

Trading Education Blogs...

WHY CHART READING DOESN'T WORK AND WHAT DOES...



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A Moment of Honesty about Trading

You know everyone thinks we're crazy, right?

To most of the world, trading is a joke.

It isn't a career. It isn't a real job. It isn't a way to have security.

It's a hobby, a diversion, a phase that'll come and go. Sure, you can get licensed, but don't count on that to make you any money. That's no guarantee.



Try telling your family or friends or coworkers you want to quit your job and make money trading. They'll smile politely and ask, "Does anybody really make money from that?"

Yes, they want you to have dreams. Yes, they want you to chase them. Yes, they want you to succeed.

But they also want you to be "realistic."

If you really want to improve your life, you should go to college, buy a franchise, or even go into sales, not hang all your hopes and dreams on the market. Nobody can make money trading.

Can they?

After sixteen years, this question keeps getting louder and louder...

If the modern trader has access to ***more technology, more charting solutions and more information*** than any point in history – *why aren't they earning more money?*



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This report examines why we struggle for profits, and how I arrived at a surprising answer. My learning curve from 2000-2002 was expensive. It didn't need to be. I can save you the trouble.

Prior to the info-tech explosion of the last 20 years, active trading provided a dependable, scalable way to own a business. Something changed. More information and more technology made things worse.

Tape reading, was the preferred method before the charting revolution. Charts, and how to read them, dominated the scene after 2001. If chart reading held the answers, why did I earn more without the charts?

Tape reading was pure supply and demand. It was elegant and simple.

And it worked.

After 16 years and millions of trades, it's clear my focus shifted to price. This was my revelation; order flow causes price movement. It was time to get back to reading order flow.

We enter on price, we exit on price, we set targets on price.

Price is not supply or demand, it is a moment in time without value. The relation of price to your P&L, is the only value it provides. Order flow, the big money, should be influencing our decisions.

The tape never lies.



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Why Price Charts are the Problem



Most traders mess up the somewhere between entry and exit. We've discovered enough to break-even, but not enough to get paid.

Break-even makes you feel close. I felt close for years.

“If I can find the one thing, the one thing I'm missing, everything will change...” I believed that with all my heart.

Working hard and having a belief in myself was admirable, and necessary. But it's pointless if you're playing the game wrong. I'm sure you can relate.

Chart reading tracks price. Tape reading tracks order flow. Order flow is the commitment. Price changes because of order flow. Keep asking “What's the price?” and you're asking for the score. It's an empty answer, there is no depth.

Stopped out? I knew the price. Exit too soon? Price shook me out. Hesitate on an



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entry? I didn't like the price. I had no chance to succeed by trading off price. I tried for years, it was expensive. You should see my bookshelves.

Do I read charts? Yes and no. I use charts to read the tape. I look for commitments and assess probabilities.

Chart reading is a note, tape reading is the song.

The pros know trading is about order flow. Now you know too.

Why Tape Reading Works



One of my best friends was a NASDAQ market maker for First Boston (FBCO in your Level 2 box back in the day) We traded together from 2002-2006.

His name is Bobby and he taught me how to spot momentum. When momentum started and when it was over. We read time and sales and he showed me big orders on the tape. Institutions leave footprints.

We were mostly day trading but he taught me to read the tape over a two to six day window. His accuracy was amazing.

February 2007- The NYSE migrated the SDOT system into the new Hybrid execution and it changed the game for the Specialist. With virtually unlimited exposure to electronic order they had no choice but to leave the floor.

Through a series of fortunate encounters, over twenty former NYSE specialists clerks and brokers ended up trading for my prop firm in NYC. It was the first time they were trading without the noise of the floor, they needed some help adapting to screen trading.



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The relationship was profitable for both sides. Many after-hour discussions about order flow and how they worked tens of millions of shares for institutional clients.

The opening price and the last three months were the dominant reference points.

It was insider strategies and insider tactics, and it was damn cool.

I was making a good living but these lessons were the cornerstone pieces to a simple but powerfully effective method to read the tape. No longer was I looking for momentum, but momentum within the context of order flow. I started to trade bigger and hold longer when both concepts were in sync.

This unique system includes my personal sixteen years as a proprietary trader, the insider lessons on momentum from a NASDAQ market maker, and the guys from the floor of the NYSE.

You won't find this unique blend of experience anywhere. No book, no other training program.



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Keystone Trading Group / NYC 2009

Tape Reading Mastery

My tape reading system has three components: Reading order flow, assessing trade expectation, and managing probabilities.

What if you had insider information? Would that influence your decisions? Would you buy with confidence? Would you hold with conviction? Would you wait or think, “get me in! Get me some shares!!” You would not be scared by a wiggle or jiggle.

Price is a tag. It’s not the inventory. This is chart reading versus tape reading. It’s the same chart but what you see has changed.

We track order flow over eighteen months, but we trade last three.

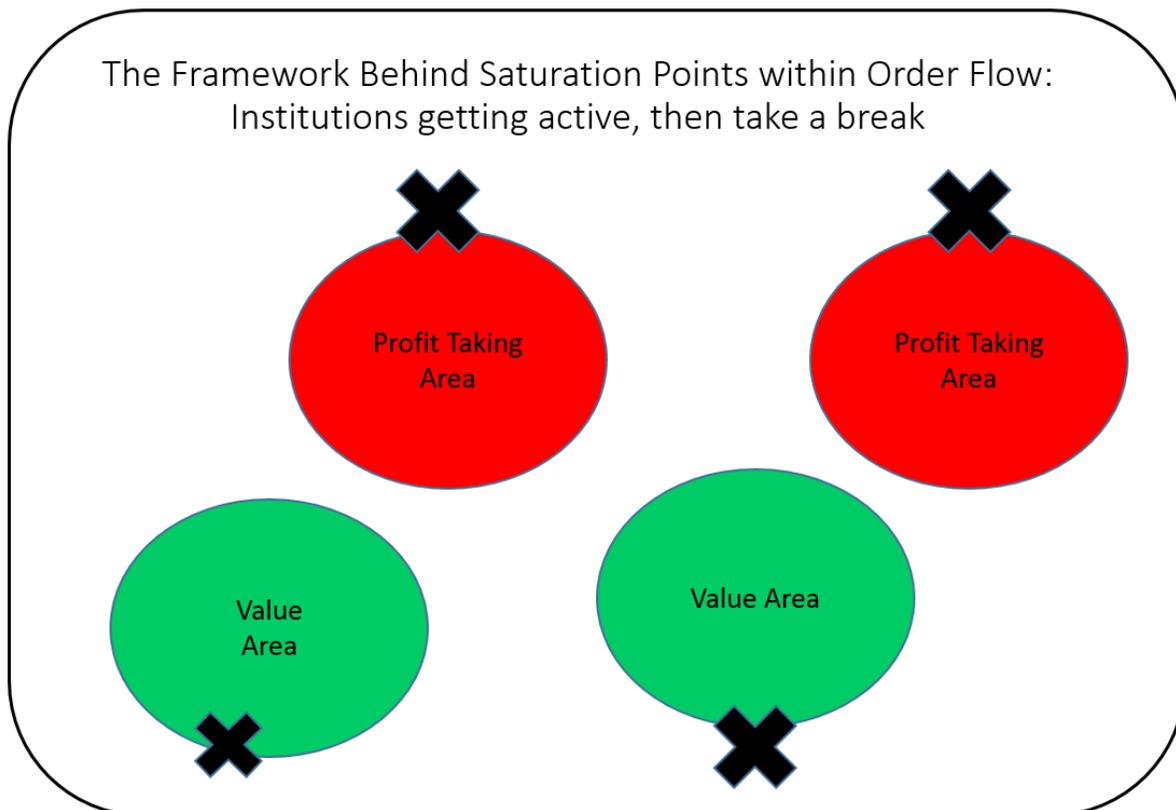
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Is the battle between supply and demand obvious? If yes, we move to the next step...

What if you could forecast the first 90 minutes each day? How much would that be worth? Imagine forecasting the opening and trading it like a champ. Imagine knowing the expected supply or demand for the day. Picture knowing today's order flow.

I spent years seeking a system to trade the open and forecast the close. Here's how I do it...

Part two of tape reading is called Saturation Points. Imagine knowing where institutions saw value. The buying areas and the selling areas, based on recent order flow.





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Back in the day, we learned tape reading from the start. Time and sales, bids and offers. The purest tape reading you could get. Like a single malt scotch, it was smooth. We learned if the stock was “well-bid.” an institution had demand. We learned to read the prints and trade with confidence until the order flow changed.

Green, green, green printing size on the offer. The bid steps up a “teenie.” Green with smaller size, leading to red and green. Size on the offer leading to profit taking.

It's still on the tape, you just need to learn where.

Flash forward sixteen years and I do the same, with candlesticks. When you can read the “prints”, profit potential and momentum become clear.

Part three is trade management. Trades are easier to manage, when see the order flow and profit potential.

I have a saying in mentoring: “Is it a good idea? Is it a good idea now?” If you experience panic attacks with each up-tick or down-tick, you missed the second question.

Trade management is about probabilities. It is NOT about each trade making money. Reading the tape is assessing order flow, and trading around saturation points which results in better probabilities.

Order flow + Saturation Points = Easier Trades because you stacked probability in your favor.

Tape Reading Lessons: The Five Modules



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Module One: Accelerate Your Learning Curve:

Learn from my experience, my adversity and my successes and pursue the correct goals. Set the proper long-term goals that match your resources. This eliminates the distractions that extend your learning curve. This method makes it possible to *earn while you learn*.

Learn how to trade by trading. See how to get valuable feedback before you take additional risk. This core knowledge provides a learning loop, instead of a debilitating win/loss mindset.

Get insider knowledge from my years as a proprietary trader in NYC and eliminate the mistakes the exhausting mistakes that make you doubt your ability. I paid for these lessons with time, sweat and money, see how to avoid my "lost years."

Learn about probabilities and how it simplifies trade management. Free yourself from the need for each trade to earn a profit. I would have gladly paid \$10,000 for this lesson back in 2000. The time and money wasted can't be measured.

Module one ends with a lesson in Candlestick Analysis. How to spot institutional activity and identify low risk entry signals.

Module Two: Order Flow -- From Chart Reader to Tape Reader

Tape reading is the foundation of the Mastery Program. My method is a new twist on an old concept. A concept that stands the test of time. Chart reading will forever leave you feeling close.

Order Flow and Saturation Points change the game. You get control and minimize the losses because you avoid low probability trades. If you're struggling, this is the meat and potatoes.



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Next we discuss Dow Theory and how to trade the correct order flow. Many trends happen at the same time, seeing how order flow unfolds in multiple time frames gives you clarity. Lack of clarity leads to lack of conviction.

The tape has slows days, slow weeks and slow months. I call these PCOT. Potential change of trend. This is the Bermuda Triangle of Wall Street. Learn to avoid these areas like the plague. They mess with your mind and your wallet. This is a simple but important lesson in module two. Learn to lose less, and it's easier to be profitable.

We end Module two with my three-part system for reading the general market and the internals. Some trades are better than others. You must know when the general market is obvious, and the situations you expect it to continue. This analysis shows you when to trade bigger, when to hold longer or when to scale back.

Module two lays the foundation for strategy. Tape reading elevates you from price action and takes you behind the scenes. You see beyond price which moves you closer to earning six-figures.

Remember, price is not commitment. It's a moment in time that causes early exits, late entries and slowly drains your account.

Order flow is commitment, and we see the order flow by reading the tape.

Module Three: Proprietary Trading Secrets -- Correcting What Happens Between Entry and Exit.

How to make money...

Reading the tape, spotting order flow, trading around saturation points-puts you in a position to win.

Mastering trade management is how you win.

My friend Seth, is a full-time options trader and excellent mentor, mentioned something subtle, but it knocked me out of my chair. "We expect to make adjustments. I am OK paying commissions to trade for a better position."



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Adjustments were expected!

He eliminated the pressure to find the exact spot. *What a revelation.*

The beginning of my trading career was mired in the exact entry price, and a rigid system of exits. That part of my career was the most frustrating. I was often "right," but did not get paid for my hard work. Maybe you can relate.

Once I made this switch, *stress vanished from my trading*. Adding shares, reducing shares, getting stopped out or re-entering- all expected. You learn this in module three.

Trade adjustments, order flow and saturation points, puts trading success 100% in your hands. What happens in the market doesn't matter anymore. You simply manage risk and leverage.

Master this concept from Module 3, and you emulate prop traders who earn high six-figures.

Getting "stopped-out" on a valid idea is simply trading for a better position. Thank you Seth :)

Module Four: Strategy. Planning to Win and Expecting to Make Money.

Do you expect to make money?

The best traders expect profits. Everyone else hopes for the best. Break-even traders hope for a trade they can't screw up. "Why can't my stocks just go up or down...and pay me...?"

Imagine you knew exactly what's happening next. Step into it, picture it... How awesome would that feel?



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And that's the misguided mental picture that screws everything up. Not only is it impossible to know what's going to happen next- but you don't need to know. Yes that's right, you don't need to know what's going to happen next to comfortably earn six-figures.

The best traders know- what's probably going to happen (by order flow and saturation points) -- and -- definitely know what they plan to do.

Probably happen and definitely do. This is how you expect to make money.

The biggest lie on Wall Street for over 100 years, is that somebody, anybody, knows what will happen tomorrow. And the biggest secret- is you don't need to know. You simply need to understand great ideas, and then let probabilities (order flow) and trade management do the heavy lifting.

This is accomplished by organizing your resources. Your goals, your capital, your experience, your risk tolerance, your education, your skill level, your mindset.

Organizing a trading plan around order flow and saturation points into a strategy. A system that gives you confidence to accept risk, conviction in your ideas and a belief in probabilities.

Your trading plan is where consistency comes from. It's the reason why you earn money. **When you complete module four** you will understand the market is nothing more than a mechanism to assess the probabilities of order flow. And then you manage trades like a pro.

From your trading plan comes your **Game Plan**. I do mine on the 7's. At 7 pm I am refreshed and start looking for trades, 7 am the next day I review and check news. We look for trades that match our edge. Nothing else matters.

This focus makes it easier to make money. You no longer look for everything, you look for something. Something that will probably happen tomorrow.

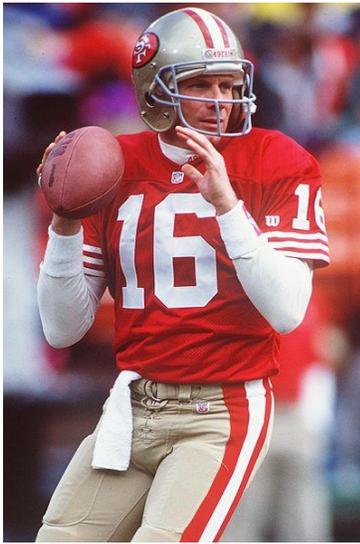


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BONUS: Translating a Trading Plan into a daily Game Plan is a crucial skill to master. We have included a special bonus section in Module Four. You get access to six hours - six mornings of game plan video with my private clients.

This video collection is worth the investment as a stand-alone training. Crafting a Game Plan makes 9:30 am-4 pm relaxing. You already know what to do. Close your eyes and let that sink in.

Module Five: Seven-Figure Traders: How They Win Big.



Professionals think differently. Ever meet a professional athlete? They have a certain air about them. A sense of calm, an aura of control.

That feeling and attitude is what you seek.

It's unlike "I work hard and want it bad..." It's a mindset, a belief system.

Module Five is the audio download to get on your iPod. How to think like a seven-figure trader is what cement is to the brick. It's the mental programming that makes discipline unnecessary.

To win, you must be willing.

Willing to focus, willing to plan and willing to execute.

Module Five provides a framework to think like a champion. Champions and seven-figure traders take responsibility. Your results are a perfect reflection of your current mindset. Learning what to do and doing it- are not the same.

Mindset matters.



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Learn to make a commitment to results, not feelings of progress. To produce results, you must learn from every trade. With this mindset the market becomes a testing ground to improve. No trade is either good or bad, it becomes feedback.

Break-even traders get nervous, they feel a need to predict or they lose. They are trading scared. Free yourself from this need, and become a professional.

I am not shy about my learning curve. It was too long, and that was my fault. I didn't pay attention. From day one, I traded to make money. That was a mistake.

In module five you get the full stories of my failures, and my success. You get my experience.

Begin today, to trade for feedback, learn how to trade, then learn how to scale. That is the mindset for seven-figure trading.

**Enroll in the Trading Mastery Program
before it's Locked Away inside the
Coaching Program on July 9, 2016...**

[Get Started Now -- >>](#)