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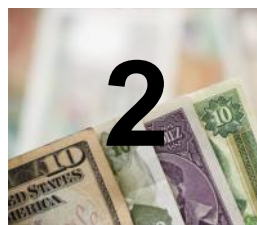
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**Get the Scoop on Trademiner!**

by Lan H. Turner

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**Calls, Puts, Spreads and LEAPS**

by Dr. Scott Brown

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# Lan Turner, President & CEO of Gecko Software is Interviewed About Their New TradeMiner Software.

**Lan:** Hi, have you ever heard of TradeMiner?

**Robert:** No, can't say that I have...

**Lan:** Can I give you a two minute demonstration?

**Robert:** Sure...

**Lan:** First, which do you like to trade? Stocks, Futures or Forex?

**Robert:** Oh, I generally like to trade Stocks.

**Lan:** Okay, then let's pull up the Stocks version of TradeMiner.

**Lan:** Let me first ask you a question. If I knew of a stock, that rose in price 95% of the time, over the past 15 years between February 5th, and March 14th, would you want to know what that stock symbol was?

**Robert:** Sure!

**Lan:** Well, that's exactly what TradeMiner does for us! Using brute force mathematics, and artificial intelligence, TradeMiner identifies profitable patterns, cycles, and trends.

**Robert:** Oh, that's pretty interesting Lan, show me more!

**Lan:** When we trade, and we want to select a stock, what do we do? We generally listen to the news, hear some rumors from our friends or neighbors about a particular stock they're trading, or we pick a stock based on some kind of technical criteria, such as the MACD, or the Stochastics indicator. What usually happens is that we end up falling in love with, and getting stuck only trading our two or three favorite stocks; when in reality, there might be hundreds of better opportunities that we could be

taking advantage of, if we just knew they existed.

With TradeMiner, we no longer have to wonder which stocks to trade, because TradeMiner tells us which stocks are the best to trade, and when to trade them.

Here, let me show you...

If we take a closer look at TradeMiner (*see chart on page 3*), you can see that it has a very simple graphical user interface, with two tabs; the first is labeled Step 1: Mine, and the second is labeled Step2: Portfolio. In the mining tab, we have a very easy to understand paragraph style method of entering our search parameters. Here, let's read it together.

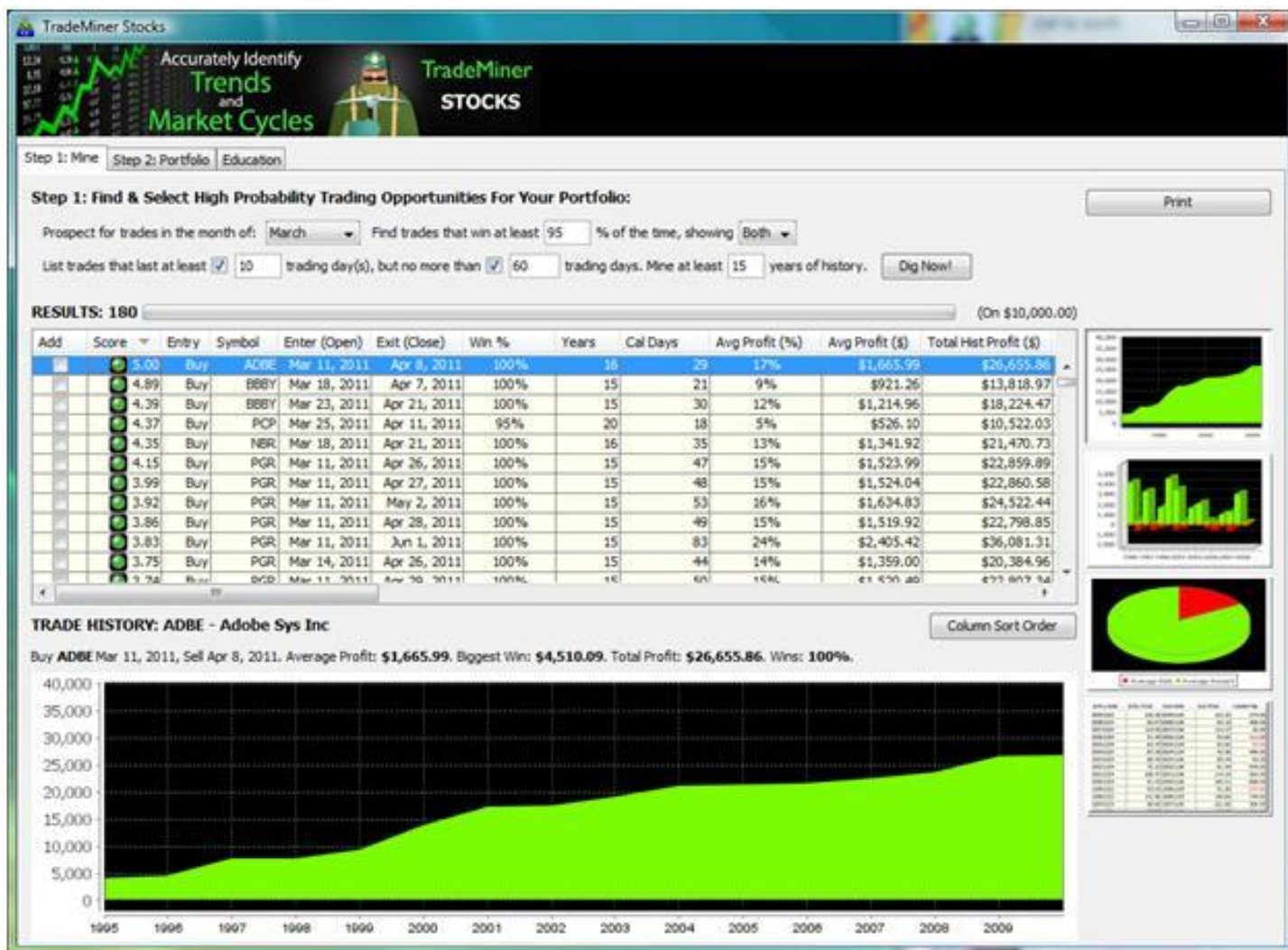
What we're going to do is; Prospect for trades in the month of: and in this drop down menu, we can select any month that we want. Since next month is March, let's select March. Find trades that win at least, and in this box, we can put anything we want, I say we start off with 95% of the time, showing both buys and sells, or longs and shorts. We'll include the sells, or shorts, just in case we decide to buy a put option.

List trades that last at least, and in this box, I'm going to put 10 trading days, but no more than, and I'm going to put 60 trading days. I use 10 and 60, because we want TradeMiner to show us trending markets, but not too long, because we want to get in, make our money, and then get out, right?

And, we're going to mine at least, and I'm going to put in this box 15 years of history.

So, in other words, what we're asking TradeMiner to do is show us all the stocks that have been at least 95% profitable, during the month of March, over at least the past 15 years.





That sounds pretty good doesn't it?

**Robert:** Ya, that looks great!

List trades that last at least, and in this box, I'm going to put 10 trading days, but no more than, and I'm going to put 60 trading days. I use 10 and 60, because we want TradeMiner to show us trending markets, but not too long, because we want to get in, make our money, and then get out, right?

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That sounds pretty good doesn't it?

**Robert:** Ya, that looks great!

**Lan:** Okay, all we need to do now is click the Dig Now button, and TradeMiner will start to search through our 3D data cube, which contains the entire S&P 500, all the DOW Industrials, and the NASDAQ 100 stocks. These are the cream of the crop stocks, which already have the highest amount of volume, and for the most part, have options that you can trade.

This search used to take literally all night to run. We used to start it in the evening before we went home from the office, and it would almost be done the following morning when we returned to work. As you can see, by the progress bar, TradeMiner is almost done with our search. We've developed a masterful way of searching through the data in what we call a three dimensional method, reading the data from multiple points at the same time, then using artificial intelligence to make each subsequent search faster and faster, as it learns from itself.

Okay, it's finished, and you can see right here, that we have 180 results.

Now, you can see all the results listed here, in rows and columns. Each stock is listed in a row, with all its corresponding statistics, which tell us everything you can imagine, such as Win%, number of years, Average Profit per trade, total historical profit, risk vs. reward and the list goes on and on.

If you look across the first row, you can see the stock symbol, and the starting and ending dates. This column tells us if it's recommending that we buy or sell the stock, and this column is my favorite, it's our score column.

We've developed a scoring system, that ranks each opportunity between 0 and 5, and it tells us which opportunities make the most amount of money, in the shortest amount of time, with the least amount of risk; then we tag them with either a red light as a warning, a yellow light to proceed with caution, or a green light, which means go for it!

You'll also notice that some of the stocks show up in our list more than once. I generally like to see that, because it indicates to me that there are multiple entry and exit points that can be taken and still have a

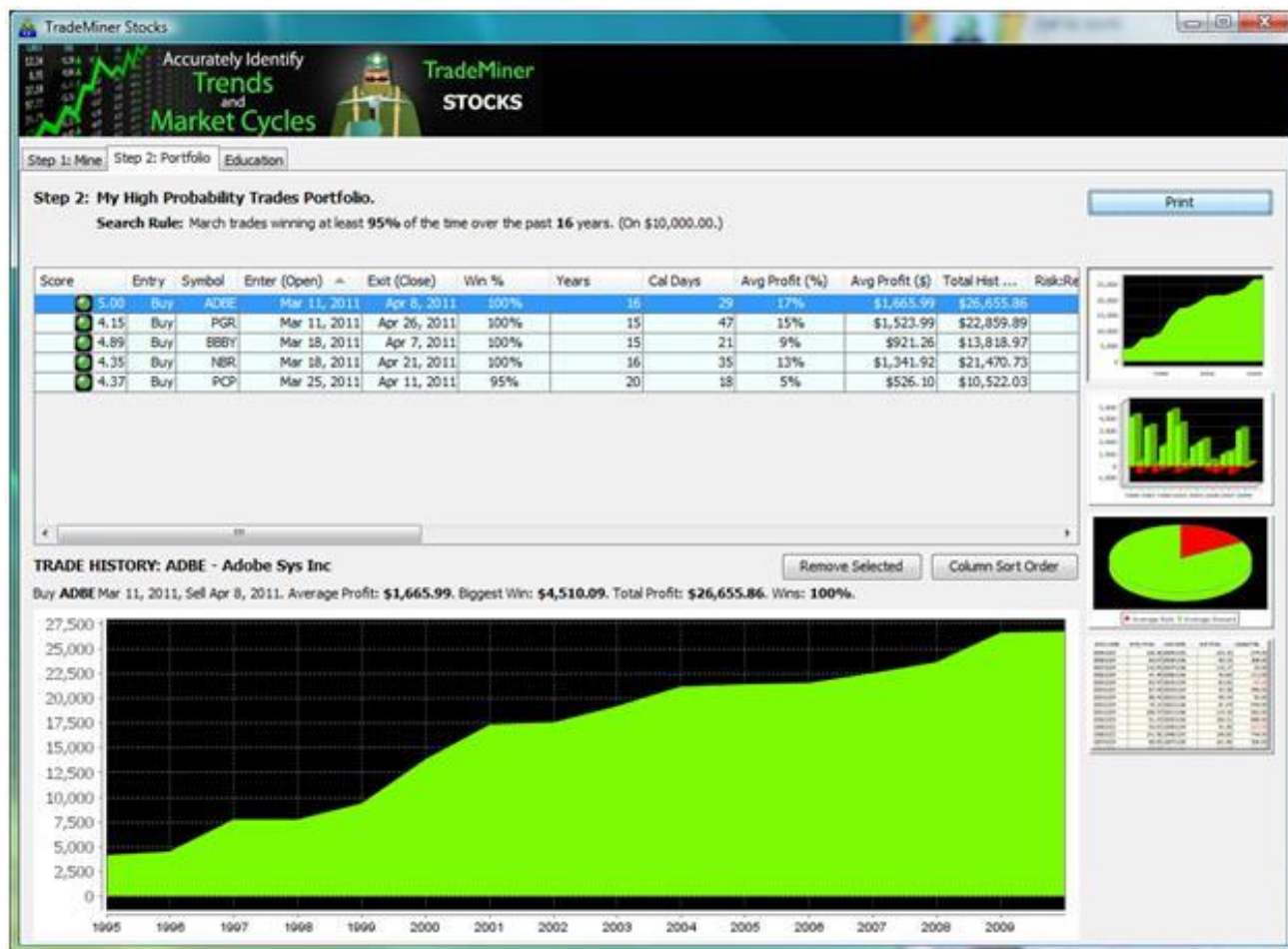
profitable trade; it's kind of an indicator of a profitable trend.

For example, let's take the first stock in the list. The symbol here is ADBE, or Adobe Systems. You'll notice that between March 11th and April 8th, Adobe Systems has risen in price, 100% of the time, over the past 16 years, with an average profit of 17% per trade; that's an average dollar amount of \$1,665.99, and a total historical profit of \$26,655.86. This is all based on trading a \$10,000.00 account; which makes it easy for us to compare apples to apples across the board.

If we click over here, you'll see that we can change the chart from our total equity curve, to a histogram view of each individual year.

If we click the pie chart, we can see the risk vs. the reward ratio; of course more green is good. This last button gives us details into each past year's trade, with entry dates, exit dates, entry and exit prices, the max draw down, and the total closed profit or loss on each trade.

Let's come back up and take a look at the next entry,



BBBY, which is Bed Bath & Beyond, they too have been 100% profitable over the past 15 years, between Mar 18th, and April 7th, with a 9% average profit per trade (see chart on page 4).

Okay, let's say we want to add several of these nice green light trades over to our portfolio. All we have to do is click the little box in the add column, like this...and when we click on the Portfolio tab, you'll see our selected stocks listed here.

Now, we can sort each column and continue to further analyze these stocks to decide which one's we want to place actual trades on.

I like to sort by the Enter (Open) column, which then puts my trades in chronological order, so I know which stock to watch for first, second, and so on.

If I choose to remove one of the stocks from my portfolio, all I need to do is click to highlight it, then click the remove selected button, or I can just hit the delete key on the keyboard.

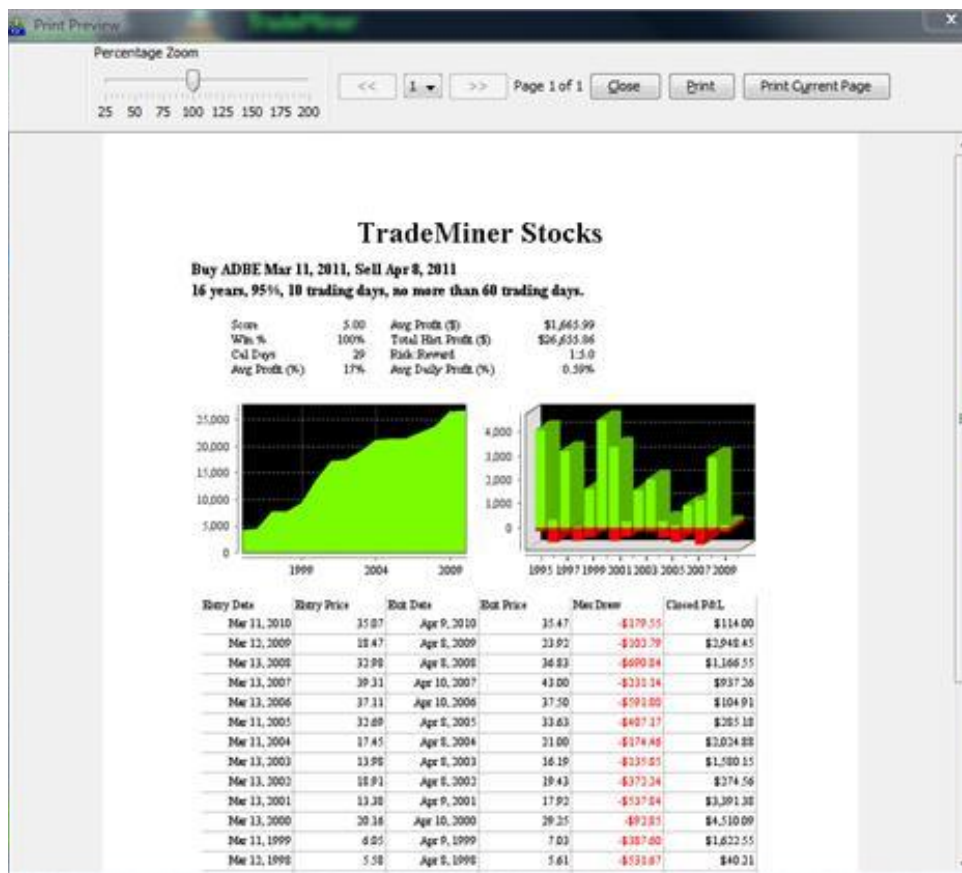
Then, when I'm ready to print my portfolio, all I have to do is hit the print button, which lets me then pick

between a summary view of my entire portfolio, or a detailed report of just the stock I have highlighted. So, does this look like something that could help you become a more profitable stock trader?

**Robert:** Absolutely! How much does it cost?

**Lan:** Well, each version, Stocks, Futures & Forex sells for \$194.00 each, or if you buy them in a bundle, they're discounted down to \$497.00. But, here at the show, we're running a "get the word out special," remember when you came by, and I asked if you had heard of us, and you said no? Well, as our show special, if you'll help us get our name out, by telling your friends about us, we'll give you all three TradeMiner packages for the price of one, that's only \$194.00 for TradeMiner Stocks, TradeMiner Futures and TradeMiner Forex.

Oh, and by the way, if you don't think this is the best decision you've ever made, and if you're not completely satisfied with TradeMiner, we've also offering a complete 14-day money back guarantee, because if you're not making money with TradeMiner, we wouldn't feel right about keeping your money.



Oh, by the way, once you get TradeMiner installed, take a minute to look through the Education tab, where you'll find the electronic manual, and a number of videos that will help you get up and running as quickly as possible; and one more thing, if you ever have any questions at all, please don't hesitate to call our 800 number tech support line. We want to make sure you're happy with TradeMiner.

*Lan Turner is the President & CEO of Gecko Software, Inc., creators of TradeMiner & Track 'n Trade. You can find Gecko Software on the web at:*

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# Calls, Puts, Spreads and LEAPS

by Dr. Scott Brown

Lan Turner CEO of Gecko Software and Editor in Chief of PitNews Magazine interviews Dr. Scott Brown for the September issue of PitNews Magazine. Read on to see what Dr. Brown thinks of day trading, covered calls, and put selling.

**PN:** You have a highly regarded advisory service around the trading technique called the covered call. Could you tell us about that?

**SB:** Covered calls are one of the most conservative options techniques out there. They require you to buy shares of stock. When you buy shares of stock, in order to generate income you sell calls at a higher price than where the stock is trading. That option you sell in terms of the money you take in is called premium. And what that does is it reduces your cost of the stock but it also caps your upside. So basically the stock goes higher than your strike price which is the price at which you sold your option. Someone will buy your stock from you at that strike price but you get to keep the premium and you get to enjoy the appreciation in your shares. So basically, let's say that you're looking to buy stock at \$20 per share and your target price is \$25 in six months then you sell a (call) option that expires in six months with a \$25 strike price. If that option paid you \$1 per share then you reduce your cost from \$20 to \$19 and your upside would then be \$6 instead of \$5.

**PN:** Can you give us any success stories of actual traders who excelled through covered calls. Is there a common pattern to these success stories in terms of trader behavior?

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**SB:** There are numerous people who do covered call strategies. In fact there are some funds that are set up to do that. Someone who comes to mind is Warren Buffet who uses covered calls. He uses covered calls and also the opposite of a covered call which is a put sell. They are identical transactions except for margin requirements - it's widely used.

The strategy that I use, and this is the one that I recommend to my subscribers, is that we use deep in the money covered call trading. That is when we buy a stock at say \$20 and sell a call at say \$17 ½. You might be wondering why we are selling an option underneath where the shares are trading. That's precisely the point.

We receive premium of \$2 ½ per share that's the intrinsic value between \$20 and \$17 ½. Then we also receive premium for time and for risk. In this example we might take in \$4 per share bringing our cost from \$20 to \$16 and our strike price of \$17 ½ that gives us a nice return of almost 10% on our investment. Meanwhile we have protected our downside considerably. The stock would actually have to fall below \$16 to lose money.

That is called a deep in the money strategy and that has a success rate of probably greater than 70%. Your returns are not as good as if you went higher in strike price but remember that we are mitigating risk here and not so much appreciation.

**PN:** I occasionally run into an individual who is very bitter about covered calls. What advice do you have for people who have been unsuccessful with covered calls in the past? Is there a common pattern to losing behavior in options?

**SB:** Most of the time people who are unsuccessful at covered calls tend not to want to own the stock. What they are doing is chasing premium. For example, you go out there and buy Apple Inc. (NASDAQ: AAPL). You can buy AAPL for \$380. You can sell a call option on Apple Inc. with a \$400 strike price and receive \$20 a share. But AAPL is so volatile that it could be trading at \$220 or \$520; you don't know.

So if you get caught in a situation, especially an overnight situation, because with covered calls in order to extricate yourself from a position you have to buy the call back and then sell the stock. If something



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happens overnight and its bad news and the stock plummets the next morning you are dead in the water. Because the option that you sold, buying it back is not going to help because you've already taken a loss in the shares.

You are not protected from losses due to event driven circumstances. A lot of people who got burned doing covered calls are those who chased premium instead of those who did it for fundamental reasons. Meaning that they want to buy the stock and they want to own it for a cheaper price by selling an option against it.

So chasing premium is a common pattern to losing behavior in options?

In all options whether it's covered calls, put selling, call buying; it doesn't really matter. One of the things you'll find is that sellers make money more than buyers. This is because sellers are not speculating like buyers are. A seller of an option is betting where a price is not going to go whereas the buyer is betting where it is going to go. It is much easier to predict where a price is not going to go, believe it or not, than where it is going to go.

**PN:** What rules do you have when the covered call trade goes against you?

**SB:** If the covered call trade goes against you then you use the same rule for a normal stock buying. You'd have a stop loss in place say at 20%. If the stock drops by 20% you would turn around and buy back the call and sell the stock. Your loss would be less than 20% because you would get some of the premium that eroded from the option.

**PN:** The covered call falls into the hedging and income producing strategy category. Could you explain?

**SB:** There's two ways to use it. First if you buy a stock at say \$20 a share and you sell an option that gives you \$2 in premium. That \$2 in premium could be construed as generating income from selling call options. What you have done is essentially pay yourself a 10% dividend and capped your upside. Another way to use it is the dividend capture play. Let's say that there is a stock that is paying a 50 cent dividend that quarter. You can buy a stock at say \$20 per share, sell the call at a \$20 strike price, and receive premium plus the dividend. The buyer of the option

has the right to buy the stock from you at \$20. If they don't buy the stock then you get the premium plus the dividend. And in some cases if the stock goes down you can resell an option as well.

**PN:** What is the buy-write strategy for a covered call; how do you employ it; and does it have any advantage over simply writing the call on stock you already own?

**SB:** The buy-write is just another way of saying a simultaneous execution. In brokerage terminology it means you place an order to buy shares of stock and sell a call against it at a specific price. That will equal a net debit to your account. Neither transaction will get executed unless that net debit is met.

Let's say that the stock is trading at \$21 and the option is trading at \$3 with a \$20 strike. You say that you want to get a net debit on that trade of \$18 per share meaning that you want to buy the stock at \$21 and sell the option at \$3. The market fluctuates during the day which means that you might not get filled. But if you do a buy-write it'll stay as an open order until those two things come into place.

The stock might go down to \$20 and the option to \$2 but you'll still get your net debit of \$18 per share.

**PN:** Lee Lowell places a heavy focus on delta to select the appropriate strike. Do you use delta to select the strike?

**SB:** Not necessarily because delta is used more for put selling and call buying as opposed to covered call writing. All delta means is that change in share price will be reflected by a similar change in the price of the option.

**PN:** How do you select the expiration of the options you are selling?

**SB:** That really depends on the investment return. For me when I do a covered call trade, especially deep in the money, I have an internal hurdle rate of 1 ½ percent per month. I am looking for an option that will return 1 ½ percent per month. If I am going out 6 months I am looking for a return of at least 9 percent.

**PN:** Moving on to put selling, what is the danger of getting assigned your short option?

**SB:** In put selling you can get assigned the stock and

again it goes back to asking yourself if you want to own the stock before you do it. I do put selling the same way as covered call writing. If the stock is trading at \$20 and I'm trying to buy it at \$15. So I'll sell a \$15 put. I might get 50 cents or \$1.00 for that put.

But it obligates me to buy at \$15 so that is the first thing I have to be thinking about. Am I comfortable doing that? And if the answer is yes then I'll sell the put.

**PN:** Could you explain your LEAP strategy?

**SB:** LEAPs are a proxy for investing in stocks. You mainly do this on stocks that don't pay dividends because when you buy a LEAP option; a LEAP call or a LEAP put. LEAPs stand for options that expire in one, two, or three years. They are long dated options and here's an example of why you should use LEAPs. Let's say you buy a gold stock at \$20 per share because you think it is going to \$30 in one or two years.

You can buy a LEAP option for \$2 that gives you the same two year time frame. So the question you have is do you want to put \$20 per share up for risk or do you want to put \$2 up for risk? If the stock goes from \$20 to \$30 you will make \$10 on the stock or %50. On the leap you'll make \$10 less the \$2 you put up or \$8 net gain. Well, the \$8 net gain is a 400% return on your capital versus a 50% gain on your capital with a stock.

If you have a market crash the most you can lose is on the LEAP is \$2. The most you can lose on the stock is all of it which you are not going to allow because you'll use a stop-loss. But even if you use a 20% stop-loss that says that you are willing to lose \$4 on a \$20 stock. But with a LEAP option the most you can lose is \$2. With a LEAP option the most you can lose is half that and you have the same or greater upside exposure in terms of a percentage gain. If that stock goes from \$20 to \$50 you'll make \$30 on the stock but you'll make \$28 on the LEAP but you only have \$2 at risk.

**PN:** LEAPS give the trader a lot more time but at greater cost. Are there times when it is better to go with shorter term options?

**SB:** Very few times is it better to go with short-term options. The only time I'll go with options is if it is event driven. For example company X is soon to report earnings as news and fundamentals point to a

blow out quarter.

A good example is Google. Google has a way of trading whenever the company reports numbers where the stock with either pop \$50 or drop \$50. So if you play Google with a short term option it makes a lot of sense because the short term risk to reward is there. But otherwise if you use a short term options you are basically saying, "I can predict where this stock will be in two weeks."

Even options with a three month expiration for me are too short term unless it's event driven. Say it's a company with a drug that may be approved or economically driven if it's a bank stock if you are anticipating interest rates coming down. Something like that is the only time I would use short term options to the long side. However, I'll sell short term options but in terms of buying short term options it depends on your outlook. If you think you can predict the direction of the stock in three months great but I don't have that comfort factor.

But I do have a comfort factor knowing that I have a good idea knowing where the stock is going to be in three months but if it gets to that level in three months I'll be happy owning it in which case I'll sell a put.

**PN:** I understand that you employ an income strategy selling stock puts. How does that work?

**SB:** Selling put options on a stock generates income because you don't have to put up any money except that you only have to put down 20% margin. For example if you see a stock that's trading at \$20 a share and you like it at \$15 and the \$15 put is paying you \$1 in income you have to put up 20% of \$15 which is \$3,000 for 10 contracts and you receive \$1,000 for selling the puts. So you either generate a 33% return over that 6 month period or you own the shares at \$15 less the \$1 or \$14.

The put selling strategy is superior to covered calls in a couple of ways yet it is inferior in a couple of ways. First you can't sell puts in an IRA unless you put up 100% of margin. When you have to put up \$15,000 to make \$1,000 it's an entirely different story than putting up \$3,000 to make \$1,000.

The other thing with put selling is that you stand the risk of being put.

A lot of people don't understand that risk. So a lot of people think that they are just selling the put taking in the money free and that there is no risk attached to the transaction because the stock is never going to fall \$5. The chances are that if you are taking in a heavy premium the stock is going to go down.

Whereas with covered call writing you can do it in an IRA and you can also collect dividends which you can't collect when selling puts. You can continuously write covered call options and if you own shares that you really like. Say a stock trading at \$20, where you continuously write options higher than the share price, that go out three to six months, knowing that at some point you stand the chance of losing it meaning that somebody will buy from you. But the way stocks work even if you sell covered calls at \$30 and the stock goes to \$30 and somebody buys from you at \$30 chances are a nice correction will put you right back in the stock again.

**PN:** The margin requirements are confusing for the average investor with regard to put selling. Could you explain them?

**SB:** The margin requirements are what the brokerage firm requires you to have in your account either in cash or holdings. Most brokers will allow you to put up 20% margin based on the strike price. That means that with a put option with a 20% will require \$400 per contract in cash or equities because each contract controls 100 shares at \$20 for a total of \$2,000. Some brokers require you to have 30% some want 33% to allow you to engage in the put selling trade but most require 20%.

**PN:** The 100% margin requirement on IRA makes put selling a non-viable strategy then?

**SB:** It does except for one thing. If you are looking at a stock you really want to own. Take Berkshire Hathaway (NYSE: BRK.B) which is a premiere stock trading right now in the seventies. And you see that a one year put option at a \$60 strike price, which is an outstanding buy for that stock, is trading at \$2 or \$3 per share. You could sell that put option and rake in \$3,000 even though you have to put up \$60,000.

You might say "that's crazy" except for times like this where you are getting absolutely no income on your cash holdings. Your brokerage cash holdings are





# Dr. Scott Brown's Caribbean Investment Club

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paying ½ of 1% in this market in mid 2011.

**PN:** Investors cannot sell naked puts in their IRAs. That in itself makes put selling an income strategy. What is the minimum account size to generate \$100,000 in annual income selling puts?

**SB:** To generate about \$100,000 income you would need \$300,000 in trading capital you have to put up as margin in case you got put once in a while. Remember you don't have to necessarily get put since you can buy back the put you sold. You don't always have to take delivery of the stock. It's not like you have to pay \$50,000 because the option went from \$1 to \$3. You can just pay \$3.

Things like that happen but I think that to generate \$100,000 you need about a \$300,000 account.

**PN:** What are the differences between the ratio option spread and the option credit spread in terms of investor psychology?

**SB:** The two spreads that I use are (1) bull spreads and (2) bear spreads. There is only one reason I use

spreads and that is because the underlying option is extremely expensive. If I am going to do a bull spread where I think that the stock is going to go higher in a stock such as Apple Inc. (NASDAQ: AAPL) where the stock is trading at \$380 and I wanted to buy an AAPL option with a \$380 strike it would cost me \$40. AAPL would have to go to \$420 for me to break even. That's a very big chunk of change.

But if I bought the AAPL option with a \$380 strike at \$40 I could sell an AAPL option with a \$420 strike and receive \$20 back selling the option. This reduces my cost from \$40 to \$20.

Now I can double my money instead of breaking even if the market reaches \$420 for Apple Inc. stock. And the same thing applies in reverse when you are doing a bear spread when you are betting something is going to go down. So the only time I use a spread at the beginning of the trade is when I am using it to reduce my cost in the trade substantially. There is another way I use a spread which I use frequently which is called legging into a spread.

Legging into a spread is a whole other animal that's a

huge tool to remove risk from the equation. Let's say I buy an option for \$4 and the stock price is at \$25. If the stock price goes to \$29 the option will go from \$4 to say \$7 or \$8. Or maybe more... maybe \$9 a share. So I have a choice here. I can sell the option at \$9 or I can look at the next strike up at let's say \$30. If the price of the shares go up that \$30 option will also go up in price. Maybe that \$30 option will go up to \$3.75 or \$4.

What I can do is sell that higher strike option and take all of my money off the table and have a \$5 upside between \$25 and \$30. That's called legging into a spread when an option has already appreciated significantly.

**PN:** What are the profiles of traders who are best for (1) covered calls (2) Put selling (3) the option credit spread and (4) the ratio option spread?

**SB:** I would say that for covered call investing you are going to be a conservative investor. What you are doing with covered call investing, especially the way I do it deep in the money, is you are trying to beat the returns from cash by a factor of 3 to 4 per year. So if your cash account if returning 3% you are trying to make 9% to 12% using covered calls. The same goes for put selling.

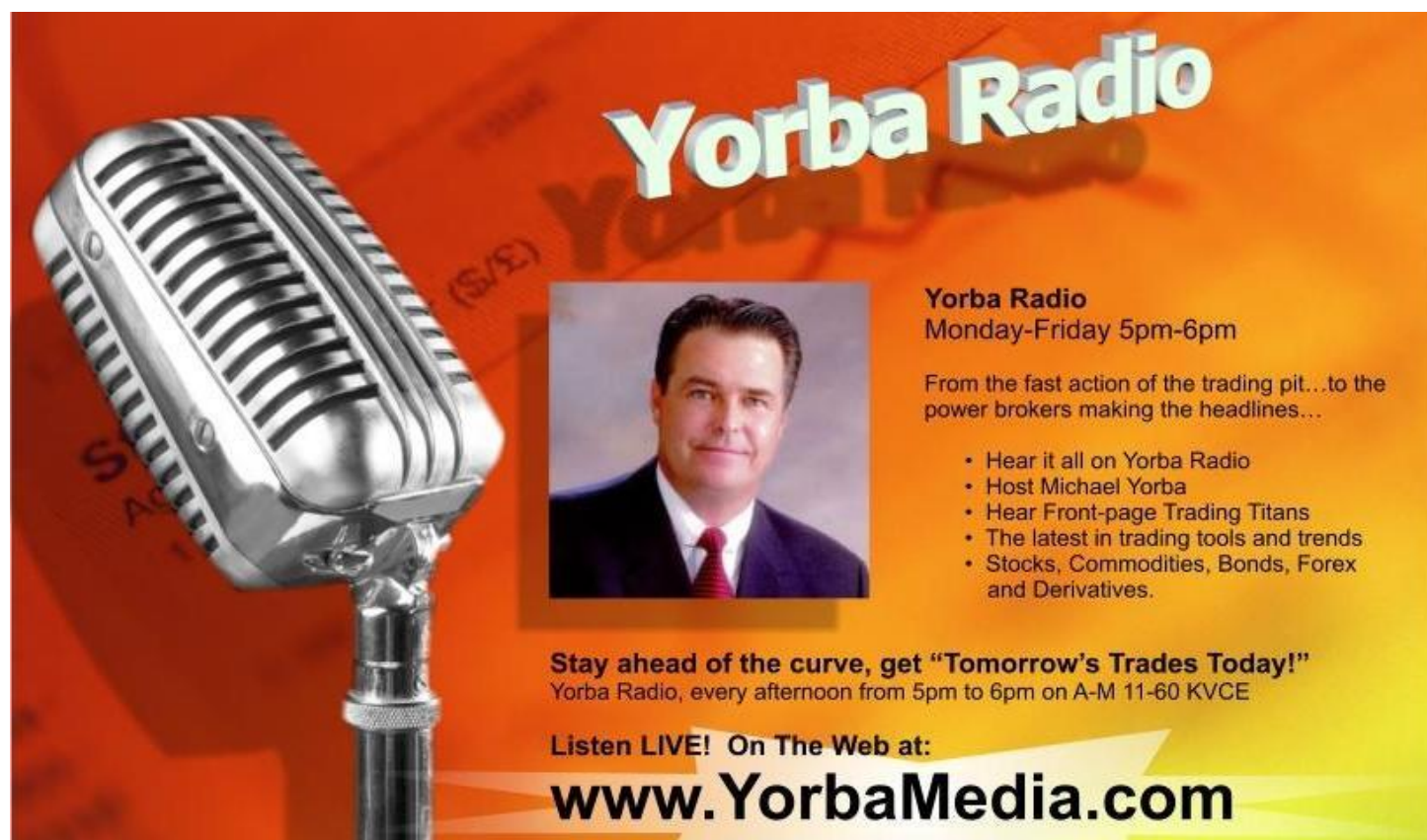
Now for spreads you are looking at a much more aggressive investor who is betting strong one way or the other because the shares have to move one way or the other. They can't just stay at the same level as they can in covered calls or put selling for you to make money.

For a LEAPs options buyer or seller you'd think that you'd have to be an aggressive investor to do that but in reality the fact that you are only using 10 to 12% of your capital to garner the same move makes you not necessarily a conservative investor but smart with your money. You are looking for a strong upside but you are not willing to put up all the cash.

**PN:** Could you tell us about your services?

**SB:** My division is White Cap Research and White Cap Research is a division of The Oxford Club. I used to be a research director back in the 90s and I have been a part of that organization for at least 14 years. It was a simple transition for me from emerging markets to options. I started with emerging markets in the early 90s but by the mid 90s emerging markets was getting very crowded.

One space that wasn't crowded was options because few people understood them and people were scared of



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them even though after a while people came to understand that there was nothing to be scared of. I chose that path and the White Cap Group is devoted to more aggressive option and also aggressive stock strategies. So it plays well into what I do because a lot of the strategies can be used both aggressively and conservatively depending on the investor. But it fits into that profile much better because the Oxford Club is more devoted to buying stocks or mutual funds or asset protection strategies.

There wasn't a good fit between the two products and that is why we created the White Cap Group. Our focus is on options and commodities with Lee Lowell who also does options. Louis Basanese who does micro-cap and small cap technology stocks, and Matt Weinshank who does that as well.

We have just the Smart Cap Alert which is an alert service that goes out every week or every two weeks so it's for people who are much more interested in doing those with more frequency than you get in a monthly newsletter. We do 15 to 18 picks a year. In addition the White Cap Research Group has a monthly newsletter that goes out. Every once in a

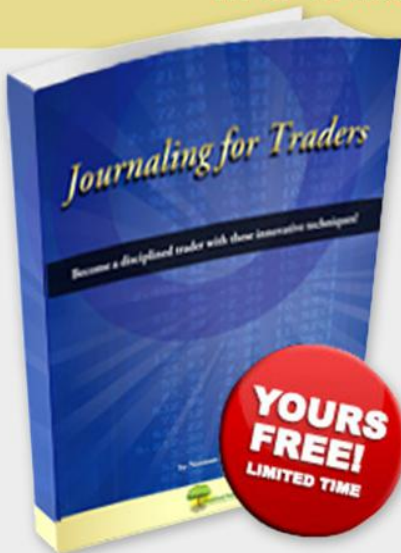
**SB:** I've never espoused day trading mantra because to me it is very difficult to do. If you've got the time, and you are retired, and you've got the screen, and you are very disciplined. Day traders have to be very disciplined to make money. They play very small moves. The only reason day trading can be successful today, unlike 20 years ago, is because of very small commissions.

It's very hard to day trade because you can get whipsawed very quickly and it is very stressful. You really have to have nerves of steel in order to day trade successfully. I've tried day trading and everybody I know has tried day trading and there is a reason we don't do it.

I t's because we find out that we tend to lose money more than make money when we day trade. And although I do know some very successful day traders they don't last in the industry very long because it is such a stressful technique.

Options are like anything else if you don't learn anything about them you'll be scared of them. In reality millions of people trade options albeit less than

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while you'll get an option pick sometimes you'll get a stock pick from myself or other editors.

But if you join the Smart Cap Alert you are looking at an alert service that is completely focused on options trading whether it's put selling, covered calls, or LEAP buying where you are going to get much more frequency in the number of picks you receive.

**PN:** Chairman Circle members can become overwhelmed with all of the newsletter recommendations they receive?

**SB:** Chairman Circle members do not receive the White Cap or the Money Map which is run by my friend Mike Ward. But even just in our division there are a lot of picks. It's great to get all of these picks and I myself receive probable 30 or 40 emails a day from the Oxford Club and groups associated with Agora. After a few months of receiving all these recommendations you really have to focus in on the strategies that work for you. There is no way around it. You want to get the information from all of the editors but often editors will have contradicting views among one another. One thinks the market is going higher while the other thinks it is going lower.

The best thing to do is for the first couple of months is to paper trade the different services and find out which ones are actually working for you. You might want a service that throws out 5 picks a week because you are a day trader but that is not going to happen with a service like mine.

Alternatively you may not have time to sit in front of a screen and watch a stock. In that case covered call investing is a great strategy because you simply buy the stock, sell the call, and wait. We communicate very frequently if there is an action to be taken. Look for an editor that tells you when to buy and when to sell and communicates a position update on a fairly frequent basis such as every week or every two weeks. It depends on your own investing style as to which you are going to go with.

**PN:** Is day trading worthwhile?

those who trade stocks. It's kind of a little secret not everybody knows about in the grand scheme of things.

There are a lot of great places to learn about options like the CBOE website where you can do interactive

trading and practice.

In reality the best advice is to start small. You don't have to do 100 contracts. Do 1 contract. Covered call trading is two trades which is a little more difficult for people to grasp just because it is two trades. I've never understood why that is, but it is.

The easiest way is to buy a call option or a put option on a stock you think is either going up or down and see how that option acts as it loses time value. One thing about an option is that it will lose value every single day because of the time value component and the shorter the time frame the less valuable the time frame is.

You want to see how the option acts with regard to the strike price of the stock. If you've got a \$20 stock and you buy a \$25 strike call that expires in a month after a few days that option is going to go to \$0 pretty quickly because the chance of going from \$20 to \$25 in a few days is zero to none.

You have to look at these little nuances and that will give you a better idea of how to trade options and what your comfort zone is. But always keep in mind that an option seller is always going to be more successful than an option buyer.



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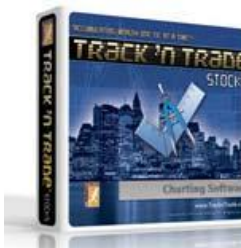
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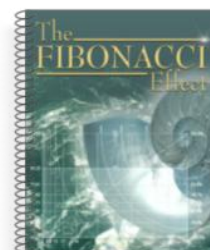


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