



## **Educated Choices Outperform Wild Guesses in Trading**

*Phil Storer offers tips for avoiding common mistakes that lead to bad trades*

DALLAS (May 07, 2010)... When buying and selling stocks and commodities, the choices made during the course of a trade usually decide its success or failure, long-time trader Phil Storer says. While some amount of emotion is unavoidable, a trader's choices should be made on the merits of methods, not on sudden, unrelated urges, he advises.

In his recently published book, ***Chalk Talks for Traders – Easy Xs and Os from a Proven Market Pro***, Storer says a trader needs a well constructed plan to be successful. Without a plan, the trauma that ensues could be serious enough to remove the trader from the market arena. A good plan answers certain basic questions, and while some of those queries may seem obvious, it's critical to consider them to increase one's success. A trader should ask himself why he wants to make a trade. Is it because of a good fundamental reason or a strong technical factor? Or is it just a hunch?

Storer says "there are lots of good reasons to make a trade, but there are also poor ones to be aware of. I've benefited from listening to other traders' thoughts as they approach new trades. And from hearing their rationales, watching them execute trades and seeing the results, I've developed a short list of bad reasons for making trades."

Storer looks at some typical bad trades in his book and says "sometimes I present these poor choices as someone else's. But believe me, I've made them all myself at some point and probably more than once." Whenever a trader veers away from his plan, his probability of long-term success is compromised, Storer says. "No one likes to admit their own shortcomings but failure to do so in trading simply extends the period of danger in a trade. When you recognize that you're operating outside of your system, you must address it immediately."

Many bad trades fall into the impulsive category of "I've got a hunch" or "I just feel it," Storer says. Those are the trades made in spite of the fact that they don't fit the criteria in one's plan at all. The trader temporarily sheds his plan and goes with his gut instincts. "Sometimes that type of trade works," Storer says. "But in my opinion, a win under those circumstances can be a big step backwards because the trader is making excuses and moving further and further away from the safety of his plan."

In Storer's book, traders can find technical tools that complement each other and work towards a successful outcome. Most of the studies he presents can be used with any charting service, including free ones that are found on the internet.

When a trading idea develops, it's important to know the direction of the trend, Storer says. And it's usually best to trade with the trend unless there's a compelling reason to oppose it. He explains how to determine the trend by using simple averages and exponential averages in price-bar charting. And he discusses ways to identify upside and downside reversals and how to react to them.

He says that in order to avoid subjectivity it's important to have triggers or price levels that will allow the market to decide when and where to enter a trade. Triggers can be activated by using a stop or priced order that's executed when the price is touched. Then the order becomes a market order that's filled as

soon as possible. "Stops allow you to place a buy-order above the current market price or a sell-order below the current price that won't be executed until the market gets there," Storer notes. "That way, unless the market can perform to your specifications, you won't be involved with it."

In his new book, Dallas-based Storer draws on four decades of experience. "In markets, there's enough randomness to frustrate our drive for perfection," he says. "What we want to do is use probabilities that we know to give us the edge we need to experience the success we desire."

Storer is Director of Trading for the commodity division of Dillon Gage Inc., a full-service brokerage firm based in Dallas, Texas.

***Chalk Talks for Traders – Easy Xs and Os from a Proven Market Pro*** is available now for \$32.96 (includes shipping and handling) at <http://www.chalktalksfortraders.com>

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

<http://www.chalktalksfortraders.com>

Contact:

Jo Trizila

TrizCom Inc.

jo@TrizCom.com

Office: 972-247-1369

Mobile: 214-232-0078