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How To Make Quick Profits From Falling Stocks

Learn To Spot Great Opportunities Early And Generate Huge Profits !

Ronald Lee

How To Make Quick Profits From Falling Stocks

By Ronald Lee

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Learn To Spot Great Opportunities Early And Generate Consistent Profits Using This Incredibly Low-Risk and Time-Tested High Probability Trading Methodology

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"Everyone has the brainpower to follow the stock market. If you made it through fifth-grade math, you can do it"

- Peter Lynch, "Modern Maturity Magazine, Jan/Feb 1995"

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Important Notice

Trading options can be very profitable but also comes with risks. You must be aware of the risks and willing to accept them in order to invest in the markets. Do not trade with money you cannot afford to lose. Past performance does not necessary indicate future success. Prior to buying options, read the Characteristics and Risks of Standardized Options. It can be viewed at www.cboe.com.

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Table of Contents

Introduction 5

.

Section 1 Trading Mindset 7

Trading with a winning attitude

Trading is a business

The Big Headed Syndrome

Think in probability and with accuracy

Trade for profits, not for excitement

Section 2 The Bearish Reversal System 12

Making quick profits from falling stocks

The art of contrary thinking

Going against the crowd

Short listing of reversal stocks

Setting up for the play

Wait for the entry signal

The Put option strategy

Section 3 Bearish Reversal System Case Studies 19

Conditional orders reduces emotional trading

Eliminating the fear of missing opportunities

Trading using conditional orders

Case Study #1 Phillips-Van Heusen Corp

Case Study #2 Foundation Coal Holdings Inc

Case Study #3 Goldcrop Inc

Case Study #4 Agnico-Eagle Mines Limited

Case Study #5 McKesson Corporation

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Section 4 Be Proficient In Your Trading 36

Do not listen to the experts

Do not trade the news

Do not tell others about what you trade

Do not predict, any thing can happen

Be neutral when you are trading

Let the charts tell you what to do

Be truthful to yourself

You don't need to prove that you are right

Section 5 Becoming a Better Trader 49

The No.1 deadly options trading trap

Completing your learning curve

Know your risk tolerance

Understanding the markets

Rules to follow in becoming a better trader

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Introduction

Knowing that you can make a lot of money from trading options can be very exciting. Many have the experience of jumping the gun and discovered painfully that they have lost all the money simply due to ignorance. The answer is patience and the discipline to follow through a simple trading plan.

My objective here is to share some thoughts with you so that you will not fall into some of the options trading traps in becoming a successful options trader and be financially well.

Before you begin trading options it's critical to have a clear idea of what you want to accomplish. Options can play a variety of roles in different portfolios.

This is a system I have created, tested and have been using regularly. It is highly effective in finding and identifying reversal trades which are of high probability of making profits. It is a very simple system which incorporates some technical indicators and some understanding of some basic Japanese Candlestick charting.

However I want you to remain as open minded as possible and not to let what you have learned before to judge the effectiveness of this system as some ideas may contradict to your trading philosophy.

Here are four rules that you are required to remember at all times in order to begin your journey in becoming a successful options trader.

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My Trading Mantra

Rule #1: If you were not already making money in options trading or wanted to become a better trader, you must accept that what you are currently doing doesn't work or is limiting your progress.

Rule #2: Never turn the markets into the world's biggest casino.

Rule #3: Accept responsibility for all your losses. You made all the trading decisions, no one did. So, own up to it! Only then you will be ready to learn and start all over again.

Rule #4: Never, never take revenge on the markets!

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Section 1

Trading Mindset

It is crucial for you as a trader to have the right mindset in order to be successful in your options trading and not to sabotage your trading account. Being aware of the common options trading traps are important so as to spot them early and not to fall deeper into it. Avoid them completely if possible in the first place.

Trading with a winning attitude

The goal of an options trader is to generate profits on a regular basis but only a small percentage of them are really consistent in making money. Most traders don't believe that their trading problems are the result of the way they think about trading. It is psychological, the consistent winners think differently from everyone else. They have winning attitudes.

We are not fund managers and we should not trade like one. Many traders think that if only they have a big account to trade, they will be able to bring in profits consistently. No, it will never work for us.

All the fund managers have to work within a very strict set of rules and they are under supervision. They are only allowed to risk a very small percentage of the entire portfolio account. If they are down by certain

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percentage they will have to stop trading for the entire month. Not abiding the trading rules will get them suspended. Anyone can do well when govern by these strict disciplinary rules. They are not trading with their own money. No matter how big is their account, there will be no emotions involved.

When you trade without any emotion, you are likely to do well but when you start trading with your own money, that's where all the emotions will come in, your fear and your greed. It doesn't matter whether you are just starting out or have been trading for sometime, it is the same, and every trader will have to take on the same emotional roller coaster ride in order to be good at it. It takes patience and time to master but it can be financially rewarding.

"The investor's chief problem and even his worst enemy is likely to be himself" – Benjamin Graham

Trading is a business

Trading should be treated as a business and that is the simple logical reason why it is called trading. Trading is just act of buying a product or merchandise then selling it and making a profit out from it. Isn't that's what we do as a trader? Most of us seem to forget our objective and become irrational when we trade. We become impatience and want to get rich very quickly.

It is important to state your trading objectives and goals to achieve. Have a simple plan and work on it, please do not try to complicate it by putting in some complex money management strategies. I am not

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saying that money management is not important. It is important but it has to be simple because the majorities of us do not have a PhD in finance to understand it. Simplicity is the key.

The Big Headed Syndrome

Many options trader have been misled into believing that they are able to achieve big winnings by the flexibility to leverage with options.

Most of these trading seminars are selling you a ticket in becoming a millionaire just by trading options. The highly motivated feeling gives you the false impression that you have finally found the easy way out. You just can't wait to fund your account and make your first trade. It can be done but it takes patient and it takes time.

It is sad to say that many options traders have lost their primary objective and become big time gamblers. They have fallen into the **"Big Headed Syndrome"**. To make big profit, you obsessed into look for the highest possible winnings and forget about the risk involved. Most of you will start betting and eventually got into addiction and blow up your account because of the excitements.

Please do not believe that you can make the same kind of a killing with consistency. It will eventually kill you, it is a delusion, it only happens at random and rarely. It is just like striking a first prized lottery ticket. Use your common sense. Don't believe everything you see.

"There are more fools in the world than there are people" - Heinrich Heine

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