

ALL YOU NEED TO KNOW ABOUT TRADING

by Avery T. Horton, Jr. aka TheRumpledOne TRO

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ALL YOU NEED TO KNOW ABOUT TRADING

- * Price either goes up or down.
- * No one knows what will happen next.
- * Keep losses small and let winners run.
- * $\text{POSITION SIZE} = \text{RISK} / \text{STOP LOSS}$.
- * The reason you entered has no bearing on the outcome of your trade.
- * You can control the size of your loss (skill) but you can't control the size of your win (luck).
- * You need to know when to pick up your chips and cash them in.

$\text{Expectancy} = (\text{Probability of Win} * \text{Average Win}) - (\text{Probability of Loss} * \text{Average Loss})$

You cannot control the probabilities of winning or losing.

You cannot control your average win size.

The only part of the equation that you can control is your average loss size.

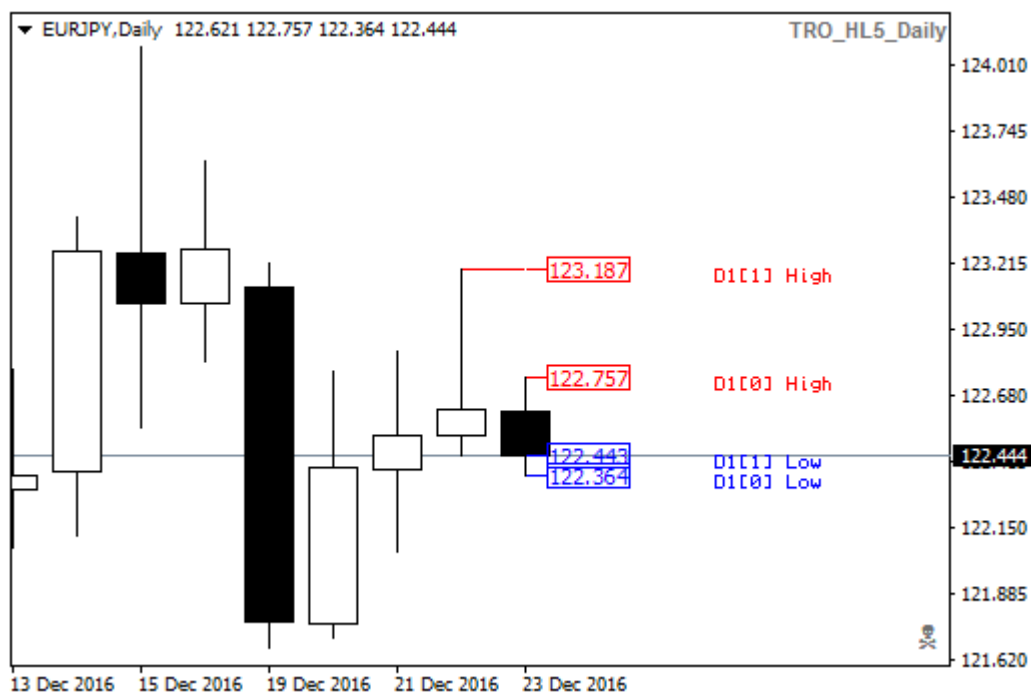
PRICE ACTION

“Now, 2 patterns of market behavior happen on a regular basis:

- 1) the price breaks to new high's (or low's)[sic]*
- 2) the price reverses from new high's (or low's)[sic]*

They happen regardless of time frame .

They are phenomena that can be exploited without the fear if found out by others, that they might cease to exist.” - H. Rearden

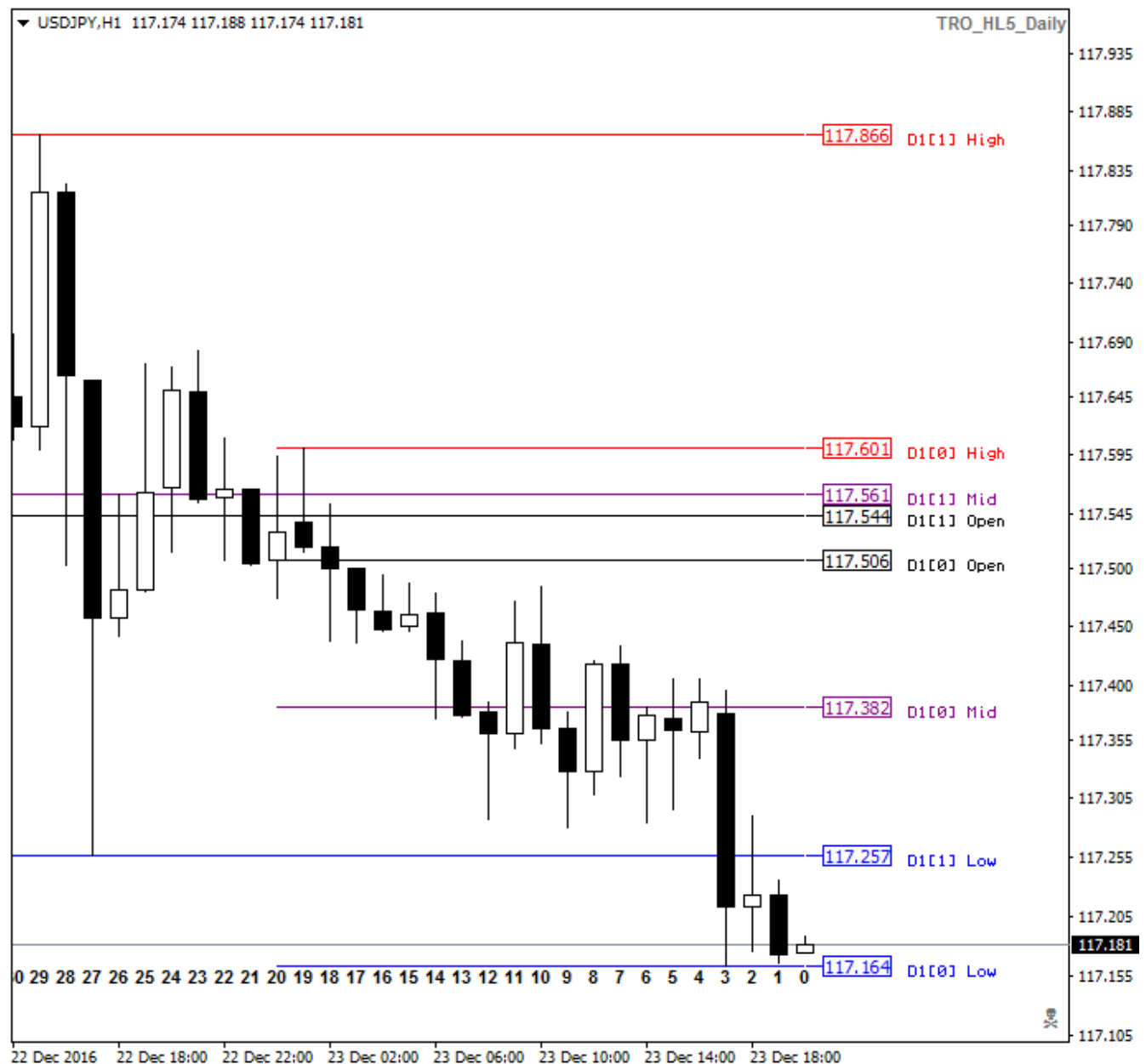


- 1) Price will either breakout of the high, low or both of the previous bar
- 2) Price will not breakout of the previous bar.

You cannot reduce it any further.

Anything else complicates the issue.

ENTERING A TRADE



You decide to:

- 1) Wait and do not enter a trade;
- 2) Trade a breakout or cross over;
- 3) Trade a reversal.

Those are your ONLY 3 options.

That is all you need to know about trading!

ABOUT THE AUTHOR

Let me introduce myself. My name is Avery T. Horton, Jr. I have a B.S. degree in computer science from the University of Maryland, College Park, MD. I have been a computer programmer and a trader since 1977.

You may know me by my Internet handle – TheRumpledOne or TRO for short. You probably also know that I have been BANNED from more than one forum and chat room for helping my fellow traders profit.

I post my code on www.kreslik.com

I have a YouTube channel:

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Facebook: <https://www.facebook.com/TheRumpledOne>

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