Beginner Trading Plan (acct. < $1000) *still successful with larger accounts

This is a blueprint to help you develop your own strategy. This is not advice or a promise of financial gain. Losses are unavoidable

🔑MAJOR KEYS🔑

Trading is about odds, probability. Not certainty. Ego will get you killed
It doesn't matter what you "think", the market doesn't care
Detach from feelings of excitement or anguish. Focus on trading right.
Let Your Winners Run, Cut your losers early
Volume shows shares changing hands, more volume = more emotion

Objective:

(Short Term, **6 mos- 1 year**): Develop a strategy and the confidence to spot high probability trade setups to generate consistent profit as a part-time trader

(Med Term, **1-3 years**): Consistent application of personal strategy, increasing in scale with experience and account growth

(Long Term, **5 years - 10 years**): Replace employee income w/ trading income while building a considerably strong long-term holding account

Rules

- No more than 2-3 open positions in options account or swing trading account.
- Maintain 50%+ of account in cash (example: $100 acct, only allowed to trade w/ $50)
- No trading before 945am (close of 1st 15m candle)
- No trading between 11am - 3:00 pm
- Avoid long term news trades. Only quick flips on news
- Goal is to **make the account bigger,** NOT TO get rich. Take small, predetermined profits
  - Philosophy: inch by inch
- Maximum 5-8 trades a month
- Trade options on only 1-3 stocks, master them.

Trading Strategy

🚀 Options Trading 🚀

Avg: Contract prices less than or equal to $1.00 (less than or equal to) *practice larger with paper trades*

Primary set up: Earnings, known events

Secondary set up: Price-action
- Earnings
- Fed announcements/minutes
- Stock Splits
- Other (new products, mergers, work force adjustments, economic data etc)

Stock Selection criteria:
- Daily volume > 1 million
- Primary sectors: information technology, consumer staples, consumer discretionary, financials, Communications
- Looking for high volatility/liquidity
- NO PENNY STOCKS

Technical Indicators

Goal: Stack the odds in my favor
- Support & Resistance formed by previous price action
- Moving averages
  - 200 sma, 50 sma, 20 ema, 8 ema
- RSI (relative strength indicator) - overbought vs oversold
- MACD - momentum
- DMIandADX - momentum

Timeframes
- Intraday
  - 2 day: 60mins
  - **2 day: 30 mins****(primary)
  - 2 day: 15 mins
- Long term trend confirmation
  - 1 Yr: 1 day

📈Bullish Swing Trading📈

Avg stock price: less than $30 *practice larger with paper trades*
Order size: multiples of 10 (if you can afford 11 shares…only get 10)
Primary set up: Price-action
Secondary set up: Technical indicators
Entry: *The goal is to stack as many in your favor as possible. Doesn't have to be all.
- Above the 20ma, other ma turning up
- RSI above 50 (but below 70) or sharp rise off oversold
- MACD turning up, crossing
- Green over red on DMI, ADX turning
- Strong volume, long green candle

Exit

- Approaching prev. Level of resistance/support
- Options trading: 100%+ return
- Swing/Day trading: 3%+ return
  - *Stop loss*: 2% of portfolio

Timeframes
- Intraday
  - 2 day: 60mins
  - 2 day: 30 mins
  - 2 day: 15 mins
- Long term trend confirmation
  - **1 Yr: 1 day** **(primary)
  - 3Y: 1 week

Other strategies with a proven edge
Triple Screen
- Long term trend confirmed - weekly
- Daily Trend against long term, showing reversal.
  - DON'T try to catch the bottom. Wait until the reversal is confirmed and moving with weekly trend again
- Intraday trend entry

Gerald Peters - Money Flow
Buy stage 2 breakout
Reduce position on stage 3 flattening
Full exit signs of stage 4