Discussion Questions

Try them out yourself!

Part 1 - Trading in a Nutshell

1. What are some of the trade-offs in trading?
2. What causes prices to move up and down in the market?
3. How do you make the most money in a strong trending market?
4. How do you make the most money in a sideways market?

Part 2 - Riding Market Trends

5. What are the signs of a strong trend?
6. Why do pullbacks happen in a trend, even in a strong one?

Part 3 - Turning Points in the Market

7. Is it better to enter a "TURN" setup in the earlier or later stage of the setup? (Tipping point vs. Break neckline)
8. Why does the market take longer to reverse down, as compared to reversing up?
9. How do you distinguish between a pullback (temporary correction against the main trend) and a reversal (change of trend)?

Part 4 - Trading Zones & Breakouts

10. Why do prices bounce off S/R levels? Why do S/R levels change polarity?
11. When drawing lines on the chart (S/R, TL), how do you decide the "correct" line to draw?
12. How do you decide when to enter a breakout? How do you tell the difference between a real and false breakout?

Part 5 - Price Action & Precision Timing

13. When analyzing the charts, which is more important - the past 20 bars or the past 200 bars?
14. What is the purpose of waiting for a signal bar to enter a trade? Is it always necessary?
15. Why do sharp rebounds occur in the market? (why do sudden change in opinions occur in the market?)

Part 6 - Practical Execution & Risk Management

16. You have 2 strategies - one with 60% hitrate and one with 90% hitrate. Which strategy will you be willing to risk more on?
17. Is it better to add or reduce positions as the price moves in your favour? What are the pros & cons?
18. If you start off with $30k and make a compounded return of 3% every month, how much will you have after 20 years? (hint, use excel to calculate)
19. If you start off with $30k and you lose 50% in the first 3 months, then go on to make a compounded return of 3% every month, how much will you have after 20 years?

Part 7 - Case Studies

20. What is the biggest difference between theory and application?
21. What are some of the challenges faced when interpreting a chart?
22. Does the uncertainty feel uncomfortable when you have to make a decision based on incomplete information (probabilities)?

Part 8 - Trading Psychology & Consistency

23. What rules would you set for yourself to prevent yourself from entering the market when there is no good trade?
24. What are some ways to avoid getting affected by your emotions while trading?