My personal 25 lessons of the stock market

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TRADING BLOG

Content

Introduction

I believe that trading is a craft and craftsmen pass on their knowledge. That's why I wrote this little book and give it away for free.

During the years I have been trading, I have learned a lot from other traders. It is this knowledge that I have collected, adapted, improved and made available for you in this book.

I know how difficult it is to start trading and to improve over time. Hopefully, these 25 lessons will help you speed up your learning curve and avoid one or two mistakes.

The lessons are timeless and applicable to both the stock market and other markets. I personally am fascinated by growth and momentum stocks and their often disruptive companies. These companies are the engine of the economy. Without these companies, there would be no progress in products and services. Best of all, you can benefit from them by trading their stocks.

Julian Komar

Lesson #1

Start every trade small and increase it

In the past I sized my trading positions different according to the conviction I had in the trade. A trade in which I had a huge conviction, had a larger position size than a trade with a small conviction.

This was a mistake, because you never know if the next trade is a winner or loser. There is no way to know that! The chances that you will have a winning trade is 50%.

This variation in position sizes leads to an increase of losses and decrease of profits. Trades I was convinced of were loser and trades I wasn't convinced of were winners. So I lose big and win small. What a punch for my ego. I admitted that I am not able to forecast if the next trade is a winner or loser and a big or small one.

Today I accept that I can’t forecast the outcome of a trade. I always think that the next trade will be a loser and I have to do everything that the loss is small. That requires, that every trade starts with the same position size and the same initial risk.

As soon as the trade moves strongly in my direction, I add to my position and buy more shares. It’s important to make sure that follow up buys are smaller than the initial buy. Otherwise your average entry price will increase too fast and you increase the initial risk. Additionally you must give the stock enough room to correct or consolidate.

Zscaler ($ZS): The full position was scaled in to limit the risk of a failed breakout. Additional purchases were each smaller, on days of heavy volume and a gap up or breakout from a new base. The stop loss has always been adjusted so that the risk did not increased.

I add more shares to winning positions after a pullback or on strong accumulation days. The volume on those days should be above average and the trend must be young. Never add to trades which already moved for some months and start to weaken.

If you approach every trade that way, you make sure that every losing trade stays small and winning trades get bigger. Important is that you don't increase the initial risk and have a rule to move the stop loss to breakeven. You should never let a big winner turn into a loser.

Learnings

- ✓ Only add to trades which show you a profit.
- ✓ There should be enough distance to the entry price (>20%).
- ✓ Add to your position on breakouts or strong accumulation days (e.g. gap ups). On breakouts there should be a consolidation of at least 2 weeks before.
- ✓ Follow up buys should be smaller: 1. 50% of your initial position, 2. 25%, 3. 12,5%.
- ✓ After the first follow up buy, you should be able to move the stop to breakeven. Otherwise don't add to your position.

- ✓ Make sure the stock has enough room to correct or consolidate when you do a follow up buy. Ideally the new average entry price is below your trailing stop (f.e. EMA 65).
- ✓ Only add to your position on days with above average volume. There should be a demand for the stock.
- ✓ Don’t add to your position if the general stock market is in a correction.

Lesson #2

Look for mid term patterns to capture big moves

For several years I repeated the same mistake over and over again: Trading short term chart patterns with a mid term trading approach. I bought breakouts of a 3 week consolidation and expect, that the price will go up 100% in a few months. That can happen, but is not very likely. A lot of trades ran quickly a few percent, pulled back and I got stopped out. My trading strategy and stock selection was not in synch!

In the first years of your trading career you have find out which type of trader you are. At that time it's more a question of personality, experience and compromise: Are you comfortable to trade short term moves (days to weeks) and collect little gains over and over again or are you trading home run trades (weeks to months) and collect big gains a few times per year? No strategy is perfect and short term strategies are not automatically better as mid term strategies.

Shopify ($SHOP): After 4.5 months of consolidation, the stock shot up 160%. That's the kind of medium term pattern you should look out for.

I learned an important lesson: Every part of your trading system must fit to each other. Otherwise your trading doesn’t run smoothly. It’s like a machine where some components falter.

If you are trading mid term moves - as I do - you have to make sure, that the stocks you select are able to produce mid term trends. It doesn’t help, if you buy an momentum stock, which goes up 30% in a few days and give back all the profits, because you are using a wide trailing stop and expect a smooth trend which last a few weeks to months.

As a mid term traders, look for at least 6 week consolidation patterns. The trend will last longer and you have the chance to capture big moves with trailing stops.

If you are a short term trader instead, look for 3 week consolidations after a sharp move. There is no right or wrong approach, only an approach which works for you.

Learnings

- ✓ Make sure the stock selection criteria fit to your trading rules.
- ✓ If you want to profit from big trends (>50% in a few months), you must select stocks which are able to produce such trends.
- ✓ Select the right trailing stop to secure profits. Mid term trader need a mid term trailing stop like 50 or EMA 65.

Lesson #3

Always sell shares after a return below the breakout level

I bought a lot of breakouts in my trading career and I held on to a lot of failed breakouts after the price returned below the breakout line. Instead of cutting losses quickly, I let the losses become bigger as necessary. I always hoped that the price will turn around, but it rarely did.

Big winning trades almost do what I expect: They breakout with high volume and immediately move into my preferred direction. There is rarely an exception. If a trade is not doing what you expect, there is something wrong with the trade.

A successful breakout trade should never return below the breakout level. Yes, there is sometimes a retest or a small undercut (max. 3%) of the breakout level, but the price should always rebound quickly.

MongoDB ($MDB): The stock broke out after a 2 months consolidation. Sell at least 50% of your position if the price returns below the breakout level to reduce the risk.

Today I am an aggressive seller if the stock is going to close below the breakout level. Sometimes I sell up to 30% of my stock position during the trading session to reduce risk, sometimes I wait until the last minutes of the trading session. Then I reduce my position by at least 50%. If I am wrong and the trade quickly rebound and breakout again, I can buy back anytime at the same entry price as the first trade.

If you are not able to watch the prices of your portfolio positions through the day, you can place two stop loss orders. The first one you place 3% below the breakout level and the second at your initial stop loss level.

The goal with this technique is to reduce the average loss in your trading statistic. If you sum up all your losses and divide it by the number of trades, you get your average loss. The smaller the average loss, the better is the expectancy of your trading system. Additionally it reduces draw downs. Risk management comes first, then profits!

Learnings

- ✓ Sell 50% of your position if the price is going to close below the breakout level.
- ✓ Do it by placing stop loss orders or manually.
- ✓ Rebounds are very rare. Go through 100 charts and do a backtest if your are not convinced.
- ✓ Be very disciplined to cut losses quickly and keep them small. It will improve the expectancy of your trading system

Lesson #4

Never sell for a profit because of feelings, only technical rules

I often sold a big winner because of feelings. Sometimes I „felt" that the end of the trend was near or that the stock market will correct and drag the stock down. In almost every case my prediction was wrong! Instead of making profits, the rally took place without me. A very frustrating situation.

I am good at stock selection. I always was and that's why the upper described situation was so frustrating.

I personally trade stocks that are able to outperform and lead the stock market if the right market environment is given. They produce lasting trends for months and a few of them go up 100% or more.

If you are able to find such trading candidates over and over again, you need the right selling rules to capture a big chunk of the profits. It's not possible to sell at the top, but it's possible to sell if the trend changes the direction.

Today I have multiple technical selling rules and it's not necessary to predict anything. In the past I missed some big profits, today I let the profits run until a rule is met and a technical reason for selling is given.

Here are some of the selling rules I use:

- Normal: Sell 100% of the trading position, if the price broke the low of the bar which closed below the 65 daily exponential moving average.

- Fast momentum: Take 50% of the profits after a close below the 21 daily exponential moving average, if the price stayed above it for at least 7 weeks. Such a stock moves up very quick.

- Exhaustion: Consider taking 50% of the profits when the price is more than 70% above the 200 exponential moving average.

Innovative Industrial Properties ($IIPR): The stock was exhausted and the price was more than 100% above the 200 exponential moving average. In this situation, take at least 50% of your profits. Sell the remaining position after the price has fallen below the 65 exponential moving average.

Nvidia Corp (NVDA): If the price remains at least 7 weeks above the 21 exponential moving average and corrections find support here, use this as a trailing stop.

Learnings

- ✓ You can be the best stock picker, but destroy your trading edge with a bad exit strategy.
- ✓ Don’t trust your feelings if you have a profitable trade.
- ✓ You are not able to sell at the exact top and you don’t want to do this. You want to follow the trend until it turns around.
- ✓ There is no perfect exit strategy. Accept that! Look at your trading statistics over a series of more than 100 trades and find the exit strategy which leads to maximum profits.
- ✓ Be very patient with big winning trades. Often the trend last longer as you think.
- ✓ Have multiple selling strategies to maximize profits: Normal trailing stop, fast momentum and exhaustion.

Lesson #5

Hold a position above a rising EMA 21 and ignore one day breakdowns

I learned it the hard way to let profits run and hold on to winning stocks. There have been so much stocks that went up after I sold them. I sold them even though they were above the 8 and 21 daily exponential moving averages. Both are short to mid term moving averages and show clearly that the trend is absolutely intact. Had I held on to my big winners, I would have made much more profit.

The 21 daily exponential moving average (EMA 21) is a mid term indicator for me. As long as the EMA 21 is rising and the price is above, there is no reason to sell. If you respect that rule, it's easy to let profits run and capture a big profit.

There is one important detail what you should keep in mind: The slop of the EMA 21 must be up. The rule above is not valid

Paycom ($PAYC): If you want to maximize your profits, you must ignore one day breakdowns below a moving average.

if the EMA 21 is going down or sideways. That's very important, because you only want to hold as long as possible to the stock if it's going up.

Sometimes you see a one day violation of the EMA 21. The price closed below the EMA for one day and shake out a lot of traders. Don't be one of those traders. The next day the price returns above the rising EMA 21 and the rally continues. Because of this, ignore one day shakeouts below the EMA 21. If the EMA 21 is violated and the price closed below it, place your stop loss order below the low of the day. If the price continues to break down, you get stopped out, if the price returns above the EMA 21, you profit from the next rally.

I personally apply the same rules on the EMA 65, which I use as long term indicator and trailing stop. The price dictates me if I should use the EMA 21 or EMA 65. If the price held above the EMA 21 for at least 7 weeks and corrections found support here, I will sell at least 50% of my trading position after a true violation.

Learnings

- ✓ Don't sell winners too soon! Hold the stock, if the price is above a rising EMA 21.
- ✓ Important: The EMA 21 must rise! As soon as it flattens out, be cautious.
- ✓ Ignore one day violations and place a stop loss order below the low of the violation day.
- ✓ Observe the behavior: If the price stays above the EMA 21 for at least 7 weeks and pullbacks get rejected here, use this line as trailing stop.

Lesson #6

Hold your winners as long as possible. The weekly chart is your friend!

A long time in my trading career I wanted to make short term profits as quick as possible. In the end this led to bad results. The profits have been much smaller and were not able to pay for all the small losses a breakout trader normally has.

Some day I caught a really big winner that wiped out a bunch of small losses in one go and even a profit was left. That was an eye-opener for me and I started to concentrate on home-run trades.

A problem to held on to home-run trades was the daily price fluctuations. Many stocks I traded had a correction at the beginning of the week and recovered at the end of the week. Of course I sold the stock early in the week and missed a re-entry.

Weekly charts can help you to tune out the noise. They reduce the information to a very important detail: The weekly close! This is important because you can see if there was profit taking or a strong close at the end of the week. This could be a sign that other traders are expecting higher prices.

If you are not sure whether to hold or sell a stock, look at the weekly chart. Especially on Friday, this is the chart you must look at. As long as the closing price is strong and in the upper half of the week, you should keep the stock. If the closing price is weak, you can think about profit taking, especially if the stock has rallied in the recent weeks.

Applied Optoelectronics ($AAOI): The weekly 13 weekly exponential moving average was the dominant support. In addition, you can see the tight consolidations around the moving average. A great situation to add to your position if the trend continues and the stock breaks out of such tight consolidation.

I use the EMA 13 in the weekly chart. The price must be above it and pullbacks must be rejected here. If the EMA 13 is rising and the price is above it, consider to keep the stock. Often trends last longer as you think and you should do everything to let your biggest winners grow.

Additionally I look for tight consolidations in the weekly chart about a few weeks. If the stock can continue its rally, that's a great time to add to your trading positions.

Because I do the most of my trading homework at the weekend, weekly charts play an important role in my trading. I remove all stocks from my watchlists where the price closed below the weekly EMA 13. In addition I add stocks to my watchlist which showed a high above average volume in the last week. An increase of more than 300% of the average volume of the last 10 weeks is a signs that's something going on with the stock.

Learnings

- ✓ Weekly charts help you to tune out the noise of daily price fluctuations.
- ✓ Consider to hold a stock through a correction at the beginning of the week to see if it can close strong at the end of the week.
- ✓ The closing price on Friday is the most important price. Look at it and decide if you should keep the stock or take some profits.
- ✓ Use the EMA 13 in the weekly chart. As long as it's rising and the price is above it, keep the stock.
- ✓ Weekly volume is a good indicator for big demand or supply. Add those stocks to your watchlist and investigate what's moving the stock.

Lesson #7

Let profits run to make a difference in good times.

There was one moment in my trading career that changed completely my thinking: The moment I had my first real big winner. That trade wiped out a large number of small losses and left a big profit.

If you are in a draw down and realize loss after loss, you can't believe that one big winner can change everything. But a trade with a return of 20 times your initial risk can wipe out more than 20 losers in a row.

Such a trade isn't luck, it's the result of discipline and patience. It's the reward of following your rules!

If you hit for home runs in trading, you must do everything to let profits run. I am serious about that! Never sell a big winner as long as no technical sell rule is met. Trends last much longer as you think and stocks can go up while the general stock market is falling.

If you have a few stocks in your portfolio which go up 100% in a few months, you can achieve a great performance in that year. Here is an example: 60% of your capital is in 4 stocks with each 15% of your total capital. If they go up 100%, you will have 60% return on your total capital. If you cut your biggest winners instead, the performance will be marginal.

Square ($SQ): This stock rose 450% in just under two years. You do not have to capture the entire trend, but parts of it. The first move was the strongest with 171% and the second was 70%. The trends lasted for several months, giving you the opportunity to increase your position to maximize profits.

One big winner can wipe out several small losses and left a large profit. Here is an example: A big winning stock can return 20 times or more of the initial risk (which is 1R). I call that a 20R winner (20 x initial 1R). Usually not all your losers will be a full 1R loss. If you limit your losses strictly, you will have an average loss of around 0.5R. Now do the math: A 20R winner can wipe out 40 average losers of 0.5R! Or it can wipe out 20 average losers of 0.5R and left a 10R profit. That’s why you should make sure you win big.

Letting profits run requires to let go of the trade. You check your trading position every day, but don’t do anything until a sell rules is fulfilled. Leave it to the market to decide when it’s time to take profits. A trailing stop loss can help you with that.

This rule is hard to learn, because you must change your mindset to understand the importance of big winners. Make a bet with yourself: Let profits run according to your rules. Check the results after 6 months and I am sure that you will stick to that rule.

Learnings

- ✓ Big winning trades can wipe out a lot of small losses at once and left a profit.
- ✓ Do everything to let your profits run in market with good conditions.
- ✓ Try to catch winning trades with a return of 5, 10 or 20 times the initial risk. Pyramiding your winning positions will help you with that.
- ✓ Limit your losses strictly and try to achieve a small average loss in your trading statistics. Then big winners have a big effect.
- ✓ Change and train your mindset to let go of trades. The market will tell you when it’s time to take profits.
- ✓ Trailing stop techniques help you to maximize your profits.

Lesson #8

Position sizes must be dynamic

When I started trading, I was very focused on fees. I didn't trade in and out of a stock very often, because the fees summed up. But the fees itself weren't the problem. The problem was that my trading capital was too small.

Because of this focus on fees, I didn't considered varying my position size. This would have helped me to decrease losses and increase profits.

One of the biggest weapons of a trader is position sizing. This will help you to reduce draw downs and increase your profits. The trading fees are so low today, that they can be neglected. If fees have an impact on your trading, check if your trading capital is large enough.

View the positions size as dynamic and not fixed. Instead increase or decrease it on success or failure. There is nothing wrong to sell ⅓ or ½ of your trading position, if it's showing a loss. Do the opposite on winning trades: Buy an additional ½ or ⅓ on the way up.

There are two goals: 1. cut losses quicker and smarter, 2. increase profits in home-run trades. But make sure you have specific rules which are repeatable. Consistency is the key to have repeatable results.

There are a few tactics I find helpful:

- Scale into a new trade: You can buy ⅓ at the entry, ⅓ after the stock moved 2% in your direction and the rest after another 2%. If the trade fails quickly, you reduced your loss.

- Sell ½ if the price drops below the breakout level.

- Sell ⅓ or ½ on the half distance to your initial stop loss.

- Add another ½ position to your trade if it shows you at least a 20% profit and created a new base. Then you can add ¼ position on another base.

I often trade around a core trading position in a stock. My initial position will be 7.5-15% of my capital and if the trade goes into my favored direction, I will increase it on the way up. On further trading bases, I add to my position until 25% or more of my capital is in that trade. I will reduce the position as soon as sell rules are fulfilled.

Sometimes my position is smaller, sometimes bigger. That's my understanding of a dynamic position size mindset.

Learnings

- ✓ Broker fees can be neglected today. Don't use this as an excuse to buy and sell your whole position at once.
- ✓ Have repeatable rules to increase or decrease your trading position.
- ✓ You don't have to buy your initial trading position at once. Try to buy in small steps to reduce the losses on failed breakouts.
- ✓ View your trading position as a percentage of your trading capital. If the position goes into your favored direction, you add to your winning position and have more capital invested. If it goes into the opposite direction, you reduce the risk by decreasing the position size.
- ✓ Work on your mindset to see position sizes as dynamic.
- ✓ It's much easier to increase or decrease an existing small position instead of buying a big position at once.
- ✓ Never increase the risk if you add to your position!

Lesson #9

Have multiple exit strategies.

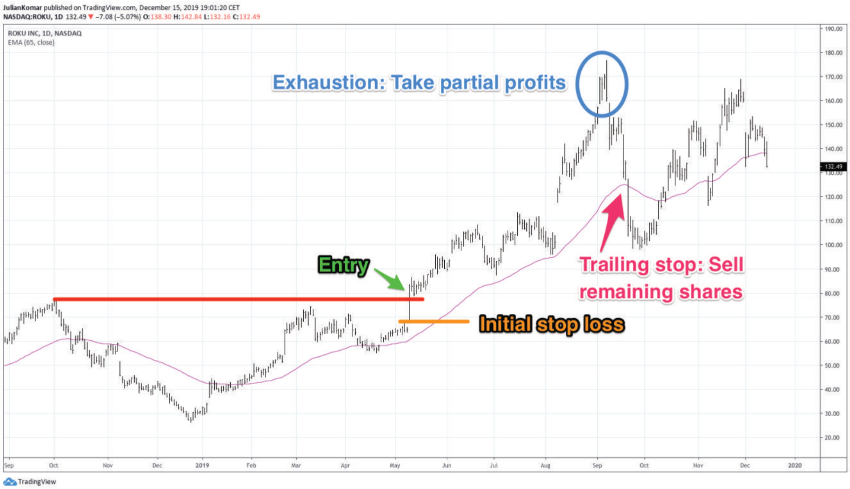
In the past, I only had two exit strategies: loss or profit. In hindsight this thinking was too short. There are many wasy to exit a position and a combination of them increase the flexibility. In addition it helps to reduce losses and maximize profits.

The exit is much more important as many traders think, because at that point you decide if you sell for a loss, profit or break even. You as a trader have control over the exit which gives you an advantage.

Combining multiple exit strategies in your trading approach helps to reduce draw downs and losses. Additionally it helps to maximize profits. Here are some types of exits you should consider to combine:

1. Initial stop loss: Protection against big losses.

2. Trailing stop: Protecting profits and let them grow.



Roku ($ROKU): Initial stop loss to protect your capital, exhaustion exit to protection against deep draw downs, trailing stop to protect profits.

3. Take profit: Reducing your position size and bank some profits.

4. Time stop: Sell if the trade moves sideways and you can invest your capital in better opportunities.

5. Breakeven: Moving your stop loss to your entry price after you reached a certain profit level.

Multiple exit strategies must be part of your trading rules. They must be repeatable at any time and without a doubt.

Often traders are so enmeshed with current single trade, that they forget the long term view. It's not important if you maximize your profits at one trade, it's important that you maximize it over a series of e.g. 100 trades. The outcome of a single trade is not predictable, but the outcome over 100 trades is.

Think about the combination of dynamic position sizes and multiple exit strategies. If you manage your trading position in that way, you have great tools to reduce draw downs and maximize profits.

I personally use all of the exit strategies above. My initial stop loss is at maximum 7% and I use the EMA 65 or 21 as a trailing stop. I will take profits if the price is >70% above the weekly EMA 40 and I will move my stop loss to breakeven after I have a profit of 20%. Time stops are more difficult to use. I made the experience that I was stopped out more often by the initial stop before the time stop was hit. But if a trade goes sideways for multiple weeks after the entry, I will definitely sell the position and re-enter on a new breakout.

Learnings

- ✓ Use the full range of trading tools: Having multiple exit strategies is an advantage.
- ✓ Apply multiple exit strategies to reduce losses and maximize profits.
- ✓ Don't get so enmeshed with the current single trade. It's not important in the long-run.
- ✓ Optimize your exit strategies over a long series of trades and optimize the outcome of your whole trading strategy.
- ✓ Work on your mindset to achieve a long term perspective on your trading and think about the impact of optimizing your exit strategy.

Lesson #10

Look at your equity curve and see how you perform.

I never looked at my portfolio equity curve as a beginner. I saw no value in it and it was going down. That was frustrating.

If I had looked at my equity curve, I would have found a lot of valuable information. Besides it would have given me great feedback to improve my trading.

Charting your own equity curve is like looking into a mirror. It directly reflects you, how you perform as a trader. This is valuable information to improve or adjust your trading strategy.

Examples of equity curve behavior:

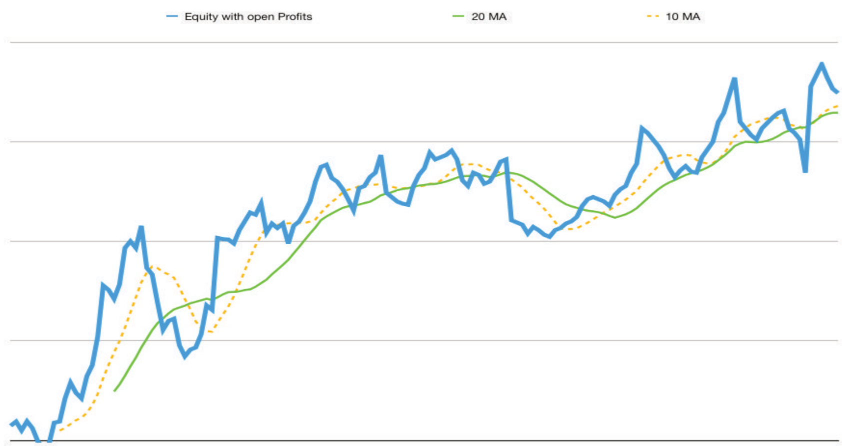
- Volatile and sideways: Something with your trading is wrong. You should better stay in cash or reduce position sizes.

- Moving down in a steady trend: You should stop trading. The strategy is not working at the moment or all of your trading positions are in a correction.

- Moving up in a smooth and steady trend: You are doing great. Maybe you should be more aggressive.

You can apply rules on your equity curve to manage draw downs and volatility or taking profits. For example you can close positions partially if your equity curve drops below the moving average 20 or 50.

I personally use my equity curve only as a mirror how my trading strategy works in the current market situation. If it's going sideways for some weeks, I start to analyze the situation. Often



Example of a equity curve: It rises steadily, shows setbacks and a slight volatility. The moving averages help to reduce the noise.

the reason is sloppy trading and not following my rules with precision. That's valuable information that help me to get back on track.

Use this powerful tool to monitor and improve your trading over time. The information you get here is very helpful and can lead to new improvements of your trading strategy. You can link this information to your trading journal and find correlations.

Learnings

- ✓ Chart you equity curve with a simple spread sheet.
- ✓ Write down your cash balance, invested capital, open profits or losses, open risk and calculate a 20 or 50 moving average.
- ✓ Update the numbers every day to chart your equity curve over time.
- ✓ Analyze the equity curve regularly and look for patterns.
- ✓ Think about the introduction of rules to decrease volatility and maximize profits.

Lesson #11

Relative strength is more important than fundamentals.

I made the experience that there are two types of stocks:

1. Outstanding fundamentals (sales and EPS) are available and everyone expect better numbers in future.
2. Fundamentals are not outstanding yet and everyone expect an improvement soon.

The second group is very hard to trade, because you must build confidence on relative strength alone. But it's worth that!

Some stocks show a high relative strength, break out with huge volume and have a big rally before everyone knows the reason for the move. Make sure you don't miss those type of stocks.

I have both kind of stocks on my watchlist. To measure relative strength, I use the Investor Business Daily Relative Strength

Rating (IBD RS). This is available in all subscriptions of IBD products.

I add stocks with a 99 relative strength rating to my watchlist and observe them closely. If the relative strength continues and I see a valid chart pattern, I often buy a starter position. As soon as I get more confident in that stocks, I increase my position size.

It's important that the stock has an interesting background story and news which serve as a catalyst for the price move.

Enphase ($ENPH): Before the breakout, the fundamentals showed a strong increase in EPS growth, but sales growth was slow. Only the relative strength was excellent. During the rally, sales growth increased and peaked near the top of the rally.

Learnings

- ✓ Make sure you have relative strength leaders on your watchlist too.

- ✓ Don't buy blindly stocks with a high relative strength. A relative strength leader shows extreme price strength. Often the price is up 100% or more before you consider to buy.

- ✓ The reason for the strength is often revealed after the big move. Pure speculation, insider knowledge and expectations are driving those stocks.

- ✓ The catalyst of the price move can be news, new application for products or just a temporary fashion.

- ✓ Stick to your rules regarding chart patterns, strength, volume etc. The only thing you ignore are fundamentals.

Lesson #12

Stay in your niche and trade with discipline.

I think most traders know this: In the beginning of your career, you trade everything. Stocks, Bonds, Futures, CFDs, Certificates, different sectors/industries/styles … I did this and it was the opposite of successful trading.

If you are dealing with everything, you never build up experience in one thing. You have a broad knowledge, but only specialists make money in trading. That's why the most traders need so much time to become profitable.

Today I define myself as a specialist. I trade only in a very small niche of the stock market and my stock selection criteria help me to focus.

If you look at my stock screener, you will see that the criteria point in one direction: Leading high potential growth stocks with a high relative strength. That’s my personal niche I observe it day in and out.

My screeners show up to 300 stocks and I have 20-30 on my watchlists. That’s less than 1% of all available stocks in the USA!

You can define a niche for yourself. It can be growth, momentum, value or a combination, but it must lead to a narrow selection of stocks which fits to your trading rules.

Being a specialist makes trading decisions easier. Often you have a few setups on your watchlist and don’t have to watch hundreds of stocks. It requires discipline and patience to wait for the right stocks. Sometimes you have to stay out of the market for weeks or months until your niche is back in favor.

Example of a screening result in FinViz. The screener found 281 stocks that met the criteria.

Don’t change the definition of your niche regularly. The stock selection criteria of your niche must be in synch with your trading rules. Otherwise, it's like trying to use the wrong tools to handle the wrong materials. That leads to bad results and frustration.

Stick to your rules and stick to your niche. If you feel that you need to change your rules or the niche, do it, but bring everything back in sync.

Learnings

- ✓ Only specialists make money in the stock market! Become a specialist in one niche.
- ✓ Narrow down the number of stocks you observe. That makes trading decisions easiert and consistent.
- ✓ Make sure your stock selection criteria and trading rules fit perfectly.
- ✓ Don’t change your niche or rules regularly. Your goal is to build up experience!
- ✓ Trust your niche and rules, even if your niche is not currently prefered by the stock market. Wait patiently until the situation has changed again.

Lesson #13

Become an execution pro!

As a trader with less experience, money is everything. It's understandable, because everyone starts trading to make money. But to focus on money alone leads in the wrong direction. It takes the focus away from a topic which is more important: Execution of your trading approach!

It took many years until I changed my focus to execution excellence of my trading process. That was a huge step forward.

Before you can execute something, you need clear rules and processes that are repeatable every day. One time you defined those, it's all about tracking mistakes, learning from them and trying to optimize the execution over time.

Your focus must be on repeating every step of your trading approach as best as possible. Make a commitment to stick to your rules, track every violation and try out optimizations.

It’s not the trader which has luck who makes the most profits over a long time, it’s the trader who sticks best to his process. Consistency is the key!

I saw a lot of different track records from traders over time. The trader with the most clear and repeatable process, generates the most profits and had the smoothest equity curves. That’s why it must be your goal to become an execution pro and strive for execution excellence.

Learnings

- ✓ Focus on consistently executing your trading approach.
- ✓ Money is always the outcome of a successful trading process.
- ✓ It’s not your job as trader to make money, it’s your job to run your process as best as possible! Money will follow.
- ✓ Have clear repeatable rules and processes. If another person or an algorithm can run your core trading business without you, you have reached your goal.
- ✓ Restrict discretionary elements to a minimum.
- ✓ Track violations of your rules and analyze them in detail. Find new processes and rules to avoid another violation.

Lesson #14

Look for young companies with new products, services and high growth.

In the first years of my trading career I ignored fundamentals and the background of a stock. I thought that analysis of supply and demand was enough to find the best stocks in the stock market.

After I did a lot of studies and applied to a mentor program, I saw the value in fundamentals and potential analysis of a stock. If you understand what drives the stock price, it's much easier to have confidence in a trade and ride big winners.

After analyzing a lot of past big winning stocks and their fundamental background, I adjusted my stock selection criteria. Today I prefer young stocks or companies which had their IPO in the last 10 years. Often I trade stocks which had the

IPO in the last 2-5 years. Those young companies are often growing at a fast pace.

The source of growth must be organic and come from products or services the company sells. If sales are growing by at least 30% quarter by quarter over months or years, you can be sure that the products/services are in high demand. If the company is able to convert these sales growth into profits now or soon, a big increase in the stock price is very likely. The stocks I trade often have sales growth rates of more than 50%.

Never trade on fundamentals alone. Make sure the stocks you trade have excellent technicals. That's more important than fundamentals or a great story.

If a company has outstanding fundamentals, disrupting products and the stock price is still rising at a fast pace, it's a sign that the future growth is not priced in yet. A re-evaluation of the company's valuation is what you are looking for.

It takes experience and interest in economics and business to asses the potential of a company. You must gain the needed knowledge if you haven't it yet. Look into the business world with open eyes and a huge interest for business models, innovation and economic changes. Always ask why things happen and who benefits from it. That leads you in the right direction. With the help of the internet, almost any information is only one click away.

Shopify ($SHOP): The stock built a wonderful base after the IPO in 2015 and started a 280% rally. The second rally was not so strong as the first one: Only 150%. Shopify has a revolutionary new ecommerce platform for small and medium businesses and is growing very fast.

Tesla ($TSLA): After the IPO, the stock moved sideways for 2.5 years. Then it broke out and had its first big rally: 380%. Tesla is the leading manufacturer of electric cars.

Learnings

- ✓ Look for young companies which had their IPO in the last 10 years.
- ✓ Only add the best companies to your watchlist: Young, high growth, big potential.
- ✓ Require that the company show a high organic growth from their products or services. The higher the better.
- ✓ Analyze the background of the company and their offered products. Are they able to disrupt an existing market and create a high demand?
- ✓ Gain knowledge about economics and business to support your trading decisions with that information.
- ✓ Technicals come first! Fundamentals and potentials are only additional information. If the technicals are weak, avoid the stock even though the fundamentals are strong.

Lesson #15

Focus on strong industries with disrupting potential.

I've made the experience that often not a single stock starts off alone, but a whole industry. Always when the stock market came out of correction, one or a few industries led. Often those industries had disruptive potential like computers, software, biotech, medical devices and many more. Those industries contained big winning stocks with new products, services and huge growth.

If you focus on industries with disruptive potential, you will be able to find some big winning stocks.

I personally use a bottom up approach. That means, that the stocks, which come up in my stock screeners, lead me to strong industries.

When I see that many stocks in my stock screener belong to one industry, I start to get interested. I'm trying to find out what the reason for the move is and whether all or just a few stocks are moving. Then I will analyze these stocks in detail and find the 1 or 2 leading stocks in the industry.

What are industries with disruptive potential? Such industries contain a lot of companies with new products and services which are able to replace established companies. Here are some famous examples:

1. Video streaming replaced video rental.

2. Cloud software replaced application software.

3. Desktop computers replaced mainframe computers.

4. Airplanes replaced trains.

5. Smartphones replaced mobile phones.

In addition to the replacement of existing industries, completely new ones are created. These industries exist alongside the established ones but gain market share. Here are some examples: Biotech, crypto currencies, cannabis, internet services, solar.

Don’t trade stocks in old established industries like banking, railroad, insurance or utilities. These either don’t grow at all or only very slowly and are not able to produce super stocks. If you see a stock in such a industry delivers outstanding performance, analyze it in detail. You will either see disruptive new products or the stock actually don't belong to this group.

Cloud software stocks were the leaders 2019. Most of them doubled from the breakout to the top. Cloud software is more flexible and scalable and replaces the usual application software. These companies are disrupting a 30 years old industry.

Learnings

- ✓ Look for commonalities of stocks in your stock screener.
- ✓ Use a bottom up approach: Let the stocks guide you to the leading industries.
- ✓ If multiple stocks from one industry appear in your stock screener, the whole industry is on the move.
- ✓ Focus on new industries with companies which provide disruptive products or services.
- ✓ Try to find out what drives the industry.
- ✓ Every established industry will be replaced by a new industry soon or later.
- ✓ Ignore stocks from old established industries. They are usually not able to produce outstanding performance.

Lesson #16

Stock selection criteria only have one function.

I played around with stock screeners and stock selection criteria for years. I thought that I need the secret formula to find the next Apple or Amazon.

In the beginning I used only technical criteria, then only fundamentals and now I use both. But it was my mindset which was wrong: Stock selection criteria can't find the next Apple or Amazon. That's not predicable. But you can filter stock which have a high chance to produce big trends.

Today I focus on 3 groups of stocks and I created stock selection criteria for them:

1. High growth in sales (>30%) and / or EPS (>50%) year over year.

2. Outstanding relative strength (>95 Investor Business Daily Relative Strength Rating).

3. Unusual volume (>150% of the 50 day average volume).

I went through hundreds of past big winning stocks and compared their technical and fundamental criteria. All of them can be sorted in those 3 groups above.

I know that I can find trading candidates in those groups, which have the potential to make 100% moves in 6-9 months if the market environment is conducive.

After the stock screener spits out a list of around 250 stocks, I quickly sort out all stocks with a weak chart picture. I learned over the years to asses the technical strength of a stock by looking at the price and volume behavior. That takes a few minutes by flipping through the pages. Then I start analyzing the fundamentals and company background. In each screening routine, 2-5 stocks will be added to my watchlist. That's less then 1% of the stocks the screener showed to me and less then 0,01% of all available stocks.

My watchlist usually does not contain more than 40 names, because I can't find more stocks which meet my criteria.

Those 40 candidates are the ones I stalk and observer every day. Maybe a few of them produce a valid setup where I open a trading position and follow the trend.

Learnings

- ✓ Stock selection criteria are a filter for the best trading candidates which have a high chance of producing big trends.
- ✓ Look for stocks with outstanding growth in sales and/or EPS, relative strength and strong demand.
- ✓ Try to be very selective and only add the best stocks to your watchlist.
- ✓ Be a stock stalker and look at your watchlist every day, so that you don't miss the entry.

Lesson #17

Observe your watchlist and spend less time with the indices.

I spent a lot of time trying to time the market perfectly with help of the indices. But I found out that this is the totally wrong approach. The indices have their own life, sometimes independent of the leading stocks. You can use them to see if we are in an up trending market or not. But don't use them to time your entries.

I personally call my watchlist „small niche". The watchlist contains stocks which fully meet my criteria and represent a very small selection of the entire US stock market. Remember: In best of times, I only have 40 names on the watchlist. The entire US stock market consists of around 7500 names. That means I only have 0.5% of all US stock on my watchlist.

Instead of watching the indices and using them for the timing, I use my watchlist:

- When many stocks on my watchlist break out of solid chart patterns at the same time, it's time to open new positions.
- If they are volatile and show no valid chart patterns, I stay in cash and wait for better times.
- If I see that many stocks on my watchlist are in the red and breaking down, this is a sign to be more cautious and selective.
- As the number of stocks on my watchlist increases, I see that my niche is in the favor of market participants.
- If the number of stocks decreases, it is not favorable for me to be active on the stock market.
- If many names on my watchlist belong to an industry or a sector, this is a sign for me that this industry is on the move.

You see that observing the watchlist will help you much more than analyzing the indices. Remember: You are not trading the indices, you are trading single stocks.

Learnings

- ✓ Do not use the indices to time your entries. Use them only to see if the general stock market is in an uptrend or not.
- ✓ Your watchlist represents your personal niche in the stock market. Treat it like your „own index“.
- ✓ Observe your watchlist every day and study the behavior of the stocks included.
- ✓ Be very consistent in selecting your stocks to always have the same type of stocks on your watch list.
- ✓ Use your watchlist to time your entries.

Lesson #18

Volume is the blood of the stock market. Only buy stocks with high blood pressure.

For years, I ignored the volume analysis and thought the price was enough to make a decision. That was a mistake.

The volume speaks to you as well as the price. I've learned that from other traders and through post-analysis of past successful trades.

Stocks that burst out of excellent bases with a lot of volume signal a significant change in the perception of market participants. In this situation, a lot of money flows into the stock and absorbs the available supply.

The behavior of volume is important for me. I analyze it in weekly and daily charts of all stocks on my watchlist.

On the weekly charts I want to see a sharp increase in volume, which goes hand in hand with a sharp rise in the price. A weekly volume of at least 150% of the average volume of 10 weeks is a minimum. Often the big rallies start with a jump of >300% over the weekly average volume.

The same is true for daily charts. When I buy a breakout, I want to see at least 150% of the average volume of 50 days. The more volume and price increase, the more confident I am with the stock.

Canopy Growth ($CGC): The volume exploded to an 8-month high at 500% of the average 50-day volume. A clear sign of massive demand. If you look for such volume explosions, you will find big winning stocks.

I also use the volume to see when it's time to reduce a position. If you see an outstanding high-volume day after a rally lasting several months, it may be time to take partial profits. The same applies if you notice a strong reversal at high volume. These are classic signs of exhaustion.

If you see low-volume breakouts or rallies, you should be very skeptical about these stocks. Low volume signals low demand and just the opposite of what you want to see.

Learnings

- ✓ Analyze the volume with the same thoroughness with which you analyze the price.
- ✓ Learn how to read the different volume patterns: high volume on strong days, low volume on breakouts, high volume on reversals, and more.
- ✓ Add volume requirements to your setups to buy only the strongest stocks.
- ✓ Watch out for strong volume increases in the weekly and daily charts. This is a sign of strong demand. Institutions can not hide their actions on the stock market.

Lesson #19

Be very selective: Have only the best stocks on your watchlist.

I can remember times when I had 5 or more watchlists with a total of 150 or more stocks. It is very difficult to decide which trade you want to take when 35 stocks break out at the same time. The odds are high that you will not pick the big winner.

Quality and selectivity are the key to successful trading. You want to increase the chances of finding a big winning stock. Since big winning stocks are rare, you need to raise the bar for stocks on your watchlist and use selection criteria that have produced big winners in the past.

I'm very picky about stocks I trade or put on my watchlist. My goal is to have only the best stocks on my watchlist: fundamental and technical.

This means that I ignore most stocks in my screeners. Less than 1% of the stocks of the entire US stock market are on my watch list. I have no urgency to act until I have found a really big potential winner.

I have a multi-step process to reduce the number of trade candidates. My screeners reduce the number of approximately 7,000 stocks to approximately 250. Then I select the best stocks manually and analyze the technicals, fundamentals and the background of the company. This process is based on research and experience. I have confidence in the process that it can regularly find big winning stocks.

You see, this process has a lot to do with specialization. As you have read before, I trade in a very small niche on the stock market. My process ensures that I only have stocks from this niche on my watchlist.

Do not settle for a mediocre stocks. You have the opportunity to select only the best stocks if you put a little effort into the selection process. In trading mediocre processes and stocks do not work. You can only make money through selectivity and quality.

Learnings

- ✓ Quality over quantity! Avoid over-trading and confusion at all costs.
- ✓ Be very picky and have high quality standards.
- ✓ Add only the best stocks to your watchlist: technical and fundamental.
- ✓ Make sure your stock selection process helps you find great winning stocks.
- ✓ Test your selection process to see if it has found great winning stocks in the past to gain confidence in it.
- ✓ If you closely monitor more than 50 names at the same time, your selection criteria are not specific enough.

Lesson #20

Don’t look for trades, let the trades find you.

If you have the urge to find a trade, not to miss a possible move, step back and tell yourself: There is something wrong! I have often had this feeling in the past and sometimes today. I spent hours looking through stock lists to see if I can find a stock I can trade. The result: wasted time, poor results and frustration. I have learned to control my emotions.

Potential big winning stocks will find you. There is a small window of opportunity when they scream in your direction: Here I am! If you have the right criteria for stock selection and the right mindset, you will listen and not be distracted from the other thousands of opportunities.

I have found two solutions to what is called FOMO (fear of missing out):

1. Use stock screeners and have a clear process to find trading candidates.

2. Ignore the indices as much as possible.

A stock screener helps you that you don't have to search for trades. Instead, a stock screener brings the trades to you and you just have to select.

The indices are often a source of pressure. While e.g. the S&P 500 moved 5% in a month, your portfolio went down 3%. Now you ask yourself: Do I have the right stocks? But that’s the wrong question. If you want to have the same results as the S&P 500, you should buy an ETF. If you want different results, you have to do things differently. The indices will not help you to become a better trader, they only give you clues if it’s the right time to trade stocks or to be in cash. A lot of traders would have been better results without looking at the indices.

Learnings

- ✓ If you catch yourself looking for stocks for hours, stop immediately. It’s wasted time!
- ✓ Rely on your stock selection process: When the right time comes, the potential big winning stocks will find you.
- ✓ Ignore the indices as much as possible. They will only put pressure on you.
- ✓ Remember: if you want to achieve results different from those of the indexes, you have to do things differently. Otherwise, you can buy an ETF.

Lesson #21

It’s an advantage to be in cash.

I never felt comfortable being in cash and having no open positions. I always thought: When I'm in cash, I can not make a profit. I am a trader and must trade! But that's not the right attitude.

Cash is an advantage you have over all traders who are unable to stay on the sidelines: fund managers, newbies, and traders looking for action.

If you're in cash, you tell the market: I'll only trade if you give me better opportunities.

I worked on my mindset and today I achieved the necessary level of calmness. The more I focus on my process and ignore everything else, the easier it gets.

A cash position is something that builds up naturally if you can not find attractive trades or get stopped out of trading positions. It's rare that the stock market itself or my equity curve forces me to switch to cash.

You only want to risk your precious capital when the odds are high enough to make money. In the remaining time you should protect your capital and outperform the general stock market by doing nothing. The only thing stopping you is your urge to trade. That's why it's so important to work on your mindset.

Learnings

- ✓ There are three possible trading directions: Long, short and cash.
- ✓ You decide when you risk your precious capital.
- ✓ Work on your mindset to reduce the urge to trade. Nobody forces you - only you force yourself.
- ✓ Many market participants are unable to switch to cash completely. Use it as an advantage that you can do it.
- ✓ You can outperform the general stock market by being in cash in bad times and doing nothing.

Lesson #22

Sell into the strength to hold your equity curve close to the high.

I love to trade momentum stocks, especially if they go up 50-100% in a few weeks. These stocks often make parabolic moves at the end of their trend. I use trailing stops to secure my profits and these usually react slowly. That's why I always gave back a lot of profits after a parabolic exhaustion rally. This was very frustrating and had resulted in large drops in my equity curve in the past. That's why I've developed sell rules for this situation.

You have to sell into the strength, if you come across a really big winner. There is no other way to protect the huge profits you have made through an exhaustion rally.

I included a rule in my trading: If a stock is 70% above its daily exponential moving average 200 (or weekly EMA 40), I'll sell at least 50% into the strength. This rule has helped me a lot to protect the profits of big winners.

Of course, there is a risk that the trade will make only a small pullback and start another rally, but over a long series of trades, this strategy helps to secure profits.

Should you blindly sell 50% of your trading position? No. You should wait for signs of reversal or exhaustion before you start selling. Remember: your goal is to maximize your profits. To do this, you must stop selling too soon.

Example Carvana ($CVNA): If the price is more than 70% above the exponential moving average 200, it's a good time to take partial profits on reversal bars.

Learnings

- ✓ When a stock gains momentum and is far from its daily exponential moving average 200, you should think about selling into the strength.
- ✓ Trailing stops are too slow to protect the profits of a fast-moving stock.
- ✓ The goal of selling into the strength is to avoid big drops in the equity curve. It’s a tool of risk management.
- ✓ Learn how to recognize signs of exhaustion in order to time your selling.

Lesson #23

Trade only if you have an edge and ignore the rest of the time.

It's simple: If you want to destroy your capital, trade aggressively in times when you have no edge! This is the fastest way to burn capital. I have experienced it many times. During these times I even intensified my trading.

Every trader needs to know his trading approach. If you do not know when you have an edge in a particular market, stop trading and start researching.

It is normal for your edge to disappear from time to time. Here is an example: I am a stock trader and trade growth stocks. If growth stocks are not in demand, I have no edge. The same applies if the general stock market is not in an uptrend. In such a situation, I will have no edge in buying breakouts and expect the development of a long-lasting trend.

A problem for beginners is that there are too many opportunities in every market phase. Even in bear markets you can find some stocks that break out of chart patterns to the upside. What they do not see is that these are the lonely survivors and most breakouts fail.

The fear of missing out (FOMO) is a danger for every trader. If you don't have enough confidence in your trading approach and trading rules, it will be difficult for you to stop trading and wait patiently. That is why it is so important to work on your mindset and self-confidence.

In a market environment in which you have no edge, your hit rate drops dramatically. If you normally have a hit rate of e.g. 40%, it decreases in a bad market phase to e.g. only 10%. Also, your average profit drops dramatically and your average loss goes up. If you do not stop trading, you will lose money even on a small number of trades. It's like sitting in a hole and digging deeper.

Being on the sidelines and waiting for your edge to come back is a normal trading situation. You have to accept that. If you want action all the time, go to a casino and pay instead of getting payed.

Learnings

- ✓ Stop trading if you have no edge.
- ✓ If you keep trading, you lose money very quickly.
- ✓ In times when you have no edge, the statistics of your trading turn around and your strategy is not profitable.
- ✓ Do enough research to find out when you have an edge with your strategy.
- ✓ Implement rules to stay on the sideline in a bad market environment.
- ✓ Work on your mindset to avoid fear of missing out (FOMO).

Lesson #24

Accept every detail of your trading approach.

It is very difficult to find a trading approach that fits your personality, strengths and circumstances. I was looking for years and tried different trading styles. I had problems with everything.

I did not accept making multiple losses in a row, giving back profits, missing opportunities, selling too soon, trading small positions ... Each trading approach had its own trade-offs. There is no perfect trading system or approach that fits all your personal preferences and strengths.

Today I think differently about this: I do not have to find a personal approach for myself, but I have to accept all conditions of my trading approach to achieve the desired result and make money.

Here's an example: I always thought I needed to find the right holding time for my trades or the best exit method. No! What I had to find was the acceptance of the required holding time and the required exit method to generate the inherent expectation value of my trading approach! Trading is not about satisfying personal needs, but doing everything possible to bring the inherent expectation value of your trading approach to life.

What helped me the most to accept every detail of my trading approach was backtesting. I went through my trading journal several times to see what the result would be if I followed my rules correctly. That was a big aha moment for me.

You must do everything to have confidence in your trading approach. When you have achieved that, you will accept every detail of the trading approach. You will accept that you are not selling at the exact high or buying at exact low. You will accept that you have several losses in a row, and you will accept that you have to stay away from the market from time to time. You do all this to realize the inherent expectation of your strategy.

You do not have to focus on every trade or every detail when executing your trading strategy. Instead, focus on the long-term outcome. You do not have to say, "Oh, why did not I sold at the high yesterday?" Instead, you say, "Ok, I have to let the profits run until a rule is met to sell, otherwise I will not reach the long-term result.“

Of course, you can include your personal strengths and preferences in your trading approach. For example, I love finding interesting companies and stocks. This helps me to improve my stock selection. But this is not the inherent edge of my trading approach. If I removed that part, I would still make money in the long run.

Learnings

- ✓ Do not use the search for a personal trading approach as an excuse not to accept the conditions of a trading approach.
- ✓ Focus on the long-term, not on the short-term results.
- ✓ Know the expectation value and the edge of the approach. This helps to understand what you need to achieve.
- ✓ Do not try to adjust the trading approach to your personal preferences, circumstances and strengths. This changes the inherent expectation valuev and often leads to poor results.
- ✓ Make sure you can execute a trading approach without using your personal strengths. The results may be worse, but you know the approach is robust enough.
- ✓ When you create your own approach, make sure that you have backtested it and it has a positive expectation value.

Lesson #25

Ignore trades where you can’t build a rewarding position.

This is a lesson I learned late in my trading career. Until then, I have traded every possible position size. I had no problem trading one aggressive 3% position in a biotech stock and another 30% position in a normal stock. But guess where I made the most money: definitely not in aggressive positions with a small position size. It were the normal and more conservative stocks with larger-sized positions with which I made the most money.

Many traders are fascinated by big moves: 300% in a week, 500% in a month and so on. However, these types of moves often occur in aggressive, volatile stocks with low volume and small market capitalization. It's not uncommon for your initial stop loss to be 20% off your entry price. This leads to small position sizes. Plus, you can not add to your position without dramatically increasing your risk.

Here's an example: You have bought a 5% position in an aggressive biotech stock. The stock rose 200% in 4 weeks. The return was 10% of your total trading capital. Not bad, if you only look at time and results. If you look at the chance-risk ratio, you will discover something else. If this position had a 20% stop-loss distance and you risked 1% of your total capital, the chance / risk ratio would be 10. Still great, but to achieve this return, you traded a very risky stock.

Now compare that to a more conservative trade. You have bought a 15% initial position and you added to your position several times. The stock rose 100% in 6 months. The return was 25% of your total trading capital. If this position had a 7% stop-loss distance and you risked 1% of your total capital, the chance / risk ratio would be 25. The trade took more time, but the risk was acceptable and the chance / risk ratio much better.

If you are able to find enough aggressive stocks with the return of the first example, you will make a lot of money. But that is wishful thinking. Aggressive stocks tend to be volatile and unpredictable. Not a good basis for a successful trading approach.

Personally, I skip trades if I can not build a big position and my initial stop loss is larger than 7%. My goal is always to build a 15% initial position and then increase it on the way up. Not every stock can be traded with such an approach, and that's fine for me. I tend to have fewer trades with a higher risk / reward ratio than many trades with a lower risk / reward ratio and higher risk.

Axsome Therapeutics ($AXSM): With a stop loss margin of 15%, you can only trade a small position. Although the stock performed well, the return was low.

Learnings

- ✓ Risk your precious capital only with truly rewarding trades.
- ✓ Do not be misled by the gains of aggressive, volatile stocks. The chance to trade such a move profitable is small.
- ✓ Focus on the chance / risk ratio of every trade rather than on the percentage or money gain.
- ✓ Find trades with a small stop-loss distance (<7%) that have the potential to double. Add to your position on the way up.

Recommended books

I am often asked about book recommendations. Here are a few books that I read over and over again. I think it is better to read a good book 100 times than to read 100 different books.

- How to Make Money in Stocks: A Winning System in Good Times and Bad (William O'Neil)

- Trade Like a Stock Market Wizard: How to Achieve Super Performance in Stocks in Any Market (Mark Minervini)

- Think & Trade Like a Champion: The Secrets, Rules & Blunt Truths of a Stock Market Wizard (Mark Minervini)

- Momentum Masters - A Roundtable Interview with Super Traders - Minervini, Ryan, Zanger & Ritchie II (Mark Minervini, Bob Weissman)

- Stan Weinstein's Secrets For Profiting in Bull and Bear Markets (Stan Weinstein)

- How to Trade In Stocks (Jesse Livermore)
- Reminiscences of a Stock Operator (Edwin Lefèvre)
- How I Made $2,000,000 in the Stock Market (Nicolas Darvas)
- Trading in the Zone: Master the Market with Confidence, Discipline, and a Winning Attitude (Mark Douglas)
- The Disciplined Trader: Developing Winning Attitudes (Mark Douglas)
- The Perfect Speculator: How to Win Big in Up Markets and Lose Nothing in Down Markets (Brad Koteshwar)
- The Perfect Stock: How a 7000% move was set-up, started and finished in an astonishing 52 weeks (Brad Koteshwar)
- Trend Following (Michael Covel)
- Market Wizards: Interviews with Top Traders (Jack Schwager)
- The New Market Wizards: Conversations with America's Top Traders (Jack Schwager)
- Stock Market Wizards: Interviews with America's Top Stock Traders (Jack Schwager)

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