

# Contents

<b>Preface</b>	<b>xi</b>
<b>Acknowledgments</b>	<b>xvii</b>
<b>PART I The Casino Paradigm</b>	<b>1</b>
<b>CHAPTER 1 Developing Positive Expectancy Models</b>	<b>3</b>
Why Technical Analysis Helps	3
The Inefficient Market	6
If It Feels Good, Don't Do It	10
"Just Make the Money"	15
Final Thoughts	21
<b>CHAPTER 2 Price Risk Management Methodologies</b>	<b>23</b>
One Sure Thing	23
Base of Pyramid	26
Middle of Pyramid	37
Apex of Pyramid	47
Pros and Cons of the Risk Management Pyramid	49
Putting It All Together: A Case Study	49
Final Thoughts	51
<b>CHAPTER 3 Maintaining Unwavering Discipline</b>	<b>53</b>
Defining Discipline	53
Discipline and the Positive Expectancy Model	55
Types of Traders	61
Discipline and Price Risk Management	64
	<b>vii</b>

<b>Patience and Discipline</b>	<b>67</b>
<b>Final Thoughts</b>	<b>70</b>
<b>PART II Trading Tools and Techniques</b>	<b>71</b>
<hr/>	
<b>CHAPTER 4 Capitalizing on the Cyclical Nature of Volatility</b>	<b>73</b>
<b>The Only Constant</b>	<b>73</b>
<b>Defining Volatility with Technical Indicators</b>	<b>76</b>
<b>Building Positive Expectancy Models with Volatility Indicators</b>	<b>89</b>
<b>Final Thoughts</b>	<b>94</b>
<b>CHAPTER 5 Trading the Markets and Not the Money</b>	<b>95</b>
<b>Ten Thousand Dollars Is a Lot of Money!</b>	<b>95</b>
<b>Baby Needs a New Pair of Shoes</b>	<b>99</b>
<b>Trading with Scared Money</b>	<b>100</b>
<b>Time Is Money</b>	<b>101</b>
<b>Final Thoughts</b>	<b>104</b>
<b>CHAPTER 6 Minimizing Trader Regret</b>	<b>105</b>
<b>The Softer Side of Discipline</b>	<b>105</b>
<b>Issues for Trend Followers</b>	<b>106</b>
<b>Issues for Mean Reversion Traders</b>	<b>113</b>
<b>Final Thoughts</b>	<b>123</b>
<b>CHAPTER 7 Timeframe Analysis</b>	<b>125</b>
<b>Traditional Timeframe Analysis</b>	<b>125</b>
<b>Timeframe Confirmation Trading</b>	<b>131</b>
<b>Timeframe Divergence Trading</b>	<b>131</b>
<b>Final Thoughts</b>	<b>142</b>
<b>CHAPTER 8 How to Use Trading Models</b>	<b>143</b>
<b>Mechanical Trading Systems</b>	<b>143</b>
<b>Nonmechanical Models</b>	<b>162</b>
<b>Equity Trading Models</b>	<b>170</b>
<b>Final Thoughts</b>	<b>175</b>

<i>Contents</i>	<b>ix</b>
<b>CHAPTER 9 Anticipating the Signal</b>	<b>177</b>
Always Trade Value, Never Trade Price	177
Support (and Resistance) Were Made to Be Broken	179
Don't Anticipate, Just Participate	181
Final Thoughts	187
<b>PART III Trader Psychology</b>	<b>189</b>
<b>CHAPTER 10 Transcending Common Trading Pitfalls</b>	<b>191</b>
Characteristics of Market Behavior	191
Obstacle Makers to Growth as a Trader	195
Final Thoughts	202
<b>CHAPTER 11 Analyzing Performance</b>	<b>205</b>
A Due Diligence Questionnaire	205
Trading Journal	225
Final Thoughts	236
<b>CHAPTER 12 Becoming an Even-Tempered Trader</b>	<b>241</b>
The "I Don't Care" Guy	241
The Master Trader	244
Reprogramming the Trader	247
Flexibility and Creativity	248
Meditation	250
Visualization	251
Somatic Exercises	253
Final Thoughts	254
<b>Notes</b>	<b>257</b>
<b>Bibliography</b>	<b>263</b>
<b>About the Author</b>	<b>265</b>
<b>Index</b>	<b>266</b>

<http://www.pbookshop.com>