before they are ready are likely to fail. Don't be like that!



The Software & Services I Use

Charting: I use eSignal, it costs \$175/mo and is not required. You can use charts included in your simulator, with your own broker, or using other charting providers such as TC2000 (\$45/mo). I started using eSignal back when I still used a brokerage that didn't even include charts! As a result, I was forced to subscribe to my own software. I've since switched brokers but continue to use eSignal.

Trading: You'll see many examples from my Lightspeed account. Lightspeed is a US Broker based in NYC that caters to day traders, however, they are not suitable for small account traders (\$500-1,000 accounts). Whenever I've done Small Account Challenges I've used different brokers, specifically chosen because they don't enforce the PDT rule and have low min balance requirements.

Starting in Chapter 6 I'll be walking you through HOW TO USE TRADING SOFTWARE, that's a great time to open your simulator and start learning the software with me.

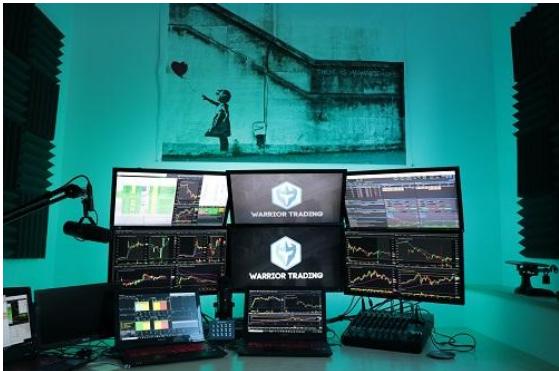
Scans: My scanners are streaming right in the chat room.

News: Breaking news is posted in our chat room. For free news headlines, MarketWatch is acceptable. There is an RSS Feed in eSignal and TC2000 that has many of the same headlines as MarketWatch.

Reporting: I use TraderVue for my metrics \$49/mo. I can import trades from my Broker into TraderVue. The Warrior Simulator allows provides metrics directly to traders.



My Trading Station



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Trading on a Laptop



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Trading on an Airplane...Trading on a Boat!



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Setting up your Trading Station

1. Trading Computer (generally required)

- Lenovo Gaming Computers are my favorite, but Falcon Trading Computers are also great - \$899-1,499
- Mac's are okay too, depending on which broker you use (many only support Windows)

2. External Monitors (optional)

- Asus 24" Monitors - \$133/ea on Amazon
- Portable USB Monitor - \$197/ea on Amazon
- Diamond USB to HDMI Adapters - \$49/ea on Amazon
- USB Adapter with 4 extra ports (optional) - \$15

3. Monitor Mounts & Racks (optional)

- Triple Mount-It Multi-Monitor Mount/Rack - \$89 on Amazon
- Ten One Design Mountie+ Mount Large Tablets - \$29 on Amazon

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Setting up your Trading Station



Lenovo Legion Series = \$900-1,250

- 500 GB Solid State Drive
- 16-32GB RAM
- Gaming Graphics Card
- **No Touch Screens**
- 15" or 17" monitor

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Setting up your Trading Station



Asus 24" Monitors (\$133/ea on Amazon)

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Portable USB Monitor by Asus



Asus 15" 1080 USB Monitor (\$180/ea on Amazon)

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Setting up your Trading Station



Diamond USB to HDMI Adapter (\$49 ea on Amazon)

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Setting up your Trading Station



Mount-It Multi-Monitor Rack (\$89 on Amazon)

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Portable Multi-Monitor Clips



Ten One Design Mountie+ Mount Large Tablets (\$29 on Amazon)

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Setting up your Trading Station



USB Adapter Cable, this is like an extension cord for the USB port. (\$14 on Amazon)

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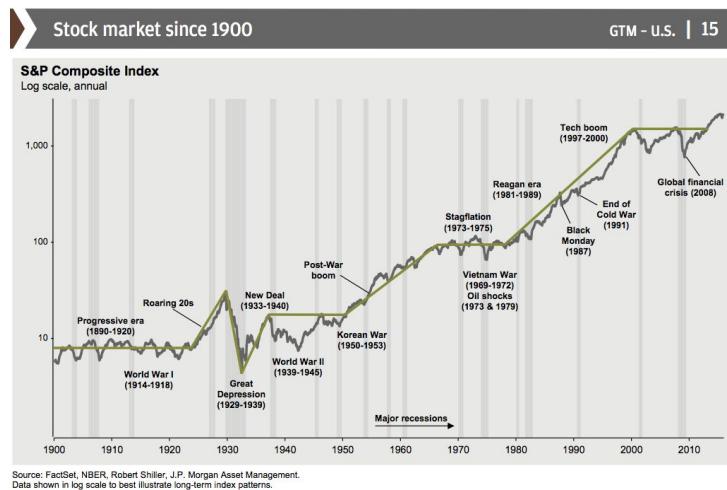
When to trade with real money?

As a general rule of thumb, I want to see our students prove to me they have 1 month of profitability in the Trading Simulator with at least 60% accuracy. I require 60% accuracy, because if you got lucky and had a big winner, but lost on 90% of your trades, in my opinion, you aren't ready to trade live.

DO NOT TRADE WITH REAL MONEY using my strategies until you've first proven you can be profitable in a trading simulator. You can use whichever simulator you choose, but you must prove at least 1 month (4 weeks) of profitability before trading with real money.

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2. Historical Stock Market Performance



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Reinvesting Day Trading Profits

In my opinion, you'd be doing yourself a disservice if you don't reinvest some of your day trading profits in order to capitalize on long term growth.

For this reason, I have multiple trading accounts, regular accounts that I can withdraw the profits immediately for short term expenses, and retirement accounts.

I actively day trade in my retirement account to grow it quickly and reinvest the profit for long term growth. In the United States, you do not pay income tax of day trading profits if they are in a retirement account.

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3. Compound Interest at 8-10% per year

If I'm making \$400/day, and I can save \$200/day in a retirement account, I'll be saving and reinvesting \$50k of my profits/year. If I do that for 10 years I'll have saved \$500,000 but it should grow to over **869,193** thanks to dividends and compound interest.

If I'm able to do it for 20 years, \$1mil saved = **2.7mil**.

The growth curve increases exponentially as you begin earning compound interest on your earlier gains. The earlier you start, the more you'll have!



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Different Types of Trading

Lowest Risk/Return = Passive Long Term for Dividends Investing returning 5-10% return/year

Mid Risk/Return = Swing Trading (short time frame overnight holds of days or weeks)

returning 10%+ per year, up to 100%

Highest Risk/Return = Day Trading can return 100%+ per year or even per month with small accounts

From \$583 to \$100k in 45 days was over **17,000%** return.

From \$583 to \$1mil was over **170,000%** return.

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Retirement Rule
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MARKETS | WEEKEND INVESTOR

Route to an \$8 Million Portfolio Started With Frugal Living

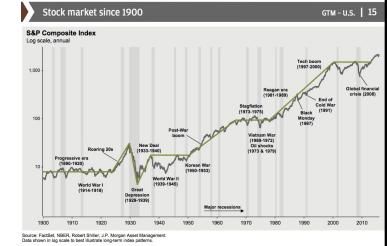
After Ronald Read's death, friends were surprised by his wealth. His top stockholdings included Wells Fargo, Procter & Gamble and Colgate-Palmolive

By Anna Prior

March 19, 2015 11:52 a.m. ET

Ronald Read may have spent years pumping gas, but he was even more adept at pumping up his portfolio.

Mr. Read, a longtime resident of Brattleboro, Vt., died in June at the age of 92. His friends were shocked when they learned his estate was valued at almost \$8 million. Long widowed and with two stepchildren, he left most of his money to a...



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Moving Profits from High Risk to Low Risk

Most traders keep anywhere from \$5k-100k in their active trading accounts.

By consistently reinvesting profits (instead of just spending them) after 5-10 years of profitable trading and active reinvesting, **you can actually earn more money on dividends from passive income than from active trading.**

This is the ultimate in financial independence.

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4. How much money do **YOU** need to live comfortably?

How much do you need put away in savings to not need to keep working?

This is a question everyone will ask themselves sooner or later. We want to help you find an answer to that question.

Everyone's answer is unique to his or her personal circumstances, but there are popular formulas used to find this magic number!



The Rule of 4%

The rule of 4% states that you can withdraw 4%/yr from an account invested in the stock market forever, without depleting the account.

How is that possible?

The average account growth is 7-10% per year, historically, so when you draw 4% the account is still able to continue to keep up with inflation and not lose value.



The Rule of 300 and the Rule of 4%

This rule states that your monthly expenses x 300 is the amount of money needed to retire.

What is your magic retirement number?

If I spend \$5k/mo (\$60k/yr) I need to have...

\$5k x 300 = \$1.5mil in savings to retire comfortably.

\$1.5mil x 4%/yr = \$60,000.

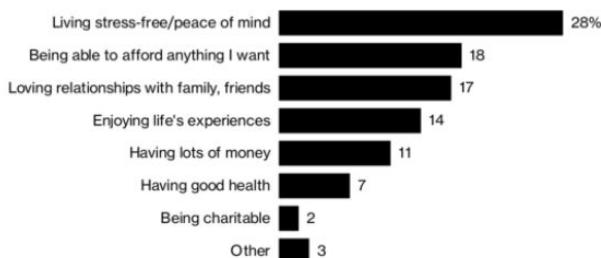
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5. What does Success look like for you?

What is Wealth to You?

Americans long for lives that don't revolve around money—which makes sense, since 60 percent of those surveyed say they live paycheck to paycheck.

■ Percent of survey respondents



Source: Charles Schwab

Generational Differences

As people age, the definition of what it takes to be wealthy rises. The average for boomers was \$700,000 higher than that of millennials.

■ Amount needed to be financially comfortable ■ Amount needed to be wealthy



Bloomberg

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\$1k/day = a 6.25mil Retirement Account

One of the incredible things about trading is that this is a skill that lasts a lifetime. I've never met a successful trader who said "I'm going to quit trading because I'm worn out of making \$1k/hr in 2hrs/day"

There is no reason you can't retire to a house on the beach and trade for 2hrs/day to make your \$1,000 daily goal. **That \$1,000/day or \$250,000/year of income is the equivalent of living off of 6.25mil in a retirement account.** (*Remember the rule of 4% (6.25mil * 4% = \$250k)*). That's the power of having the skill to trade! **You'll create a perpetual source of income.**



Be Smart and Reinvest!

Once you are a profitable trader, reinvest as much of your trading profits as you can until you've saved up to your retirement goal.

Once you hit your retirement goal, all the profits from trading are icing on the cake, and you've achieved complete financial independence. You will be among the 1%.



Create YOUR 5 year and 10 year financial goals

Set your goals.

Make your plan.

Start working towards realizing those goals today!

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Dumb Ferrari (have the resolve to stick to your plans)

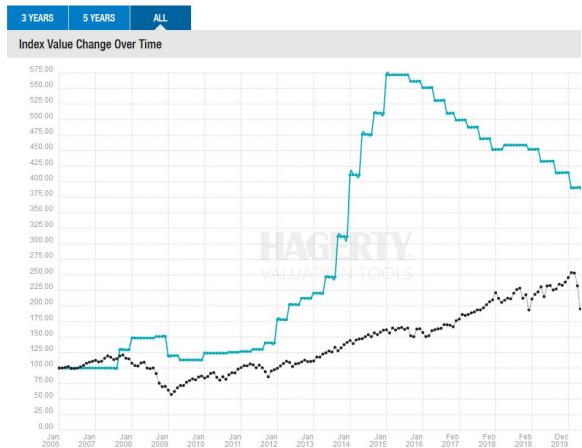
At age 30 let's say you're looking at spending \$4k/mo on a 3 year Ferrari lease because hey, when you're making \$30k/mo day trading why not?!

If that \$144k (over 3 years) was instead invested in the market and returned 8% annually...by the age of 50, you'd have approx \$670k



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Smart Ferrari (make choices that align with long term goals)



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6. Setting Your Definition of Success

As a beginner trader in the first 18-24 months, the goal is to make \$100-300/day trading.

This translates to roughly \$50-80k/year.

As an intermediate trader with 2-4 years of experience, the goal is **\$500-1,000/day or \$250k/year**, and during this period, you can save more aggressively.

As an advanced trader with more than 4+ years experience, the goal is \$1,000+/day depending on risk tolerance, **with annual goals of \$300-500k.**

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Dedicate yourself to the Path to Success

1. Don't trade with real money until you have proven that you can make money for at least 1 month in a simulated trading environment
2. *Reminder for Warrior Pro Students:* You can join our weekly Mentor Sessions to ask any trading related questions you may have!
3. Ask yourself, how am I going to approach this new endeavour? There will be times you are frustrated, exhausted, and confused. Be forgiving towards yourself. You are working to learn something that is NOT easy.



Blank slide for additional note-taking

