



WARRIOR TRADING

CHAPTER 13: TRADING PLAN & YOUR BUSINESS

Trading Plan & Routine

Today You Will Learn

A Comprehensive Trading Plan

Trading Plan & Routine

1. Did I sleep well and do I feel well rested?
2. Did I eat well (low sugars to avoid sugar crashes while trading)?
3. Do I see 1-2 stocks pre-market that I like?
4. What is the condition of the overall market for my strategy?
5. How has my trading been in the last few days?
6. Based on my answers to the above questions, what's my max share size today?

The Road To Routine

What side of the market do you want to be on?

Long?

Short?

What is your “GO TO” Strategy?

Momentum/Trend Trading?

Contra Approach?

The Road To Routine

What Price Range Is In Focus?

Stocks between \$10-\$100 are the most interest, stocks over \$100 I approach with more caution and plan to reduce my risk

The Road To Routine

What Is Your Ideal Setup?

I prefer a stock gapping strongly higher or lower which is fueled by a valid catalyst. The stock must have significant technical levels to work with and beginning to resolve out of a major technical pattern on extreme volume

An entry will occur shortly after the open following a fast time frame pivot/triangle for a high momentum move for several percent

The Road To Routine

What Setup Do You Want To Avoid?

Stocks that are gapping on invalid catalysts, low volume, are several hundred dollars in price, or occurring throughout the lunch hour

Simple Technical Analysis

Technical analysis is the basic cornerstone principle for successful day trading

Review the technicals on the DAILY time frame for stocks no earlier than 1 hour prior to market open

Review the current state of the market and how/if it will affect your watch list

The Road To Routine

What Time of Day Will You Trade?

9:30 - 10:30 Opening Drive

10:30 - 12:00 Mid Morning

12:00 - 2:00 Lunch Hour

2:00 - 4:00 Afternoon Trading

I prefer the Opening Drive due to the volume and volatility being at its peak

Develop A Plan

Once you have identified candidates that fit your criteria for a day trade, develop a plan for the approach, i.e, where are your triggers for buys sells? What is the risk?

Be sure the plan is clear cut and simple to avoid confusion during live markets

Follow the plan & trust your instruments, i.e., technical points, indicators, etc

The Road To Routine

Where Will You Take Profits? Stop?

1. If my market structure levels are hit
2. If my profit percentage or risk multiple levels are hit
3. If I hit my daily goal
4. If the trade immediately moves far against me
5. If the technical setup has broken
6. If I hit my max loss

Trade Initiation

Once the market opens, closely monitor the price action of your watch list along with market direction while waiting for market alignment

Be patient and wait for the proper technical setup to present itself

Initiate the trade and follow the plan

Set & Forget

This principle will help eliminate the human error effect by keeping you from being overly involved, or micromanaging the trade

One of the top reasons traders lose money once a trade is live

Allow the market to move and the plan play itself out, removing yourself and human emotion from the equation. Be ROBOTIC!

Remember, you cannot control the market 100% but you CAN control YOU 100%

The Road To Routine

Maintain Trading Records

Maintaining your trades and analyzing metrics can be very helpful in improving on your strategy as you build more data. Often times you will hit a slow patch of trading where you can then leverage this data to revisit where your strengths and weaknesses lie

The Road To Routine

Example Beginner Approach

Max Loss: \$100 - Example 200 shares with 50 cent stop, 500 shares with 20 cent stop, 1000 shares with 20 cent stop

Risk Management Strategies: Max loss with broker, max share size, personal rules about when to walk away or not to trade

Full Size: 1000 shares, doubling or tripling the position and adjusting stop to breakeven only if I'm already green on the trade

Profit Target per trade: \$200

Daily Profit Target: \$200

When will you stop trading each day? Time and Profit/loss marks

Trading Plan Goal: to make approx \$500-750/week in a trading simulator consistently for 6-8 weeks

Number of Trades per day: While you are practicing, you should trade as much as you can. As you prepare to go live, you will want to reduce the amount of trades you take, but for the sake of gaining experience, and to find your edge, more is better

The Road To Routine

What price stocks will I trade:

What float will I focus on:

What time of day will I trade:

When will I stop trading:

What type of entry signal will I focus on:

What type of entry signal will I avoid:

What is my primary strategy:

What are my secondary strategies:

The Road To Routine Final Thoughts

Strive to have a “One & Done” approach, less is more!

This is a marathon, not a sprint. Take your time!

Set REALISTIC goals for you, do not compare to others

Don't be afraid to lose, losses are “LEARNERS” & the cost of doing business

With time comes experience, & with experience comes mental conditioning and emotional control