



## **Successful Trading Depends on Protecting Your Capital**

*Phil Storer's Book '[Chalk Talks for Traders](#)' explains how good planning can defend your money*

DALLAS (June 16, 2010)...Stock and commodities veteran [Phil Storer](#) says that to flourish as a trader you'll need a well-constructed plan that keeps your money from evaporating and allows it to grow over time.

In his book, [Chalk Talks for Traders – Easy Xs and Os from a Proven Market Pro](#), [Storer](#) says “you'll find that there's much more to successful trading than chart formations. Without a plan you'll jeopardize your money and welfare and create emotional trauma that could completely remove you from the contest.” Lack of a plan, momentary excitement, fear and greed all wreak havoc on unsuspecting traders, he notes. For the undisciplined, emotions can run the gambit from the joy of victory to the severe gloom of defeat.

A trading plan is needed to protect capital, and to be complete it must address a number of questions. Once a trader decides when, where and how to get into a market, [Storer](#) says “using a protective stop is recommended to give you an initial indication of expected risk.” A stop is a priced order that won't be activated until the market touches that level. Then it becomes a market order to be filled as soon as possible. A stop lets the trader place a buy order above the current market price or a sell order below it, and won't be executed until the market gets there. “That way, unless the market can perform to your specifications, you won't be involved with it,” [Storer](#) says.

As a trade moves into profitable territory, it makes sense to move the stop along with it--to reduce risk and protect profits. “I usually wait for favorable price movement before adjusting the stop,” he says. Often the stop order is filled on the exact price chosen--give or take one or two ticks.

At an earlier time in his life, when he “had a lot of nerve and a little less sense,” [Storer](#) says a trading partner told him “money is limited, but opportunities are not. Protect your money!” He says the truth of that statement has stayed firmly in his mind ever since.

When he was a child, [Storer's](#) family lived in South Dakota and his father traveled the western half of the state for his job. [Storer](#) says “Dad traveled for twelve winters, mostly on gravel and dirt roads, and carried a shovel, an old army parka, a compass, five gallons of gas in a can, matches, a kerosene lantern and a wool blanket-- all part of a plan to bring him home safely.” Late one afternoon, his father plowed into a snow bank, burying his car. He dug a cave in the snow, closed the cave's entrance and spent the night there. In daylight a rancher spotted him from a plane and returned to pull him from the bank.

“My dad had a plan and it saved him,” [Storer](#) says. “To be a successful trader, you'll need to have a well constructed plan.” [Storer](#) says that readers might be tempted to go straight to the trading strategies when they first pick up his book. “That's OK,” he says. But adds “don't pull the trigger on a trade until you have read the text as well. To increase your likelihood of success, it's important to consider all the basics.”

[Storer](#) notes that interest in stock and commodity futures trading has swelled in the last decade. At the same time, disappointment in long-term strategies has spawned an interest in shorter-term methods intended to reduce exposure to sudden surprises that can be devastating. The explosion in use of personal computers with trading software packages has also encouraged speculators to give personal, short-term trading a try.

"My motivation with this book is to help you make money, without paying the costs that discourage so many people who could be successful traders," [Storer](#) says. He 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](#) 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>

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