THE NETPICKS INFORMER

Savvy strategies for profitable traders.

1st Quarter | Issue 3

A $25.95 Value

LETTER FROM THE DEVELOPER

Hello again. It's hard to believe that we're now on our third issue of the NetPicks Informer. When I received my last issue in the mail I literally read it from cover to cover. There was so much great information that our Trading Coaches shared.

These Coaches are truly one of the most unique assets that NetPicks offers, and one that we share with all of you who get involved with our trading systems (High Velocity Market Master, Ultimate Swing Trader, Universal Market Trader, etc…). Each and every Coach was originally a NetPicks course buyer/customer. They purchased a course, mastered the system and then came to us with the desire to become mentors to people just like you. Our Coaches know what it takes to go from a struggling beginner to a successful Professional Trader.

They have each mastered our strategies and specialize in particular markets. Shane trades forex; Troy trades forex, futures and index e-Mini futures; Will futures and forex; Ron trades Gold Futures and forex; Mike trades stock, options and indices; and so on. This real, in the market, day-to-day combat means you're not learning theory. You're learning the real deal. All the coaches, including me, trade virtually every single day.

In 2009 we added more Coaches to our staff. Will we see the same in 2010? I think so. It's all part of what I call our "Total Support" program that contributes to the 'Immersion Training' we feel is so pivotal to mastery of trading.

To master trading you cannot just read a book, or watch a DVD. It takes a multi-media approach, books, DVDs, live training, webinars, coaching, in the market analysis and the ability to get real-time answers all rolls-up to this Immersion Training.

At NetPicks we ensure that we're providing this training at all levels. We realize how important it is to not just talk in the theory, but to bring our strategies to the market, in real-time and without knowing what comes next on each tick and each bar. You will experience this trading on your own and thanks to this approach you'll be prepared for all the possibilities.

2010 is going to be a great year. We have so many plans for you and we're already in the process of getting them started! Make sure you're on our email lists for the latest announcements. There are some surprises on the way.

In the meantime, Happy New Year and as always the very best in your trading success!

Mark Soberman

Mark Soberman

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WHAT'S NEW AT NETPICKS?

It's a brand new year - have you made your New Year's Resolutions yet?

Along with your old-standby "lose 10lbs," we hope you'll also take a good hard look at your trade plan.

We've got a number of awesome and inspiring events planned this year and we do hope you'll make the commitment to yourself and join us.

Among such events include the debut of our Ultimate Swing Trader FX Live Edition! The UST FX Live will include all the great features and benefits of our classic UST *plus* add on a LIVE, online weekly training program taught by our UST experts.

In this program, you'll learn all the basics, nuances and intricacies of the Ultimate Swing Trader. How to set up your indicators and settings, when to take your setups and even cover the more advanced techniques. Q&A will be part of each live session so you'll get your questions answered quickly and in terms that you'll actually understand! (refreshing, isn't it?).

We'll be debuting the UST FX Live very shortly here so stay tuned for all the details.

In addition, we're also working hard to develop the very first NetPicks Stock & Options course! We've received numerous requests by our loyal fan-base so it wasn't a difficult decision to make sure that our next newest system centered around these markets.

Our preliminary backtesting has gone off without a hitch and we're seeing some VERY exciting results. Though we can't give you all the details, rest assured that this new addition will be just as simple, straightforward and successful as the HVMM and UST.

CHANGING MARKETS

by Mike Rykse

Over the past couple of years, I've had the privilege of working with traders from all different types of backgrounds and experience levels. During this time, I have noticed certain areas that traders tend to get stuck in. One area that comes up often is deciding when it is time to switch the markets that you trade. I have personally gone through this in the past few weeks, as changes have been made to the markets I look at for the first time in two years.

Having a universal trading strategy in our toolbox does allow us to trade all markets and time frames. Unfortunately, traders often times use this feature incorrectly. I always recommend that my students find a few markets that fit their trading style. If you are more of a conservative trader, find a few markets that move a little slower. If you like the fast paced action, look to some of the more volatile markets. The key is to find a market and commit to it. One of the biggest mistakes a trader can make is to switch markets on a regular basis. Trading the mini Russell a couple of days a week while looking at forex the rest of the time is a recipe for disaster.

Keep in mind we have a system that puts the odds in our favor. The only way we can take advantage of those odds is to take the trades consistently in a given market according to a detailed trade plan. Cherry picking trades on different days or in different markets will never lead to consistent results. You will find yourself missing out on the winning trades and catching all the losers. Don't let a minor losing streak cause you to lose confidence in the system. If we are sticking to our guidelines of choosing the right markets and time frames, then over an extended number of trades, the odds will play out in our favor.

Now on the flip side of things, at what point should you consider switching markets? We don't want to force a market and time frame to work when the system is working well on so many different markets. The key is to keep a record of your trades on a daily basis in a trade journal. At the end of the month, go back and review the results for your given market. You then have the opportunity to analyze whether or not the results are satisfactory. If you find that the market really seems to be slowing down, then move on to another market. Notice that I am not recommending you do this on a weekly basis. Markets will have down days or even weeks from time to time. That doesn't mean a market is broken. If we start to see an extended draw down then you know it's time to move on to another market.

I personally traded bonds for the past two years on a daily basis only to see the volatility fall out of these markets over the past month or two. I don't want to force these markets to work when other markets like currencies or crude oil are working so well. All I have to do is create a trade plan for one of the other markets and make the change. Before I made this change, here are some of the key points I considered:

- Consider your winning percentage and profit factor at the end of each month. If these are showing a decline in performance over an extended period of time then it is time to consider other options. As a rule, keep in mind that we like to see a 2/3 win rate with our systems.

- Are your trade profiles shrinking? One of the biggest clues that you can use when gauging volatility is to look at the trade profiles. If they are getting smaller and smaller then you know it might be time to consider a change.

- Keep a forward test going of other markets that you aren't necessarily trading. If these markets are outperforming your market over an extended period of time, give some thought to a change.

- Do not over react to a minor losing streak. If you have 5-6 losers in a row, that doesn't mean a market is broken. If however, in your monthly analysis you see an extended period of draw down then it might be time to consider other options.

- Do not change on a regular basis. Let the odds play out in your favor over an extended period of time. Stay consistent with your approach and be slow to change.

The best traders I know are aware of the markets that fit their trading style. They specialize in a handful of markets, which allows them to master the art of trading in those markets. Don't panic when you hit a losing streak. At the same time, don't be afraid to give up a market that you have always traded if you find other markets to be producing better results.

TRADING WITH YOUR IRA

by Ron Weiland

Investing in a bear market can be difficult for conservative investors. There is nothing worse than watching your IRA go down as the market drops and you don't know what to do other than pull out and move to cash. The problem is you want more than money market rates. Did you know there are safe strategies for conservative investors?

Many investors do not know that they can trade just about every market with their IRA. First, let's talk about the market where people start to think of trading with their nest egg. In a Bear market, you should pull out of the market and sit on the sideline with cash, lots of cash. Now that you are out of the market, how can you make your money grow more than with a cash money market rate. You can in fact invest in inverse ETF's, Options Forex or Futures. There are many funds that go up when the market goes down, they are called inverse funds and move opposite the typical fund. So when the market starts to go up, you can jump in with your cash and buy near the bottom for the long Bull market.

Now you don't want to trade or leverage your entire account, so you can have some in cash, some in laddered securities and some for trading. This will give you three different levels of returns and securities. If you want to know more about laddering, just talk to a financial advisor. Simply put you buy some CD's or Bonds with short locked in rates and some with longer higher rates. You will always have some you can roll over into cash to put into the market or roll them back into the CD or Bond at a higher than Money Market rate. Now, let's talk about the exciting stuff, trading.

Step 1: Analyze Your Risk and Investment Options

You want to decide how much to keep in the three segments of your portfolio. Do you want 33% in cash, 33% in the CD or Bond ladders, and 33% for higher return trading?

Step 2: Decide What Broker to Use and Check Your Psyche

Check with your Broker and see what you can trade with your IRA. Most of them allow you to trade Stocks, Options, Futures and Forex. There are just a few restrictions, but not many. When you do start trading, make sure you have the psychological ability to invest a portion of your nest egg and decide if Day or Swing Trading is more your style.

Step 3: Develop a Trade Plan and Use on All Markets

Only NetPicks has custom indicators that you can use on Stocks, Futures, Options and Forex. It is very simple to use and you can jump between the markets with ease. We give exact entries, targets and stops. So there is no guess work in trying to decide if you should buy or not. We have videos and daily trade rooms where you can get help or trade with our trading and coaching staff.

We also offer mentoring and coaching to help you with your plan and the psychological aspects of trading. With NetPicks you are never alone! We have some incredible indicators that can work on many inverse ETF's. So, when you can't short a stock in a down market, no problem. Just buy the ETF's that go up when the market goes down. Take

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a look at these two Inverse ETF's and the Regular Long ETF.

To see this chart in a larger size visit: www.netpicks.com/charts.html

As you can see, when the financials were tanking, you could have been buying. Some very nice moves and you

To see this chart in a larger size visit: www.netpicks.com/charts.html

see how dynamic the indicators are. The targets adjust to the market action. Smaller targets when price action is slower and larger when it was crazy. It keeps you out of the chop and into the Swing!

To see this chart in a larger size visit: www.netpicks.com/charts.html

This shows you a small loss followed by two winners. If we looked at the S&P you would have seen a nice buy signal and we are long again.

I think you can see that we have some very powerful indicators that can help your nest egg grow. You don't have to just use them in a downturn, but you will see performance whatever the market condition. Come test us out, you will be amazed at your results!

A WINNING TRADE PLAN FOR EURO FUTURES 144 TICK

HVMM System 1

By Troy "TJ" Noonan

Basic Premises:

1. Start at beginning of NY Session (I'm on the West Coast)

2. "Power Of Quitting" (or 'POQ') wins and positive result

3. Employ basic 2% risk management rules for position size

4. Work around 0's and 5's

5. Use early exit strategy with a 2 tick incremental and adjust around key levels and indicators if it doesn't increase risk too much.

6. Try to keep risk regarding early exit decisions around 12 ticks when possible
   a. Note: There will be times when this approach will stop out too soon and keeping the larger risk (that is, the stop and reverse approach) will keep you in the trade for an eventual winner. Other times though, you will get out early in a trade that would have stopped and reversed, creating a larger loss on the trade.

Rules:

1. Ok to take FTOD if it sets-up in the premarket and extends into the open. (This is optional but I think I'll employ it for now. Stay vigilant on this.) BUT, don't take it if E forces you in around 50's and 100's. Wait for fresh set up in this case.

2. Make 2 tick adjust around 0's, and 1 tick adjust around 5's.
   a. Examples:
      i. Short E at 14491 or 90, get in at 4488. But if E is at 14492, get in at 4489. Always get in 2 ticks after 50's and 100's though and, work around swing levels

and directional for slight adjustments beyond.

ii. Long at 14474 or 14475, get in at 14476. But, if long at 14473, get in at 14473. Don't adjust 2, around 5's. Still must consider key level adjustments though, as prior example.

3. Go for 1x on Re-entries based on the set-up bar

4. Work around indicators and key levels for stops

5. Quickly lock in profit around 0's and 5's when 2 ticks away from Target. Even 3 ticks if around key levels.

6. Be aggressive with protecting profits if working around big round numbers.
   a. Be specifically aggressive around or close to news
   b. If the money management (mm) level is 8 or 9 ticks, be careful to lock in; work key levels but prefer at least 1 to 3 ticks using indicators to try to stay in the trade.

7. Risk aversion is critical to me but the handsome winning percentage mitigates the aversion. The decision to make is to cut losses quickly at the risk of missing some losing trades vs. hanging in there longer to catch some of those trades but at the cost of incurring greater losses on some trades. I am favoring the quicker exit with some adjustments around key levels and indicators. Everyone should back test to come up with what they believe would work best for them.

8. More Stop mgt Rules:
   a. Use Profit Line as stop with a 2 tick incremental. If mm is touched, keep risk minimal using PL. If mm is retouched, retested but fails, then lock in at least 1 to 3 ticks and guarantee the trade does not take a loss.
   b. If mm is penetrated, lock in at least 1 to 3 ticks, working around 5's and 0's.
   c. On re-entries, if it goes 8 ticks, lock in at least 1 tick of profit. Do not take a loss.

9. Use common sense around big key levels, 50's and 100's, especially when market is trading in a tight range and/or around the open and news. Odds go down in these situations. For example, a first or 2nd approach at these levels have lower odds than a 3rd attempt. A 4th attempt will usually have higher odds of breaking through.

10. Possible compromise to stop rules: Use a looser method for first trades, but for the final trade that gives POQ, use the tighter stops as described in 6. – still unsure. Back testing is one thing but real life trading is another. We will have to stay vigilant, keep notes and see what works best over more time.

11. Lower expectations on holiday weeks with a POQ 1 win and done.

12. If a pullback triggers in, but my adjusted E keeps me flat, then the price moves back to trigger in at my E, don't use a new set up bar.. Stay with the original set-up that the system triggered in on.

ON THE NETPICKS HORIZON

Here's your sneak peek at upcoming developments and events happening in the coming months at NetPicks. Be sure to check your Inbox for details and specific dates coming your way via email.

- **8-Week High Velocity Market Master Training BootCamp**
- **Ultimate Swing Trader 2.0 FX Live!**
- **First Ever NetPicks Stock & Options Course**
- **Mentorship Classes Covering Trading Techniques and All NetPicks Products**

GET YOUR HEAD IN THE GAME...or you will be sitting on the bench.

by Brian Short

If you've had the opportunity to play any sports in your life you may have heard this from your coach at one time or another: "Get your head in the game or you will be sitting on the bench". What the coach is trying to tell you is you have done something that is causing poor performance for the team, and most likely you know better. So after a few more kind words from your coach you shake it off and say to yourself "I will not do that again". And if you do, guess what? You will be sitting the bench.

The same holds true in our own personal trading, but one of the hardest things as a trader is to take an objective look at our own trading performance. As a trader/player we want to be in the "game," making a contribution to the team, or in this case our trading account. When we play the role of the coach, then it's our job to identify areas in your trading that need improvement, especially if you struggle with any of the trade psychology issues that will be listed in a moment. If you don't take action to improve and gain control over trade psychology, guess what? You will be "Sitting on the Bench"

Let's identify the most common mistakes made by traders. I am sure there are more we could add to the list, but these are the most common. What I want you to do is a self- examination to see if you can relate to any of the examples listed.

1. **Taking profits early.** This is a trader who takes their profit on a trade well before the intended target and outside the normal money management rules that are in his/her trade plan. The temptation here is to book some profit, but really this is the wrong thing to do. By doing this you have created what I term a no-win situation. You might think you just booked profit on a trade and that it was a good thing, but let's look at the two possible outcomes. First, the trade may continue on to its original full target objective. At this point you are kicking yourself for bailing on the trade too early, not to mention the fact that you missed out on the extra profit of that trade. The second possibility on this trade is that it heads against you and hits the original stop. For a moment you think you saved the day by turning a losing trade into a winner. But in reality all you have done is reinforce a very bad habit and you will take the same action on the next trade. If the method you're using has a 65% winning edge,that also means you will lose 35% of the time. So considering the above two possibilities, this means that roughly 65% of the time you will miss out on additional profit and 35% of the time you may salvage some smaller profit out of the trade.

2. **Four losing trades in a row, I am stepping aside.** Let's face it; each of us can only take so much pain when it comes to trading. One losing trade, no problem. Two losing trades…. Ouch! Now I am in the hole. Three losing trades and it's starting to hurt pretty bad, but I will stick to my plan and take the next trade. On the fourth loss……. I can't take it anymore. I am stepping aside – it's too much mental pain. I will almost guarantee you that the fifth trade in this sequence will be a winner, the sixth trade a winner, and so on. The key here is to remain consistent and trade your plan. Look at your back-test results and see how many losing trades in a row occurred in it. I bet you see that four losses in a row did happen from time to time. Some interesting statistics from the author Van Tharp state the following: "assuming your method has a 65% win rate there is a 100% chance you will experience three losing trades in a row. There is a 10% probability you will have five to six losers in a row. A 1% probability you will have 7 to 8 losing trades in a row."

3. **There is no way that trade will be a winner. I am passing on this one.** What we're talking about here is the discretionary trade. You are filtering trades based on how you feel the trade will do from the very beginning. I can't tell you how many times I put a trade on and I think to myself this trade has no chance of winning and I am proven wrong most of the time as that trade heads to it full target objective. The bottom line is that none of us know ahead of time if a trade will win or lose. What we do know is that the method we are trading gives us an edge in the market and we need to execute each and every trade setup per our trade plan so that we gain the benefit of that edge.

4. **I don't want this trade to turn into a loser, let's move the stop.** The temptation in this situation is to give the trade a little more room to work in hopes the market will turn around and head back in our favor. So the trader moves the stop out to a risk level that is way more than the typical trade setup for the method he is using. This is a big mistake and rarely works in the traders favor. As a trader you need to accept losing trades as a part of doing business. Keep in mind if your methods edge is say 65% that you will lose 35% of the time.

5. **The Revenge Trade.** To me this is one of the most dangerous modes to be in as a trader. It will draw down your account faster than any of the other examples listed so far. The Revenge Trade really comes out of the competitive nature in each of us which has us wanting to get back what we have lost. A few examples of Revenge Trades would be taking extra trades past what your trade plan dictates to try and recoup your losses. Or, after a series of losing trades you make the decision to double down on the next trade to recover your losses quicker . Bad move -don't do it. Or how about this one: I missed the last winning trade because I was distracted. My trade plan says I should be done for the day, but I am just going to take one more trade. In each of these situations the trader is taking trades past what their trade plan dictates, putting them at additional risk in the market. What if that extra trade is a loser? Then do you do, take another trade? And another, and another?

I have the opportunity to speak with traders each and every day and the five trade psychology issues listed previously are the most common ones that traders struggle with. The key is to recognize these as problems. Figure out how they are negatively impacting your own trading. Then get back to the trade plan! I would recommend the following.

1) If you're a newer trader, consider finding and working with a trading coach. This is a good way to get an objective opinion and advice on how you are performing as a trader. A trading coach has been there before and has experienced many of the same things you have or will in your own trading. A trading coach will also help guide you around the most common pitfalls traders fall prey to.

2) Find a trading partner. This is also a great way to improve your trading. When you know that you're accountable to someone else and you will have to explain each and every trade you will be motivated to stay on course with your trade plan.

3) I would also recommend you keep a trade journal. This is an excellent way to track the trades you take, but to also add some short commentary on any issues that impacted your trading during the session. This will aid you in quickly identifying those issues, trade psychology or any other that are having an impact on your trading results.

I'm not saying these recommendations will eliminate the struggle. By nature trade psychology is something we have to continue to work on, but following these steps will help us learn and improve.

YOUR REWARD IS WAITING!

What do you have to say? We want to know!

Every day you take trades just as we do, so we'd be crazy not to listen. The best part is we not only listen, but we reward you for speaking up.

In every issue we have a new contest with a new question to answer, and prizes to win.

Here's how it all works:

1. Answer the question(s) below.
2. Submit your answer(s) via email to: info@netpicks.com and be sure to reference "NetPicks Informer Contest" in the subject line, or snail mail to: Attn: NetPicks Contest Department, 9400 Macarthur Blvd 124-417 Irving, TX 75063.
3. 2 winners will be chosen. We will contact the winners personally and announce them in the next issue of the NetPicks Informer.

Question: What do you feel the most difficult aspect of trading is and why? (Maybe deciding on which market to trade, maybe risk management, or possibly trade psychology....)

Let us know in what you think and if you're still struggling in that area. If we pick your answer to this question, we'll not only write an article about it, but we'll hook you up with one of our trade coaches to help you in that area! You'll get one hour of dedicated time with an expert trade coach.

We're looking for sincere honest answers and feedback. Keep your answers clear and concise, but remember one sentence answers won't cut it.

You have nothing to lose! This is your chance to let us know what's on your mind and get rewarded for it!

As always if you have any support questions or any other feedback, please email us at: info@netpicks.com.

NEVER CHASE – LET THE MARKET COME TO YOU

By Russell Rice

The mistake I see most often in trading is trying to chase a sharp move in price just after it has occurred.

As the moderator of a Forex Trading room it is probably the most common emotional mistake I repeatedly have to warn against. Ninety percent of the time the result will be a poorly timed entry that is problematic from the start.

Chasing can destroy your timing and self confidence and affect the rest of your trading day.

If you missed the initial move – so what! The market is giving you an endless flow of opportunity to perform well and execute winning trades. Patience and self-discipline are critical skills for a successful trader. When faced with an opportunity to chase or not, it will pay off tremendously to rely on your critical skills and wait for a better set up that "comes to you" rather than to pursue a move that is already in progress. Just let it go and tell yourself it will not go up or down forever. You will have your opportunity to buy or sell – but at a better price than the market is offering you at the moment.

If you exercise patience and wait for a retracement you will nourish your confidence and keep your decision making in sync with the natural ebb and flow of price movement.

Help is on the way!

A few years ago I decided I needed a visual quick reference charting tool that would reveal emotional extremes in price to help me guard against chasing.

After months of testing I finally came up with a winner!

I began using a narrow 1 minute chart with bold indicators on the left side of my monitor that functions almost as a "Richter Scale" to reveal the emotional tremors running through the market.

By blending a set of very fast and ultra fast indicators represented with bold thick lines to emphasize over bought/over sold levels, I discovered a tool that is excellent at revealing short term emotional spikes in price.

I decided to name my new chart the **Spike Look/Fine Tuning Tool**.

How it works

When the ultra fast indicator is able to out-run and separate from the very fast indicator on a 1 minute chart, it will produce a distinct "look" – a warning that a sharp snap-back in the opposite direction is imminent.

Because the bold thick indicators are in real time to the second, you do not have to wait for a bar or candle to complete. The degree of separation of the two indicators is the revealing factor.

The greater the separation – the better the chances of a sharp snap back in the opposite direction.

With a quickly placed entry and tight stop at these "windows of opportunity" the trader can take advantage of setups that have great risk reward potential. Although these emotional extremes in price are typically short lived, they offer trading opportunities with 3, 4 even 5 to 1 risk/reward potential.

As with any tool, the more you use it the better you become with it. After some screen time with the Spike Look/Fine Tuning Tool a trader can quickly recognize when a sharp move in price has the "Buy it Look" or the "Sell it Look".

Trading is often counterintuitive. You have to buy when the market is going down and sell when the market is going up in order to setup profit potential and stay on the correct side of emotional swings in price.

The Spike Look/Fine Tuning Tool can help immensely to improve these necessary trading skills.

Adding a quick-reference tool to my multi chart workspaces has taken my trading performance to a new level. The overall benefits are dramatic in scope:

Patience	Bigger Profits
Better Timing	Smaller Losses
Better Entries	Higher Percentage of Winners
Better Exits	Trade with a Lot Less Stress

Discipline yourself to have the patience to always "let the market come to you."

And, above all else - NEVER CHASE

To see the Spike Look in action grab a free trial of Russell's Live Forex Signal service at: www.netpicks.com/forex-signal-service.php

INSTALLING YOUR HVMM INDICATORS

by Ken Cunningham

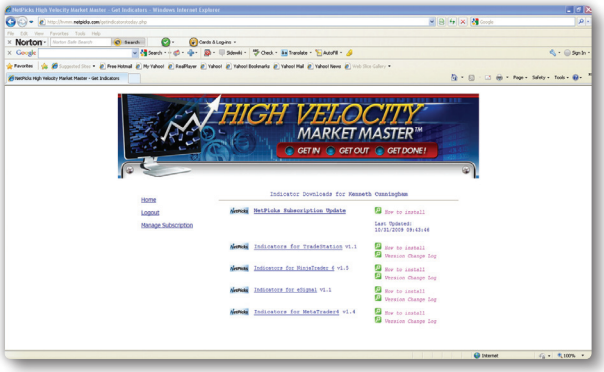
This is the first of what will be a series of articles on how to install your indicators onto your preferred trading platform. In later articles we will go through how to look for the optimum time frames and settings to use for the markets you want to trade.

For this article we will look at Tradestation and Ninja Trader. We will look at eSignal and Metatrader in subsequent newsletters.

The first thing you need to do with Tradestation is download the indicators from the NetPicks site – go to: http://hvmm.netpicks.com/

If you have not yet registered your Tradestation customer number, select "Manage Subscription", log in with your user name and password and go through this exercise first. Then wait for one hour and the indicators should be available to you.

After, select "Get Indicators" and log in with your user name and password, you will see a screen that looks something like this:



You can see an icon labeled "How to Install" against each of the platforms – if you click on this icon you will get the detailed instructions.

Then select "Indicators for "Tradestation v1.1", select "Run", when prompted select "Run" again, then "Next", agree to the License Agreement, and then select "Install". The indicators will then be downloaded to your computer.

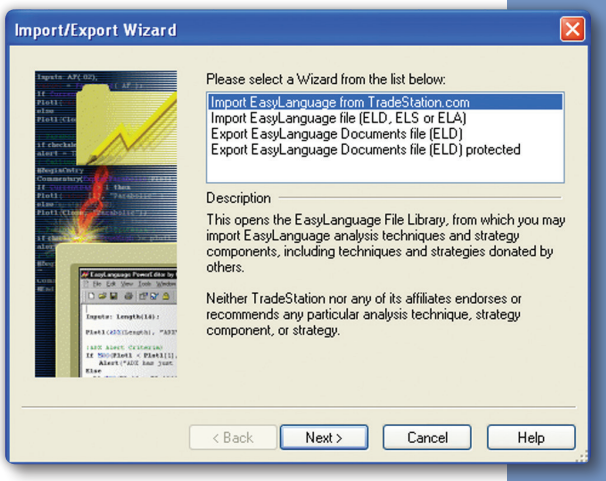
You then need to run the Subscription Update – at this stage Tradestation should not be running (or eSignal, Ninja Trader or Metatrader if you are using them), or else you will get an error message when running the update.

Go back to the NetPicks Indicators website and select "NetPicks Subscription Update". Select "Run", "Run" again, "Next", agree to the License Agreement, and then let the update run.

That's it – it is that simple. We recommend that as part of good housekeeping, you go through this exercise on a weekly basis. That way you can be sure that if there have been any modifications to the indicators, you will be running with the latest versions.

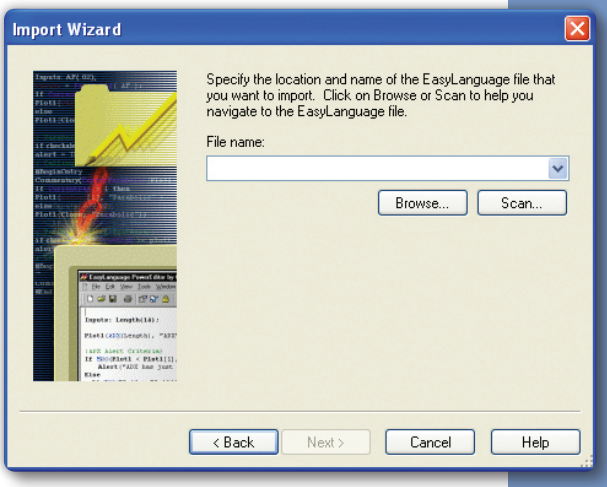
Now at this stage the indicators are not loaded into Tradestation. You need to go through the following exercise to complete this.

First, open up Tradestation, select "File" and then "Import/Export EasyLanguage". You will then see a dialogue box like this:



You now want to select "Import EasyLanguage file (ELD, ELS or ELA)" and click on "Next". Then you have to tell Tradestation where to look for the file that you just downloaded from the NetPicks website. This file is located in the folder C:\Program Files\NetPicks HVMM and is called "NETPICKS HVMM FOR TRADESTATION". Note that if you are running version 8.6 of Tradestation you need to select the file called "NETPICKS HVMM FOR TRADESTATION v8.6".

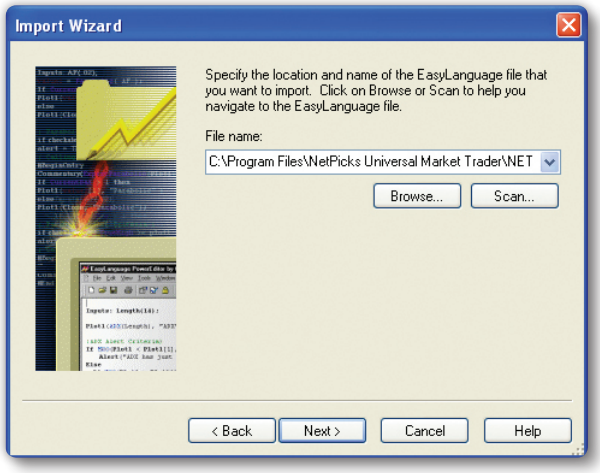
So you now have this dialogue box:



Just click on "Browse" and find this folder and file, then select "Open". Your dialogue box should now have the correct address for the file you want to import.

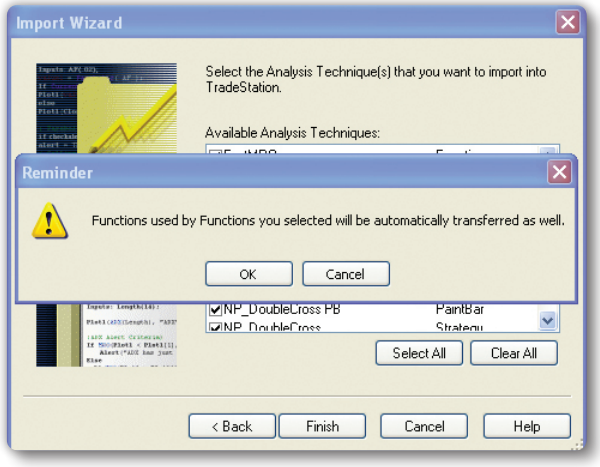
continued on next page

Now we go through a series of steps where we just have to answer each question on the affirmative.

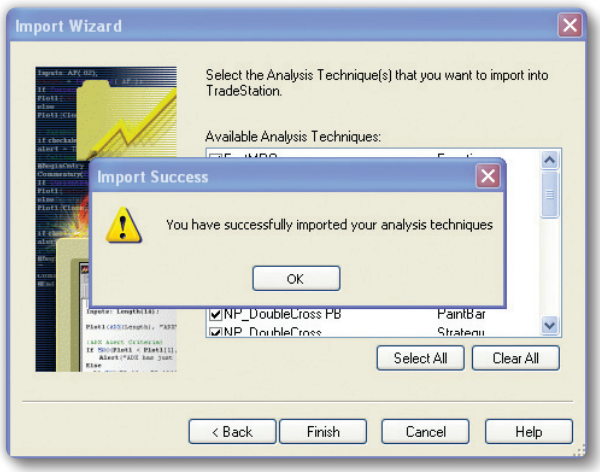


Click on "Next", "Next" again and then "Finish".

The importing process is about to start and you should see the following:

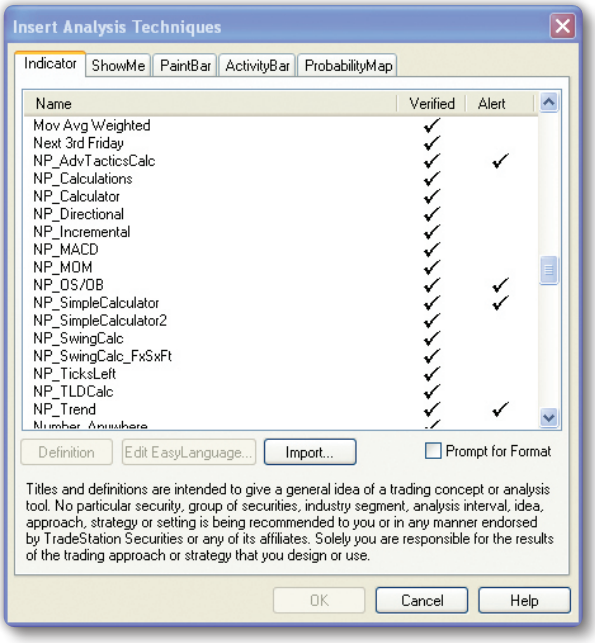


Select "OK", then "Yes to all", "OK", "OK" again, and watch the importing and verification process occurring. When the exercise is complete you should have the following message:



Click on "OK" and the exercise is now complete!

Now you should be able to open up a chart and look for the indicators. If you right click on any chart and select "Insert Analysis Techniques", you should be presented with all the indicators that are available to you, as you can see below:



What you are looking for are indicators with NP_ prefix – these are the NetPicks indicators that you can put onto your charts. You may not have all of the indicators that you can see above – it depends on what subscription level you have.

So there it is – it is that simple! Remember that in UMT there are always people ready to help you along the way of you have any difficulties with this exercise.

In the next newsletter we will go through the same process for Ninja Trader, and we will also start looking at how to go about selecting the best timeframes and settings for the markets you want to trade.

Until next time, good trading!

TRADE OF THE MONTH (To Adjust or not to Adjust)

By Troy "TJ" Noonan

You hear us talking about our systems being 90% mechanical, and 10% art. One of the main 'artsy' parts to trading is knowing when and how to adjust around key levels. Different markets tend to respect certain levels differently than others, but it is a safe rule of thumb to assume the 5's and 10's will present areas of support and resistance. Sometimes they will hold and other times they won't. 50's and 100's usually present even stronger S & R's. You shouldn't be afraid of them but you need to at least respect them.

For example: If you get a long set up on the Dow Emini at 10,348, there's a strong chance that trade will trigger in, and stall out at 10,350, and then head lower to ultimately stop you out. The 10% art side to trading should keep you out of that trade by adjusting your entry a couple ticks above 10,350. I actually have reduced that type of adjustment to a hard rule in my trade plan, so to me, it IS a mechanical decision and no longer falls in the 10% art department.

Currency futures are notorious for respecting 5's and 10's. If you look at my Euro Futures Trade Plan, also in this newsletter, you will see how I have written basic adjustments into my plan. But no matter how much you try to accommodate every type of situation, nothing will ever work 100% of the time. You are looking for the proper rule that gives you a statistical edge and only backtesting will help you figure that out.

What happens though when you are not only faced with a key level like 1.5065 (short trade) on the Euro Futures contract, but you also have a swing level right below that? You will come up against layered key levels, one after another, quite often actually. What if your adjustments are too large and take away too much from your overall profit objective for that trade? No matter what you've accommodated for in your rule set, you will still face tough decisions on a regular basis. The market is infinitely challenging. Take for example the following sequence of trades. I'm going to cheat a little and make two trades my 'Trade of the Month.'

On my continuous Euro Futures 144 tick chart (@EC with Tradestation) at 9:51 CST, using the HVMM, I had to make some tough choices with two consecutive trades. In diagram 1, you can see that I had a short entry at 1.5077. That's no big deal for me. In my plan, I will only adjust down to 1.5074 if my entry is at 75 or 76 but not at 77, as in this case. I hate making 3 or 4 tick adjustments and try to avoid them if I can. After all, on a 15 tick profit objective, 3 ticks represent a full 20% of my profits. That's a lot! Who said insurance was cheap? We all know it isn't. And, there's no guarantee it will work. For sure it won't, on some trades. But what's the problem here? I just said I wouldn't adjust at 1.5077. Except for the fact that there is a swing level a bit earlier on the chart, at 1.5075. Do I really want to get short 2 ticks above a swing level that was established on a big '5' number like 1.5075?

Diagram 1. To see this chart in a larger size visit: www.netpicks.com/charts.html

This is a case where I will make the 3 tick adjustment and set my entry at 1.5074. I called this trade live in my trade room. And it never triggered into our adjusted entry. It did hit the system entry at 1.5077. It fact, it came down and tried to break through, 3 times! See Diagram 1. The third time failed, quickly bounced, and rallied to what would have been a full loss while we sat on the sidelines and watched. Our adjustment, 20% of our profit objective, was worth giving up as it kept us safe and out of a losing trade. The best thing is that we didn't have to pay the premium, since the trade didn't even trigger in. That's the thing about adjustments. When they work, they literally cost you nothing. If the trade broke 1.5075 to hit our adjusted entry, then we would have given up 20% but there would

Diagram 2. To see this chart in a larger size visit: www.netpicks.com/charts.html

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have been a better chance of that trade working out. Still, no guarantees though. There never are in trading.

We were faced with another very tough decision on the next long trade. As this short was on its way to stopping out, a long was setting up; a very difficult long to take, at the time. Looking at the chart, while the market isn't moving, it would have been easy to post this in your back test result as a winning trade. But how would you have handled this in real time?

Diagram 3. To see this chart in a larger size visit: www.netpicks.com/charts.html

At 9:59, a long set up and Entry at 1.5093. At 10:01 it triggered in. At first glance I would think, big deal, lets take it. There is a big 100 level just 7 ticks away but you have to go with your trades sometimes or you'll be adjusting yourself out of too many trades. In this case though, there was a clear swing level at 1.5093. See Diagram 2. So where would you adjust your entry to? If you adjust to 1.5094, what about our rule to adjust up to 1.5096? That seems reasonable until you see that there is an even stronger swing level at 1.5098. So do you want to put on a 3 tick adjustment, taking away about 27% of our trade profile (11 tick potential, target at 1.5104), and get in 2 ticks below a major swing level at 1.5098, which was also the high of the day so far, and 4 ticks below a very strong 100 level (1.5100)? Moreover, at this time, the entry looked like it was going to get us in, right in the middle of a chop zone. I felt very uncomfortable calling this trade, especially since we just made a 3 tick adjustment on the last short that kept us out of a losing trade.

I opted to step aside and not call this trade. I didn't know where to adjust to. And that was precisely the wrong thing to do. At some point, you just have to trust your system and if the trade loses, it loses. In hindsight, I should have made a 1 tick adjustment from 1.5093 to 94, and dam the torpedoes. See Diagram 3. It would have been the most beautiful trade too. Faster than you can say, "^%$#$@#$!@^%&*^!!!" the trade popped through all the resistance levels and rocketed to its target. I am not exaggerating either. There were 15 bars that minute when typically you would get 1 or 2 bars per minute. In fact, I was explaining my reason for standing aside, as I thought through the scenario. We were already up by 12 ticks and had just avoided a losing trade on what appeared to be a very choppy market up to that point. I wasn't in a big hurry to give back our gains. But I blinked and had to rub my eyes to make sure I was seeing things correctly. The price had already flown to its target, like a cork popping out of the champagne I would have cracked open, had I made that trade. Oh well!! Nothing is 100%. When in doubt though, lean on the system. It will be right more often than it is wrong AND, if you stuck to the system, then the blame is OFF of YOU!

EXTRA EXTRA READ ALL ABOUT IT!

Remember, in every issue we'll feature a little something extra for you. It may be a video, an ebook, a report, a featured podcast, or some tool you can't live without. Whatever we give away you can rest assured that it will focus on improving your trading career and ultimately making you more money!

In this issue we're giving you a Free Ultimate Day Trading System that's got EVERYONE talking! Why? Because traders are actually making BIG bucks just by using this system…

- You'll learn a simple strategy that can effectively trade the forex markets.
- You can also experiment with the system on different markets and timeframes.
- You'll find the rules to be straightforward, and the approach to be very systematic
- You'll have a great strategy in your trading arsenal and one that will be a great complement to the High Velocity Market Master

This is a complete system and strategy. You can apply it as is, mix it with techniques you already use, or add it to the High Velocity Market Master for ULTIMATE results! Just make sure you follow the rules, follow sound risk management and control that leverage. :)

Download the Software here: http://www.highvelocitymarketmaster.com/ultimatedaytradesystem.html

SETTING REALISTIC TRADING GOALS

By Will Feibel

We've all seen the emails and websites that promise untold riches from trading: "How I grew a $500 account into $3,000,000 in six months;" "earn $5,000,000 the first year, $30,000,000 the second, $180,000,000 the third;" and so forth. Sound too good to be true? That's because it IS too good to be true. Successful traders know that these are not realistic projections.

Trading is like any other business. If you treat trading as a business you'll find that although you may not get rich quick, you can become wealthy gradually.

So how can we set realistic trading goals for ourselves? As with any business we do that through market analysis, pro forma financial projections, and capital budgeting. We'll discuss each of these steps below.

Market Analysis

In the context of our trading business, market analysis entails a careful study of those instruments and time frames that we consider our trading candidates. That means back testing. There are many spreadsheets available to assist in your back testing, but you can just as easily do it with a plain notepad and pencil. The key is to work with a sample size large enough to be meaningful. We suggest testing a three month period or alternately you could test a full calendar year sampling one week from each month. Both approaches yield roughly sixty days of test data.

The key information you need to glean from your back test are average daily income after commissions, average size of losing trades, and largest losing trade during the test period. The first item we'll use in preparing the pro forma financial projections, the last two we need to determine our minimum trading account size and capital budgeting. As an example consider the results of two separate, three month tests of the soybeans futures (commission costs are included). The basic trade plan for both limits trading to the first half hour of the session and one winning trade and positive (POQ 1):

Chart 1

Instrument/ System	Quarterly Trade Income	Average Losing Trade	Largest Losing Trade
Soybeans 34T HVMM	$4,380	$124	$255
Soybeans 89T UMT	$2,720	$105	$217

Initial Capital Budgeting

To determine your initial minimum account size you need to factor in the margin requirements for the trading instrument and a worst case drawdown scenario. The margin requirement you'll obtain from your broker, the worst case drawdown from your back test and statistical analysis.

A system with a win rate of 60% to 65%, like the Universal Market Trader or the High Velocity Market Master, has a 1% probability of experiencing 8 to 10 losing trades in a row. To be conservative assume a ten trade losing streak. Add the minimum margin requirement to the worst case drawdown projection and that gives you the minimum initial account size.

Chart 2

Instrument/ System	Intraday Margin	Ten Losing Streak Average Size	Ten Losing Streak Largest Size	Minimum Account Size
Soybeans 34T HVMM	$3,800	$1,240	$2,550	$5,040 to $6,350
Soybeans 89T UMT	$3,800	$1,050	$2,170	$4,850 to $5,970

Pro Forma Financial Projection

Our back test gave us an estimate of quarterly income and we just calculated the minimum account size for our instrument. The next thing we need is an estimate for operating expenses. For most of us that includes charting and brokerage fees, data subscriptions, supplies, hardware depreciation, etc. We'll use an estimate of $600 per month or $1,800 per quarter in operating expenses. We can now develop a simple pro forma financial projection based on trading one contract of our chosen instrument. See Charts 3 and 4.

Capital Budgeting

We now only need to account for two more variables: expansion and capital distributions. As traders, that means increasing the number of contracts and/or instruments traded and budgeting our cash withdrawals from the trading account.

continued on next page

Whenever our account grows enough to cover the margin and risk requirements, we can increase the number of contracts traded. We'll assume in our examples that every $5,000 in account growth allows us to add another contract. There is a limit however to the number of contracts that can be traded effectively on each market before slippage and partial fills become a problem. We'll use five for soybeans.

Of course, at some point we'll want to take money out of our trading account to help cover living expense or to buy toys for our loved ones and ourselves. Just like dividend distributions in other businesses, our withdrawals need to be planned and budgeted once income permits. For our examples we'll assume that once quarterly net trading income reaches $10,000 we'll start making $5,000 quarterly cash withdrawals. See Charts 5 and 6.

Conclusion

So how did we do? Did we make millions in a few months? No, but we started with a modest account size, traded for half an hour each day, and after three to four quarters were able to take a nice chunk of money out of our account every quarter while our account continued to grow. With the HVMM scenario our account grew 1,200% over two years even after we pulled $25,000 out of it; UMT grew 1,100% after $20,000 in withdrawals. As your trading account grows and you diversify into other markets, repeat the steps outlined above. You'll now be setting realistic goals for your trading business instead of falling for unscrupulous marketing hype.

Chart 3

Soybeans 34T HVMM	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Begin Acct Balance	$6,350	$8,930	$11,510	$14,090	$16,670	$19,250	$21,830	$24,410
Trade Income	$4,380	$4,380	$4,380	$4,380	$4,380	$4,380	$4,380	$4,380
Expenses	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800
Net Income	$2,580	$2,580	$2,580	$2,580	$2,580	$2,580	$2,580	$2,580
End Acct Bal	$8,930	$11,510	$14,090	$16,670	$19,250	$21,830	$24,410	$26,990

Chart 4

Soybeans 89T UMT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Begin Acct Balance	$5,970	$6,890	$7,810	$8,730	$9,650	$10,570	$11,490	$12,410
Trade Income	$2,720	$2,720	$2,720	$2,720	$2,720	$2,720	$2,720	$2,720
Expenses	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800
Net Income	$920	$920	$920	$920	$920	$920	$920	$920
End Acct Bal	$6,890	$7,810	$8,730	$9,650	$10,570	$11,490	$12,410	$13,330

Chart 5

Soybeans 34T HVMM	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Begin Acct Balance	$6,350	$8,930	$11,510	$18,470	$24,810	$35,530	$50,630	$65,730
# Contracts	1	1	2	3	4	5	5	5
Trade Income	$4,380	$4,380	$8,760	$13,140	$17,520	$21,900	$21,900	$21,900
Expenses	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800
Net Income	$2,580	$2,580	$6,960	$11,340	$15,720	$20,100	$20,100	$20,100
Withdrawal				$5,000	$5,000	$5,000	$5,000	$5,000
Net Growth	$2,580	$2,580	$6,960	$6,340	$10,720	$15,100	$15,100	$15,100
End Acct Balance	$8,930	$11,510	$18,470	$24,810	$35,530	$50,630	$65,730	$80,830

Chart 6

Soybeans 89T UMT	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Begin Acct Balance	$5,970	$6,890	$9,470	$12,050	$19,010	$25,350	$36,070	$51,170
# Contracts	1	1	1	2	3	4	5	5
Trade Income	$2,720	$4,380	$4,380	$8,760	$13,140	$17,520	$21,900	$21,900
Expenses	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800
Net Income	$920	$2,580	$2,580	$6,960	$11,340	$15,720	$20,100	$20,100
Withdrawal					$5,000	$5,000	$5,000	$5,000
Net Growth	$920	$2,580	$2,580	$6,960	$6,340	$10,720	$15,100	$15,100
End Acct Balance	$6,890	$9,470	$12,050	$19,010	$25,350	$36,070	$51,170	$66,270

MEMBER SPOTLIGHT - Trader of the Month

by Shane Daly

Name: **Michael Black**

Currently Living: England

What started you in the trading profession?

I started trading part time about four years ago. I have been working as a management consultant and coach for 15 years. It became clear to me that as long as my income was based on 'hours worked' then it would be very difficult for me to achieve my lifetime financial goals.

The downturn in economic activity was the final spur to go full time which I did in 2008.

Can you describe your typical trading day?

Being based in the UK is just great - you get the best of everything. I start work at 6am GMT looking to catch the end of the Asian session and the beginning of the European and London sessions. I trade from 1:00 EST till 4:00 EST.

Then I go to the gym, have breakfast, relax and wait till 7:30 EST. I then trade the New York open until about 16:00 GMT. Having said that, I usually achieve my daily target by the end of the first session 4:00 EST.

What was the first system you purchased through NetPicks and why?

I first purchased the UMT Advanced Tactics (AT). NetPicks then created a FOREX specific version of the AT called FXLive along with additional coaching and support. I started to achieve consistent results here and actively participated in the European and US Forex rooms. I was then invited to participate in the beta-testing for a new methodology called HVMM. I found the interaction with other traders and the coaches very rewarding. I was then invited to become a coach and help other traders. I was achieving consistent results and could see that some others were not. Today I trade virtually exclusively with the UMT CORE. I find it a superb set of tools, difficult to learn at first but the results speak for themselves.

As you progressed, what was your opinion of the NetPicks coaching team?

The coaching team have been just great right from the start. Questions get answered very quickly; they are a very warm and friendly team. Reflecting on the time differences between the UK and the USA caused me to think that there might be opportunities for a UK based coach/mentor.

Did you find it difficult to design and stick to a trade plan?

Writing a trade plan from scratch was very difficult. However working with NetPicks, I created a template which has proved very effective. Keeping to the plan is down to reviewing it each day which is part of my personal performance review. All of my trades are documented in my journal, so I can immediately see if I am working my plan.

What markets are you currently trading or exploring and are they swing/day or both?

I currently trade eight forex markets as a day trader, cherry picking the best opportunities during each of my sessions. I also swing trade using the UST which provides additional account building opportunities.

As a trader, what was the worst mistake you ever made and did it cost you?

This is a tough one. I have made mistakes buying various systems and strategies; I have also been on quite a few 'dodgy' courses and seminars. However all of these experiences were part of my journey. I learned something from every purchase.

How did you go from customer to coach with NetPicks?

I had a 15 year background in coaching and mentoring prior to going full time as a trader. Whilst I love trading, I did miss the interaction with people. As a result of my consistent performance, NetPicks invited me to join the coaching team. Now I get the best of worlds, trading and coaching. It thrills me to help others improve their trading performance. It also helps my trading by keeping me grounded and focussed on what is really important.

In one sentence, what would be the most important advice you could give a trader?

Learn your method so you can use it without thinking, have a trade plan that is realistic and makes sense, work your trade plan consistently, review your results and adjust.

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Irving, TX 75063

DIVERSIFY YOUR TRADING STYLE

by Shane Daly

Some mornings you wake up…get to your trading desk…only to see that the markets have made some huge moves. This is especially true for those that trade the U.S. session in the forex market. Sometimes when the day trading timeframes are not giving up solid movements, it is great to have a back pocket strategy to pick up the slack. Even worse, what if you are under the weather but rely on trading for an income? We all know day trading requires laser focus.

Part of the time, once the average move of a day is close to being done, retracements or standing aside are really what you are looking for as sideways action can rule the day. The problem is many people feel the need to be rocking and rolling in the markets on a day trading basis. The best time to trade however is when you don't have to trade. Why? You just feel more at ease and for some reason can look at the markets in a fresh way. It also makes it easier to stick to your personal trading plan. This is not simply my thought, but the thoughts of very successful traders worldwide.

That is why I love to swing trade. It adds a different element to my trading and it adds to my equity curve.

This screen capture (figure 1) is my account coming into trading on the 19th of November. Already up over 120 pips on closed trades, would you feel compelled to trade if the markets were just not moving?

This screen capture (figure 2) is my account coming into trading on the 23 of November. Once again, is there a need to trade?

Would you feel compelled to trade coming into mornings like this? Probably not, especially with a slow market. The urge to manufacture a trade is just not there.

I highly suggest you check out adding a swing trade component to your trading business. For traders that are prevented from trading the London session, swing trading allows you to get positioned to pick-up some of the potential sweeping movements that can occur. One caveat, watch your overall market exposure. It can be too easy to get wrapped up on how simple swing trading can be. There may be a temptation to find opportunity on a multitude of markets. Trade smart. Keep in mind what your risk level would be if all your trades kicked in.

unt	Symbol	S/B	Open	Close	P/L	Roll	Open Time	Close Time
028883	EUR/JPY	S	133.290	133.120	17	0.00	18/11/2009 20:18	18/11/2009 21:36
028883	GBP/USD	S	1.67265	1.66983	28.2	0.00	18/11/2009 19:29	18/11/2009 23:36
028883	GBP/USD	S	1.67265	1.66429	83.6	0.00	18/11/2009 19:29	19/11/2009 07:53
					128.8	0.00		

Figure 1

ount	Symbol	S/B	Open	Close	Stop	Stop Move	Limit	P/L	Roll	Time
9028883	GBP/USD	B	1.65400	1.66301	1.65420		1.66900	90.1	0.00	23/11/2009 00:50
9028883	EUR/JPY	B	132.700	133.069	132.900		134.200	36.9	0.00	22/11/2009 21:20
								126.9	0.00	

Figure 2