

Special Report: “What I learnt from Trading Seminars”

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But, please read this first :

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an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in this book. The past performance of any trading system or methodology is not necessarily indicative of future results.

INTRODUCTION:

My aim here is to outline a couple of stories from my Seminar/course adventures. I want to tell you about my own experiences so that you do not fall into the same pitfalls – I have attended a number of seminars, courses and read quite a few books. I call them adventures, since they truly were and the journey of trading became more apparent as I tried them.

I have mentioned two stories in this special report which are taken from my original book (not available now), but more importantly I have mentioned the general conclusions that I reached. Hopefully, you will understand what trading involves as well and some of the characteristics that are needed for successful trading.

Anyway, lets begin

THE GREAT LAS VEGAS TRIP

I started searching again for alternative methods. Surely there had to be an easier way to become profitable in this game (its actually a **business**).

Bear in mind that I had set my goal to do this for a living and saw day trading as the only way forward. So rather than working a 9-5 job, I would get up in the morning and just watch the charts on my 4 monitors.

Alternatively, I would search web sites and traders magazines for new ideas. It was through these magazines that I ventured into my second trading method.

This was a funny one. It seemed kind of a fascinating method. It looked as if it caught all the turns in the market. Unfortunately, at the time I had not realised that there is **no holy grail** in trading.

This method talked about day trading the S&P futures market. The S&P is a popular market amongst day traders. You have to buy and sell set contracts, with each point valued at \$50..... A move from say 1023 to 1024 in the S &P would represent one point.

First off, I bought the software I needed from the vendor. The software provider then told me that he had an upcoming seminar in Las Vegas. A 2 day seminar, where we would learn all about our new found system/method.

Just to get me more excited, he told me that this was probably the last seminar for the year (it was August 2000) and so I should definitely jump on the plane- especially with a discount that he gave me.....

At the time my thinking was that all I needed was to just pick up one of these methods and use it !!

WAS THIS TRUE ? Of course not !!! as I learnt later.....

Well, our friend (the system developer) managed to talk me into the seminar. That was a big step and meant that I had to pay \$1000 for my flight and probably stay in Las Vegas for 1 week plus all the other costs.

To cut the long story short, I got on that plane, headed to Las Vegas- admittedly being VERY excited. Boy, this sounded like the ideal situation. You get to run your own business, very flexible with huge potential and you get to travel like this - well it couldn't be bad !

The trip itself was great. The 2 day seminar lasting over a Sunday and a Monday. On Sunday, we were just in a classroom learning the methods. Monday started at 6.30am (PST- Las Vegas time when the markets opened). We were supposed to be trading **live**.

According to our method, there was no trade that day and we basically talked amongst ourselves, asked questions and just watched. It was a

discretionary method, meaning that the mentor was using his own discretion to trade.

I personally felt that our mentor did not have much confidence in his indicators. Also I think he was more of a system developer (a clever guy) rather than a trader - Not everyone is suited to this kind of trading!!

I was in Las Vegas for a whole week. A very nice place to visit and hooked up with a guy from the seminar who still remains a friend.

I got back home and it was time to put the new found information into practice. The system developer had done a great deal of work in producing his proprietary software. Every time you put these indicators on a chart, it took my computer at least a few minutes to do all the calculations.

DID I MAKE MONEY WITH MY NEW FOUND “TOY” ?

Toy - it certainly was. The software seemed very impressive. However, one of the unique features of this software was about one of the indicators that appeared to pick tops and bottoms of the market perfectly, **except this was hindsight**..... the indicator would plot and if it was

wrong, it would clear itself out and then re-plot until it got it correct-good eh??

Again HINDSIGHT IS ALWAYS 20/20.

I tried this system for about 2 months- mainly just paper trading but not really going anywhere fast. There were so many indicators that I normally got conflicting signals. So even though it looked fabulous, that was not the case.

The above software together with the trip for the seminar cost me about \$3000 ! I was not a rich guy, but wanted to treat this as a business and so did not mind spending the money in order to learn.

I tried quite hard with this software and methodology for about 2 months- However, one thing became apparent.

Trading certainly was not easy and even with some supposedly magical software, I was not close.

The best thing that came out of my Las Vegas trip was seeing the great city, where millions (or probably billions of dollars) have been invested and meeting with another trader out of the seminar, who remains a very close friend at this time.

Lessons learnt:

- **Complicated does not mean better- it could lead to a lot of confusion!**
- **A system developer is not necessarily a good trader. The skills needed for trading don't have much to do with your intellect.**

CHAPTER 4

THE SUPERIOR RESULTS SYSTEM

Okay - what was next?

I had not lost my determination, but certainly was not happy with the situation so my search for an alternative method/ system went on.

It was almost Christmas and there I was, reading as many as books possible- heck, I had to get to grips with the concept of the stockmarket and trading in general. One of the books that I came across offered a trading software package as well. It was meant to have a proprietary indicator that picked out the trades. It also had some basic indicators that were common in any software.

Well, you've guessed it.

I got tempted and ordered this software/system, costing just over \$2000 - a lot of money for me. But hey! who cared - this was supposed to be a business - a sure fire method and I was finally going to be successful at trading the stock indices (mainly the S&P market).

Before ordering, I went to the company's web site. The testimonials looked very impressive. We had a kind of a mechanical system where the proprietary indications told you where to enter and trade. I checked out the system results produced by a software called Tradestation and they looked very good- achieving around \$8-10,000 per month (for a large S&P contract)- very good !

The manual (about 30 pages) and the software arrived. I was really excited and quickly went through everything within 2 weeks or so, to understand the concept. There were some common indicators, but also a system that plotted dots on the bars- this was what we really paid for.

Having tested the methods for a few weeks, it was becoming apparent that our proprietary indicator, was nothing special.

The vendor had used some weird mathematics for these (I don't know what the formula was !) but it certainly did not sound logical.

Funny enough, when I had a conversation with someone at technical support , he said that the simple indicators produced “as good as “ results compared to the proprietary indicators! I remember going back to the system results displayed on the web site.

The monthly results all looked positive, **except** I had failed to realise : the results did not include any **spreads, commissions or slippage** !

HOW DID THIS AFFECT THE RESULTS?

Those who have traded before will know the answer. Basically, as far as the spread is concerned- each time you buy and sell a stock, index or currency , there is a BUY and SELL price (known as ASK and BID). However, our system developer had taken the mid price- so that there was no allowance for this spread cost.

Then , there is the commission which is payable to the broker. Those of you who have day traded will know that commissions can soon add up.

In day trading, which is what we were attempting to do, commissions can be a heavy cost (depending on how frequently you trade).

Finally, there was the slippage factor. When the market is moving around fast (usually around some form of news), you may want to buy at a certain price, but because the price has moved, you get a price which is much more unfavourable - commonly known as **SLIPPAGE**.

I had to give this system/method a reasonable chance, So carried on with it for almost 5 months. Not easy I must admit.

The feelings encountered, were that of **fear** and **anxiety**. My aim at the start of this **journey**, was to trade for a living - meaning that my cost of living would be paid for by trading. From the very choppy performance that I had, this looked impossible and led to **emotional pressure**. I decided to abandon this method.

You cannot tell a bank manager that you don't have any mortgage money. This is important, since anyone who has done any investing/trading will tell you - they may be profitable **overall**, but they probably won't be profitable every week/month ! (there are exceptions, of course).

I had come from a conventional background of employment, where at the end of the week/ month I had a **guaranteed income**. Think about this and I will expand on it later.....

Lessons Learnt:

- **Take results that are generated by the computer with a pinch of salt. Usually these do not include spreads and commissions, so they are meaningless. To have a meaning, results must be at least in a DEMO account. That will have some merits.**

A demo account is exactly like a real account, except there is no money involved. It gives a feel for trading as a whole.

- **You often have to pay premium prices for some software system indicators that someone has designed- does it mean they are any good? Not necessarily**

CONCLUSIONS:

Well, what did I learn from trying to trade for a living ?

- **Type of personality**

We all have different personalities and this is very important in trading. Not everyone is suited to trading.

If you are someone who likes to take their time in analysing the situation, then I doubt if you are suited to **day trading**.

In that case opt for Swing or Positional trading..... Which can usually last anything from one or two days to one or two months and longer.

Most types of day trading (but not all) will require the person to be very **decisive** and **act** promptly.

Is there an ideal set up ? NO - with the benefit of **hindsight**, everything is clear. In the heat of the moment, things are **not** that clear.

- **How comfortable are you with RISK ?**

Each time you enter the market, you are taking a risk - mainly a risk of loss. Some people are fine with handling risk. Obviously your risk will also vary with the position that you have on.

No one knows the outcome of any single trade. You can only judge the **probable** outcome, since we are dealing with **uncertainty** here.

- **Trading as a business ?**

It certainly has to be treated as a business and your losses are meant to be the cost of doing business, together with other overheads (such as data fee, software, books, etc.)

Fine, but it's a strange business. For example, a couple of my friends run cafés. They have set up the business, and even though sales do fluctuate, they tend to make the profit at the end of the week. They have regular clients, so repeat business is always there, although it can go up and down.

There are also other types of businesses, such as selling cars for instance, where I imagine sales can fluctuate a lot.....

Trading is probably more like the second type. Even then, for the guy who is selling cars, there will be a demand if his product is good. However, in trading are you actually selling something ? A bit vague..... I know

different people will say different things, but there is not a product as such- this is more of a gaming nature.

- **Other characteristics**

Trading requires a lot of confidence and commitment on your part. Once you have established a method or a system, unless you have full confidence and a commitment to it, you are unlikely to be successful.

Even if you are generally very confident, trading the markets can undermine your confidence - How is this ??

Let's say you have a mechanical system (with set parameters) - you have back tested it on previous data and everything looks good. You then try this **live** in the market, but thanks to the change in market behaviour your system is producing losing trades, one after the other ! This happens a lot..... The trader loses confidence in the system and abandons it.

- **Are you a perfectionist ?**

There is **no** perfection in the markets. It doesn't matter how good you are, you cannot be correct on **all** your calls !

Always remember that you are dealing with the **future** and the future is **uncertain** . Some people try to predict it. Sometimes it will be correct and sometimes it won't be.

The markets will teach you this. As you will see, no 2 days are exactly the same in the markets (whichever it may be).

One of the main reasons for me looking into different methods, was because of high expectations. Trying to achieve perfection.

After a while trying and testing, you will see that there are no right or wrong answers (See below).

- **Is there a correct way to trade the markets?**

The simple answer is NO!!

Most of the courses/ seminars that I attended, kept telling us that their methods are **unique**. They were dismissing all the other methods, saying they don't work.

You only need to read the book Market Wizards (or the New Market Wizards) to see that this is not true. In these books, Jack Schwager interviews several **top** traders. Guess what ? Their methods and markets that they trade are **very** different !! **Yet they are all top traders.**

They also used Technical and Fundamental analysis- although I think the majority of day traders would use Technical analysis.

- **Do you have the discipline needed?**

This one is **key**, but let me tell you - it is hard.....

Suppose you are in the market. You have set in a stop loss and the market is going against you. It is approaching your stop....are you disciplined enough to leave the stop in ?

OR are you going to get scared and get out prematurely (I used to do this sometimes). Is your **ego** going to get the better of you? i.e. you end up moving your stop further out, since you hate losing.

Both these actions show lack of discipline. Discipline can also show up in taking profits..... Imagine you have a target to take profits. The market is very close to that level and starts stalling at that price for a while. What do you do ? The market **should** reach that level, but as I said earlier no 2 trades are the same !

It is very painful to see your unrealised profits disappear, since you did not reach target and did not exit !

- **Doing proper testing**

Whatever method you choose, you need to test it and hence, build confidence.

In my earlier days, I was certainly jumping the gun, by forcing myself to trade. The confidence was not there and so, as soon as I had a couple of losses, I would conclude that the system/method was not for me and start looking for something else.

Later on, the problem was something else. Thinking that “ I am running out of time “, I wouldn’t bother testing as such and would just jump in. Ideally, you would initially start with a bit of “paper “ trading, on a demo account. The reason for this is to get used to the trading platform and if you are a novice, you learn when exactly to buy and sell.

Mistakes occur, for example you are supposed to be buying, and instead, you click on the sell button ! You can iron these problems out in demo trading.

If you don’t know what type of day trading to start from, forex might be a better place because of the many brokers that offer demo accounts. Also, contract sizes in forex are relatively smaller.

However, don’t stay with a demo account for too long. Sooner or later, you need to put yourself and your strategy to the test..... so you need to open a real account and see how your emotions react to the swings in the markets !

The size that you are trading usually has a **direct impact** on your emotions- if there is too much money on the line , beyond your comfort level, you will feel nervous and tension builds up- Inevitably you will **lose !**

- **Are all courses/seminars/systems right for everyone ?**

Simple answer is NO.

Due to our personalities which are unique, a course which is suitable for one person is not necessarily right for the next person. Unfortunately, you will not find out about the course, unless you try it out. The system designer/ course provider will have a different personality to you.

This is why you may hear people saying that one needs to design their own trading strategy..... To a certain extent this is true. But at the same time, you need to have the knowledge as well- and even then, it is not easy.

One of the courses that I outlined above, used what to me seemed like a big stop-loss in the S&P market.

This added to my anxiety and was one of the reasons for my problems with that particular method. I had to adjust it to what I was comfortable with.

- **“Trading not to lose”**

Trading from a defensive perspective - I must say, most of the time I was in this state.....This is no good. I was too concerned with the capital that I could lose. So I would have a losing trade and then freeze - not bothering to take the following trades.

Being undercapitalised also contributes to this behaviour. Most forex brokers will show off by mentioning that you can open an account with say \$300.....

This amount is probably too small (unless you are with Oanda). You should risk about 1-4 % (depending on your strategy of course). So with a \$300 account if your stop amounted to \$30, effectively you are risking 10% ! Normally too high.

- **What about profitable trade frequency?**

As I started trading, my understanding was that I would be profitable each day but anyone who has traded knows this is not true. I know a couple

of traders who hardly have a losing day. This can happen but certainly is not very common.

If you use a mechanical system (where there is no input from you), then expect periods where you have a sequence of losers. This period is known as a Drawdown.

If you use a discretionary method (one where you have to make decisions when to “pull the trigger”), depending on how good you are, you may not experience too many losses. However, there will still be a sequence of losses from time to time.

Also, Discretionary trading will make you more emotional. You probably need to be a better trader to do this type of trading.

I was used to a paid job, so had the belief that every week would be profitable..... this is not necessarily true. Whilst some successful day traders will experience this, you cannot dictate what a market wants to do.

THE MARKET WILL DO ITS OWN THING AND IS ALWAYS RIGHT !

- **How about Money Management?**

This is a **very** important aspect of trading. There are other books written on this, so I shall just outline my own views.

For some time while I was still trying to learn, I thought that the key was to try and achieve as many winners as possible. Whilst this is true to some extent, it is not necessary. Let me give you an example:

Suppose you take 10 trades in a row. Your stop-loss is 5 points each time, but you take profits when you achieve 10 points. Your system only has a 50% profit : loss ratio. i.e. in our scenario you win 5 and lose 5.....

So your loss is 25points, BUT your win is 50 points. This is despite only a 50% success rate.

In our other example, we have a method/system that takes 10 trades. It seems like a good method. We have an 80% win: loss ratio.....but we don't mind having big stops (relatively) and so our winning target is 10 points and the stop loss is 40 points.....

So, our winners = 80 points but our losers are also 80 points. Breakeven ! By the time you take off commissions, you are actually in **negative** territory.

These are very simple examples. Real trading is usually more complex than this, especially on taking profits since some traders tend to use trailing stops (stops trail behind the price, as it moves in their favour).

I hope you can get the idea. You **do not** need a high percentage of winners. However, your profit : loss ratio should be 2:1 or greater.

Again, there is no right or wrong answer here. It could be lower than 2:1, depending on your hit rate - I think you get the idea. You won't believe it, but it took me sometime to absorb the fact that this is true.

However, as far as psychology goes, the more winners you have, the more comfortable you will feel. Those traders in positional trading (more than one day trades), tend to have a winning ratio of say 35-45% only.

On the face of it, this seems too low but what they tend to concentrate on, is riding a trend (up OR down) . Their winners could be say 5 times larger than the losses.

OTHER ASPECTS OF MONEY MANAGEMENT:

Another aspect of money management is to do with your position size. I will just mention this in brief. Most traders will look to get the maximum profits out of a trade. With the benefit of **hindsight**, this is easy to see.

Don't let this fool you!

What other traders tend to do is just aim small, but aim for **consistency**. Once they are consistent, they then just add to the size which is traded..... gradually increasing and compounding.

- **Consistency ? The AIM of every trader.**

I personally think that every serious trader should have the aim of being consistent. It is too easy to have a “see-saw “ type of trading. When I talk about consistency, its probably more to do with applying your system/method consistently. Discipline is needed here.

We can aim for a certain number of points or monetary gains per week, but there are **no** guarantees of achieving this. As I said above, the market will do its own thing.

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Well, I hope you have enjoyed the above experiences..... I have just published a forex method that is built on my own experiences. Click below to see the method

<http://www.magicalforex.com>

I have come across some other methods that are worth looking at. Support seems to be good with all these. Take a look at these..... Majority are done through Clickbank.com and therefore, you normally get 8 weeks to test them out ! If not satisfied, just return them – SIMPLE !

1. [Click here to see the EZ forex](#)

Mainly to do with scalping. I.e. trading for small gains during the day. Seems to be popular and claims to make 5% PER DAY !

2. [Click here to see Ryan's room](#)

Ryan mainly trades the dow eminis in a trading room. Will give you full support and has a following as well.

3. [Click here to see this mechanical system](#)

David's method is 100% mechanical. It has sound logic and has a more relaxed approach to trading.

4. [Click here to see the RTC signals in action](#)

I am currently looking into Jeff's method. He comes across as a very genuine guy. I think what he is offering is a REAL Steal ! Basically a few signals a week AND a live trading room where they call the trades.

5. [Click here for Swing Trading](#)

David is pretty good at teaching his method of swing trading (lasting a few days per trade). The trades are more relaxed. He concentrates on trading stocks. He also has a very mechanical approach, which rules out indecision.

6. [Click here for Dean's system](#)

Again a more relaxed method of trading the forex. 2 systems outlined. Dean has a GOOD reputation amongst the trading community.

[7. Click here to trade OIL futures](#)

Well, this one must sound odd. I have just found this site and am quite impressed. I have been in touch with John and have a nice feeling.

He claims that trading the oil futures is easier and more profitable than forex ! Take a look for yourself.....

[8. Click here for the psychology of trading](#)

This one is a bit different. You might have heard that trading depends 80% on psychology ! The CD here addresses these problems and I think it is quite clever how it has been put together. Worth a look.....



Well, I hope you have enjoyed this special report. The above list will be updated **all the time**, as I come across products that deserve a mention.

In order to keep up to date. Please visit my site:

www.magicalforex.com and sign up for the FREE exit strategy. That way, I will be in touch with you often.

Anyway, to your happiness and success,

Alex

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