



# **Mind Over Market:** *Developing a Trader's Mindset*

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# Overview

- Confidence in Trading Plan
- Trade Process
- Performance Gap
- Trade Categories
- Correct Process
- Correct Performance
- Strategy Sets
- Trade Probabilities
- Process for Building Confidence



# Confidence in Trading Plan

TRADING TERMINAL / TRADEBOOK

## Break High of Day with Scanners

Enter a position when there is a buyer who is willing to pay more for the stock than anyone else in the world during the intra-day session if it has rising volume into the break.

Time: Any time between 9:40am - 10:30am ET

Indicators:

- The Stock has smooth Volume (Consistent Volume Bars)
- The HOD is near a significant level (PMH, PCL, ATH, R3, R4, or Daily)
- The stock is pulling back from the HOD (minimum of 2 red candles to a support level)
- Level 2 is stacking above the HOD at .50 intervals
- RVOL is greater than 90%

Confirmations:

- Begins to "punch" towards the HOD (has an indecision or engulfing candle after the pullback)
- Does not consolidate at the HOD (No more than 1 red candle after the punch going into the break)
- Has rising volume into the break of the HOD with Time & Sales running more green than red.

Entry Signal:

- Stock prints .01 cent above the HOD on the BID Side

Stop Loss:

- Bottom of the wick of the previous candle before the entry candle. Stop is moved to the bottom wick of the next 1-minute candle after entry if a partial is not taken before it closes.

Target:

- A new 1-minute low

Rules:

- Once a partial is taken, the trade should always be exited at break-even
- Exit the trade after 5-min if you do not have your first partial
- Exit the trade if the first three 1-min candles after entry have lower lows and lower highs
- This is not a trade where it is "success or a -1R loss", it is perfectly fine to take a -0.5R loss, use your judgment and watch SPY

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<p><b>Category 1 Trade</b></p> <p>Correct Process</p> <p>Trade Worked</p> <p>Correct Performance</p>	<p><b>Category 3 Trade</b></p> <p>Bad Process</p> <p>Trade Didn't Work</p> <p>Poor Performance</p>
<p><b>Category 2 Trade</b></p> <p>Correct Process</p> <p>Trade Didn't Work</p> <p>Correct Performance</p>	<p><b>Category 4 Trade</b></p> <p>Bad Process</p> <p>Trade Worked</p> <p>Poor Performance</p>

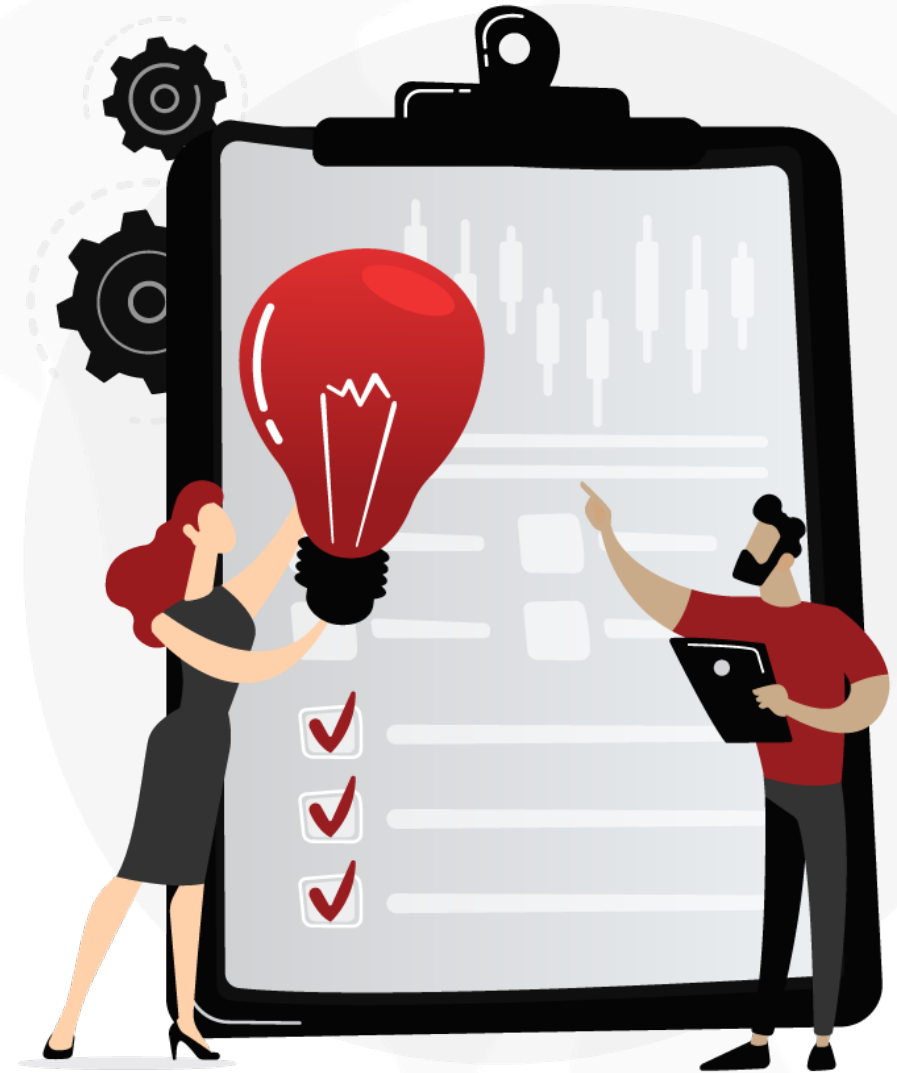


- Average Winning %:** 76.33%
- Average Winner:** \$158.12
- Average Loser:** \$48.57
- Average Trades:** 1.9
- Discipline %:** 79.75%
- Risk to Reward:** ~1:3.25

**Execute 3 – 5 Category 1 & 2 TradeBook Trades**

# Trade Process

- Take a Trade
- Screenshot Entry
- Manage the Trade according to your Trade Plan
- Take End of Day Screenshot
- Mark Highest Price went before hitting your stop
- Determine Category of Trade

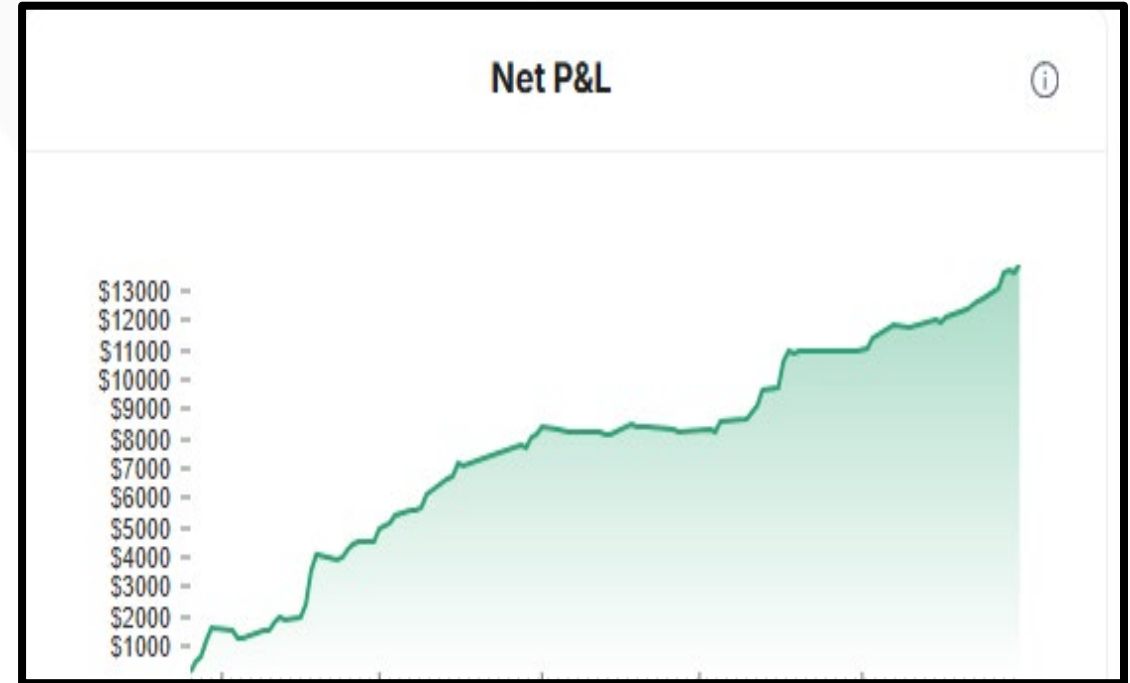


# Performance Gap

- What Your Trading Plan should Produce vs. How You Actually Trade



Cat 1 & 2 Trades



Cat 1 - 4 Trades

# Trade Categories

## Category 1 Trade

Correct Process

Trade Worked

Correct Performance



## Category 3 Trade

Bad Process

Trade Didn't Work

Poor Performance



## Category 2 Trade

Correct Process

Trade Didn't Work

Correct Performance



## Category 4 Trade

Bad Process

Trade Worked

Poor Performance



# Components of a Disciplined Trade

- Define Process
- Define Performance
- Define How You View **Breakeven** Trades That Makes Money
- Define How You View **Breakeven** Trades That Losses Money (slippage)

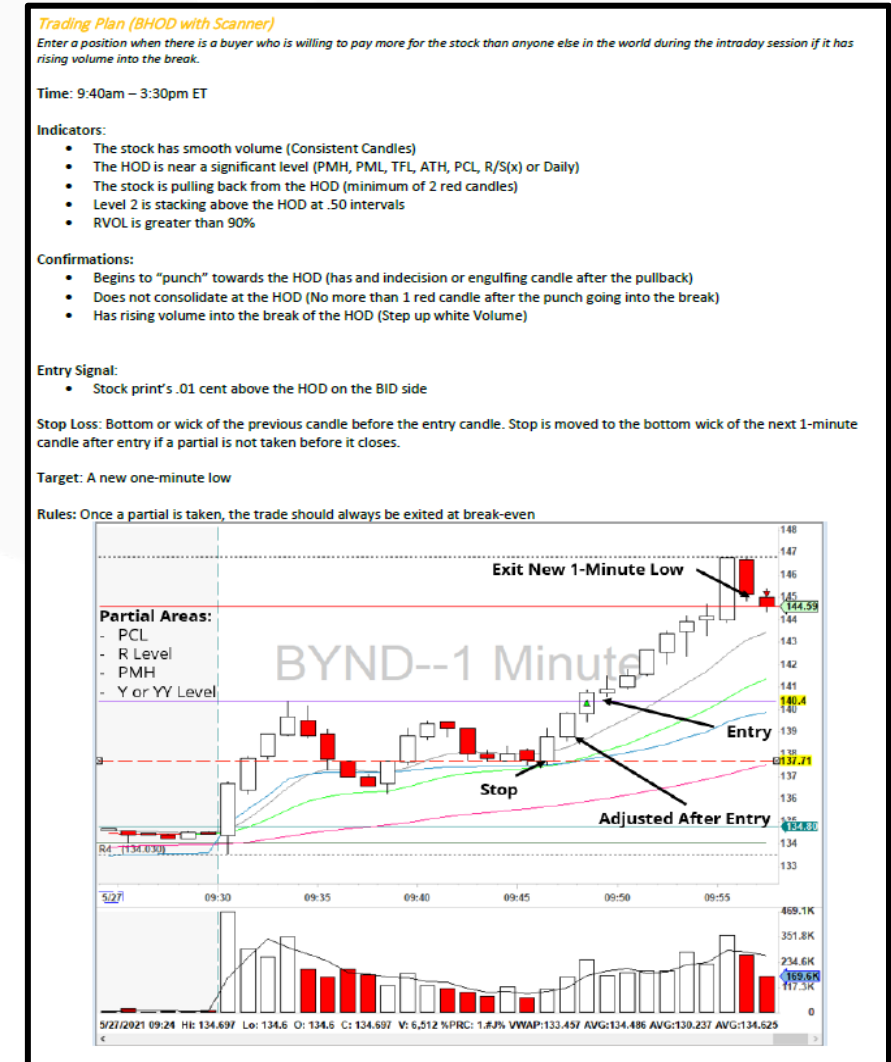


Process

- Stock Selection
- Indicators
- Confirmations
- Risk Management

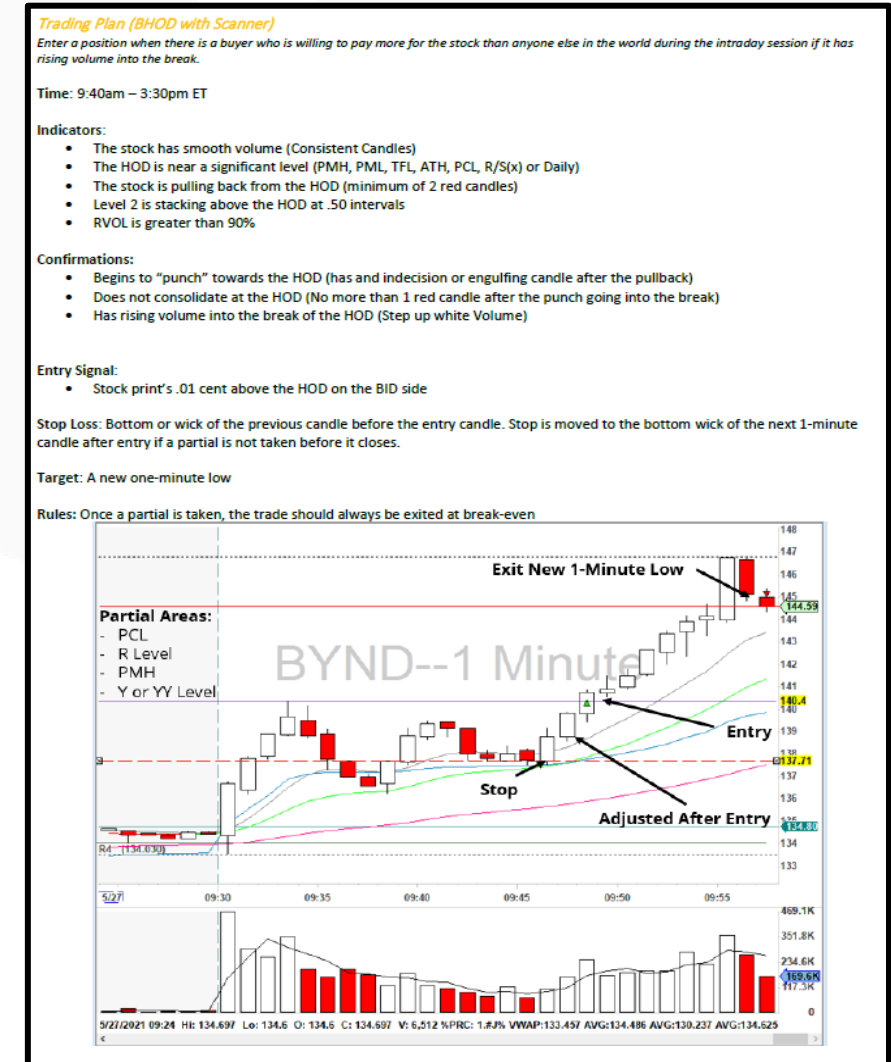
# Defining Correct Process

- Correct Process is Properly Executing all the Steps Up to Taking an Entry
- You Define Criteria to Evaluate Your Execution
- Stock Selection
  - Did I put expected move lines on the MAG 7 + any gappers
  - Did the stock hit the BHOD scanner
- Indicators
  - Did I get 3 of 5 indicators
- Confirmations
  - Did I get 3 of 3 confirmations
- Risk Management
  - Did I place my stop correctly
  - Did I have at least 1:1 before the 1<sup>st</sup> significant level

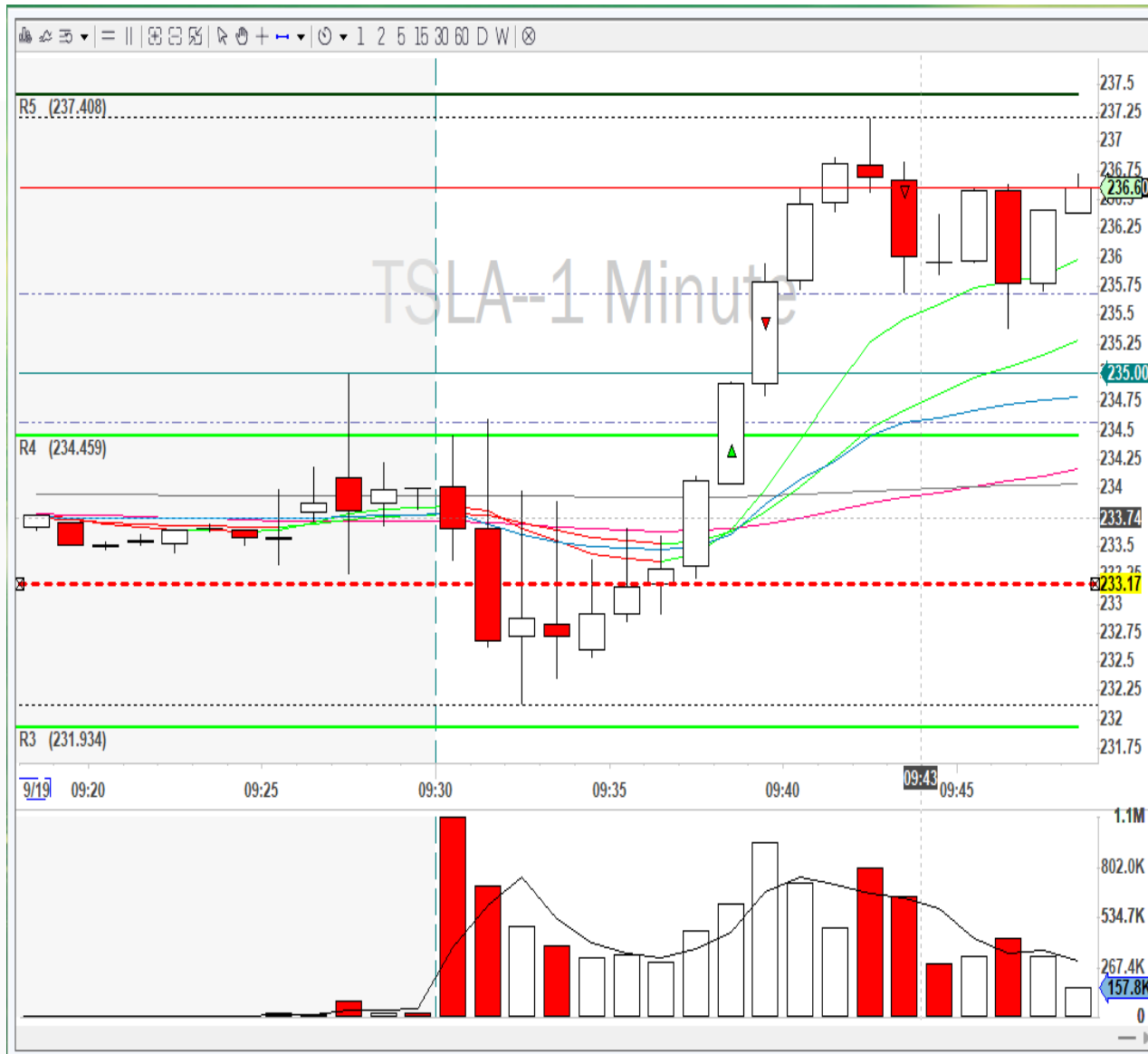


# Defining Correct Performance

- Correct Performance is Properly Executing All the Steps from Entry to Fully Exiting the Trade
- You Define Criteria to Evaluate Your Execution
- Trade Entry
  - Did I enter on the break of HOD +.01
  - Did I enter with volume at least halfway at 30 Secs
- Trade Management
  - Did I partial at the significant Level
  - Did I get out at a new 1-minute low
  - Did I stop out correctly
  - **Unless the Market Provides Me New Information:**
    - QQQ/SPY Drops/Pop
    - Time & Sales/Level 2 Changes
  - Does not mean because I worried about losing \$\$\$



# Strategy Set Process



# Trade Probabilities

## Cat 1 & 2

Net P&L ⓘ

**\$18,648.91**



Average Winner ⓘ

**\$158.12**

Average Loser ⓘ

**-\$48.57**

Average Winner/Loser ⓘ

**3.25**



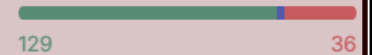
Average Trades / Day ⓘ

Number of Trades

**1.90**

Win % ⓘ

**76.33 %**



## Cat 3 & 4

Net P&L ⓘ

**\$227.76**



Average Winner ⓘ

**\$120.59**

Average Loser ⓘ

**-\$74.72**

Average Winner/Loser ⓘ

**1.61**



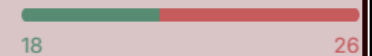
Average Trades / Day ⓘ

Number of Trades

**1.47**

Win % ⓘ

**40.90 %**



Why would take a trade outside your plan?

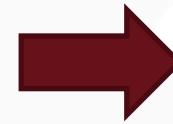
# Process for Building Confidence



Develop Your Strategy



Execute Your Trading Plan



Evaluate Your Trade



Review Trading Stats



Focus on Process



Adjust Trading Plan if Necessary





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INCLUDES: 1 SESSION OF ONE-ON-ONE MENTORSHIP

# HOW TO FIND A TRADING STRATEGY

START TRADING WHAT YOU ARE GOOD AT

— Michael Baehr —

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