



## **Adjusting Your Trade If The Market Warrants It**

Phil Storer offers trading advice on using and moving stop-orders

DALLAS (March 25, 2010)... Long-time stock and commodity trader Phil Storer says investors need to develop a plan for entering and exiting a market but can adjust their orders along the way if prices dictate it.

In his recently released book, *Chalk Talks for Traders – Easy Xs and Os from a Proven Market Pro*, Storer recommends using protective stops in trading--to get an initial handle on expected risk. A stop is a priced-order that won't be activated until the market touches that price.

"As the trade moves into profit, however, it makes sense to move the stop along with it, to reduce your risk and protect your profit," Storer says. "I usually wait until there's favorable movement before adjusting the stop." He says to remember that stops become market orders when the stop-price is hit. While stops don't tell you the exact amount of your risk, a stop will be filled at the market as soon as possible and often at the price chosen--give or take one or two ticks.

Stops allow you to place buy orders above the current market price and sell orders below, and since they won't be executed until prices get there, you won't have to be involved with the market until it performs to your specifications.

Storer recommends using a three-part, trading checklist, consisting of a pre-trade evaluation, the trading plan itself and a post-trade evaluation, and says an investor can make adjustments in the execution of his plan if need be. In the plan, Storer says to ask what your entry strategy is. Have you placed a protective stop, is it where it's supposed to be and has anything happened to justify moving it?

True investors, he says, sometimes get their trading ideas in the same ways as speculators but won't sign on until a plan is in place. Investors want to know where and when to buy. They recognize the issue of risk, and as money managers know that a profit objective must be set. Investors have a target, and while plans used by investors don't guarantee a win, investors walk away with the ability to take advantage of the next reasonable opportunity. Speculators without plans, he says, often learn little from their mistakes.

Storer recalls the popular, television game show, "Let's Make a Deal," and says "the show's participants were given something, and then offered an opportunity to trade it for something else that might be of greater value, but was hidden behind one of three curtains. As traders we find ourselves in those circumstances every day. To be successful, we need to make the right choices, and then when we've made them, be careful not to trade them away."

One of the best ways to stay on track in your trading is to include someone else in your plan, Storer says. A trading partner should understand you, your methods and the markets. The real value of a partner is their willingness to discuss trades with you in a way that helps you stick to your strategies. You may need to find another broker to teach your methods to and then use that person as a sounding board.

Storer draws on four decades of market experience, and says "if you learn the concepts in my new book, you'll have a great deal to teach your new partner." He is Director of Trading for the commodity division of Dillon Gage Inc., a full-service commodity trading firm based in Dallas, Texas.

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

**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.

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