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CANDLESTICK AND PIVOT POINT TRADING TRIGGERS

SECOND EDITION

SETUPS FOR **STOCK, FOREX,**
AND **FUTURES MARKETS**

JOHN L. PERSON



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Candlestick and Pivot Point Trading Triggers

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Candlestick and Pivot Point Trading Triggers

*Setups for Stock, Forex,
and Futures Markets*

SECOND EDITION

JOHN L. PERSON

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“God grant me the serenity to accept the things I cannot change, courage to change the things I can, and wisdom to know the difference.”

Amen

About the Author

John Person is an internationally recognized specialist in investments, trading, and financial management. He is an active fund manager and principal founder of J. Person Asset Management, LLC, and is an elected member of The American Association of Professional Technical Analysts (AAPTA). He is a 40-year industry veteran trader and is the former Founder and President of First National Futures Group, a futures brokerage firm. He has created several proprietary indicators and trading strategies found on multiple trading platforms including TD Ameritrade/Thinkorswim, Bloomberg Terminals, TradeStation Trade Navigator, and HGSI platforms. John is the author of several books that target trading stocks, ETFs, and futures.

Candlestick and Pivot Point Trading Triggers

Introduction

Wow how time flies! The first edition was published in 2005 and here it is May 21st, 2020, in the midst of a global pandemic that caused a historic market sell-off, recovery for some stocks, and new all-time highs for others like Walmart, Microsoft, Amazon, and PayPal. The incredible part is I am using the same tactics to trade the markets with the methodology and trading tools in this book with amazing success in my managed fund and for the traders in our live trade room and Weekly Stock advisory service.

To all the individual traders looking to learn how to invest and trade wisely and to all those who are looking for new ideas and who have been around looking to learn a more positive approach, I say that after reading this material, you will find a great approach to trading and will learn the importance of, or at least will expand your knowledge of how to develop your personalized mechanical trading system from the methods provided in these pages. There is no doubt this method will stand the test of time because it has stood the test of time for the most amazing trading environment in the last 200 years—the decades between 2006 and 2020!

You will specifically learn what methods and parameters to use with time-tested material. This second edition brings some awesome new developments in trading tools that have been modernized, like a volume indicator, a Relative Strength tool, and a modified breadth indicator, which we can apply to the indexes we mainly trade: the S&P 500 (\$SPY), the NASDAQ 100 (\$QQQ), and The Russell 2000 (\$IWM).

THINGS CHANGE

Times have changed, as have price values of stocks and raw commodities. Markets and access to trading changed, and products we trade, besides the commodity markets, include other hard assets (e.g., housing and real estate).

Things changed since the first edition was written, from President Bush to President Obama and now to President Trump. We have had a significant change in monetary policies, with global interest rates at negative to zero returns. Gold has risen not because of fears of inflationary pressures, rather because the Federal Reserve (Fed) lowered rates. In turn, the US dollar fell as the interest rate differentials narrowed in the United States against foreign central banks. All are the reverse of when the first edition was written.

THE CONUNDRUM

One favorite word among economists in 2005 was *conundrum*, which was used by then chairman of the Federal Reserve, Alan Greenspan. This was the term he used to describe the event of Treasury yields declining while the Fed was raising interest rates.

Fast forward to 2020 and we have historic low yields and the highest price printed in 30-year Treasury bonds ever.

HISTORY SHOULD REPEAT ITSELF

Often it is said that history repeats itself. I believe this to be true ... to a degree. Not all market crashes or rallies are led by the same sectors or reasons. The crash in 1987 lasted four days and was blamed in part on a currency crunch in Asia. Then in 1998 we had Long-Term Capital Management, 2001 was the “tech wreck,” and 2008 was due to a housing bubble. Then the 2020 meltdown was caused by a global shutdown due to Covid-19. I do believe now more than ever global economies and the world move in cycles. Based on the climb that bonds and equities made in 2016–2020, the market’s price behavior or intermarket relationships were not behaving in a traditional way. At least not compared to when the first edition was printed in 2006. One main reason can be summed up in two words: quantitative easing. Based on a rise in stocks, bonds should have moved lower; the great rotation out of treasuries into equities never happened. History should have repeated itself, but it did not; or if it does, it will be a delayed reaction.

Due to this keen observation, there was one solid piece of advice I was constantly giving to people through our trading room or in my newsletter advisory service. It was, “Trade the markets independently of each other.” One reason for this advice was this: Not much was making sense at times in the traditional way. Let’s face it, when crude oil and energies stocks plunge, it is deflationary and should have a positive effect for consumers. But when OPEC decided to go to “war” with Russia at the March 2020 meeting, this was an event that had no playbook. Saudi Arabia decided to cut prices and boost production. The question is: what ripple effect will it have on the world banks that may have loans out to small drilling and production companies? This led to a first time ever event: the day before expiration, Crude Oil May futures contracts traded at negative \$37.00 per barrel.

It is still not known what lasting impact the Coronavirus will have on commerce. My predictions are that it will be short-lived, at least by the time this book is in print.

Despite the fact that we have increased federal deficits, tax cuts, and reduction of regulatory requirements, the only thing that would worry me as a trader is that trading might become illegal, or that taxation on trading scares investors away, which would eliminate volatility. Traders need volatility.

DELAYED REACTION

As of March 2020, the US economy was in its 11th year of an economic expansion from the March 2009 bottom—a bottom that was supported by Person's Monthly Pivot support calculation.

As we move forward, I have to say it should be a stock picker's market: We will continue to use cell phones and computers, we will eat, and travel may slow due to the Coronavirus scare, but it will return. People love to live! On that note I want to reassure all of my European friends who I met through the decades from the old MTA (now CMT), IFTA, and AAPTA associations and those individuals who invited me to present my methodology, like Ludvik in Prague, Eduardo in Italy, Andre in Paris, Lothar in Germany, and Elaine in Switzerland: I will certainly travel back to see you this new decade, if invited, coronavirus or not. It goes without saying, here in the US many found interest in my 20 years of speaking with the TradersEXPO and MoneyShows. I thank the founder, Kim Githler, for the opportunity and ability to present my teachings and meet so many individual traders at these events.

With that said, will there be a recession? I would say yes, but no matter what happens, the teachings in these pages will help you navigate these markets with a better sense of direction.

No one knows for sure how soon or by how much consumers will adjust their spending habits: with an accommodative Fed and next to zero interest rates on a global scale, it will take a long time and a gradual removal of that monetary stimulus to change a way of life—buying things. From houses and cars to electronics, furniture, food (and for Carlos, the newcomer student trader, there's the diaper and baby items purchases), we all like deals and now more than ever we sit at home or on a train and buy online. Then when the boxes show up at your residence, it's like Christmas every day. Successful trading allows us the luxury of this lifestyle.

TRADING FOR A LIVING

I started in the business as a runner on the floor of the Chicago Mercantile Exchange back in the late 1970s. I had the privilege of working with a true master trader, George Lane, the creator of stochastics. I had a knack for the financial markets and learned to trade the 30-year bonds. I also discovered how to use pivot points and how to incorporate longer-term time periods in my analysis. Then came options on commodities; and in 1986 I made a fortune for myself and others in the bond market. I gradually improved my techniques, and through the understanding of candle

charts, while using them in conjunction with pivot points, I have developed quite a methodology that shows a high frequency of recurring patterns. This is what I believe is one of the single best methods for identifying market moves for various trading vehicles. Trading for a living is a fabulous career. Now more than ever, we have global market influences, advanced technology, equal access, market liquidity, and, best of all, diversified markets investment vehicles.

We have stocks; ETFs, both leveraged and inverse; volatility products like the (\$VXX); futures products with the micro E-mini futures that launched in 2019; and options on these markets, so there are hundreds of products to trade through regulated exchanges that allow speculators to participate in a structured, open marketplace that offers controllable leverage.

What you now need is a complete understanding of solid trading tools and a structured trade plan, both of which can be found in this book.

THE NEW AGE TECHNICIAN

As a *technician*, one who practices the art of technical analysis, I have now—more than at any time in the past—a greater edge in the marketplace. Through electronic market access and charting software with the power of today's computers, I can take my refined market analysis methods and implement these strategies and apply them to all markets. As long as there is liquidity and a structured environment, and as long as I keep my trading capital intact and follow specific trading rules to manage risk, there will be a bonanza of opportunities in the years ahead. I fully expect the techniques that I am sharing with you in this book to help you discover how to be a consistently profitable trader. This book opens the door to how you can learn to read charts and rely on price rather than on indicators. You will learn what triggers momentum and what to look for in order to spot when a market changes direction. Another important element of this book is that it will help you learn techniques to cut your losses quickly and to stay with the winning trend, to ride a winning tide.

I wish you all the successes in 2020 and beyond.

Trading Vehicles, Stock, ETFs, Futures, and Forex

Welcome to the second edition of *Trading Triggers*. If you are an active trader or a first-time investor looking for a trading method that suits your personality, then you have the right book. Trading for a living is an amazing and yet risky business. There is more to trading than buying and selling. There are often-missed but important issues that many books do not mention, such as not only how to make money in the market but also how to keep it and create a positive cash flow.

The purpose of this new edition is to share with you some of the changes and ways we have expanded our trading methodology, as well as how the very foundation of the techniques are still valid, 12 years after my first edition was written.

I hope to take you to a new level of trading knowledge by giving detailed explanations of technical tools that have been modified to adapt to the era of computerized algo (algorithmic) trading and the technology associated with these times, and of course the various new products that have emerged and flourished.

I believe the material contained in these pages will help you invest with a better set of skills based on confirmation of the market's strength as well as help intermediate to advanced traders develop their own trading system. Basically, it enables traders to cultivate and extract money from the market, especially those who have the time needed to trade actively to achieve greater alpha (big returns) with reasonable standard deviation (volatility). I will explain some of the most obvious yet simple concepts of how to interpret technical analysis and improve your chart-reading skills, so you can make money in the markets.

Examine the chart in Figure 1.1. This shows a “textbook” set-up that produced a 200% return in an option position based on the trade methodology using the ETF \$SPY. We identified the technical condition of a strong PPS buy signal confirmed using a specialized volume indicator. Instead of buying the ETF itself we replaced the ETF purchase with a long call option

**FIGURE 1.1**

S&P 500 ETF (\$SPY)— Courtesy Tradestation Securities.

position using the December 5th, 2018 expiration, which at the time had only seven days until expiration. In this trade we bought the 2782 strike call option at \$1.15 on November 27th at 12:18 PM (ET) and exited the position the next day, November 28th, less than ten trading hours later, at \$3.70. A beautiful 321% return of initial capital based on a 2.6% move in the underlying market.

The actual trigger or call to action to buy was the PPS buy signal marked at point “A” on the graph, which identifies the arrow painted on the chart on 11/26. What gave the clue it was a strong buy signal was the indicator at the bottom. This is a volume indicator that showed a pattern known as bullish convergence, as identified at point “B”. Prices were declining yet on relative weakening or light volume.

Since the first edition was written, lots of events have transpired. First of all, we were on the verge of a monumental change in our financial industry and the financial well-being for most Americans. Almost a year after the book was released in 2006, we hit a peak in housing, then came the sub-prime meltdown—the fall of both Bear Sterns and Lehman Brothers. Then commodity traders were broadsided by the collapse of MF Global, but we also witnessed a surge in both the popularity and creation of exchange-traded funds. Then came the hedge funds and the way computers and algorithms started to play an expansive role in everyday trading.

Other changes took place since my first edition was released in 2005. Marijuana became legal on a state-by-state initiative (not federal) as a recreational drug, opening the door for “pot” stock investments. Then cryptocurrencies exploded in popularity, as Bitcoin’s value erupted to nearly \$20,000 in December 2017.

Based on the technical ideas that were presented nearly 13 years ago, I have several trading indicators and systems that continue to provide a solid track record of performance as of the writing of the second edition. This shows that the material contained in this book is not only relevant, but is instrumental in helping to trade in today's market environment, and should remain so as long as we have markets to trade.

There is no doubt that the material originally covered in this book 12 years ago helped popularize candles and pivot analysis, especially my High and Low Close Doji trade concepts. You will find reference to my work from financial contributors found on Forbes.com to analysts at major banks and institutions, even down to popular educational personalities.

Now that exchange-traded funds have nearly become a household word, when the first edition came out I was introducing the world to new, innovative ETFs on foreign currencies like the (\$FXE), gold (\$GLD), and others. What makes this edition so special is I will spend more time on explaining how stock traders can use my indicators to scan for trading opportunities and the new batch of innovative products, such as Volatility ETFs like the (\$VXX), and, as mentioned above, cryptocurrencies.

Moreover, I am going to give out a few trading algorithms and criteria to help individual traders explore building trading systems, and explain new indicators released on TD Ameritrade's Thinkorswim platform, as well as my Person's proprietary Algo Lifetime product using TradeStation.

There are two theories on how markets perform: efficient market theory and random walk theory.

1. *Efficient market theory* leads to the belief that markets are always priced correctly because the current price reflects all factual information. If the markets are efficient, then no fundamental information will give an investor an edge in the market.
2. *Random walk theory* leads to the belief that price movements do not follow any pattern or trend and that past price behavior cannot be used to predict future price movements. In other words, the markets are completely unpredictable.

I fall in the category of believing that history can and does repeat itself. People can and do make money based on technical analysis, and I am here to help prove it.

IMPORTANCE OF A RULE-BASED APPROACH

You may have heard of Jesse Livermore, who was immortalized in Edwin Lefèvre's book *Reminiscences of a Stock Operator* (G. H. Doran, 1923; Wiley, 2006). Jesse was considered one of the greatest speculators of his day. Many of his principles and ideas are still used. His three key concepts of trading are (1) timing, (2) risk management, and (3) emotional control.

This quote from Richard Smitten's *Trade Like Jesse Livermore* (Wiley, 2005, p. 70) sticks with me because it is as true now as it ever was (keep in mind that Jesse committed suicide in 1940, so this was stated nearly 70 years ago): "All through time, people have basically acted the

same way in the stock and commodity markets as a result of greed, fear, ignorance, and hope: that is why the formations and patterns recur on a constant basis. The patterns the traders and technicians observe are simply the reflections of human emotional behavior.”

Most traders who are consistently profitable have learned to develop a rule-based approach that doesn’t change, with a few exceptions such as adjustments for volatility or daily price changes (true range) and position sizing according to risk and rewards outlooks.

They have within their arsenal of trading tools definitive, recognizable, and frequent reoccurring patterns that can be used to trade by a set of established trading rules. They can clearly define, without guessing or using a vague approach, support and resistance levels and what to do once prices reach those levels. Moreover, they have the ability to clearly define their entry, stop loss, or risk parameters and their profit objectives in a consistent, repetitious fashion each time they place a trade.

It is important for you to realize that it is the emotional balance that helps keep you on the profitable side of the ledger. You must never anticipate what the market might do, but rather wait for confirmation on your triggers. That’s where discipline comes in, to practice the patience to wait until a trigger is initiated and then the discipline to go through with the call of action.

Most traders who are profitable are flexible as to the anticipated outcome that may occur on each trade. Successful traders have the mindset to develop the perspective that their trading business is to manage their money rather than to predict the future. Successful traders can emotionally handle losing trades or the negative trades that result from an error or trading equipment malfunction. Remember that the business of trading for a living requires that you establish some kind of structure in a marketplace with countless variables. Why not consider trading by a set of rules?

Most traders do not trade by a system; the term “black box” just means that a trader has input a set of trading parameters and automatically executes a trade based on a specific set of criteria—strict rules to automatically trade by.

It seems that now more than ever before traders are relying on technical analysis. Often-times I tell the story of when I was invited regularly on CNBC in previous years (2000–2014) it was suggested not to use the “F” bomb word on TV, which stood for the word Fibonacci, or the “O” word, “Options.”

Now it seems more people talk about chart patterns, Fibonacci retracement, and unusual option volume as a signature method for market analytics and sound trade decisions.

I will walk you through a few more criteria that I find are more reliable and way more important than predicting support and resistance or unusual option volume to make sound trading decisions.

START TRADING AS A BUSINESS

If you are currently trading for a living or if you are expanding your knowledge to learn how to trade for a living, remember that this is a business. You need to treat it like a business. Therefore, some considerations need to be made; for example, forming a corporation in order

to deduct such expenses as your computer equipment, quote feed, internet, office rent, travel to investment conferences, and continued education seminars. What matters most to every trader and investor is creating a positive cash flow. You wouldn't want to finally start learning to make money consistently in the market only to find out that you cannot take any expense deductions. You should seek advice from a tax specialist so that you can take advantage of all regular and necessary expenses as business deductions and save thousands of dollars each year.

Let's add up the examples I mentioned: Suppose your internet feed is \$80 per month. Renting a small, one-room office could run \$500 to \$700 per month. Then there are equipment expenses, such as your desktop computers, a laptop for travel, monitors and printers and ink cartridges, and general office supplies to purchase and upgrade from time to time, say \$2,000. Attending an investment conference could mean \$700 round-trip airfare, plus \$250 per night for hotel and meals. If you have business entertaining expenses and went to at least two conferences per year, you could be talking as little as \$5,000 to as much as \$25,000 in actual business expenses that can be deducted if you are running trading as a business.

If you are a first-time smaller investor and decide that trading for a living is something you have the financial resources, time, and emotional makeup to do, what business plan do you have in place to protect the money you make in the market? Where will you put your profits as a short-term trader? Some traders have had many problems with this issue; it is similar to the old expression of "Robbing Peter to pay Paul." After all, who wants to make money in a buy-and-hold long-term position strategy only to give it back day trading, and vice versa?

I am going to show you a trading method based on combining candle charts (price-based analysis) using certain candle combinations to help identify shifts in momentum by identifying the close as compared to past price points in conjunction with other confirming tools like pivot point analysis, volume studies, open interest analysis, and breadth analysis for identifying the overall stock indices trend strength or weaknesses. In addition, I will cover when and why it is import to use the Person Market Catcher (PMC) relative strength indicator for trading stocks and ETFs.

Hopefully you will walk away with a set of tools to use in unison to give confirmation when applying a succinct set of rules. Let's call it your private and person "trading plan." This is the methodology that I have taught to professional traders on the floor of the exchanges and introduced to thousands of private investors, including other leading trading educators who now effectively teach my trading methods. More importantly, it is the methodology that launched J. Person Asset Management, LLC.

At the end of reading the second edition of *Candlestick and Pivot Point Trading Triggers*, you should be able to better decide what investment vehicles are available and best for you to trade, or would better suit you as a trader under various market conditions, and how to develop a trading strategy based on the specific trading triggers and confirming trading tools.

EDUCATION IS THE KEY TO SUCCESS

Traders need and, moreover, have an *obligation* and responsibility to understand as much as possible about how the markets that they trade work and what makes them function. It is vital to your success that you continue to learn not only about the market but also about

your trading hardware or computer equipment. For example, if you trade off a laptop, you should know how to disable the tapping feature on the touch pad. After all, who wants to accidentally place the wrong order online? That has happened to traders because the touch pad is ultra-sensitive. Simply moving your finger or having your shirt sleeve touch the pad can act as an action click. Traders should know how to set up and troubleshoot office or home internet connections or at least have a brokerage account that offers assistance in taking over-the-phone orders and to confirm your current positions. Always, repeat always, have a back-up form of communication with your brokerage firm as an active trader. We are working purely in an electronic era, therefore if your internet connection or computer crashes, then you will want a land line or cell phone nearby with the direct telephone number to the brokerage firm's trade desk. In addition, just in case the trading firm's platform crashes, imagine hundreds or thousands of traders all calling in on that same toll-free number; odds are that under those circumstances you will get a busy signal. Therefore, ask your trade representative for his direct telephone number and ask just in case there is ever such an emergency you can contact him or her directly. Remember Murphy's law, which states anything that can and will go wrong at the worst possible time will. All I'm suggesting is to be prepared.

On that topic of preparedness, traders need to learn and comprehend all the features and benefits that charting software packages and trade platforms offer and should know all about the order entry features, but more specifically, the brokerage firm rules and procedures for trading.

Individual traders now have access (limited) to after-hours trading for securities on select stocks and some ETFs. Make sure you have access and ask what it takes for your account to have approval.

Traders should make sure the brokerage firm has the title of the account set up so if ever there is a situation where you wish to wire money into an account, it matches the name on the bank to your trading account. You don't want an important wire to be rejected. In a situation where you want to either put on more positions or add a second account to trade a great opportunity, how sad it would be for back-office personnel to reject the wire, resulting in a lost opportunity.

A great trader is always looking to learn. One of the best processes to learn is asking a series of questions; evaluating the dynamics of a situation or event; and seeking out how to take advantage of that event within the financial resources, risk factors, and time constraints in place.

The traits that most professional and consistently profitable traders possess are that they follow a trading plan on extensively tested research and limit losses while letting winning positions ride. Winning traders exhibit the qualities of patience and discipline. The techniques that will be taught in this book will help you master those two qualities.

Other traits that winners possess are that they diversify into various trading positions, while committing only 10 to 40 percent of an account's equity in the markets. Successful traders commit their full attention to the market trends and prices, and they act on trading signals immediately.

They also seem to possess the ability to accept winners and embrace losers, and they don't let either of these outcomes generally influence their next trade decision. They stay in the now

and react to what the market is currently doing. Winning traders take breaks from trading. Through continued education and the process of asking questions, they gain an edge and stay on top of their competition through diversification or other more advanced trading strategies.

TRADERS NEED TO ASK MORE QUESTIONS

The process of asking questions is what is needed in order to gain more knowledge. The trouble is, most traders do not have enough experience to know what the right questions are. If you apply simple common sense, then you will be on a great start to learn how to identify investing or trading opportunities and find the right strategy to take advantage of those opportunities.

Some questions traders need to ask themselves include, just for starters: How much time do I have to dedicate to the markets? If I enter a day trade, do I have the time to watch this position, or do I have an appointment or meeting scheduled for that day? What are the possible outcomes of what I am about to do, based on what I have control over? Is this a light volume traded stock or one that's got plenty of liquidity?

What is my risk threshold? All traders have been stopped out of trades; if you haven't, you will be. However, there is the trader who refuses to trade with stops as they feel they always get stopped out. In case you are not familiar with stops, these are orders to be placed to protect from extreme losses. Sometimes the markets will move against you. If you fill that stop order it can exit you from the position and then the market can take off without you. This tends to be aggravating, but once you have been taught how and where to place stops you will tend to embrace this style of risk management. There are other alternatives to placing a stop, such as using options. For example, one would buy stock XYZ at, say, \$100 per share and simultaneously place an order to buy a protective Put option, say, the 95 strike. However, considering this is, in effect, an insurance policy to defend against a catastrophic loss and there is a limited amount of time plus there is a premium to pay like homeowner's or car insurance, this can add up and eat away at profits on a high-frequency trader's balance sheet. Again, there are pros and cons to this method.

I have learned the hard way to use an average daily volume study to help decide on what kind of stop loss you wish to employ. Thinly traded stocks (less than 1,000,000 shares daily) may not have options, like many of the marijuana sector stocks—a very hot sector in 2019. Like any “hot sector,” eventually they tend to “cool” off. But when there's momentum and the masses want to pour money into the space that's the “hot sector” that offers swing traders quick trades. These stocks tend to make exaggerated moves and can move adversely against your entry pretty quickly. Therefore, stops can be “picked” off. One solution is to participate in the trade using a smaller position size with no stop, or wait for daily and weekly closes to determine if you wish to stay with the trade. I'll cover more on that topic as well. That type of order is known as a “mental” “Stop on close” order.

There have been so many new “hot stock sectors” since I first started writing this second edition, from pot stocks, Bitcoin or cryptocurrencies, to initial public offerings such as Lyft and Uber, Beyond Meat, and then Zoom. With that in mind, do not forget about how GoPro and

Blue Apron traded with excitement only to fizzle out. At the end of the day, we really don't know which companies will take off and continue to grow in the long term, so risk management is paramount when trading.

Let's review my comment on what I meant by thinly traded stocks. In Figure 1.2 below we had a scan based on a daily PPS buy signal while the stock had been in a weekly buy mode or a slight uptrend over a few months' time. The company was Aurora Cannabis (\$ACBFF). Volume was just under 800 thousand shares. The stop was well under the yearly low and subsequently was stopped out on August 7th.

I bought the stock on July 13th at \$6.03 and was willing to give it more room than I usually do for swing-position trades; normally that number is between 5 and 7%. As the volume histogram shows at point "C", this was a thinly traded company. The trade was stopped out on August 7th at \$4.88. The stock fell even further to a low of \$4.05. As the chart shows, the stock more than doubled.

As it turns out we had a better trade set-up in Canopy Growth (\$CGC), so all was not lost. The point here is no matter where I placed a stop, more than likely it would have been elected. Disciplined traders use risk management; if not, it may turn out to be a short-term career.

Focus on what it is you want to achieve, write it out, and concentrate on that goal. Think of the consequences or possible outcomes of your actions so you will have a more balanced emotional reaction if the outcome is not as positive as you expected. Ask questions such as:

- Do market conditions warrant increasing or decreasing my position size?
- Are there reports coming out that may impact the market or my position?
- Are my entry and exit targets justified?



FIGURE 1.2
Aurora Cannabis (\$ACB) Courtesy Tradestation Securities.