

Index

- Adaptation to the market
 - 9/11 impact, 313–315
 - 2001 market bounce, 309–310
 - about, 305–306
 - Asian financial crisis, 307–308
 - bearish cycle, 316–320
 - ETFs explosion, 332
 - financial industry troubles, 330–332
 - housing crisis, 326–328
 - hybrid trading, 321–324
 - internet boom, 308–309
 - next trade focus, 314–315
 - oil and gas prices, 328–330
 - penny spread, 320–321
 - scalping, 314–315
 - Trades2Hold, 333
 - trading plays portfolio, 323–324
 - uptrending market, 324–325
- Algorithmic programs, 167, 186–187, 207–208, 256, 259
- Amaranth example, 105–106
- Ambition, 22
- Amen Corner example, 236
- Appreciation of reading the tape, 202–204
- Asian financial crisis, 307–308
- Baby steps, 227–228
- Bailouts, 88–89
- Basic foundation from teachers, 291–293
- Bearish cycle
 - about, 316–318
 - fade trade, 318–320
 - negative influences, reduction in, 316–317
 - saving money, 320
- Belief and survival, 147–151
- Buying in front of support, 33
- Buying on pullbacks, 325–326
- Central banks, 89
- Challenges from teachers, 297–298
- Chart climber (trader), 294–295
- Charts vs. reading the tape, 216–220
- Chops. *See* profitable trades
- CNBC, 24–25, 35
- Cockiness in lieu of capability, 160–162
- Commitment, 269–270
- Communication, 52, 289–291
- Competitive personality, 9–11
- Confirmation bias, 202–204
- Consistency, 20–21, 178–180, 227–228
- Consistently profitable trader (CPT), 57
- Continuous improvement in teachers and teaching, 288–289
- Continuous learning, 302–304
- Correctness need, 28–29, 136–137
- Culture, 58
- Culture, organizational, 77, 79
- Daily improvement, 93–94
- Daily learning schedule, 99
- Daily work plan, 97–100
- Day trading, 172–174
- Decision-making responsibility, 5–6

- Deep pockets aiding trader education, 270–272
- Deliberate practice, 92, 93, 98
- Demo practice, 122
- Desk traders, education
 - from Andrew (trader) (patience), 269
 - by GMan (trader) (use of), 266–268
 - from KW (trader) (seeking out), 264–265
 - from Playmaker (trader) (position size), 269
 - from Scorsese (trader) (momentum trading and speed), 268
 - from Steve Spencer (commitment), 269–270
 - by TBW (TBoone Wannabe) (trader) (use of), 265–266
 - from Zi (trader) (severe discipline), 268–269
- Development concentration, 98
- Discipline, 37–38, 46–49, 52
- Doubling down, 104, 109, 124
- Dr. Momentum (trader), 14–17, 114, 119
- Draw cuts, 73
- Draw downs, 106

- Earnings level, 63–68
- Earnings questions, 63–68
- Earnings stocks, 180–181
- Earnings vs. profits, 82
- EKA (trader), 261–264
- Emotion control, 114–116
- Emotions, 115
- ETFs explosion, 332
- Execution speed, 112–115
- Execution vs. profit and losses, 38
- Experienced traders, 75–79

- Fade trade, 318–320
- Failure rate, 66, 117
- Failures
 - about, 117–118
 - correctness need, 135–137
 - hitting stocks, 128–131
- Hollywood, 133–135
 - as learning opportunities, 100
 - market listening, 118–125
 - Mayor (trader), 103
 - reasons for, 117
 - trading, love of, 125–128
 - trading vs. investing, 138–140
 - unrealistic expectations, 131–135
- Faith in student traders, 302
- Favorite (trader), 183–185
- Fear of black box algorithms, 185–189
- Financial industry troubles, 330–332
- Finding one's right size, 229–230
- Finding stocks in play, 190–191
- Fit
 - about, 53–55
 - experienced traders and, 75–79
 - as a good home, 81–82
 - hiring decision, 55–59
 - identification of, 68–75
 - and recruiting, 54
 - recruitment process, 59–68
 - for the trader, 79–81
- Focus, 13–14, 114
 - on prediction, 143–147
 - on process, 94
 - on profit and loss, 93
- Fundamentals, 34–35, 36, 121

- Getting back to basics, 246–248
- Getting fired
 - on Day 1, 153–156
 - lack of practice, 151–153
 - late arrivals, 156–157
- Getting on the right side of a trade, 238–239
- GMan (trader), 17–20, 58, 91, 106, 120, 259–260, 266–268
- Going big and going home, 159–160
- Good intraday stocks, 167–171
- Good trades vs. profitable trades, 31

- Hard work, 41–43, 52
- Harmful comparisons, 230–231
- Held bids, 211

*Index***351**

- High frequency trading avoidance
 - about, 206–207
 - algorithmic trading elimination, 207–208
 - and AMZ's, 209–210
- Hiring criteria, 59
- Hiring decision
 - chosen few, 57–59
 - and fit, 55–59
 - persuasive individuals, 55–57
- Hitting stocks, 128, 129–131
- Hitting the stock, 47
- Housing crisis, 326–328
- How the tape talks
 - AAPL and Steve Job's Health, 199–201
 - about, 198–199
 - Brown Brad (trader) and thinking like a trader, 201–202
- How to read the tape. *See* reading the tape
- Hybrid trading, 79, 321–324
- Identification of fit
 - about, 68–71
 - outliers, 68–71
 - Psycho (trader), 71–72
 - Tickster (trader), 73–75
- If-then statements, 111, 112, 229–243
- Importance of being in the right stocks, 183–185
- Importance of picking the right ones, 181–185
- Important intraday levels, 211–212
- Improvements to trader education, 282–283
- Information overload, 86
- Information sharing, 21, 49
- Intelligence, 15
- Internet boom, 308–309
- Internship program, 69
- Interview questions, 62–63
- Intraday loss setting, 224–225
- Intraday lows, 87–90
- Investing vs. trading, 32–33
- Inward looking behavior, 295
- JToma (trader), 24–28, 35, 42, 109, 134–135, 142–143, 195, 247–248, 272, 278
- JToma Review, 27, 50
- Lack of practice, 151–153
- Late arrivals, 156–157
- Late summer trading, 175–177
- Lateness, 77
- League of lesser firms, 78
- Learning curve, 91–93
- Learning environment, 8
- Learning opportunity, loss of, 104
- Lesson 101 in reading the tape, 211–212
- Listening skills, 90, 121
- Loading the boat, 177
- Loading up with risk limitations, 214–216
- Loss limits, 273–275
- Losses
 - exposure to, 22–23
 - size of, 128
- Lost opportunity costs, 43–44
- Market as performance review, 103–104
- Market changes, 116
- Market listening
 - about, 118
 - Boy Genius (trader), 121–125
 - high degree of, 119
 - Trent (trader), 120–121
- Market respect
 - about, 104–105
 - Amaranth example, 105–106
 - execution speed, 112–115
 - Skippy (trader), 108–109
 - SNDK ripper example, 106–108
 - trading plan mastery, 109–112
- Market response to focus on prediction, 145–147
- Mendez, Gilbert. *See* GMan (trader)
- Mental agility
 - about, 231–232
 - Amen Corner example, 236
 - effects of, 235–236

- Mental agility (*Continued*)
 - vs. news feeds and charts, 234–235
 - trading both sides, 232–234
- Mental preparation, 40, 257–259
- Mental toughness, 101
- Mentoring
 - Dr. Momentum (trader) using, 261
 - GMan (trader) and, 259–260
 - newbies and, 261–264
 - trader education, 259–264
- Mentors, 87, 119, 121, 124
- Midday rules, 272–273
- Midday trading danger, 226–227
- Mistake reduction, 102–104
- Mistakes, 118, 121, 124
- Momentum trading and speed, 268
- MoneyMaker (trader), 13–14, 51–52, 69
- Motivation of teachers, 289
- Mr. Discipline (trader), 181–183
- Multiple time frames, 99

- Negative influences, 316–317
- Negativity, 74
- Newbies, 261–264
- News feeds and charts vs. mental agility, 234–235
- Next trade focus, 314–315
- 9/11 impact], 313–315

- Oil and gas prices, 328–330
- On-tilt trading, 11, 115
- Opening trading, 281–282
- Opportunity in day trading, 174
- Opportunity to learn, failure as, 100
- Order execution improvement, 253–255
- Organizational culture, 77
- Outliers, 68–71

- Paper trading, 56, 69
- Patience, 43, 52, 269, 295–297
- Penny spread, 320–321
- Percentage returns in day trading, 172–174
- Performance review, market as, 103–104

- Physical preparation, 40
- Poaching, 75, 77–79, 78
- Position size, 122, 256–257, 269
- Positive base, 22–29
- Practice as part of trader education, 282–283
- Practice routine, 92
- Premarket routine, 127
- Preparation, mental and physical, 40
- Price action of market, 108
- Process focus, 94
- Profit and losses
 - vs. execution, 38
 - focus on, 93
- Profit variability, 4–5
- Profitability, 132
- Profitable trades, 59
- Profitable trades vs. good trades, 31
- Profits vs. earnings, 82
- Prop desk banter, 275–279
- Proper preparation, 51
- Proper sizing, 229–230
- Proprietary trading firm
 - funding of, 8
 - nature of, 3–4
 - working conditions, 58
- Psychological hurdles, 27
- Psychological needs, 29

- Reading the tape, 103
 - about, 193–197
 - appreciation of, 202–204
 - being saved from rips through, 205–206
 - vs. charts, 216–220
 - confirmation bias, 202–204
 - high frequency trading avoidance, 206–211
 - how the tape talks, 198–204
 - how to, 197–198, 220–221
 - lesson101 in, 211–212
 - loading up with risk limitations, 214–216
 - trading play development and collection, 212–214

- Reasons to trade, 171–185
- Reasons to trade stocks in play
 - about, 171
 - consistency, 178–180
 - earnings stocks, 180–181
 - late summer trading, 175–177
 - loading the boat, 177
 - opportunity in day trading, 174
 - percentage returns in day trading, 172–174
- Recordkeeping, 24
- Recruiting, 54, 55
- Recruiting matrix, 60, 70
- Recruitment process
 - about, 59–60
 - earnings questions, 63–68
 - essay exam, 60
 - interview during, 62–63
 - Penny (trader) interview, 63–65
 - resumes, 60–61
- Rejection, 115
- Resilience, 100–102, 101, 102
- Resumes, 60–61
- Rips, 33, 205–206. *See also* losses
- Risk/reward position, 31
- Risk-taking behavior, 16
- Sacrifices made by teachers, 299
- Saving money, 320
- Scaling, 103
- Scalping, 314–315
- Scoring
 - about, 223
 - consistency, 227–228
 - getting back to basics, 246–248
 - getting on the right side of a trade, 238–239
 - harmful comparisons, 230–231
 - if-then statements, developing, 239–243
 - intraday loss setting, 224–225
 - mental agility, 231–237
 - proper sizing, 228–230
 - staying the course, 237–238
 - trading based on time of day, 225–227
 - trading plans, personal, 243–245
 - trading slump exit, 245–246
- Severe discipline, 268–269
- Shop talk, 95–97
- Short squeezes, 120
- Short terming the learning curve, 189–190
- Shrinkage (trader), 273–275
- Simulation of trading, 98, 99
- Single stock bounce, 311–313
- Skippy (trader), 108–109
- SMB Capital, 8, 26
- SMB Chop Tracker, 19
- SNDK ripper example, 106–108
- Social networking, 94–95
- Spencer, Steve, 6, 7, 18, 25–26, 70, 101, 106–108, 113, 114, 130–131, 136–137, 146, 156, 174–175, 178, 194, 225, 235, 260, 263, 269–270, 273–274, 288–289, 299, 300
- Sprinter, 157–159
- Starting too quickly, 157–160
- Staying the course, 237–238
- Stock picking the wrong stocks, 181–183
- Stocks In Play, 8, 21
 - about, 165–166
 - defined, 166–167
 - fear of black box algorithms, 185–189
 - finding, 190–191
 - good intraday stocks, 167–171
 - importance of picking the right ones, 181–185
 - reasons to trade, 171–185
 - short terming the learning curve, 189–190
 - superior trading skills, 189–190
- Stopped out (condition), 128
- Success pyramid
 - about, 85
 - daily improvement, 93–94
 - emotion control, 114–116
 - learning curve, 91–93
 - market changes, 116
 - market respect, 104–109

- Success pyramid (*Continued*)
 - mistake reduction, 102–104
 - resilience, 100–102
 - shop talk, 95–97
 - thoughtful questions, 94–95
 - unoriginality, 86–91
 - work plan, daily, 97–100
- Successful trader, 335–337
- Superior trading skills, 189–190
- Superstars as teachers and teaching, 293–295
- Support plays, 111, 112
- Survival
 - about, 141
 - belief and, 147–148
 - cockiness in lieu of capability, 160–162
 - focus on prediction and, 143–147
 - getting fired, 151–157
 - starting too quickly, 157–160
 - trader quality, 160–162
- Tape reading. *See* reading the tape
- Teachers and teaching
 - basic foundation from, 291–293
 - challenges from, 297–298
 - chart climber (trader), 294–295
 - communication of, 289–291
 - continuous improvement in, 288–289
 - inward looking, 295
 - motivation of, 289
 - patience, 295–297
 - sacrifices made by, 299
 - superstars as, 293–295
 - traders used for, 285–288
 - values set by, 299–301
- Thinking like a trader, 201–202
- Thoughtful questions, 94–95
- Ticking time bomb, 90–91
- Time usage, 95–97
- Toughness, mental and emotional, 101
- Toyota example, 98–100
- Trader education
 - about, 251
 - deep pockets aiding, 270–272
 - improvements to, 282–283
 - mental preparation, 257–259
 - mentoring, 259–264
 - opening trading, 281–282
 - practice as part of, 282–283
 - prop desk banter, 275–279
 - trader statistics compilation, 279–282
 - from traders on the desk, 264–270
 - trading rules enforcement, 272–275
 - video use, 252–257
- Trader quality, 160–162
- Traders
 - background of, 7
 - character of, 15
 - on the desk, 264–270
 - fit good for, 79–81
 - used for teachers and teaching, 285–288
- Trades
 - questions regarding, 41
 - replaying important, 50
- Trades2Hold, 24, 333
- Trading
 - based on time of day, 225–227
 - as a craft, 57
 - vs. investing, 32–33
 - love of, 125–128
 - trading plans before, 45–46
- Trading blogs, 82, 97
- Trading both sides, 232–234
- Trading ideas, 127
- Trading journal
 - contents of, 102
 - daily entries in, 99, 125
 - emotions recorded in, 114
 - Franchise (trader), 11
 - lack of, 128, 295
 - pros and cons of actions/techniques, 103
 - trading simulations, 98
- Trading plan mastery, 109–112
- Trading plans, 129
 - importance of, 45
 - One Good Trade steps, 52
 - personal, 243–245
 - before trading, 45–46

*Index***355**

- Trading plays, 111, 112, 212–214, 323–324
- Trading psychology, 115
- Trading records, 46
- Trading rules enforcement, 272–275
- Trading skill development, 87
- Trading slump exit, 245–246
- Trading style, 59
- Trading videos, 50
- Training. *See also* teachers and teaching
 - emphasis on if-then statements, 241–242
 - types of, 80
- Training class, 85
- Training program, 58
- 2001 market bounce
 - about, 309–311
 - how to play, 311
 - single stock bounce, 311–313
- Unoriginality, 86–91
- Uptrending market, 324–326
- Value setting, 299–301
- Values set by teachers and teaching
 - about, 299–300
 - as continuous learner, 302–304
 - faith in student by, 302
 - work-to-profit ratio, 300–301
- Video use
 - for all traders, 256–257
 - order execution improvement, 253–255
 - position size, 255–256, 256–257
 - in trader education, 252–257
- Visualization exercises, 115–116, 131
- Win rate, 123
- Work ethic, 69, 125–128
- Work plan, 97–100, 98, 98–100
- Working conditions, 58
- Work-to-profit ratio, 300–301
- Z3 (trader), 20–22, 79

<http://www.pbookshop.com>