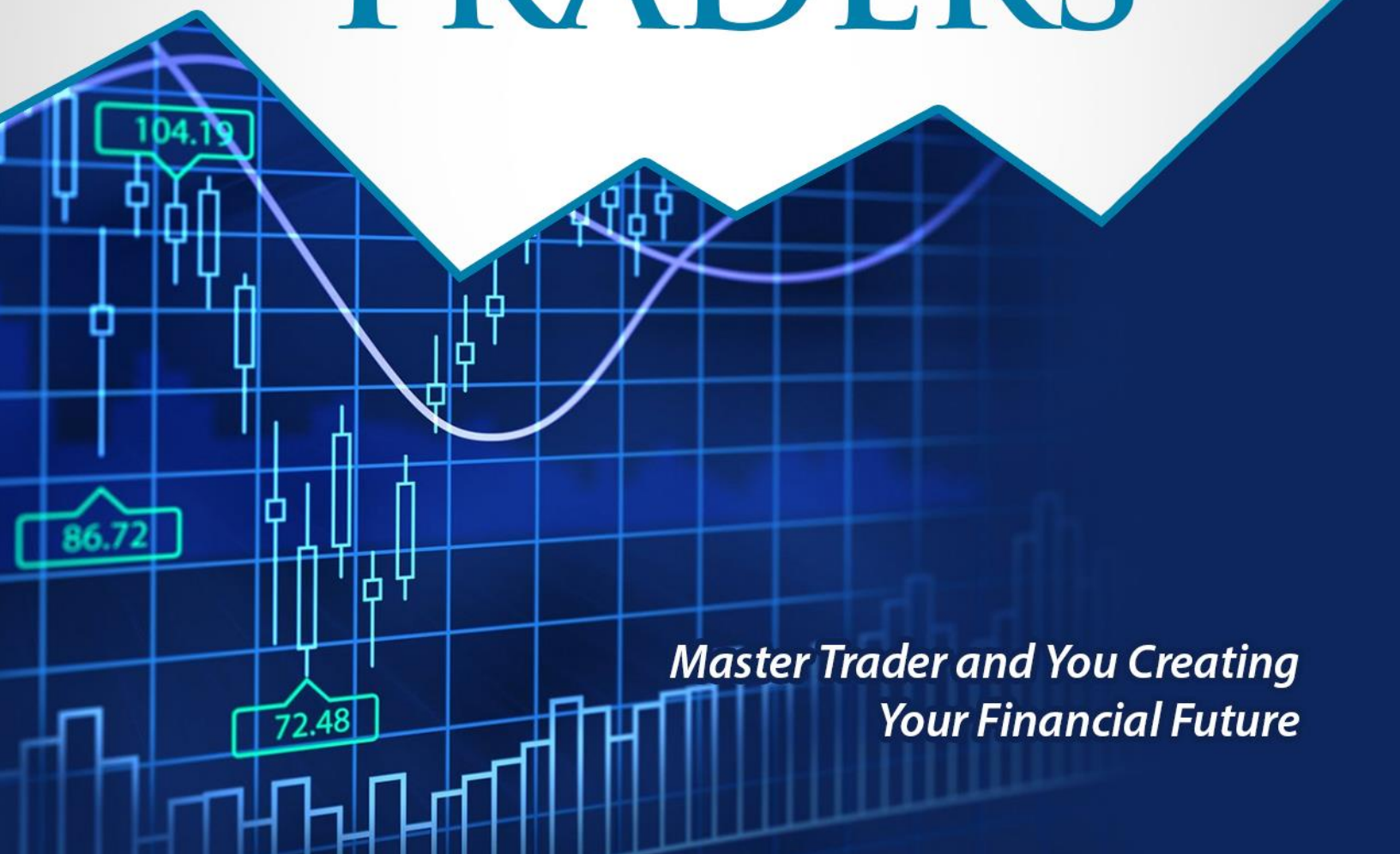




# MASTER TRADER FOUNDATIONAL STEPS FOR INVESTORS AND TRADERS



*Master Trader and You Creating  
Your Financial Future*

# Master Trader Foundational Steps for Investors and Traders

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## INTRODUCTION

This e-book is designed to help you organize your *thought process* as to how you are going to approach your investing and trading.

I have been teaching investors and traders for over 25 years about technical investing and trading that is built on a thought process.

That process is based on a systematic, objective use of technical analysis concepts that can be applied to any financial instrument.

If you do not have a thought process in place that guides you -- and even if you do have one once you have started to use the information shared here, there will be an immediate change in your approach to the markets – and profitability.

There are many types of trading styles and strategies, but all sound approaches stem from a disciplined plan to execute and manage trades.

Removing emotion -- as much as possible -- and staying objective are two keys to keeping and maintaining success in trading.

This e-book will be a guide to adjust your own trading and investing.

Everything I will cover can be applied to all timeframes and styles of trading.

So whether you are an [investor using ETFs](#) of the boarder markets or a sector or a [swing or day-trader](#) -- you will benefit.

Each step has been narrowed to focus on a foundational frame work for you to work with and build on.

That being said, this e-book is not about learning the actual patterns that Master Trader teaches in the [Technical Strategies course](#); it is about the steps that we want to focus on in executing a trade.

Here are the steps that we are going to cover:



**Look for a technical picture**

- A guide about how to find the opportunities.



**Analyzing reward : risk**

- Finding the picture does not mean it is a good trade.



**Relative strength and timing**

- Key concepts that are important across all timeframes.



**Share sizing**

- This is overlooked by virtually everyone new to technical investing and trading.



**Management**

- Rules and guidelines to manage trades once you are in.



**Follow up**

- How well are you doing at following your trading plan?

A disciplined approach to investing or trading is a must.

How do we have discipline in anything?

The first step is by having the confidence that what we are doing actually works. We have to believe it, really believe it.

That may sound obvious, but most starting out in the markets will jump go to various webinars or websites, hear or read about a strategy (the majority are incomplete as one) and do it without research of their own.

Greed and a focus on the money, rather than a professional plan.

How we do this in the markets is by having a trading plan that we have validated and will follow. Yes, it does take some time. But it's worth it.

The fastest way to create a plan is through an organized education like [Master Trader Technical Strategies - MTS](#) or the [Master Trader Swing Trader Course](#) that covers all aspects to trade based on technical analysis and Position and Money Management.

As professional self-directed investors and traders, we treat the markets as a business and have a plan or set of rules that we use to act on in the markets.

Many start trading without asking a few key questions, such as:

- What strategies do I want to trade?
- What conditions will support the strategy having high odds of success?
- How do I find the tradable instrument with the strategies I trade?
- Will I know the times and reasons for taking trades?
- Once in a trade, will I know how to manage it properly?

There are more, but you can see that there is a necessary thought process.

These are all questions that need to be answered. Many do not pursue these answers ahead of time, or even know what they should be asking.

In time, all traders agree on the need for a Trading Plan, but few actually do have a detailed plan. Those that do, rarely follow it.

I know this from the thousands that I have educated and have been in contact with over the years.

Psychology in trading cannot be underestimated.

It is the only answer to why some traders excel and some fail despite all having learned the same information on technical investing and trading!

Most will develop the technical skills, but at some point, will conclude that the only thing stopping them from succeeding is you yourself.

Your trading plan is your defense against the psychological demons that derail so many from becoming a Master Trader.

## What is psychological as it relates to technical investing and trading?

Most have no problem taking trades -- until they take a few losses. The trader with the proper psychological mindset, however, has the ability to take the trade, take stops when hit, and exit at targets.

Successful ones also have the patience, discipline and confidence to adhere to their Trading Plan.

Discipline requires the ability to do what we need to do. Simple, but the strong emotions of fear and greed will be your biggest hurdle.



In time, you will overcome them or better said, “You will learn to work with them and eventually to your advantage since you cannot stop them.”

The pain and frustration from losses caused by not adhering to your plan will force you to trade the plan, or you will stop trading or go broke.

What we now want to do is improve the part of your trading plan where you are going to enter a trade and manage it through its close.

## THE TECHNICAL PICTURE

Once we have outlined our trading plan, we are looking for “the picture.”



I assume that you have learned the foundational information required to determine common patterns and when and where to use them.

If not, once you have finished reading this e-book, the [Starting Path to a Master Trader and Investor](#) will get you up to speed fast.

Of course, you first need the education to go about finding high quality technical pictures. Once you do, scanning software can help find them.

These are four of the Patterns I scan for on various time frames:

- Bottoming Tail (BT)
- Topping Tail (TT)
- Bullish Wide Range Bar (+WRB)
- Bearish Wide Range Bar (-WRB)
- These are starting points to then cherry pick the best ones.

US Comm Stks				US Comm Stks				US Comm Stks			
5 BT daily				4 Red WRB Daily				5 Top Tail			
Sym	Price	Volume	% Change	Sym	Price	Volume	% Change	Sym	Price	Volume	% Change
GE	14.63	49.7M	+0.21%	GPS	28.15	25.9M	-14.57%	MSCC	68.74	8.4M	+0.01%
MRO	20.71	14.1M	-3.54%	ZOES	8.65	11.1M	-40.22%	DIS	102.20	7.0M	+0.09%
ECA	12.64	11.1M	-2.47%	PYPL	80.96	9.5M	-0.72%	ADSK	132.75	6.5M	-4.44%
DVN	40.58	7.6M	-2.66%	BBY	68.45	8.7M	-3.46%	CLNS	5.88	3.6M	-0.17%
WLL	48.84	7.5M	-3.36%	DXC	94.21	6.1M	-5.51%	MNST	49.66	3.6M	+0.08%
APC	67.59	5.9M	-2.13%	SPLK	110.26	5.6M	-5.20%	TJX	88.11	3.1M	-0.71%
EGHT	18.55	5.5M	-15.87%	IGT	26.40	5.1M	-3.51%	LLY	82.77	2.3M	+0.07%

## Master Trader Keys to Technical Patterns

Technical analysis in its simplest understanding is the recurring price patterns that reflect others' actions and beliefs.

Those patterns suggest a similar outcome based on our historical observations of past results.

Your brain thinks in pictures, so train it what to look for. Know exactly what you want and pass on what doesn't meet what you are looking for.

Look for the very best of technical patterns like the ones below.

These are four bullish patterns and four bearish ones that I scan for.

Bullish **patterns** assume prices have just started an uptrend or are already in one.

Bearish **patterns** assume prices have just started a downtrend or are already in one.

The top three are reversal signals.

The last two, the +WRB and the -WRB are igniting signals

MasterTrader Sell Setup – MTS

Bottoming Tail = -BT

Topping Tail = TT

Bullish 180 = +180

Bearish 180 = -180

Bullish Wide Range Bar = +WRB

Bearish Wide Range Bar = -WRB



Make sure your pattern is compelling on your major time frame (the higher one) and that the minor time frame (the lower one) agrees with the timing and direction of the higher.

The ability to operate on a smaller time frame inside a larger time frame is one of Master Trader's keys to success.

In the chart above, we know that the higher time frame is pointed higher as well as the lower time frame. We know this based on the Master Trader concept of associated moving averages.

The concept relates the longer moving average to a lower one in the higher time frame. The green moving averages is a daily 50-day MA, which is the same as a 10-period moving average on the weekly time frame.

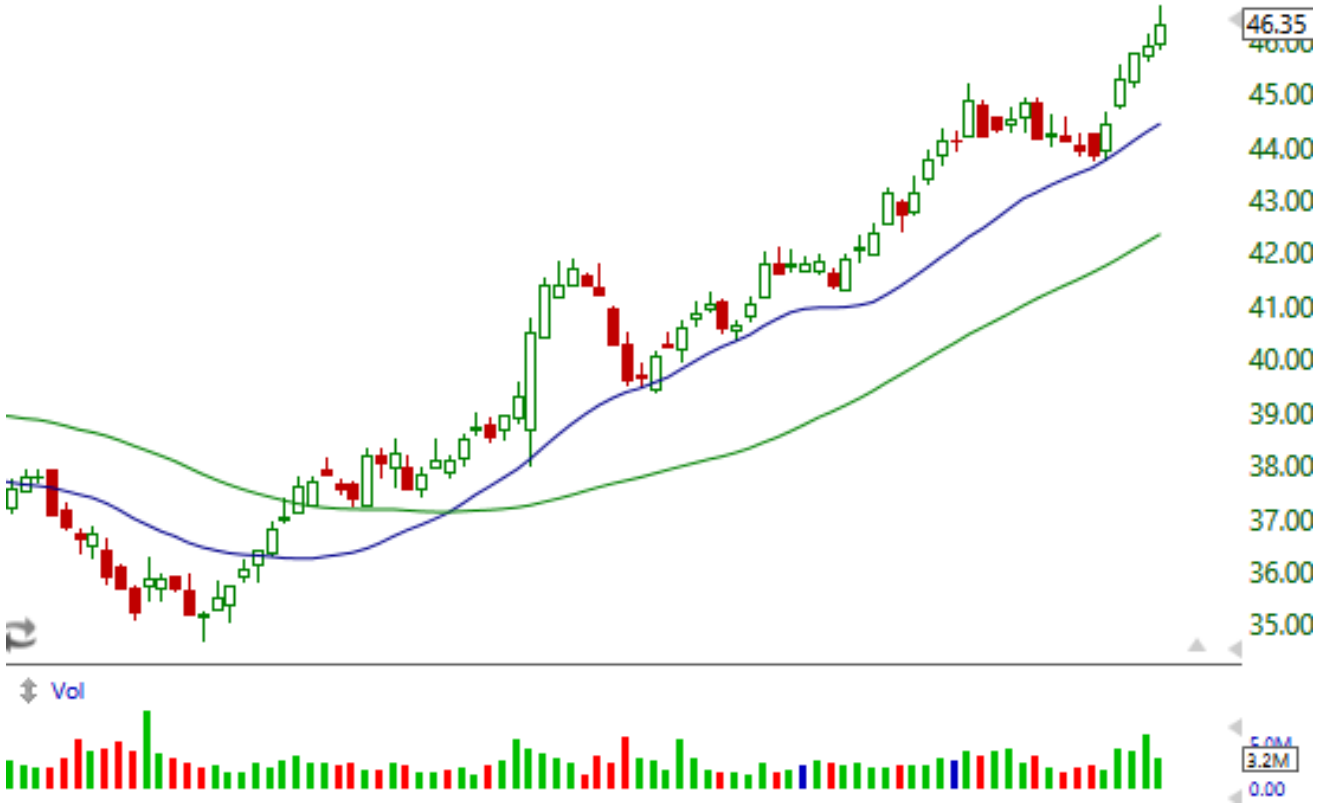
As technical investors and traders, we are not interested in what the company does (other than the sector for sector analysis); however, stocks showing relative weakness in a bullish market are not a buy unless the setup is a climactic buy setup.

[Master Trader Technical Strategies](#) defines price patterns in detail of what to look for when trading with the trend or against the trend.

As Master Traders, we are looking for “controlled” uptrends and downtrends.

A controlled uptrend is defined as lower highs and lower low where the retracements stay will below the prior lows and break well above the prior highs on each move higher.

## Uptrend



A controlled downtrend is defined as lower highs and lower lows where the retracements stay well below the prior highs and break well below the prior lows on each fall.

## Downtrend



The example above is a controlled downtrend. Once you get through the initial scanning and have selected a handful of stocks, you can go through them to pick the best patterns from your scan.

## Master Trader Uptrend and Down Trend Scans

Sym	Price	Volume	MTB	52 week high
ADP	130.65	1.3M		✓
AAXN	63.01	1.4M		✓
SYX	65.02	1.9M	✓	✓
THC	34.47	1.8M		✓
INTU	197.09	1.4M		✓
EXPD	73.81	495.4K		✓
TIF	129.21	2.8M		✓
CHGG	26.84	517.1K		✓
I	15.29	4.1M		✓
RL	137.30	1.5M		✓

Sym	Price	Volume	MTB	52 week low
DB	12.05	6.4M		✓
GOG	5.13	2.9M		✓
ETM	7.20	1.2M		✓
ADNT	54.01	526.4		✓
FG	8.69	484.7		✓
TCP	23.64	458.8		✓
SNAP	10.71	10.5M		
SYMC	21.06	5.5M		
CPB	34.60	5.0M		
COTY	13.67	4.6M		

We can scan for uptrend and downtrends with scans like the two above.

A word on news and “stocks on the move” based on that.

News brings attention and often to novice traders, so we want to watch for potential opportunity in these.

A stock in the news is likely to create a tradable pattern.

However, have patience and stay disciplined to the plan. Let the trade “come to you.” Do not chase or take a trade simply for the sake of taking a trade – ever!

Always be a student of technical analysis. We never stop learning. The market environment is always evolving. To the day trader, it can change day-to-day or even morning to afternoon.

While education is the first step in anything we want to do well, it’s the

beginning of the process of becoming excellent at what we do.

As a Master Trader student, you receive follow-up coaching to keep you learning and on the right path. This follow-up will have a profound effect on your results.

It's said that repetition is the "mother of retention" and that is so true with technical investing and trading. The patterns -- and your plan to manage the trade to the close -- has to become second nature, and repetition does that.

## Reward to Risk



Assume that based on your scans and review of the individual charts, we have decided that a trade setup -- that is part of our trading plan -- is that we have found the picture we are looking for on the chart.

**Next question** - Is the reward-to-risk suitable to take a trade? Not every trade is going to be a winner, so make sure that those winners pay for the losers.

Every strategy has an entry, stop, and target. This will be dictated by the strategy as it is detailed in our trading plan (e.g., above/below prior daily bar, 5 min high/low, 30 min high/low, etc.).

The entry and stop will be a hard number. In other words, it is not going to be adjusted (note a trailing stop, once in a profitable position, will be adjusted to lock in profits).

Targets are areas and can be adjusted as the play dictates. All of these reference points are based on the price chart, not anything subjective like trend lines, Fibonacci lines, and extensions.

To calculate the risk-to-reward we are going to use the entry, stop, and target. The difference between the entry and stop is your risk, and the difference between the entry and target (if you have multiple targets, use the average) is your reward.

Your trading plan will dictate a minimum reward-to-risk (should be at least 2:1). Either the trade meets or does not meet this requirement.

If the trade does not meet the requirement, there is no trade and you begin looking for a new opportunity.

If the trade meets the requirement, move on to the next step.

You might be asking, what is the 'right' reward-to-risk?



This is not an easy question and cannot be answered in a vacuum. You cannot look at a reward- to-risk scenario and say that is good or bad without considering the other factors.

A 3:1 reward-to-risk is a good general starting point, but if you have a 3:1 reward-to-risk and you lose 4 out of 5 trades, you are not making money.

A thorough understanding of the math that goes into trading is key to success. Consider - what is your ACTUAL average winner (amount

made) compared to your average loser (amount lost)?

This is your 'after the trade' reward-to-risk and also called a Simplified Sharpe Ratio. How does it compare to your 'intended' reward-to-risk?

If your initial reward-to-risk was 3:1 but your final trade only makes 1 for the 1 risked, either something was likely wrong in your initial analysis -- or you deviated from your trading plan.

Review all trades afterwards and keep a journal with notes.

The other item to consider is - what is your batting average, or success ratio of winners to losers?

A high batting average is easy when they come at the expense of the reward-to-risk (R:R) and Sharpe.

Meaning, more winners than losers, but small gains verses larger losses.

It is also possible to achieve a high R:R and Sharpe at the expense of your batting average.

You must look at your reward-to-risk along with your accuracy and your ability to achieve your intended reward-to-risk.

These numbers need to constantly be analyzed to not only keep you in check and ensure you are following your trading plan, but also to make sure that you are making money.

If you are not making money, you need to see where the mistakes are being made; management (Sharpe Ratio) and/or selection of

quality plays (Batting Average). You're operating like a business. It's not a game.

Your strategy and chart setup will determine your initial reward-to-risk.

The quality of your trade selections and your management will determine how your initial reward-to-risk translates to the bottom line.

The problem is with the last part of what was just said, finding those situations where the quality of the trade setup is such that you can have significant size winners to make this carry through to the bottom line of profit.

Finding just high reward-to-risk alone without a quality pattern is not going to make you money in the long run.

Traders who become well educated in technical analysis and understand the concepts that we have gone over, can also find areas where there can be great reward-to-risk.

## Relative Strength – Weakness



**You've found a setup fitting your plan.**

Relative timing and relative strength/weakness (RS or RW) is important to consider. This needs to be considered on every trade regardless of style.

When we talk about RS or RW (for purposes of ease we will speak in terms of RS, but the concept holds true for RW too), we mean the strength of what you are trading, compared to a broader standard.

This could mean the market, the sector the stock is in, a market internal, or another stock.

This can actually be measured in a couple of different ways. It can be measured by percentage (dividing the price of the instrument you are trading into that of what you are comparing it to) or by simply comparing chart patterns visually by trend.

The concept of relative strength is not to be confused with an 'RSI Indicator.' Indicators are useless to the Master Trader.

RS is valid on the timeframe you are looking at. RS on a 15 min chart is not the reason to enter into the stock on a swing trade.

Swing trades that are typically several days in duration are based on the daily and or weekly charts.

Many new to technical investing or trading are confused by looking at too many timeframes or simply don't understand how to read the collective message of the ones that they do use.

Multiple Time Frames analysis is a major component of the Master Trader's tool box.

When we look at relative strength, what is it that we should be looking for?

Here is a checklist:

- You want to look at the formation of the bars.
- Are they clean or whippy? Meaning, how much does each new bar overlap or move into the prior series of bars?
- Compare the pivot highs and lows. How far is a new high made in an uptrend compared vs. the one before?
- How close are the pivots (swing highs and lows) to one another?
- Consider the size of the up and down bars compared to each other. Are they contracting or expanding?
- Look at the slope, position and distance of the moving averages on what is being viewed and compared to.

This is used to define RS and that “controlled” looking trend that was mentioned earlier.



This will give a very clear indication of RS. Consider where the price is compared to the moving average.

In the chart above comparing two stocks, the concept of RS and RW are obvious. The top stock is trending higher while the other down. This was happening at the same point in time.

Previous to the current RS-RW relationship, the bottom stock was showing RW to the top one in the middle of the chart. Note that the

bottom one was above the moving averages while the top stock was below its.

Ultimately, we are looking for a tight consistent pattern of strength.

In the example, you can see how the stock on the top is trending higher with a tight and fluid move higher.

## Timing



Timing is from an intra-day perspective happens as reversal times throughout the day that many traders are not aware of.

These are times when the market is most likely to change direction.

Do not trade intraday without knowing what they are!

The reversal times most followed (all in Eastern Standard Time (EST)); are 9:50-10:10am, 10:30, 12:30 to 2:00 pm are known as the mid-day doldrums or better known as lunchtime, 2:15 pm, 3:00 pm and 3:30pm.



Keep in mind, the term “reversal time” is not meant to imply that a stock is going to reverse and move against the prior advance (or decline).

It is simply a way to keep us alert and aware of what time it is throughout the day.

If we find a stock that has been basing, after a move up, into the 10:00 reversal time we look for a breakout to ignite a new move higher.

We are not going to take or negate trades based on this information alone, but it is good to be aware of this information prior to entering a trade.

Additionally, there are some other general timing issues that you must be made aware of, because many traders fall victim to these 'traps'.

- Do not go long after a multi-bar run that 'breaks' resistance or a great than 100% retracement.
- Unless you have a reason, based on a long-term bias, to be entering trades first thing in the morning, it is better to stay away and let things settle down.
- Remember, play the time frame the trade exists on, do not assume these rules carry over to other timeframes.

There are two exceptions when we may consider trading at lunchtime.

The first would be if there was a continuous, one directional move into lunch. These events can often be 'faded' is they have become climactic.

The second exception occurs when there is a low volume, tight range day into lunch. Many times, there will be a move during the doldrums.

## SHARE SIZING

We have decided that a particular chart is displaying a pattern that is in our trading plan and it is a compelling pattern.

We have also determined that the reward-to-risk is good and considered relative strength along with the timing of the play.

We can now say that we have made the decision to buy whatever financial instrument you are trading.

But, before we actually go ahead, we need to answer one more question. How much are we going to buy?

Most traders have very little understanding about share sizing.



Even if you have a high average winner ratio you can still burn up your account by not share sizing properly.

Many psychological issues arise when share sizing isn't considered.

By putting too much on the line with any one trade, the demons of fear and greed will creep into our psyche and cause us to make decisions based heavily on emotion.

This will cause us to begin questioning ourselves, which will start a negative spiral of thoughts which can become difficult to overcome.



Proper share sizing will keep us from falling into those issues.

The point of this is to show that the best thing to do is develop a plan and system where you know what your winning percentage is (based on tracking your trades), you know what your average winner compared to your average loser is likely to be, and then place an equal size bet on every trade.

What we want to avoid is making impulsive decisions to risk more on a particular trade because it “looks good.”

Size all positions so that they have the same dollar amount risk per trade.

By keeping all losses consistent, the stress level is reduced and trades can be managed without the emotional demons most experience.

One trade will never take you out of business

## Our share sizing formula is:

### Maximum loss per trade based on the size of the stop.

As an example, if we decided that, per our plan, our risk per trade is \$500.00 and we are looking to enter a stock at \$22.00 with a stop at \$21.50, giving us a \$0.50 stop, we would take  $500.00/0.50$  giving us a share size of 1,000 shares.

The above example does NOT figure in slip page and commission.

The concept of making last minute decisions to make random 'bets' by changing the risk amount should be avoided and only your Trading Plan guidelines should be followed.

Your trading plan can allow for varied risk if it is clearly defined. This is something that, if not followed, will knock traders out of the game.

Additional considerations must be accounted for on a very 'tight stop.'

If you do not consider the price of the stock or the volatility certain stocks can have above average potential slippage, the share sizing formula can be a problem.

Either the max loss can be violated, or you may tie up too much of your account on one trade.

To account for this, set up a table that outlines the maximum shares you will ever play based on price.

<b><u>Share Sizing With:</u></b>	<b><u>\$100,000 Account</u></b>
<b>Maximum Risk Per Day:</b>	<b>1.2% of Capital = \$1,200</b>
<b>Maximum Loss Per trade:</b>	<b>\$300</b>
<b>Maximum Losses Per Day:</b>	<b>4</b>
<b><u>Stop</u></b>	<b><u>Maximum Share Size</u></b>
<b>\$0.10</b>	<b>3000</b>
<b>\$0.20</b>	<b>1500</b>
<b>\$0.30</b>	<b>1000</b>
<b>\$0.40</b>	<b>750</b>
<b>\$0.50</b>	<b>600</b>
<b>\$0.60</b>	<b>500</b>
<b>\$0.70</b>	<b>429</b>
<b>\$0.80</b>	<b>375</b>
<b>\$0.90</b>	<b>333</b>
<b>\$1.00</b>	<b>300</b>

You must also consider the possibility of using a 'reduced' risk amount or a 'half lot' in certain situations. This may occur when market conditions are unclear but you feel a certain play warrants an entry

Another scenario might be that you are trying out a new strategy live, after paper trading successfully for a period of time.

Many experienced traders overlook the importance of share sizing and many new traders are not aware of these concepts and considerations at all.

A constant review of the money risked, and a plan to increase that amount when consistently successful, and decrease that amount when consistently unsuccessful, are key to a trader's success...

## Management



At this point in time, we have now entered the position. The next step important to success is how we are going to manage the trade.

We know we have an initial entry, stop, and target but, how are we going to manage in between?

The sad truth is that most traders do not have a plan to manage a trade.

This inevitably leads to early exit of longer term trades, not hitting targets and taking early stops when not appropriate.

The psychological factors of fear and greed will keep you on the wrong side of most decisions if you do not have a definite and clear plan to manage.

The goal of this chapter is to help you manage trades in a way that you have an objective way to view them, manage them, and get them to targets at a better rate than what you are currently doing.

First of all, every position that you may take, per your trading plan, should also have a detailed way in which it will be managed.

How will you manage positions? Every position taken will have a certain time frame and target that will determine how much room a trade need.

Do not make trading decisions based on our gut reaction.

Every strategy will then reflect a management plan to carry out the goal of reaching this target.

A trader may look to enforce a break-even stop once a trade is a certain amount from the target

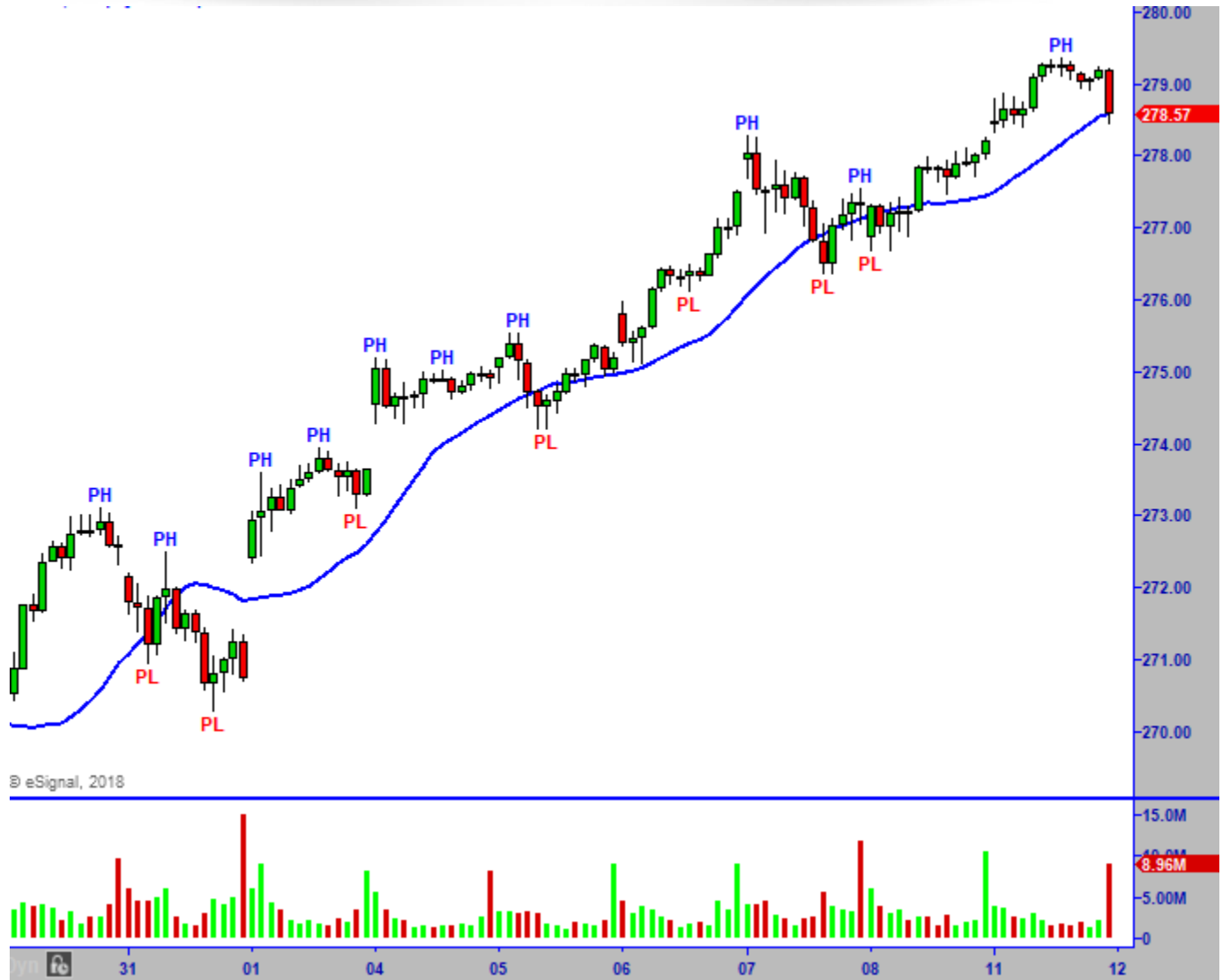
Break-even does not refer to the chart, but rather is a method of 'money management' which prevents a reasonably good trade becoming a losing trade.

Also, a trader may wish to have rules to handle certain events like a sudden change in the market environment due to news like earnings announcements or special happenings like Federal Reserve reports.

In our [Advanced Money Management \(AMS\) course](#) it covers in detail, management options to get you the most out of a trade.

There are various methods of managing stops, but one thing remains true no matter what...in order to achieve larger profits, it always risks giving back current gains.

If you want to stay in trades longer, use price pivot points (prior swing or pivot lows PL for long trades and prior swing or pivot highs PH for short trades) on the current time frame or from one-time frame lower.





If you want to lock in profits quicker, consider using the current or prior bar's high/low on the current time frame (depending on long/short) or on one-time frame lower.

Keep in mind that you can implement multiple management styles on a single trade as it gets closer to target.

For example, you may first start out using price pivots to manage with the intent being to achieve a larger return.

As the trade get closer to target, you can then look to manage under a bar's low to lock in profit while not having to give the trade all the way back to the prior price pivot.

There is no 'perfect' management style. If you are looking to attain larger moves, you will have to give back profits and sometimes you will not see them come back.

When looking for smaller targets, you may leave significant money on the table. The only style that matters is the one that works for you. By 'works' we mean, makes you money!

Another thing often overlooked is what it means to 'hit' a target. This sounds simple, but will you let a stock get one penny from your target, then go back to the last stop point, even if it is your original stop?

If not, you need to identify when you can 'lock in profits' and how you will do it (i.e. move to a bar-by-bar trail stop once you have achieved a certain amount (80%) of the target).

## Follow up

We have now gone from the very first step of making sure we have designed a trading plan that details how we are going to enter into certain technical pictures, to finding it, discussed every aspect through managing it, and we have closed out the trade.

Are we done with our job? No. Reason is, we need to learn from everything we have done. This happens through follow up analysis.

We need to make sure that we are executing our plan as we have written it and that it is in fact the most profitable manner to be managing the trade.

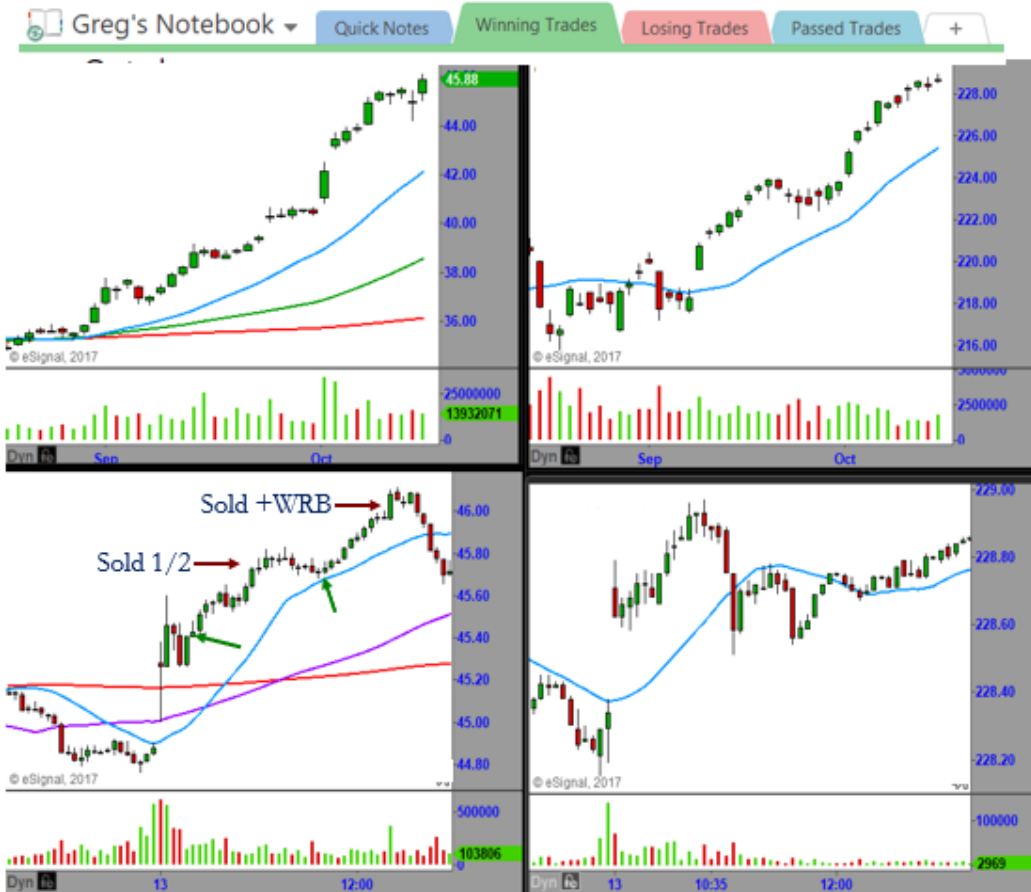
Most traders spend close to zero time in follow up. Think of it like this, your future winners are locked inside your current losses.

Good traders use the se losses to improve. If you have losses, they can be losses and nothing more; or you can consider that as money spent on an important lesson; but only if you 'find' what that lesson was.

One of the things we can do as a process of follow up is print out the charts.

We do this to identify and eliminate mistakes. Print out the appropriate chart/time frame for every trade taken and mark it up making sure that you followed your trading plan exactly as it is written.

Your goal is to systematically uncover mistakes that you do not notice while trading. Make sure that you are printing out the charts. There is something about putting pen to paper that helps to solidify these concepts in our mind.



Entry: 45.40

Stop 45.20

TGT 1: 45.80

TGT 2: 46.40

Shares: 2500

Risk: \$500

Comments:

Beautiful pattern, strong uptrend, breakdown failure and bottoming tail.

Gapped up and base. Entered on 5-Min. RBI. MAs were aligned.

Market aligned at the time.

Sold 1/2 at 45.70, was nervous about giving \$ back. Did not follow plan, which cost \$.

ANR on pullback to 20-MA. Sold all on +WRB was entering mid-day and hungry.

Overall, well done.

## After you have printed out the chart:

**Step 1:** Will be to identify the strategy.

**Step 2:** Will be to mark off the proper entry and exit for the play per your trading plan (this should be done in a specific color ink).

**Step 3:** Is to mark your actual entry and exit for the play (done in a different color ink to distinguish between proper and actual entry and exit). This will help us to see if we are making errors with either our entry, exit or possibly both entry and exit.

**Step 4:** Is to identify if the trade was good or bad from the stand point of whether or not the plan was followed. Notice, we are not determining a trade to be good or bad based on whether or not it made money.

What matters is if we followed our trading plan; not every good trade is going to make money.

**Step 5:** If we determined the trade to be bad, Step 5 would be to note the reason(s) why (maybe you had a late entry, you did not take target and ended up giving back your profits, etc.).

**Step 6:** Says that if it was a good trade, save it in a folder. Start a collection of excellent charts for reference.

The more you study good examples of good strategies, the more likely they will become recognized by your brain.

You can even print and save nice examples of plays that you did not play. The idea is to get a collection of good examples of each strategy.

**Step 7:** Calls for a folder of bad trades. Make sure the reasons used to identify bad trades are consistent.

Over the weekend, review all the bad trades and make sure to sort them by the reason they were bad.

We then want to find the single biggest problem from the last week (most common reason) and resolve to fix that one problem in the upcoming week.

Do all that is needed to remove problems from your trading.

## Summary

The bottom line is having a Master Trading Plan is the key to success in trading and investing. This e-book will guide you on the steps you should take when considering any trade.

### About the Author

Greg Capra was Founder and President/CEO of a large education and trading company for over 22 years and is known as a pioneer of the online trading and investing industry.

In the late 1980s, he immersed himself into learning what moved the markets – and why. His approach to the markets is based on technical analysis, rather than a fundamental based one.

However, he uses what he calls a “Techno-Fundamental” one that combines Market Internals, Inter-market Analysis and Technical Analysis. Mr. Capra has taught and consulted for money managers, institutional traders, specialists and market makers.

He has won numerous real-money, real-time trading challenges using his [Master Trader Technical Strategies Method](#).

McGraw Hill Publishing and Wiley Publishing each commissioned Greg to author several books and DVDs on the subject of technical trading and investing

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