

intraday time frame to enter a trade.

CP: Is it tough looking at that many time frames?

RB: Well it is not that hard. You look at the charts, look at the quarterly trend and if the quarterly is a three-wave structure that it has just started going up and the yearly is still in an uptrend, then the monthly trend should have just started going up as well. That sort of scenario favours an aggressive position size. You got all the trends in your favour and your timeframe's trend is just starting. Any resistances in the lower time frames - the weekly and daily - should be easily overcome and if they are not behaving that way, there is something wrong with the analysis. It takes less than half an hour to do the analysis. Once you get the hang of it, it is very easy.

Most traders I have seen, especially discretionary traders, don't have a systematic way of thinking and so when they sit in front of a chart what happens is, they go into a mental loop: that wastes and takes up a lot of time.

CP: Any further advice?

RB: Firstly, don't be a full time trader unless you have at least two years income set aside or there is an incoming wage. Either your wife supports you, like my wife did, or you have savings. It is too much pressure if you don't have the income.

Trading in one sense is simple: in the sense that the rules of success are very clearly laid out. Laid out by everybody who has lost money! But the rules are hard to implement. Begin by looking for a very simple plan, learn to flawlessly execute it and accept the losses that it incurs. Do it for 30 trades then decide whether it is a good plan. Beginners tend to chop and change, which is not good. Typically, they go to a Ray Barros seminar, have three losses in a row, give up and skip to a Robert Fischer seminar, have losses and jump over to P&L etc. They don't give the methodology a chance to work. They must realize that while every investor wants to be Warren Buffet, there is only one Buffet. Just like there is only one Gann. Hence, be yourself, follow the general principle: have a simple plan, make sure you can execute it and if it works for 30 trades keep on using it - if you can, improve on it. If it doesn't work, dump it and start a new plan. But don't start a new plan until you have given it a chance.

Don't overtrade. Don't be greedy. People want to get rich too quickly in this game. If you can make 30% a year or even 20% a year, compound it - don't spend profits - and you'll be doubling your money in five and the half years time. In 10 years, you will be multi-millionaire depending on the capital with which you started. Focus on being successful in a slow and steady manner and you certainly will be better off relative to your starting point. Traders don't want to hear that. With \$10,000, they hope to make a million by the end of the year. They overtrade; they're greedy for instant success. What will happen is that the market will take all they have and more.

In summary, don't be in too much of a hurry, have a good simple plan, execute it well, don't make mistake which means not following the plan. By the end of it, see where you are and review it.

Interviewed by Paul Leo

Ray Barros, trader, coach, seminar speaker and ex-lawyer is based in Hong Kong. Learn to Position and Day Trade with Ray in Sydney on Dec 10, 11-12 and in Singapore on Dec 3, 6-7. Visit www.adept.com.au and www.liontrader.com for more information.

Resources mentioned in the interview:

Steidlmayer on Markets: Trading with Market Profile, 2nd Edition
By J Peter Steidlmayer and Steven Hawkins
Published by John Wiley & Sons (November 22, 2002)
Hardcover; 240 pages
ISBN: 0471215562
Suggested retail price: S\$103.00

Richard Wyckoff's books:

The Day Trader's Bible or My Secrets of Day Trading in Stocks.
How I Trade and Invest in Stocks and Bonds published by Fraser Publishing (1998)
Jesse Livermore's Methods of Trading in Stocks published by Windsor Books (2000)
Wall Street Ventures and Adventures Through 40 Years published by Traders Press (1986)

Dynamic Trading Indicators

Winning with Value Charts and Price Action Profile

By Mark W Helweg & David C Stendahl

Published by John Wiley & Sons (November 22, 2002)

Hardcover; 230 pages

ISBN: 0471215570

Suggested retail price: S\$120.00

Joseph Hart's Trend Dynamics: www.trend-dynamics.com

P&L Methodology: www.pldot.com

Robert Miner's Dynamic Trader: www.dynamictraders.com

CMC Partners: www.dealforfree.com

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