

THE MOST IMPORTANT FACTOR
IN DUPLICATING SUCCESSTHE RISKS
AND REWARDS
OF INVESTING IN
THE DONALD
TRUMP ERATHE TOP 3 RISKS
TO FINANCIAL
MARKETS IN 2017HOW TO AVOID BEING IN DEEP
WATER WITHOUT A LIFE JACKETAUD 8.95
EUR 8.00
GBP 4.95
USD 8.95
NZD 9.95
SGD 12.90
MYR 20.00
HKD 79.00

Volume 22, No.1



9 POWERFUL TRADING QUOTES FROM MARKET LEGENDS | THE WEATHER PROPHET

CONTENTS

JAN/FEB 2017 VOLUME 22, NO.1



24

30. How to Avoid Being in
the Deep End Without
a Life Jacket

By Dale Gilliam

33. 9 Powerful Trading Quotes
from Market Legends

By Ashley Jessen

36. The 2017 TRUMP Card
Opportunity and what it
may mean for you and the
European Markets in 2017

By Lachlan Elsworth

53. Software Review

Traders of different levels of
experience test Beyond Charts.54. BEWARE OF PROFIT LESS
PREDICTIONS

By Dawn Bolton-Smith

55. Current and New Charts

58. Chart Watch

59. Winners and Losers

TRADER'S MINDSET

63. The Most Important Factor
in Duplicating Success

By Van K. Tharp, Ph.D.

66. What I've Learned From the
Trader Who Turned \$1500
into \$68000 on the Night of
the US Presidential Election

By Mandi Ratsenjani

70. Your Trader's Life

By Louise Bedford

72. Trader's Story

Get to know your fellow traders. YTE
speaks to trader Zoran Kresovic.

75. Marketplace



40

40. The Top 3 Risks to Financial
Markets In 2017

By Jodie Nolan

TECHNICAL ANALYSIS

45. The Nuts-and-Bolts of
Practicing Elliott Wave Trading!

By Dr Mircea Dologu

51. The Weather Prophet

By David Burton



72

COVER STORY

24. The Risks and Rewards
of Investing in the
Donald Trump Era

By Anthony Darvall.

MARKET COMMENTARY

8. Market Wrap

With Carlo Castellano

12. Market Wrap

With Janine Cox

14. Market Snapshot

Hemal Pandya: Exploring upcoming
trading opportunities on GBP/USD

16. Currency Corner

With Chris Weston

18. Commodities Corner

With Gary Burton

SHARES AND TRADING

23. The Advantage of Investing
in IPOs

By Sam Green

26. Core Satellite Investing
Approach

By Gary Stone

2 | YOURTRADINGEDGE

JAN/FEB 2017

9 POWERFUL TRADING QUOTES FROM MARKET LEGENDS

9 Powerful
Trading
Quotes
from
Market
Legends

By Ashley Jessen

33 | YOURTRADINGEDGE

JAN/FEB 2017

9 POWERFUL TRADING QUOTES FROM MARKET LEGENDS

Wisdom, belief and guidance. Every time a trading legend shares a quote in a trade publication, book or website, they are sharing a golden nugget.

This golden nugget of trading advice has likely taken them decades to understand, and possibly even two or three trading accounts to get right.

There are two types of people we can learn from. Those who are successful and those who are losers.

One of the great things about reading quotes from trading legends is that most of them were likely struggling traders when they first started.

So we get the benefit of the challenging times, which moulded them into the ultra-successful trader they have since become.

Here are nine powerful trading quotes from market legends, their warnings, ideas to improve your skills and hopefully, some tips to help you rise to the top.

Trading Quote Number 1 - Jesse Livermore

"Markets are never wrong - opinions often are." - Jesse Livermore

"Markets will absolutely tank if Trump gets elected." Did they? The Dow Jones rallied 1727 points in 16 days from the Presidential Election Day low, which is 9.8%.

Key support levels were broken, Armageddon was around the corner and yet here we are at record highs. If you were short and remained short, you will have wiped out most of your trading capital.

So the market is always right, and your opinion doesn't matter.

Successful traders remove opinion from their 'game' and focus on probabilities and trading what is in front of them.

Trading Quote Number 2 - Bruce Kovner

"Novice Traders trade 5 to 10 times too big. They are taking 5 to 10% risks on a trade they should be taking 1 to 2 percent risks." - Bruce Kovner.

Ever blown up a trading account? Unfortunately, this is a reality for many traders, especially those trading CFDs, Forex or Futures contracts.

Smart traders know the importance of trading 'small' and staying in the game. The reality is, most trading systems have a 'purple patch' of wins throughout the year. The rest is spent managing

Trading Quote Number 5 - Larry Hite

"Frankly, I don't see markets; I see risks, rewards, and money." - Larry Hite

Your job as a trader is to locate the best risk reward opportunities for your money.

Traders who can identify trades based on the risk reward opportunity will be in a strong position to consistently grow their trading account.

It will be inevitable that a period will come along when you have too much opportunity relative to your trading capital.

The number 1 way to isolate the best trades for your capital is to identify the trades that will have the greatest chance of gain.

Most traders use technical analysis, trading levels and current volatility to determine the potential upside for a trade. Over time, you must get good at this skill.

Trading Quote Number 6 - Tom Basso

"I think investment psychology is by far the more important element, followed by risk control, with the least important consideration being the question of where you buy and sell." - Tom Basso

Psychology is critical to life and trading. Your mindset and your beliefs shape every decision you make.

Every trader places their belief and mindset goggles on every chart they view. Hence the reason psychology is so critical to your short, medium and long-term success.

Tom, like many of the best traders in the world, places a lot of time and effort in designing robust risk control systems.

Van Tharp has shaped a lot of the best trading minds in the world and stated two things that back up Tom's views.

1. Everything about trading is 100% psychological

2. You build your risk control and money management systems to meet your trading objectives.

Notice how neither of them suggests entry techniques are what help you win. There is a very good reason for that.

Trading Quote Number 7 - Paul Tudor Jones

"If I have positions going against me, I get right out; if they are going for me, I keep them... Risk control is the most important thing in trading. If you have a losing position that is making you uncomfortable, the solution is very simple: Get out, because you can always get back in." - Paul Tudor Jones

Notice a common theme among the trading elite to get out of losing positions?

One of the subtle differences with Paul Tudor Jones' quote is that he allows the opportunity to get back in. Wise words.

If you are convinced a stock is going from \$2 to \$20, but initially cuts you out at \$1.50, then it still has to run through \$1.80, \$2, \$3 and so on until it gets to \$20.

Locking in the ten baggers doesn't have to mean you get the absolute bottom of the market. Give your position some wiggle room.

If the trade cuts you out early, monitor the position until your

small wins and small losses.

By risking a small amount on each trade, you never get emotionally connected; you can ride through the rough periods with ease, and you stand to gain some fantastic profits when all the signals align.

Trading Quote Number 3 - Jesse Livermore

"As long as a stock is acting right, and the market is right, do not be in a hurry to take profits. One should never permit speculative ventures to run into investments." - Jesse Livermore. Plus "Money is made by sitting, not trading." - Jesse Livermore

Outlier profits are where the opportunity lies. Profitable traders build the opportunity to ride profits into their trading systems.

The reality is, you never know when a trend is going to unfold, providing you with the windfall profit that turns your entire year around.

There is a cognitive bias known as the disposition effect, which means we are hard-wired to cut our winners short and let our losses run. This always ends in disaster.

Profitable traders need to fight this tendency and allow the opportunity to sit and ride until the maximum.

Trading Quote Number 4 - Ed Seykota

"The elements of good trading are: (1) cutting losses, (2) cutting losses, and (3) cutting losses. If you can follow these three rules, you may have a chance." - Ed Seykota

Ed Seykota is one of the most quoted traders in the world. His warning here cannot be made clearer.

"You must cut your losses to win."

"But the position I am in gained over my stop and now I am sitting on a 3R open loss," you say. Well, get out. Reduce or cut completely.

The emotional energy and baggage you will carry around trying to nurse and 'manage' this loss is simply not worth it. What if it gaps down again? What if all the bad news wasn't priced in on the first gap down?

Just cut your loss and move on. Free up your mind to focus on new trading opportunities.

When I used to be a broker taking Futures orders trade every day, I had one guy who would place the same SPI futures trade every day. It was a multiple of ATR (Average True Range) away from the current price in the hope that he would snag an outlier event.

He did from time to time and was able to be in profit quickly and take advantage of the unexpected.

In previous YTE articles, I have illustrated how to use Oscillators like Stochastics and RSI to find overbought and oversold opportunities.

Combine this with the ATR of the stock, and you can be very calculated in finding the ideal point at which a stock could rise or fall based on unexpected fear and greed in the market.

In conclusion, these 9 powerful trading quotes contain many golden nuggets to help improve your trading skills.

Read through them a few times. Take notes on the areas your trading might be missing and revisit them every few months.

You may be surprised at the new-found wisdom you gain every time you read them, as you continue to grow as a trader.

Ashley Jessen is the author of CFDs Made Simple and CEO & Co-Founder of ProfitBooster.com.au, a company dedicated to helping finance and professional services companies drive more leads, convert more sales and boost the authority through intelligent PR, content and media distribution.

35 | YOURTRADINGEDGE

JAN/FEB 2017

9 POWERFUL TRADING QUOTES FROM MARKET LEGENDS