

Converting knowledge Into Practice

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Dear Trader,

In this report I would like to show you exactly how you turn your knowledge into to practice.

One of the main problems I see all traders encounter (newbies, veterans and professionals) is that market conditions keep change all the time.

The market is dynamic. Trading methods and trading strategies are progressing very quickly. This is an excellent and wonderful thing however it creates a problem since, for example, we acquire a method that provides us with 300 pips a month. Then we find an additional method that provides 400 pips, 500 pips and so on.

Our nature always tells us to look for the next ultimate trading method: the strategy that will generate us more profits. Exactly as in the famous saying "the grass is greener on the other side of the fence".

It works similarly in business.

So, what exactly do I mean?

There is no problem in constantly upgrading your trading. It is even highly recommended. However, a problem arises when we see something that looks more promising than our current method; we jump to grab this method after seeing only one example, without trying to understand all the aspects of this method. The chances for our disappointment are much higher because without comprehensive understanding of the strategy we cannot succeed.

Therefore, **trade improvement has to be systematic and consistent**. In this report I will introduce the stages I am referring to.

One of the best traders I know says the following:

"99.999% of all people have no idea how a car's engine is working and what functions the radiator and accumulator serve. Yet, they sit in their cars, and drive it"

Why have I mentioned this?

The exact opposite happens in trading. Most traders in the world are trying to learn all the mechanisms of a car before they drive it.

And I ask, what are you doing this for?

You can drive your car while you have no idea how the radiator functions. You simply follow the rules you were taught: 1-2-3-4-5 and it seems very clear. So, why should it be complicated in trading? Why do we want to know all the existing indicators in order to use only indicator number 2 for a specific strategy? Why should we draw millions of lines if according to the strategy we chose we need to use only Japanese Candlesticks?

A trade has to be managed exactly like you drive: you get in the car, do 1-2-3 and that's it, you drive!

So, the first stage in becoming a good trader that makes money for the long term is:

Prepare the grounds for a trade

You've found an interesting strategy?

You have even seen examples of three amazing trades, each provided 200 pips.

This is great. However it doesn't mean that you understand what is the right timing to enter a trade.

What should we do before we jump into the water?

You have studied a strategy. Excellent! Now, go to the chart and prepare 100 screen shots where you mark and name: "pre-entry to trade".

For example:

I'll choose the simplest strategy in the market – resistance or support breaking.

This strategy's rules are:

Mark last resistance level.

Wait until a candle breaks it and closes above it.

Enter the trade.

Or:

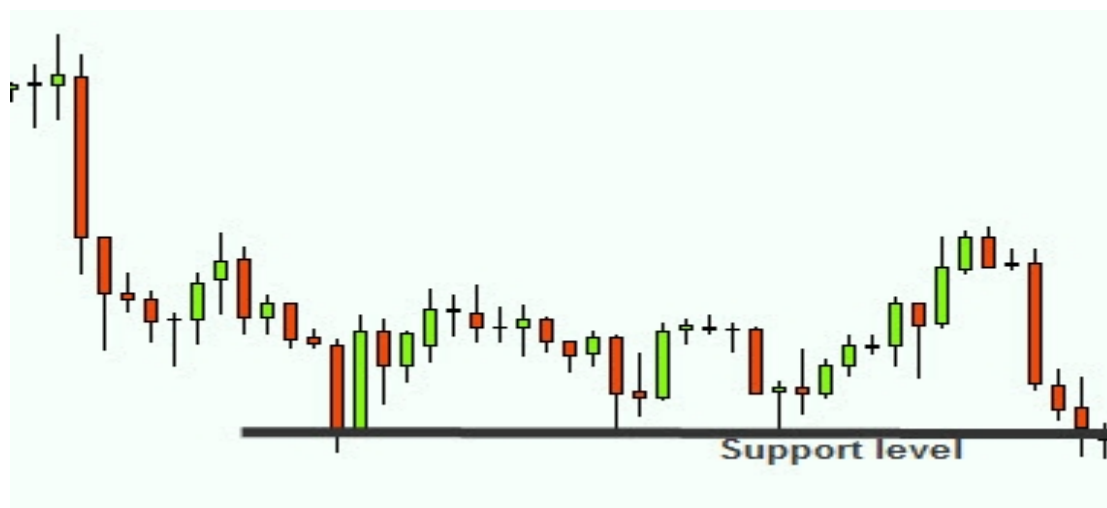
Mark last support level.

Wait until a candle breaks it and closes below this level.

Enter the trade.

My first stage is to mark last resistance level or last support level. That is why, this is exactly what I am going to do:

Example 1:



In this example I found and marked last support level.

Example 2:



In this example I found and marked the last resistance level.

I keep doing this: I have to create lots of examples of support and resistance levels and draw them on my charts.

In order to do this do the following:

1. prepare screenshots of all the examples you can find and mark them.
2. Go over them again and again until you see all the existing support and resistance levels.
3. Open a demo account and draw a line on every support level and every resistance level you currently see on the market.

After you finish with this stage, you will be able to go to a live account and mark all the support and resistance levels you will see.

In the real system your nature will be to draw the resistance and supports levels in the best way you can. It will push you to an excellent situation because by then you will be already familiar with all the different types of "pre-entry trade setups", according to your strategy. This is thanks to the good preparation work you have done until you started live trading.

Now we can go to the next stage:

Learn how to execute a trade

You have already drawn a line next to the "pre trade entry" level.

Excellent.

Now, you will learn how to enter a trade.

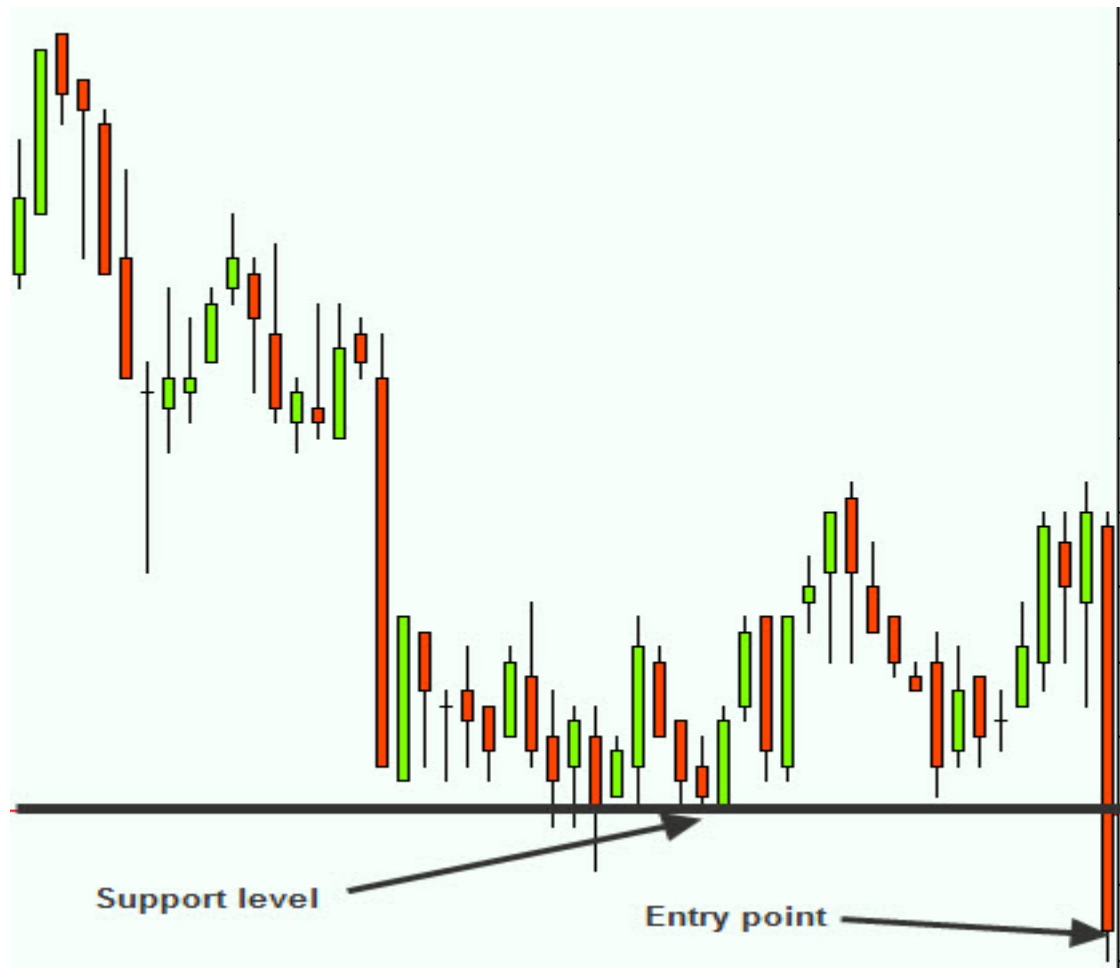
1. Prepare 100 screen shots with specific and accurate entry points where you think you should enter a trade.

According to the strategy I chose to analyze in this e-book (for demonstration purposes only), I should look for a candlestick that closes above last resistance or below last support level.

2. I open a chart and find 100 good potential entry points. In this stage, I don't care at all if the trade has been successful or if it failed. All I care about is finding 100 examples to an accurate entry point on the chart. I save a screen shot of every example I find.

Here is how it looks like:

Example 1:



Example 2:



I prepare a minimum of 100 screenshots, save them and analyze them a few times in order to understand the best and accurate entry points.

After I analyzed them I can move to a demo account before I do it with real money. I start looking for real entry points. When I find them, I can enter a trade. I don't care about the trade's closing points now and you also should not be worried about it either.

First you should learn about the best trade setups. You need to identify them so well that if I wake you in the middle of the night and ask you if there is trade setup on this chart you'll be able to answer me "yes / no" with only one eye open.

After you've learned to enter a trade, this is the time to learn how to properly close a trade. Therefore, our third stage is:

Learn how to close a trade according to the rules

Similarly to the way you've learned to enter a trade it is time to learn how to close it. You need to find a minimum of 100 examples on the charts that feature the rules according to your strategy.

I really don't care if the closing point closes the trade with a profit or with a loss, as long as it is according to the strategy's rules. I care about finding a minimum of 100 examples of closing points according to the strategy you chose to work with.

I'll continue with the simple strategy I introduced to you.

The rules of closing a trade according to this strategy are as following:

Stop loss is set below the low of the candlestick that broke the resistance level, or above the high of the candlestick that broke the support level.

The profit target is two times the stop loss size.

As I said, I am going to search for a minimum of 100 examples of this specific closing strategy.

In this example, the trade closed with a loss. However I only care about seeing as many examples as possible that feature correct closing points according to the strategy I chose.

So, as I said, I should collect as many examples as possible and analyze the screen shots so that nothing surprises me when I go live. I should be prepared for all the possible scenarios. After I've seen many examples, I start using the exiting rules on a demo account.

Even if you didn't execute a trade that turned out to be a loss had you entered it, learn now how close it correctly. Practice it over and over again till you feel that nothing in market can surprise you: until you easily find the perfect time to close a trade according to your strategy.

So, after you've learn to open and exit a trade, it is time to learn how to do it together. Our fourth and last stage is:

Correct entry and exit from a trade

In this stage you are going to do the last and most important thing. After you learned to do it in the best and most accurate way, you will start making money with any strategy. After the long and hard training we've done, according to my work plan, you are disciplined and work like an emotionless robot in the market. That's exactly how we should act. You enter a trade and close it according to the rules, and leave your emotions on the outside.

In this stage we collect a minimum of 100 examples that show a potential trade setup, entrance and closing points. We should follow through all the different trade stages, from the beginning to its end. Actually, we are going to have a few screen shots for every trade: preparation, entrance and close. After you collect all the examples, you should analyze it over and over again. Only then you can go to your demo account and start going through all the stages together. Only when you feel that you do this automatically you can move to a live account and your profits will be immediate.

After you collected all the examples, prepare a new trading journal and start documenting the number of profitable trades, number of pips you earned, losing trades and amount of pips you lost. Did you sum it up with a good profit? Excellent! This strategy is great, you can use it. I'll continue with the simple example I introduced earlier. I will show all the stages in several examples. Then you will understand exactly what I referred to.

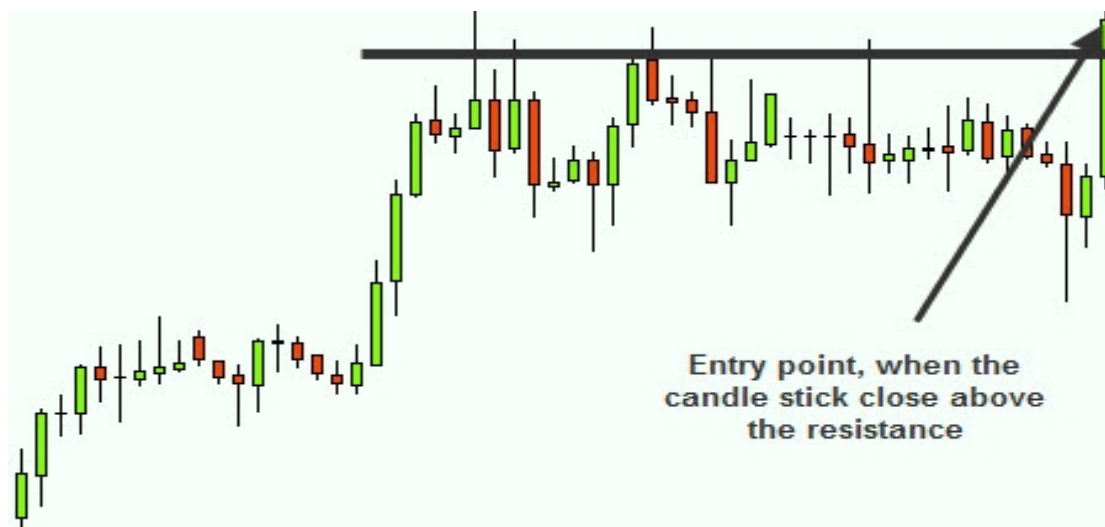
So, let's start.

Example 1:

The trade's setup:



The trade's entry point:



The trade's closing point:



And now, the last stage: sum up the trade on our trading journal.

The trade profited 2 times more than the stop loss we set, according to the rules of this strategy.

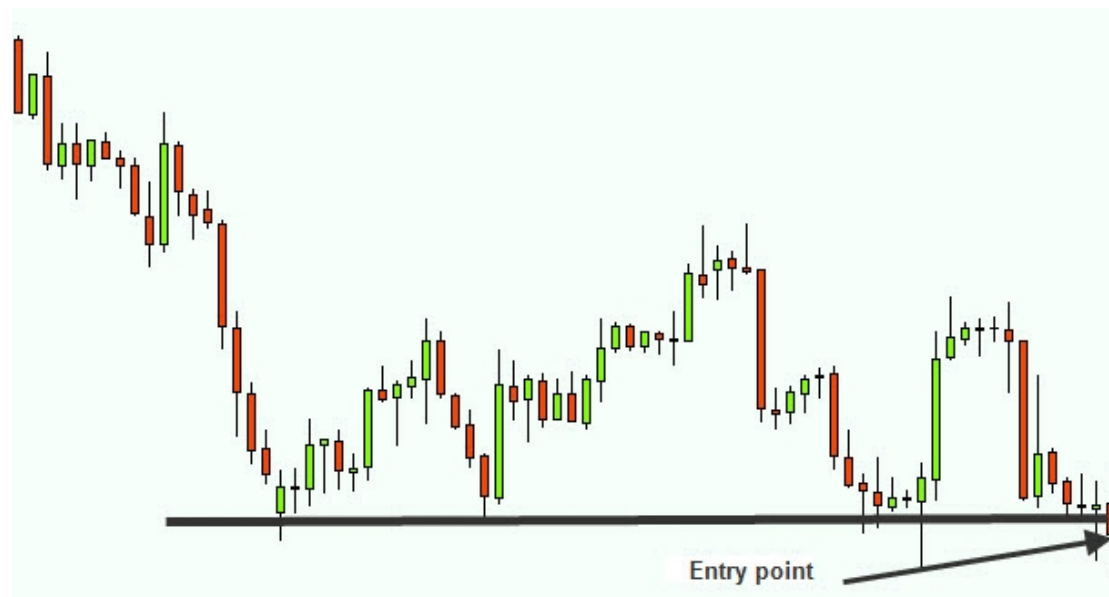
I enter +300 pips on the profitable trades' column.

Let's see another example:

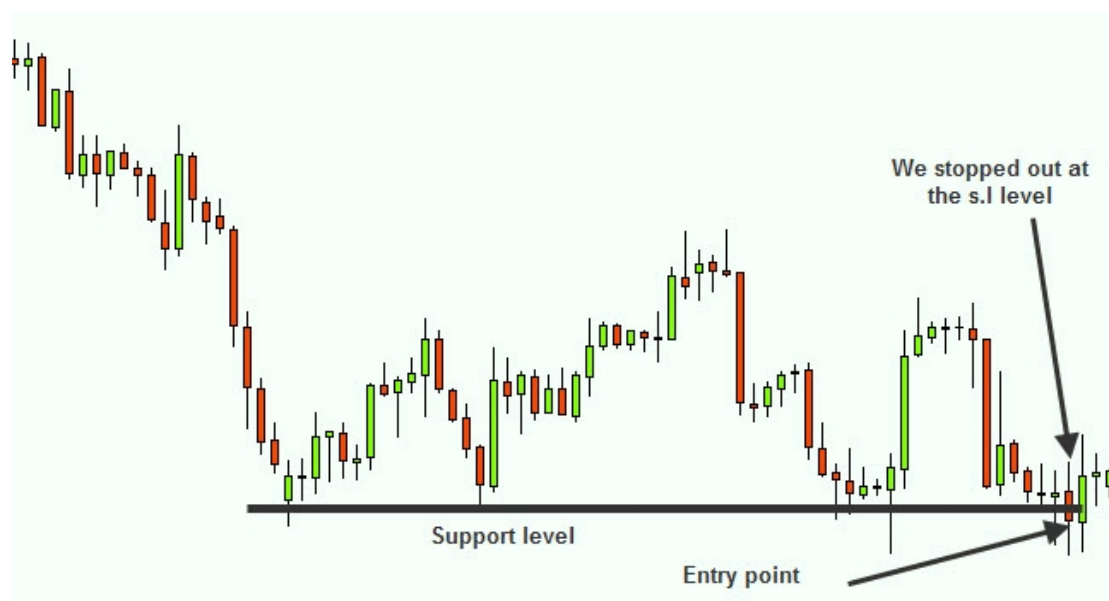
Example 2 – trade's preparation:



Next stage is executing the trade:



Now we should exit the trade with a profit or a loss:



Now, all that is left for us is writing down our conclusions. This trade has been closed in stop loss (above the candlestick that broke the support, according to this specific strategy). I turn to my trading journal and sum up the trade's details on the losing trades' column. I enter minus 70 pips.

I do the same for as many trades as possible. Numbers are impressive?

Excellent! The strategy is very good for you and you understand its rules!

That's it guys!

Trading is simple! It doesn't have to be complicated. Learn the methods you consider to be the best: its entry rules, exiting rules and learn to use them together. Convert them to numbers. They give you the necessary conclusions.

Please note that on the testing stage, you are better to take a sequence of trades in order to examine the strategy's reliability. That is, analyze all the trades from last month, or last year, etc.

I wish you good luck and productive learning.

I hope this e-book will assist you with your trading.

To your success,

Vladimir Ribakov

