



A Solid Trading Plan Includes a Pre- and Post-Trade Analysis, Phil Storer Says *Use a post-trade checklist to learn from mistakes, he advises in 'Chalk Talks for Traders'*

Dallas, Texas (December 7, 2010)...Stock and commodities veteran [Phil Storer](#) says that in trading--like any business activity--long-term success hinges mainly on starting with a well-laid-out plan. Make a list before entering each trade, and then analyze what happened after the trade so that you can learn and benefit from your errors, he advises.

In his new book, [Chalk Talks for Traders –Easy Xs and Os from a Proven Market Pro](#), Storer recommends drawing up a checklist before a trade to help separate your thinking from your emotions. "A list slows you down in a good way, and gives your system time to breathe before you make the plunge," he says. And confidence accumulates when you know that you did everything according to plan.

No one can win on every trade, he says. "But the important thing is that we manage our business in such a way that when a loss occurs there will be no reason to blame ourselves for it." The knowledge that we behaved correctly will allow us to get right back into the markets and give our business another chance to succeed.

[Storer](#) says, "it is very helpful to create a checklist that's specific to your methods and suitable to your trading personality. Without the discipline enforced by a list, your trading behavior won't be consistent, and without consistency your hopes for any lasting success will be dashed."

True investors won't sign onto a trade until a solid plan is worked out, he says. They want to know where and when to buy, and they address the matter of setting a profit objective. Investors decide on a target ahead of the trade.

"In the early part of my career, I used a pre-trade evaluation and of course the trading plan itself, but it was awhile before the idea of creating a post-trade checklist crossed my mind," [Storer](#) says. "At first it didn't seem like looking back would be worth the time and effort, but I was wrong!" His checklist became a three-part exercise, consisting of a pre-trade evaluation, the trading plan and a post-trade analysis.

[Storer](#) recommends the following, generic checklist to help traders customize lists of their own. In a pre-trade evaluation, ask what is the trend direction? Am I trading with it or against it? Is it young, middle aged or old? Is it strong or weak? Where do I enter--on support or a breakout? What is my profit potential? What is my risk, and does the potential justify it? Can I afford that risk? And if something about an approaching trade leaves you uncomfortable, it may be best to pass on it and avoid the distractions that it could cause. Distractions can cause other opportunities to be mismanaged and can end up being costly.

In the next step--the trade evaluation--ask what is my plan for entry? Have I placed a protective

stop? Stops are priced orders that aren't activated until the market trades at or through the required price. Then the order is filled at the next available price. Stops can be moved into a low, no-risk or profitable situation when it makes sense to do so. You should ask if anything has happened to justify moving your stop? Did I cancel it when my target was hit? Have I placed a priced order at my target price? Has anything happened to change the target? Did I cancel it when the protective stop was triggered?

And finally in the look-back evaluation, ask if the trade was a winner, did I get my target price, and if not, why? Did I manage my protective stop correctly? What will I do differently next time? If the trade lost money, ask did I get too close with my stop? Did I get out because of my emotions? Was I with the trend?

"Since not every trade will be a winner, it's important that the checklist be used to verify whether the loss was the result of a breakdown in your own discipline," [Storer](#) says. "In that case, it lets you know what areas to work on in the future." If the loss was the result of an obvious shortcoming in your methods, it's important to make adjustments." Either way, you stand to benefit from a post-trade evaluation.

"Studying the chapters in my book and learning how to use the methods presented will help you develop and run through a list for each new trade and build good habits in the process," 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](http://www.chalktalksfortraders.com) is [available now at http://www.chalktalksfortraders.com](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](http://www.chalktalksfortraders.com)**, 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](http://www.chalktalksfortraders.com)** go to: <http://www.chalktalksfortraders.com>

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