

TRADING **IMPOSSIBLE**



25 ESSENTIALS to Your Survival in the Stock market

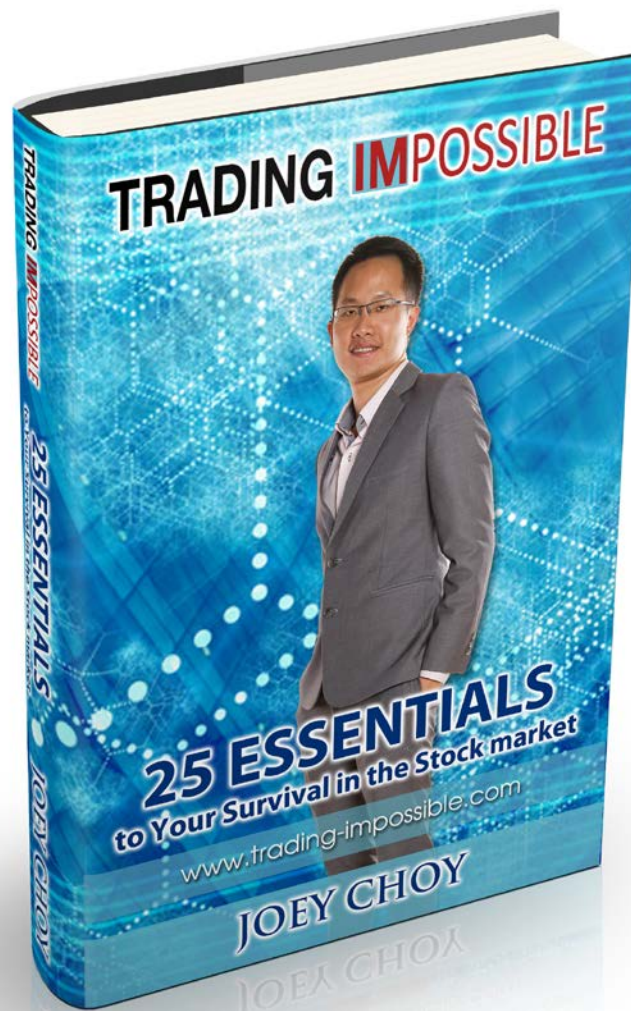
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JOEY CHOY

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Introduction

Have you ever wondered why Top professional traders in the world are able to find so much consistency and clarity in trading? Is there any technique that they are keeping for themselves or some rules that they are abiding to?

Hey there, this is Joey here, Top Tier Remisier, Top CFD Specialist and Top Account Growth Achiever in Phillip Securities. Having been a trader for about 8 years and a stockbroker for about 5 years, I have trained many clients and conducted numerous seminars on how we can become a better trader or how we should approach the stock market from day 1.

Well, you might be at the stage where you are just confused and lost and want to find a more systematic approach to trading, more clarity or simply more consistency.

If you haven't heard of my story before, I first started trading than more than 8 years ago when I was an undergrad. I had completely no idea on stock trading or investing then but I just decided to jump in anyway. There wasn't really any broker to guide or teach me on what I should look out for when trading or investing in stocks. I made a few gains initially and was rather confident. Then I bought into a stock and there were some small losses so I decided to pick it up and wait, confident that it would recover eventually. Well, it didn't, instead its value dropped by half in about a year and I lost about \$20k. And yes, that was indeed a lot for an undergrad.

And then I landed an internship at Goldman Sachs Equity Sales team, where I learnt from the finest traders in the industry. And since then my whole concept of stock trading has changed. I realized I was completely doing the wrong things before that.

After that, I became really committed to learning about trading and investing in the stock market, attending numerous trading courses (some good, some bad), talking to clients who are experts and proprietary traders, research analysts and even becoming stockbroker for about 5 years.

So after going through all these, I can finally figure out what is it exactly that the highest performing traders in the world have figured that the rest of us haven. I mean, why is it that for them, it's seemingly so easy, for them to consistently beat the market, for them to maximize their gains, for them to control their emotions.

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Apart from Mastering the 6 Core areas in the Professional Traders Framework, they also have a very clear set of trading rules to guide them. And I have broken it down for you so that its super easy to digest and read. Don't worry, its only 25 points in bite size format, after going through these points, I am sure you will see and treat the stock market differently, so do read to the last point.

If you still haven't yet have a trading account under me so that you can receive so much more value added services, why not? ;)

Do check out some of the raving reviews by some of my clients here - <http://www.trading-impossible.com/testimonials/>

For now, let's go ahead with the 25 ESSENTIALS to Your Survival in the Stock market.

1. Be disciplined for every trade and NOT selectively. And don't say you are disciplined if it's not 100% of the time.

Trading with discipline will lead to your success in the long run, period. This is the word I hear most often when talking to successful traders and for me, I think is 95% of the game. But it is not a "Sometimes, when I feel like" kind of thing. For example, if you smoked previously and said you have already quit smoking, but you still sneak a cigarette once a week, then you clearly have not quit smoking. Same thing, even if you trade with discipline nine out of ten trades (that is actually super good already), you still can't claim to be a disciplined trader. Sad to say, it is the one undisciplined trade that will affect your account immensely. So, discipline must be practiced on *every* trade and not selectively, period, and please don't say: "this one is different, still have a chance, wait and see how first". If you fail consistently in this regard, you have 1 option in my opinion, quit trading, it's just not for you.

2. Plan your trade – Trade your plan!

Trading is not gambling; it is a real business. However, the trader who enters the markets without a well conceived detailed and thoroughly tested trading plan, is no better off than the punter who buys 4D and hope to win (at least for 4D, you can only lose the amount you have bet). If you do not have a trading plan but still want to trade, wait for CNY to go to RWS or MBS, you do not need a plan for gambling.

3. Trade smaller lot size when you aren't performing well, don't chase your losses

Top professional traders follow this rule. Why trade with the same amount or worse, double your trade size (gambling?) when you are not performing well. If I lose two to four times in a row, I will always lower my trade size or not trade altogether for that day. Only if my next 2 trades start to see profits, will I move my trade size back to original. Don't trade with the intention of making back your previous loss, if so, then you must as well go to MBS casino. Always focus on how much you are going to lose first on the next trade. After a losing trade it is imperative that your emotions are kept at bay. I

know this can be hard to do, especially if it is a silly error that led to the loss. When you re-enter the market, you will be trading for revenge. But no need for revenge here. If you chase your losses, determined to recover them, the consequences are likely to be disastrous. Almost inevitably, this results in more losses, more emotions and so on. So, never chase your losses. Ever!

4. Never lose money when you are already making it

I am sure most of us have succumbed to this mistake, but we should make a conscious effort not to do it in the future. This is all due to our psychology greed. You have made money as the stock price has gone in your favor, however, you were supposed to follow the trading plan (if you have one, great job) and take profit, BUT you decided not to, because your gut feel is that it can go up higher, woohoo it did. But it reversed and you hesitate, wait again, tell yourself that you will surely sell the moment it goes back to yesterday's price. Wait some more, and TOO BAD, lose money already. Follow your trading plan and take profit when you need to, bit by bit as you ride the trend. You don't have to be greedy, it's just one trade, there will be many more tomorrow and the day after. Put the money in your pocket first, go for some Krispe Creme, come back and strategize again. No one trade should make or break your performance for the day.

5. Capital preservation is the ultimate key

Newbie traders enter the markets focused on how much money they stand to make. Professional traders do the exact opposite; they focus on how much money they stand to lose and how they will ensure that any loss is kept to an absolute minimum. Follow the lead from the professionals: protect and preserve your capital. I am not too sure if you have heard this phrase, take care of the downside and let the upside take care of itself.

6. Always have a stop loss, always.

One way to help achieve rule No.1 is to set a stop loss. If practicable, do this before opening a new position. Never rely on a mental stop loss, unless you are a superbly experienced trader and have achieved a level of consistency in the markets. The stop loss lies at the heart of all risk management strategies and is absolutely vital to ensure that you 'cut your losses short'. So, no arguments: always set a stop loss. Write it on paper, in your trading plan and stick to it. Look at the plan again after the trade has been executed and feel good that you have a plan.

7. Trade what you see, not what you think or feel

Your ego and trading do not mix. You will probably have a gut feel about a particular stock that you think will score a home run. Don't think or feel when trading, focus on your charts, indicators, market depth if you use them and the price action. Scan through this information and form a plan and trade what you see, not what you feel or think.

8. Your biggest loser cannot exceed your biggest winner

Make sure that you have a trading journal and have recorded down all your profits and losses clearly and of course the reason for each trade decision. Next, let's say you have already made money on your the first few trades and your biggest gain was from 10 lots of Noble Group, then do not allow any other losing trades after that to lose more than the biggest gain amount. If that happens, then you are back to square one and worse still, be in a negative position.

9. Maintain proper trading records

It is essential to keep proper records of all your trades. Not just the profit and loss amount, but also the very reasons why you did what you did when you did, the trade criteria and triggers. Many top professional traders keep a trading journal to record how they felt about each trade. Records act as your personal GPS device and enable you to determine how well you are sticking to your plan. After a few weeks, you can look through the trading records along with the trading decision reason and find clarity in how you are progressing.

10. KISS system (Keep It Simple, Stupid)

Over the years as a broker, I have spoken to many clients, some who are clearly more sophisticated than others and who ask me lots of in depth questions like Fibonacci, Elliot wave theory, etc. However, when it comes to trading, they are not discipline which leads to their failure no matter how knowledgeable they are in technical analysis. Whereas, I do have some clients who just focus on Support and Resistance trend lines for their trading decision and are doing better. Many top professionals use surprisingly simple strategies that are executed with the bare minimum of indicators. Their focus is to maintain their self-discipline and to trade according to their plan. Make it easy on yourself and keep everything as simple as possible. Don't try to master every single indicator and make your chart look like a mess of lines. Just focus on a few indicators and master them thoroughly and develop a system for yourself.

11. **Develop a system and adhere to it. Don't change system every other day.**

I do teach my clients to write down specifically the entry filters or criteria which justify them to take any trade. Meaning, they must understand the very reason for that particular trade, there must be a clear trade setup and it is not just by feeling. I don't care what the system is, but i do want them to make sure that they have a concise set of rules and trading plan in placed. If you have a proven system, but it doesn't seem to be working in a given trading session, don't go home that night and try to devise another one. If your system works more than one-half of the trading sessions, then stick with it.

12. **Find your comfort zone and be yourself.**

In all of my years as a trader, I have never traded more than \$50k in any individual trade. Sure, I would have liked to be able to trade like some of my wealthy clients regularly trading \$100k to \$200k per trade. However, I didn't possess the emotional or psychological skill set necessary to trade such big size. That is fine for me. I know where my comfort zone is and I know i am able to handle between \$20k to \$50k contract value. If i will to trade more than 100k, I don't think I will be able to handle the trade emotionally, so i stick to where i excel and you should too. Find your comfort zone with regards to trading size and be yourself.

13. **You must be able to return tomorrow to trade again**

Do not ever trade more or lose more than what you can afford. Capital preservation is key and you need to protect your capital so you have the chance to continue trading. i teach all my clients to place a downside daily limit so you will never lose more than what you intend to lose for any particular day. This is also one of the money management techniques. For example, your daily loss limit can be \$200 and you cannot lose more than that. Once you reach the limit, you get out of your position and stop trading for the day, that's it. Come back tomorrow again.

14. **Get out of your losers fast**

Having a losing position does not make you a loser, it is only when you know you have to get out, but you choose not to, that makes you a loser. You need to stick to your trading plan and follow your exit levels properly and exit. Be patient with winning trades, but be enormously impatient with losing trades. Know that it's ok to lose money when trading,

no traders i have met have told me that they have won every single trade before. Once you come to the realization that your trade is no good its best to exit immediately. . It's never a loser until you get out. And try not to say: "never mind its ok, it will come back." It is *not* coming back and it is time to exit.

15. There is no Stock god, don't pray and hope too much

When I first started trading in the stock market and was completely ignorant, I can't believe how many times I prayed to the stock god (if there really was one?). I hope that the higher divine intervention can help me turn the trade from negative to positive, I hope that the stock can at least rebound to my break-even price, however no matter what, it never realized. No point hoping and praying and letting your psychological emotions overcome you further, just stick to your plan and if you need to, just get out, period.

16. You will lose if you speculate, trading is not gambling

After speaking and learning from many of the traders out there and even some of my clients, I have never met a successful speculator in the long run. I think that it is impossible to speculate and consistently have huge winners. Be a trader, not a speculator. Trading is all about probability, it's all about riding winners and cutting losers fast with a clear trading system. If you want to speculate short term, you are better off at MBS, but do know that the house wins all in the long run, as I said its all about probability.

17. Lose money and say yes, I am lucky, I love it.

Yes, I know this sounds weird, nobody likes to lose money right. Nobody trades or invest with the intention to lose money in the stock market so what do I mean. Well, don't worry, I am not crazy, what I mean is to accept the fact that there will definitely be losing trades throughout any trading period. So if it happens, get out quickly and in a disciplined manner. Train your mind not to feel upset, but to feel happy, think not about how much you have lost, but about how much you have saved if it were to go down more. Love to get out of your losing trades fast, it will save a lot of your capital and you will become a better and more focus trader.

18. Set a time frame in any position, if the trade does not work out, get out.

In a given time frame, if your trade is still stagnant, then reduce opportunity cost, get out. For every trade, there must be a timeframe in your trading plan that states for how long you are holding on to this position, it can be 3 days to 2 weeks to how many months, your call. If the stock price does not move (or is almost stagnant with no trading volume) during this time frame, it could mean that both buyers and sellers are happy with the current prices and it will likely stay that way. You don't want to be stuck here during these times, no one knows how long it can last. If the stock is not going anywhere, it's a waste of time staring at it, it's a waste of emotional strength each day. It is much better to wait for the stock to see some actions and volume again before working on a plan again.

19. Only have small losses, never take Big loss.

Big losses are losses that wipes out your account balance, they are losses that wipe out all your small winners that you have slowly accumulated. Having a big loss can also affect your psychological and emotional stability. You will most likely lose confidence and give up if the loss is too big and it takes a while to come back.

20. Continue to ride up-trending stocks, even though you have already exited.

Throughout my years as a stock broker, I have heard many clients say that a stock has gone up after they have sold, and they will not enter again. Nobody will know when is the highest point, so even though you have already sold and the price continues upwards, it's not your fault. If there is clearly still more upside after you have sold and the trend is still upwards, formulate a new plan and continue riding. Don't focus on the past trade, the stock wouldn't know you have sold it previously. It is what will happen now that matters.

21. Learn to make a little money every day consistently, there is no need for home runs.

When you first start out, you can learn to make \$50 to \$100 every day. Don't be greedy and aim for the sky. Do you know that making \$100 a day will leave you with \$2K gain at the end of the month. Start small, build consistency and not home runs. I do not know of any successful speculators to date and you should never approach a trade thinking that

this is the trade that will be your huge winner. Yes, I know, sometimes we all may be lucky with a particular trade, but our intent should always be to strive for consistency in the long run. Not make \$3k one day and lose \$5k the next day.

22. Raise stop loss to protect profits along the way

If the trade goes in your favor, you can exit one-third or one-half of your position as per your trading plan and continue to ride your profits. You can then raise your stop loss upwards to protect your profits. The stop loss level for the remaining position not sold can be placed a few bids above your initial entry price, so you are in the money even if the stock were to dip back down again. Isn't that less stressful to know that no matter what happens, you are still making a profit. Do not be greedy and decide to hold on to your positions all the way thinking that you want to sell all of them at the peak. No one can predict the highest point, you can settle for somewhere at the high.

23. Never average down, unless you have done serious fundamental research on the stock

Throughout my years of experience as a broker, I have seen many clients not only refusing to cut loss, but worse still they average down on a losing position simply because they want to bring down their average price. It's very dangerous to do that as you are actually adding risk rather than reducing risk. There is only so much you can average down and if the stock were to head down further, you will most likely not do anything and or not cut loss as you have already invested so much money into it. Having said that, if you have done your research and you know very well that this stock will be up in the long term or you are going for the dividend yield, then you can use any dips as an opportunity to accumulate. Check your plan, if it says cut, then just cut. Averaging down is a tactic deployed by long term buy and hold investors and should never be practiced by traders. If the trade goes against you, get out fast. Never average down.

24. Don't think too much, over analyze and hesitate

There are times when a trade setup is spotted, and all criteria are met, but you are just stubborn, you want to be filled at the best possible price and queue at that price even though there is a low chance of hitting it. In the end you are right, the stock has moved in your favor, but you do not make any money because there was no trade done. Don't over analyze, get a plan, place the trade, and then manage it. If you are wrong, get out. But if there is no trade done, then you will never be right.

25. The market does not care about satisfying you, me or anybody, respect it.

The market is truly dynamic and it changes within the blink of any eye. It does not care about you or me; it just goes where it wants when it wants to. It does not distinguish and it does not purposely seek to harm anyone or make anyone lose money. The market is always right and we have to respect it. Everyone starts out the day the same way, it's what we do, react, think, our trading plan and psychology that determines if we make money from day one. We have to follow the trading rules to succeed in the long run.

If you are still reading till here, you're awesome and thank you so much. I hope you now find more clarity in the way you approach the stock market, whether is it for trading or investing.

To wrap up, here is the 6 Guiding questions again that you should ask yourself every time you trade. I hope it helps. Enjoy ! ☺

Talk soon

-- Joey Choy

"One of the Best Remisiers in Singapore who provides professional and personalized stock investment advice. I have never seen any remisier that adds so much value to his client in terms of training, market updates, research reports and Technical trading ideas. I would absolutely recommend Joey to any trader or investor who seek to excel in the stock market"

--Shanison Lin, CEO/Founder of Investing Note

Top Tier Remisier, Top CFD Specialist and Top Account Growth Achievement in Phillip Securities, Trader, Stock Educator, Trainer and Independent Financial Advisor

- Joey Choy

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"TRADING IS NOT IMPOSSIBLE IF YOU KNOW HOW. IT'S (I M) POSSIBLE"

Top Tier Remisier, Trader, Top CFD Specialist, Trainer, Independent Financial Advisor

JOEY CHOY



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6 Guiding Questions for Professional Traders

Ask yourself these questions whenever you trade. Keep this page near your computer or on your phone to remind yourself on what to focus on as you seek more clarity, more profitability, more consistency and more confidence when trading.

<p style="text-align: center;">Plan</p> <p>Even if I do not have a full comprehensive trading plan, do I have at least a simple cut loss level?</p>	<p style="text-align: center;">Discipline</p> <p>What level am I right now on a scale of 1 to 10 in terms of my ability to adhere to my trading plan, to really stick to it no matter what?</p>
<p style="text-align: center;">Technical Analysis</p> <p>Do I know where to gain access to charts in the first place? Have I tried drawing simple trend lines on the charts and understand what does each candlestick bar means?</p>	

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Psychology

How is my trading psychology (hope) affecting me whenever the trade goes against me? Am I always hoping for a recovery and thinking about how much I can profit without considering the losses that can accumulate if I do nothing?

Platform

Do I know how to place the most basic advanced order type "Stop Limit Order" so that I can cap my losses for every single trade?

Risk

Before I place any trade order, do I have a maximum amount that I am prepared to lose?
Do I know how many shares to buy or what price to sell to limit my loss to this maximum amount?

Trade Systematically, Invest Prudently, and Secure your Wealth Today