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# PitNews

M A G A Z I N E

How New Traders Can Become  
Successful From **DAY ONE!**

*pg. 4*

Becoming Successful at  
Anything you Do

*pg. 7*

Day Trading Lingo  
**UNCODED:**

*pg. 8*



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## In this Issue

---

04

**How Can New Traders  
Become Successful  
from Day One**

*by Norm Hallett*

---

07

**Day Trading Lingo:  
UNCODED**

*by Gerard*

---

08

**Becoming Successful  
at Anything You Do!**

*by Gerard*

---

12

**OFF: THE WALL**

*by Stewart*

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# “How Can New Traders **BECOME PROFITABLE** From Day One?”

by Norm Hallett



## ONE THING I PROMISE-

This article will not waste your valuable time... and in the spirit of not wasting your time, let me give you the answer to the question posed in the title of this article:

The Answer Is: Make your trading discipline a priority. No. Make trading discipline your MAIN priority.

You won't get any argument on this from any successful seasoned trader. In fact, what makes most seasoned traders 'seasoned', is that they suffered through ignoring or downplaying trading discipline and have bulled their way through refunding blown out accounts several times, finally heeding what they all know is true...

Make trading discipline your main priority.

So why do most traders make themselves go through all that pain and suffering before they 'get it'?

Reason: Trading discipline is not sexy. Picking stocks that fly is sexy. Getting the entire up move in a commodity is sexy. Getting out at the top, the day before a market crashes... now THAT'S sexy. Not trading discipline! Okay, then,

what's going on? Why do most traders, new and old, lose money?

I have come to learn (from training thousands of traders with their mental and emotional trading discipline) that traders tend to tie their self-image to their winning and losing.

A winning streak has them feeling invincible and strong of character ("I was born to trade!"). A losing streak has them doubting their confidence and well-being ("Why the hell am I doing this?").

Tangling up your self-image and self-confidence with winning and losing is a web you do not want to weave. But that's easier said than done.

So, here's what I advise for the new trader, looking to be successful from day one.

**1 | MAKE TRADING DISCIPLINE  
YOUR TOP PRIORITY**



You'll have the tendency to believe that if you just have a great trading plan, everything else will take care of itself. It won't. Only a controlled YOU will take care of you and your trading.

## 2 | YOU ARE NOT THE MARKET THE MARKET IS THE MARKET

You are you and the market is the market. You have a trading system that will negotiate the market based on parameters and metrics. That's your connection to the markets, not your emotions.

## 3 | KEEP YOUR TRADING SYSTEM SIMPLE

By making sure your trading system is SUPER simple, you'll assure yourself of having a much easier time staying true to your trading plan's parameters. Less moving parts means less to manage. If you lose a few trades in a row, you'll be tempted to 'add another hoop' to jump, thinking you're adding safety. You're likely not. It's just your emotional reaction to a few losses. If your system is sound, stay the course.

## 4 | BE PATIENT

Let the market come to you. Don't chase it. If you miss a trade, you know what? There's another one right around the corner! Don't 'anticipate' two lines crossing. Let them cross BEFORE you take action. I can't tell you how many times I've said to myself, "Let me get in now, right before those averages cross so I can grab some extra ticks and be a step of everybody else." Only to see the lines diverge and me being stuck in a big losing trade. You strugglers know what I'm talking about. Let the lines cross.

## 5 | KNOW YOU

Create a trading plan that mirrors who YOU are. Do you need 'action'? Develop a plan that

spits out frequent signals. Like to wait in the weeds and pounce? Create a plan that takes advantage of your great patience. Remember, it's about you, not the markets. A plan that jibes with you is a plan you can stick to and be a happy trader.

## 6 | YOUR EXIT STRATEGY FAR OUTWEIGHS YOUR ENTRANCE STRATEGY IN IMPORTANCE

"Limit your losses and let your profits run" is a great motto to live by, but it's the 'limit your losses' part that is more important. Using position sizing, position scaling (in and out), and always having your stops in the market, gives you the flexibility to be wrong almost as much as right and still walk away with a nice profit at the end of the month. As you study trading, spend 70% of your time on how to exit and 30% on how to get in. You'll be glad you did.

## 7 | BEING OUT OF THE MARKET IS A TAKING POSITION

Many times, the best place to be is on the sidelines. Experienced, successful traders know this. They pick their spots. We say to each other FREQUENTLY... "I'd rather be out of the market wishing I was in, than in the market wishing I was out. We're back to patience again. Successful traders are patient. Identify your best setups and exit combos and stick to those. If you do, you'll put the odds on your side.

I hope this article brings to light the importance of being disciplined in your trading along with the understanding that many great trading systems are simple trading systems, with no more than 2 or 3 indicators, if that.

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So, take heart, new and struggling traders! Keep it simple and stay disciplined and you'll shorten

your road to trading success and personal financial independence. You can do this! It's not rocket science. It's neuroscience!

He is considered the online leader in helping traders with their mental and emotional trading fitness. A veteran trader (since 1979), his experience and candid style makes him a popular keynote speaker and trainer.

His latest project:

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*Norman Hallett is the Founder and CEO of TheDisciplinedTrader.com online since 2001.*

**Norman Hallett, CEO SimpleTradingPlans  
TheDisciplinedTrader**

An advertisement for Track'n Trade. The background is a light blue-grey gradient with a pattern of semi-transparent squares. A hand is visible in the center, with the index finger pointing upwards. The text is overlaid on the image. At the top, it says "Combine Your Options &amp; Futures Trading". Below that, "Weekly &amp; Monthly Options" and "Lower Risk, Higher Profit Potential". The largest text is "OPTIONS TRADING REINVENTED". In the bottom right corner, there is a logo for "TRACK'N TRADE" which includes a stylized figure of a person running or jumping.

# Day Trading Lingo: **DECODED**

**SECURITIES:** Financial assets that can be assigned value and traded. Typical securities include stocks and bonds.

**DERIVATIVE:** A dependent security whose price is derived from one or more underlying assets and whose value is determined by fluctuations in the underlying asset. Futures contracts are a common type of derivative.

**STOCK:** A type of security that gives the holder ownership rights in a corporation. If you own a company's stock (or own shares), then you are a shareholder.

**INDEX:** An imaginary portfolio of securities representing a particular market or a portion of it. The Standard & Poor's 500 is a well-known index.

**TRADE:** To buy or sell financial assets in any of the financial markets.

**TRADER:** A person who buys or sells financial assets for himself or for others. Traders generally hold assets for a much shorter time than investors.

**BROKER:** A middleman who facilitates trades between buyers and sellers.

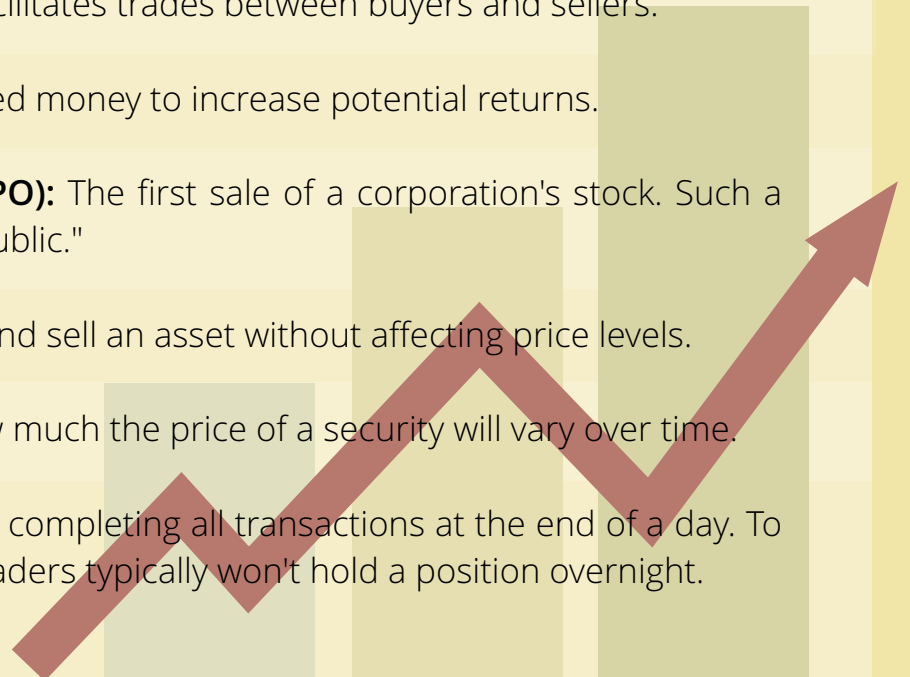
**LEVERAGE:** The use of borrowed money to increase potential returns.

**INITIAL PUBLIC OFFERING (IPO):** The first sale of a corporation's stock. Such a company is said to be "going public."

**LIQUIDITY:** The ability to buy and sell an asset without affecting price levels.

**VOLATILITY:** A measure of how much the price of a security will vary over time.

**CLOSING OUT:** The process of completing all transactions at the end of a day. To reduce exposure to risk, day traders typically won't hold a position overnight.



# BECOMING SUCCESSFUL

## At Anything You Do

**OFF** SPECIAL  
**THE WALL**  
**ENTRY**

I know at least several wealthy people who think this way. You have probably heard that the first step to becoming successful is to learn to think like a successful person.





This mode of thinking is of paramount importance. In fact, people are literally obsessed with finding out about (and reproducing) the mindset that the successful use to produce their stupendous results.

Now, if you have been practicing any form of positive thinking for some period - perhaps you are a Law Of Attraction follower - and you have not been seeing the results that you thought you might by now, then you might be wondering exactly which piece of the puzzle you are missing.

That's OK, because even the most successful people run up against road blocks from time to time and start to doubt the path they are on. What separates them from the rest of the pack is that they know how to quickly get back on track and prime themselves for their next big success.

Let me give you TWO ideas - principles of prosperity and wealth, if you like - that the successful use to keep their minds in the right place...

## **1** Are You Living out of Possibility or Necessity?

By this I mean that when you think about money, do your thoughts revolve around how you're going to pay your bills or whether or not you're going to have what you need to survive? If so, your current mindset is in stark contrast to the mindset of the rich, which is based more on possibility than on necessity.

Instead of worrying about where they are today, the prosperous have a mindset that is always looking for new possibilities for expanding and leveraging the wealth that they have. They are more focused on this than they are on their day to

day worries about money: paying bills, getting out of debt, etc.

Too often we look at someone who is wealthy and living out of possibility rather than necessity and we say: "Well, it's easy for them to think that way, they already have the money."

But really, it is because of the way they THINK that they HAVE the money, and not the other way around.

If you read the stories of first generation millionaires, you'll find that almost all of them spent many, many years living out of possibility rather than necessity. And for years, they struggled. But because they refused to stop looking for new possibilities and learning from their mistakes, their commitment eventually paid off.

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## 2 Successful People Don't Pass the Buck

That's where the second principle comes into play... If you like you can substitute money for any other desire you may have, relationships, career, health, etc...

It is easy to look at a person who is successful and think that they must somehow have got lucky in life and made fewer mistakes than others who are still trying to become successful. But what is usually true is the exact opposite.

One of the KEY differences between the unsuccessful and the successful is that the successful accept full responsibility for their mistakes, and so they learn from them, reinvent themselves, and correct course. The more they do this, the wiser they become and the more ABLE they are to create their own success out of that wisdom.

Passing the buck, and never taking full responsibility for their mistakes, is never an option. They accept that to learn and to advance in their lives, understanding that blaming others, or putting failure down to external factors beyond their control, are ultimately self-defeating.

One of the most empowering, and also the most frightening notions which you MUST accept when you pursue your own path to success, is that you really are on your own. If you wait on your employer, your spouse, your government, the stock market, or the economy to "get it together" before you can start building your success, you'll always be unsuccessful.

SO DON'T WAIT!

The perfect time to begin working towards success and start living out of possibility rather than necessity is right now. The longer that you put it off, no matter what the reason, the more you disempowered yourself from taking responsibility for your own success.

If you are not sure where to start, and need ideas to put you on the road to wealth, Kaleidoscope Investment Training Inc., can help you discover a way. By letting KCIT guide you to becoming successful at commodity trading, you will find success along with freedom and independence.

OFF:

THE WALL

FROM: GERARD

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# OFF THE WALL

OFF THE WALL:

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The Wall is PitNews.com's trading forum, found on the web at <http://thewall.pitnews.com> or from the tab link on the front page of [PitNews.com](http://PitNews.com). Each month, we highlight a chart submitted by one of our users.

This Month's Off the Wall Chart Comes From: Stewart



Just seen this as a perfect example to show the use of low volume and GULC here in the currency futures market!

GULC appear first, support break, then retrace up and more GULC with one at the 50% retrace and black holes in volume below.

30 period MA shows this well in the volume indicator! 5 minute time frame!

Get into the action! Start posting on The Wall, and maybe you'll see your article or chart highlighted here in our next issue of [PitNews.com](http://PitNews.com) Magazine!

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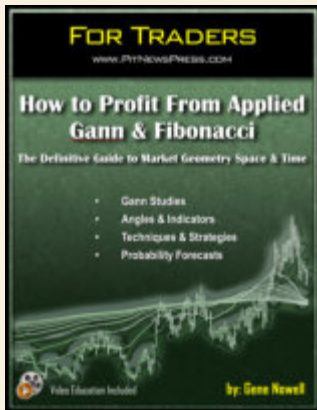
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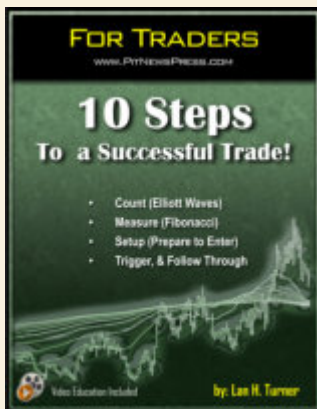
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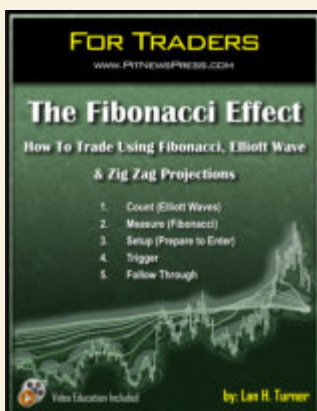
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