Index

A
Account balance, management, 164
a/c/e (electronic trading system), 23
Afternoon trading, opportunities, 21
Arbitrary stops, 92
Arrogance, disadvantage, 65–66, 162
ATR. See Average true range
Average true range (ATR), 126–127

B
Bankruptcy, filing, 3
Bar charts (30-minute charts), usage, 39–41
Bear markets, strategy (need), 4–5
Bigger Fool Theory, 3–4
Black Monday (10/19/87), 5
  1929 crash, comparison, 6
  crash/correction, 6
  psychological pain, 12
Bond futures, trading, 128–129
  checklist, 129
Breaking news, impact, 99–100, 102
Bull markets, strategy (need), 4–5
Bureau of Economic Analysis, 105
Bureau of Labor Statistics, 106
Business
  cost, determination, 86
  media coverage, 152

C
CAC, 157
Capital, preservation, 96–97
CCI. See Consumer Confidence Index
Chicago Board of Trade (CBOT), 23
  websites, 136
Chicago Mercantile Exchange (CME)
  electronic order entry system, 23
  exit positions, 101
  websites, 136
Combination stops, 92
Commissions
  calculation, 17
  variation, 86
Commodities
  impact, 35
  key numbers, usage, 33, 35
  trading, 2
Computer systems, disadvantages, 6
Confirmation, 116
Construction spending, 107–108
Consumer Confidence Board, 107
Consumer Confidence Index (CCI), 106–107
Consumer Price Index (CPI), 105–106

D
Daily numbers, understanding, 37–38
DAX, 157
  daily opening, 24
  monitoring, 22–23
  trading, 114
DAX Futures, 113, 149
  Index, 24
    tracking, 159
    movement, 52
DAX Futures, continued
number, importance, 39
trading, 135, 151
Day trading
business, 85–87
criticism, 96
stocks, 125
Day Trading Institute (DTI), 87, 155
accountability system, 97
cardinal rule, 91
initiation, 13
instruction, 165
Deviation, calculation, 120–121
Diversification, 119–120, 131
Doctrine of Genius, 169
problem, 171
untruth, 170
Dow Futures Index
key numbers, 41
tracking, 159
Dow Jones Industrial Average,
decline, 1
Dynamic market, 82–83

E
Early Bird Trade, criteria, 148
ECI. See Employment Cost Index
E.F. Hutton, 9
Emotions
impact. See Trading
power, 161–162
taming, 162
Employer conflicts, 7–8
Employment Cost Index (ECI), 109
Entry prices, 149–150
Equities
account, opening, 2
markets, overvaluation, 133
trading, 96
usage. See Risk
Exit plans, 67–68

F
Fear, impact, 79, 161–162
Federal Open Market Committee (FOMC), 103
press releases, 104
Federal Reserve, 109
interest rates, decrease, 101
reports/announcements, 103–105
website, 136
Financial loss, 6
Financial markets
flux, 17
freefall (10/19/87), 1
Financial news, 152
Financial opportunities, 9
FOMC. See Federal Open Market Committee
FTSE, 157
Futures. See Standard & Poor’s Futures
contracts, control, 134
indices, 127
trading, 4–5
usage, 124
market, key numbers (impact), 35
trading, risks (knowledge), 94–95

G
GDP. See Gross domestic product
Geniuses. See Doctrine of Genius
analysis. See Market
consideration, 172
varieties, 169
Global time, attention, 29
Globex, 23
electronic trading, 101
high/low, 38
market, timing. See Standard & Poor’s
Gold trading, 130–131
checklist, 131
Greed, impact, 63–64, 79, 165
Green Circle Country, 97, 155
Greenspan, Alan, 37
impact, 104
public statements, impact, 99
Grim Reaper time, 58, 156
Gross domestic product (GDP), 105

H
Hang Seng, 157
closure, 1
market, daily opening, 23
Holidays
  attention, 157
  significance, 27
Housing starts, 108
Hussein, Saddam (capture), 102

I
Ignorance, danger, 24
Index funds, 120–121
Index futures, trading, 49–50, 131–132
Index stocks, 122
Indexes, trading, 114
Indicators, 90–91
  information, 115–116
  support, 160
Information/data, interpretation, 46, 48
Institute of Supply Management
  (ISM), 108–109
Investment portfolio, sale, 8

K
Key numbers, 32–33
  collection, 115
  impact. See Futures
  learning, observation (usage), 44
  stocks, respect, 33
  stops, 92
  usage, 36–37, 158–159. See also
  Commodities; Market; Profits;
  Protective stops

L
Liquidation, 8
Liquidity, significance, 19
Livermore, Jesse, 15–17, 31–32, 141
London Financial Times Stock Exchange, decline, 1
Long-term traders, 139–140
Losing streak, breaking, 28
Losses
  control, 89
  targets, 94

M
Margin requirements, 95
Market. See Dynamic market
  analysis, 41
  bullish overtone, 51–52
  conditions, analysis, 140
  context, 114–115
  correction, 67
  direction
    reconsideration, 27
    understanding, 136–137
  entry
    key numbers, usage, 42–43, 53
    preparation, 137
  genius analysis, 170
  investigation, 159–160
  movement, 57
    people, impact, 18
  moving reports, 166
  numbers, collection, 147–148
  opening price, 26
  reset button, 39
  response, 48
  reversal, 81
  shift, 145
  strategic attack, 77, 83
  study, 15
  trading, 156–157
  unpredictability, 91
  volatility, 20
Market-tested strategy, learning, 13
MCSI. See Michigan Consumer Sentiment Index
  Media commentary, 147
  Media coverage. See Business
  Mental stops, reliance, 69
  Merrill Lynch, confidence, 4
  Metamorphosis, 9–10
  Michigan Consumer Sentiment Index
    (MCSI), 106–107
Mistakes
  identification, 167
  review, 10–11
Money
  loss, experience, 8
  management, 164
Morning activity, impact.
  See Trading
  Moving average, 129–130, 132
Moving news events, impact, 100–103
Mutual funds, trading checklist, 121

N
Naked options, sale, 132
Nasdaq Futures, tracking, 159
New York Stock Exchange (NYSE), 45
issues, 81, 160
indicators, 54
News. See Financial news
events, 110, 116, 165–166
expectations, 149
impact, 127. See also Breaking news
Nikkei, 157
daily opening, 23
decline, 1

O
OEX Exchange, index options trades, 146
Oil trading
checklist, 130
option strategy, usage, 129–130
Opening price, impact, 36
Optimism, advantages, 8–9
Options
approach, 37
concentration, 5
trading, success, 4
Overtrading, 137–138
prevention, strategy, 17

P
Past, usage/improvement, 140–141
Patience, advantage, 16
Penn Square banking crisis, 9
Persistence, 7–9
Personal situation, evaluation, 88
Pessimism, disadvantages, 12
Pork bellies, trading, 2
Position, liquidation, 64–65
PPI. See Producer Price Index
Pre-Paid Legal (PPD), 16
Preparation, absence, 133
Present trading, 137–138
Prices, reading. See Stocks
Problem solving, 11
Producer Price Index (PPI), 106
Profits
focus, 12–13
targets, setting, 68, 94
key numbers, usage, 43
Protective stops
impact, 127
placements, 20–21, 83, 130.
See also Resistance levels;
Support levels
determination, 91
key numbers, usage, 43
pulling, 126
usage, 68–69, 78

Q
QQQQ, 122

R
Real time quotes, 46
Real-time market numbers, 147–148
Recession, signs, 107
Resistance levels, 115
protective stop placements, 65
Risk
calculation, 161
control, 127
involvement, 165
knowledge, 89–90
level, 87–89
limitation, 93
management, 12–13, 85, 87
equities, usage, 95–96
positioning, 20
taking, 90–91
tolerance, evaluation, 85–87
understanding, 95
RoadMap, 22–23, 69
software, 92

S
Sectors, identification, 119–120
September 11th (2001), effects, 100, 102
Short-term traders, 139–140
Smith, Bobby Gene, 16
Index

Smith, Geof, 88, 100–101
Smitten, Richard, 16, 32
Standard & Poor’s (S&P) 500
correlation, 125
opening price, 120
100 puts, 5
Globex market, opening, 151–152
Standard & Poor’s (S&P) Futures
daily morning initiation, 20
e-mini contracts, 64, 100
Index
tracking, 159
trading, 40, 42
initiation, 4
movement, 52
numbers, 42
opening monthly price, 36–37
opening price, 26
trading, 9
understanding, 113
Stock market crash (10/19/87), 167
theories, 2
Stocks
holding, charges, 127
investment, 123–124
prices, reading, 52–53, 160
purchase, 3
quotes
attention, 3
reading, 59
respect. See Key numbers
selection, 122–123
trading, 33, 121–123
checklist, 128
Stops. See Arbitrary stops;
Combination stops; Key
discipline/usage, 142–143
numbers; Protective stops;
recording, 141
Volatility
discipline, 143–144
Strategy reversal, 35
element, time (usage), 28–29
Support levels, protective stop
emotions, impact, 70–71
placements, 65
Survival, 7–9
T
Tactical issues, 80–82
Tape reading
accuracy, 49, 159
importance, 46
skill, 53
time, impact, 160
Technology, 135–136, 166
Terrorist attacks, 165
effects (9/11/2001), 100, 102
TICK. See New York Tick
Ticks, 77–79, 156, 163–164
usage, 79–80
Tilt number, establishment, 89
Time
consideration, 115
impact, 28. See also Tape reading
30-minute frames, 40
usage. See Trading
Timeout, impact, 158
Timing, importance, 29–30
Traders
mediocrity, 140
strategy, need, 162–163
Trading. See Present trading
active times, advantage, 19–20
asset, 134
avocation, 3
buddy, usage, 143
goals, 97–98
limiting, 17
prices, determination, 117–119
recording, 140–141
time, determination, 117–118
timing, 150–151
usage, 79–80
zones, 22, 58
Trades, 77–79, 156, 163–164
Survival, 7–9

Tactical issues, 80–82
Tape reading
accuracy, 49, 159
importance, 46
skill, 53
time, impact, 160
Technology, 135–136, 166
Terrorist attacks, 165
effects (9/11/2001), 100, 102
TICK. See New York Tick
Ticks, 77–79, 156, 163–164
usage, 79–80
Tilt number, establishment, 89
Time
consideration, 115
impact, 28. See also Tape reading
30-minute frames, 40
usage. See Trading
Timeout, impact, 158
Timing, importance, 29–30
Traders
mediocrity, 140
strategy, need, 162–163
Trading. See Present trading
active times, advantage, 19–20
asset, 134
avocation, 3
buddy, usage, 143
conditions, morning activity
diary
(impact), 20–21
discipline/usage, 142–143
recording, 141
education, 143–144
element, time (usage), 28–29
emotions, impact, 70–71
global movement, 23
goals, 62–64, 81, 141–142
24-hour clock, usage, 29–30
losing, 66–67
Trading, continued
methods, 31–32
  development, 13
mistakes, 171
opportunities. See Afternoon trading
opposites, 29
patterns, knowledge, 35
plan, 73–76
  strategy, 76–77
post-day session, 25
preparation, 143–144
profitability, 163–164
progression, 38
psychological game, 9
session, 40–41
  closing, 21–22
skills, 61
strategy, execution, 80–82, 164
style, 146–147
success, 59
three Ts, 77–79, 156
time
  patterns, 18–19
  sensitivity, 156
timing, knowledge, 16–17
waiting, 15
weakness, 93, 137–138
Trading Index (TRIN) (Arms Index),
  55, 81, 160
Trends, 77–79, 156, 163–164
  lines, 157
  example, 50–51
  usage, 79–80
TRIN. See Trading Index
TTICK, 56–58, 116, 160
Two-minute rule, 69

U
University of Michigan, 109
U.S. Department of Commerce, 108
U.S. Department of Labor, 106, 109

V
V-factor, 56, 160
Volatility
  significance, 19
  stops, 92
Volume, importance, 56

W
Wall Street, rationality/confidence, 18
Wilson, Woodrow, 103