



ANSWERS TO FOUR COMMON TRADING QUESTIONS

Phil Storer offers trading advice on entering and exiting markets

DALLAS (February 25, 2010)... Veteran stock and commodity trader Phil Storer helps traders help themselves by answering questions that often arise when buying and selling stocks and futures and by providing time-tested tips.

In his book, *Chalk Talks for Traders - Easy Xs and Os from a Proven Market Pro* to be released in April, he says, "Of all the questions I'm asked, the four most common are: When should I enter? How far will the move go? When will I get out? And, how long will it take?"

When entering a market, Storer says, "joining 'power' the day after a reversal has provided the most consistent success." Under his rule, price action qualifies as a "power move" if the market closes in the same direction for at least three periods in a row. "In those three periods, at least one move should be larger than the average for the last ten periods," he says.

Storer adds, "The total length of the three moves should be greater in length than at any comparable time in the last ten periods." A power move can consist of more than three closes in a row, but no fewer than three, he says.

Storer recommends that people "buy, or go long, the day after the first-reversal (or counter-trend) close in an upward power-move." Alternatively, you can sell, or go short, the day after the first-reversal close in a downward power-move. These practices have proved to work in nearly any time frame, he says.

Like most traders, Storer incorporates moving averages in his work. To calculate a basic, 10-day moving average, one adds up closing prices from the past ten days and divides the result by ten. A moving average is a smoothed price-line, plotted on a futures price chart. A 10-day moving average would be plotted on today's price bar and freshly calculated each day. Technicians use moving averages for support and resistance levels on charts and other factors. If a current price crosses the moving-average line on the chart's upside or downside, traders often consider that to be a buy or sell signal.

Short-term moving averages respond quickly to changes in price, while long-term averages are generally slow to respond.

"The easiest and earliest sign I've found to identify a trend is to watch a market move through an eight-period, moving-average line, long enough and far enough to turn the angle of the moving average line in the direction of the market," Storer says. "Once that occurs, it's okay to join the market and stay until the angle of the moving-average line turns back in the other direction, or until some other method of protection is triggered."

He says, when looking at the direction and power of a market's momentum, it's important to remember that trading against power reduces the probability of success. In determining how and where to enter a trade, remember to buy a breakout or sell a breakdown and enter on a pullback of 40 percent to 60 percent - of either a previous bar on the price chart or a continuous run.

To control the trade's risk, always use a stop-order to exit a futures position at a specific price, he says. When choosing price targets it is important to have both a probable and a possible trade goal.

"There are no guarantees that the market will do anything you expect it to," Storer says. "My intention is to give you an edge on the market--not an iron-clad promise. With that in mind, it's very important to establish an acceptable level of risk before you enter any trade. Place stops at that level as soon as the trade is made." Stops don't always get filled at the intended price, he says, but once they've been hit, stops typically become market orders and are filled as soon as possible.

To make a reward-risk ratio work for you, ensure that your probable goal is at least twice your risk, he advises. As the trade progresses, you can move your protective stop to a profit position if it makes sense. When your target is hit, take a profit.

Storer specializes in providing customized plans tailored to a client's needs and wishes. A desire to win, a disdain for losses and a strong respect for patience and discipline are the qualities that have helped him for decades. He is also the author of *Tricks of the Futures Trade, A Guide to Futures Trading by a 25-year Survivor*.

Storer is the director of trading for the commodity division of Dillon Gage Inc., a full service commodity trading firm based in Dallas, Texas.

MEDIA ADVISORY:

For a review copy of *Chalk Talks for Traders - Easy Xs and Os from a Proven Market Pro*, or to arrange an interview with Mr. Storer, please contact Jo Trizila, TrizCom, at (972) 247-1369 or (214) 232-0078.

To pre-order *Chalk Talks for Traders - Easy Xs and Os from a Proven Market Pro* go to <http://www.chalktalksfortraders.com/>.

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