Disclaimer: Futures, forex, stocks, options, mutual funds, and Exchange Traded Funds (ETF) trading is not appropriate for everyone. There is a substantial risk of loss associated with trading these markets. Losses can and will occur. No system or methodology has ever been developed that can guarantee profits or ensure freedom from losses. No representation or implication is being made that using this information will generate profits or ensure freedom from losses. Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.
Background & Overview

Welcome!

- Welcome to Market Mastery
- Over 30 years trading the markets
- One of the best, most synergistic approaches to trading
- Are you ready to begin? Let’s get started!

Your Instructor: Bill Poulos
Objectives

- Understand the background and rationale behind Market Mastery
- Learn what you can realistically expect trading the markets
- Get a broad overview of Market Mastery and its key elements.
- Learn about the first line of defense in reducing risk in the markets

Stocks AND Options

- Market Mastery is equally applicable to stocks AND options
- Trading options without a trading method is very risky
Background

- Culmination of years of experience
- False keys
- Need for a trading method
- Educated traders prosper
- Markets not driven by logic

Background

- Successful traders
- Proper discipline
- Money management
- Only a few good trading methods
- Isolate the stocks that offer the greatest potential
Background

- Best way to learn
- Discipline
- Be as simple as possible
- Eliminate what doesn’t work
- 20 minutes a night
- Objective rules
- Learn in the shortest time possible

Great Expectations

- Trading is a business
- Bad news
- Good news
- An edge in the markets
- Successful traders have an edge
- If you don’t know your edge, you don’t have one
- Potential to enjoy great success
Key Elements

- Tools, Time, Technique
- Daily bar or candlestick charts
- Good charting software
- 20 minutes a night
- Swing trading with the trend
- Countertrend trading against the trend
- 4 different methods
- Common indicators & uncommon trading tactics

Key Elements

- High probability trading opportunities
- Specific stock selection criteria, setup conditions, entry, stop, profitable exit strategy rules
- Money management & position sizing
- Simple options strategy
- Always know what to do in the markets – for life
The Indicators

- Moving Averages
  - 7 day simple moving average (confirmation)
  - 20 day simple moving average (short term)
  - 50 day simple moving average (intermediate term)
- Stochastics
  - Slow stochastics (8,3,3 setting)
- ADX
  - 14 day setting
- ATR
  - 10 day setting
Simple Options Strategy: Long Trades

- For Long Trades:
  - Instead of buying the stock itself, you could buy a call option
  - Select call options that are one or two strikes in-of-the-money with relatively high deltas that have at least 60 days until expiration
  - Ideally selected options should have an open interest of at least 500
  - Use your broker’s “option pricer” feature to estimate the price of an option for a given stock price and implied volatility
  - Use contingent orders to place entry and stop orders. Eg. If the stock price < $40.00 then buy a call option at a Limit Price.
  - Use options Limit orders for the Profit Target Exit
Simple Options Strategy: Short Trades

- For Short Trades:
  - Instead of selling short the stock itself, you could buy a put option
  - Select put options that are one or two strikes in-the-money with relatively high deltas that have at least 60 days until expiration
  - Ideally selected options should have an open interest of at least 500
  - Use your broker’s “option pricer” feature to estimate the price of an option for a given stock price and implied volatility
  - Use contingent orders to place entry and stop orders. Eg. If the stock price < $40.00 then buy a put option at a Limit Price.
  - Use options Limit orders for the Profit Target Exit

Trading Method Basics

Each of the Market Mastery methods include 4 specific components

1. Setup conditions
2. Entry rules
3. Initial stop rules
4. Exit strategy rules
Action Steps

1. Review this module
2. Submit any questions you have
3. Get your charting software installed
4. Practice plotting price charts and applying moving averages, stochastics, ADX, and ATR

This Concludes Background & Overview