1. *Self-Assessment*
   1. **Why do I want to be a trader?**

I want to be a trader because I want to trade myself to financial freedom. My primary objective in wanting to be a trader is to make enough money to supplement my university life. My secondary objective is to build a profitable portfolio to show potential future employees. These objectives are important to me, because I want to take sole control of my financial affairs. I believe I can become a successful trader because I'm willing to study and practice the business of trading.

* 1. **What is my style?**

I am a discretionary trader and my style needs to be patient, positional trading. I understand that I cannot predict the future and I accept that I cannot control the markets. However I can control myself, which I will do by. Following my trading plan that is detailed, specific, tested and profitable.

* 1. **What are my strengths and weaknesses?**

My primary strengths are that my analytical and research skills are very good and a person willing to research different strategies for trading. However I am very confident in systems I create which have done well in a demo, which helps my psychological aspect of trading to deal with losses and wins, if I follow the plan.

My secondary strengths are that I will consider the thoughts and opinions of other experienced traders as well as my own, as I’m not an experienced trader with many years under my belt.

My primary weakness is that I'm slow to action at times because I don’t know how to approach certain opportunities or I’m too careful and the fear of losing, stops me from taking trades. The following aspect of my trading plan will help to control this weakness and prevent fear taking control; sensible r:r ratios.

My secondary weakness are that I sometimes I become too focussed on whatever I'm doing and lose attention on other tasks/markets. The following aspect of my trading plan will help to control this weakness and prevent me becoming too consumed in one task, self-time management.

* 1. **Am I in the right frame of mind?**

I will only trade on days when I am rested, relaxed and not distracted by work/uni or family etc. I will be guided by my trading plan and I will adhere to it rigidly. It will help to prevent me from making trades that are poorly executed; i.e. trades that are based on gut feeing and motivated by fear and/or greed.

I will my best not to trade on days when I am feeling ill, tired or when I am mentally distracted by other events in my life.

* 1. **How much time during the day do I have to devote to trading?**

I’ve got about 1.5 hours each day, outside work to devote to the daily aspects of trading. I can make some time over the weekend to review the week's work as well. (time I have available to look during the week, isn’t during the peak times usually it is after 7pm)

* 1. **When I'm trading, how many distractions can I expect to have? How will I deal with those distractions?**

I will spend 1.5 hours in the evening so I don't anticipate too many distractions really.

* 1. **How much time do I expect to devote to developing my trading system? And to doing my personal psychological work, and to working on my business plan for trading?**

I've already done work developing my trading system which has involved comparative analysis with other systems and has been applied by many traders which can be seen in the J16 thread.

As for psychological work I believe that my trading is 100% psychology and is a vitally important aspect to be worked upon. I have done my own self-analysis and know when I'm confident in doing the right or wrong thing, trading wise (not 100% sure I’m doing it in my personal life).

* 1. **What are my computer skills? What skills do I need before I begin this trading venture?**

I’m very good with computers. I have used computers most of my life from school onwards. Also I’m very adaptable to new software such as trading platforms.

1. *Defining My Objectives*
   1. **What are my trading goals?**

My trading goal is to be consistently profitable every month and year. My strategies are well developed, tested to ensure that they remain trade-able, market sensitive and profitable. I expect to achieve these goals because I've researched and studied trading techniques that when applied with discipline and patience will help me to succeed in trading. When I achieve my goal, my reward will be financial independence while at university if done within 3 years.

* 1. **What are my income targets?**

My main target is just simply to increase my capital base. A specific target would be £22,000, that’s the cost of my degree.

**2.3 What is my advantage or edge in trading? What is the particular concept that I'm trading that gives me an advantage?**

Strategic thinking is my edge (Price Action). I also have an edge in terms of being able to walk away and re-evaluate. Most people can’t do that, they revenge trade.

**2.4 How much money do I need to make each year?**

My income comes from my summer job, so I don’t need anything from my trading income except not to lose. Trading income is simply a second income for me and I’m limiting my losses this year to £100.

**2.5 How much social contact do I need?**

I don’t need much, but I do enjoy it. I believe that trading should be a solitary endeavour for the most part, particularly the decision makings regarding trading. However lessons or opinions from more experienced traders should be sought where available.

**2.6 How will I know my plan is working, and how will I know’ when it’s not working? What do I expect from my system in various kinds of markets? Trending? Consolidating? Highly volatile?**

Since my techniques are discretionary they can't be quantified exactly. However if the same techniques that are proven to work on a significant mass of historical data then just by following those rules should in the long term provide a positive expectancy of making a profit. I haven't analysed statistics such as average win to loss, or highest sequence of winning or losing trades since discretionary back testing isn't an exact science. If it happens that the techniques are consistently failing in today's markets that should force a re-evaluation of my methods. The historical testing has covered all cycles from trending to consolidating, from volatile to quiet, so these conditions have been analysed.

1. *Trading System Concepts*

The basis of my system is price action. Price action is used to determine reversal on support and resistance levels when used in conjunction.

It is important to point out that PA is indicative of price movement from support to resistance levels, or vice versa. So that, for example, price may have recently tested a support level, reversed, and created a price action at the support starting a new path all the way up to a prior resistance level or beyond.

Once in a position when price has hit a profit level, I will get out of the position and re-enter at the re-test if it is met the right qualifications.

To define pa we need an outside bar, pin bar or a swing failure that is the only price action I use. The official definition is Price Action {PA} is seeing the most recent bars as an insight to current Trader Sentiment.

Once given pa we look for other supporting factors such as fibs to further point to a reversal and ppz at s&r, and finally pivots of moving averages obviously they all don’t have to be there but they must at least be one with pa.

The system is most vulnerable to pa changes and this is when a pa is just formed and the next bar is a deciding factor, such as in pin bars and my entry has to be good due to my small account size. But this is reduced by strong s&r, but to further reduce risk I will enter off smaller time frames.

**3.2 Strategies, Entries & Exits**

**3.2.1 Which strategies will I trade?**

My primary strategy is to trade pin bars with strong support or resistance, and to ride them to a profit level and wait for the re-test of my original entry point.

Second strategy is to trade sfp and outside bars of indicators I mentioned above and bounces of.

So the strategies for both are similar but reliability is higher off pin bars. But frequency is higher I the secondary strategy.

**3.2.2 Entries**

At the moment I have to scale down on entries to lower time frames and pivot of lower tf’s s&r to reduce risk because my stops our to big for the account, I hold, If I want to build it.

For pin bars my entry would be determined by looking at my profit level on the tf the price acions on a lower time frame look for s and r above or below the pinbar to get secure access and wait for retest of level then go long long or short after retest has been successful.

The same applies for outside bars.

**3.2.3 Exits**

**Losing trades**

I’ll let it hit my stop loss based of the lower time frame to reduce risk there will always be other trades. I need to capitalise on big wins and small loses will not to affect me so much but being picky should raise my success rate.

**Winning Trades**

When my account grows to a respectable amount I’m going to try out these methods, pyramiding and trailing a stop loss. But the main way I will exit a trade is at levels and taking profit at these levels. The most important thing at this time is getting profit to fight another day and not allowing the market to take it from me.

1. *GENERAL RISK MANAGEMENT*

**4.1 What is my attitude towards risk?**

My attitude can be summed up as being to minimise risk wherever possible. I will achieve this by focussing on certain markets and strictly following the risk management of my trading plan.

**4.2 What is my overall market risk?**

My maximum market exposure will not exceed a combined total of 3% of my capital at any time.

**4.3 What about broker and hardware risk?**

My main broker is fin spreads. Currently I have one other broker that is a stock broker. In the event that my PC crashes I have my phone that can access my account.

**4.4 What is my strategy risk?**

I will monitor the draw-down on my trading strategy. In the event that this figure exceeds 10% from the starting month's capital or draw down by 30% from the start then I will stop trading immediately and review the whole approach.

***SPECIFIC RISK MANAGEMENT***

**4.5 What is the probability of a successful trade?**

My set-ups have been defined in the last section of my plan and I am familiar with them that I can spot them in real time. Extensive back testing and demo testing indicates that the set-ups have a positive expectancy over a long term sample of trades.

**4.6 What is my risk per trade?**

For every trade I enter, I will not risk more than 3% of my total equity. For each trade I will identify the ideal stop loss point and vary the number of trades to one at a time, to focus on how to deal with the current trade.

**4.7 Given my goals in terms of returns and draw-downs, what kind of initial risk stop do I want? If it’s close, will I be able to get right back into the market so that I won't miss a move?**

Stops, in my opinion, should be a violation of the reason why I wanted to get into the trade in the first place. My stop is a function of the market and what it’s doing. It’s only indirectly related to risk - unless the risk is too big for me to even take a position. I control risk as part of my money management.

**4.8 Where will I place my stop loss orders?**

For every trade I enter, I will decide in advance where to place my stop loss in the event that the trade goes against me. Its placement will be governed by the strategy described in the last section.

**4.9 When will I stop trading, or decide not to trade?** If I lose 3% of my monthly starting capital then I will cease trading for a week and review my trades. If I lose 30% of my monthly starting capital then I will cease all activities and review my trades along with my system, strategies and plan. I will not trade at all on days where I do not see the set-ups and entry triggers, exactly as specified in my plan.

**4.10 money management**

I won’t be using money management as my success rate should be quite high so money management’s purpose is not going as beneficial as it should be.

1. *Daily Activities*
   1. **What is my routine?**

My daily routine consists of: To analyse the markets according to my system, and place orders if needed.

To review any open trades, update targets and stops.

Trades and markets will be checked though out the day but only checking prices, and a review of the day from 8 o’clock onwards. Activity should take no more than 45 minutes per day.

**5.2 Have I analysed my last trades?**

Each day, I will ensure that my last trades are analysed and logged, I will check to ensure that I adhered to all aspects of my trading plan. In the event that I fail to adhere to my trading plan I will amend the new day’s trading activity in accordance with the discipline procedures section of my plan.

* 1. **Have I any open positions or orders?**

If I have open trades/orders, I will update stops and targets and also check that the trades are still valid according to my system.

1. *Discipline*

**6.1 Back Test or Forward Test?**

Before I commence live trading with real money, I will back-test and demo my strategies to ensure that they are trade-able and meet my profit objectives without exceeding my risk and money management parameters.

**6.2 What are my promises to myself?**

If I break one of the rules detailed in my trading plan I will stop trading for a full day and focus on the reasons why there was a breach of discipline.

If I break two of the rules detailed in my trading plan I will stop trading for two full days and focus on the reasons why there was a breach of discipline.

If I break three of the rules detailed in my trading plan I will stop trading indefinitely until I address the reason for my poor discipline and, if necessary, amend the trading plan.

* 1. **What questions will I ask after a winning trade?**

Guard against over confidence and ensure that my attitude remains consistent.

Check to see that I did everything as well as I could.

Remind myself that executing the trade in accordance with my plan is more important than the outcome of the trade.

* 1. **What questions will I ask after a losing trade?**

After a losing trade I will: Examine the trade and learn what I can from it.

Check to ensure that I executed all aspects of the trade in accordance with my plan.

Evaluate my state of mind to ensure that I am calm, relaxed and ready to enter the market again with an unemotional and professional attitude.

This is the most important part of my plan, as this is the area where I learn the most and can also profit the most, by learning from my mistakes…

Trading plan completed on the 09/09/12

Next Amendment date 1/10/12