Strategy Blueprint Rules

The How To

Since our entry and exit signals are generated by a computer (we have less control)…

- You will **ONLY** trade when the conditions are optimal
- You will look at high-quality stocks
- You will focus on the ones that have *strong trends*

You will then use the Trade Triangles to assist you with getting in and out of trades. They won’t guarantee success, but they will certainly increase your chances of making a profit. To be extra careful, you can overlay a few moving averages on the chart to help (more on this later).

The 3-Step Formula and Strategy Checklist (aka stacking the odds in our favor)

You are **ALWAYS** going to trade in the same direction as the general market (the big 3). For a “stock” to produce a valid trade, it has to pass 3 tests. If any of the tests fail, then move on. Don’t get emotionally attached to a stock and certainly, don’t let greed get in the way.

**Up Markets (Buying Call Options)**

1) *Evaluate the trend of the overall market:* The Dow, Nasdaq, and S&P 500 must all have Trend Analysis Scores in the range of +80, +85, +90 or +100.
2) **Evaluate the trend of the stock**: the stock you are looking at must have a Trend Analysis Score of +90 or +100 (*Start here with step 2 if trading the Big 3 ETF’s*).

3) **Entry & Exit**: Enter a trade when you receive a weekly or monthly green Trade Triangle. The red Trade Triangle is your exit signal (monthly, weekly or daily).

**Down Markets (Buying Put Options)**

1) **Evaluate the trend of the overall market**: The Dow, Nasdaq, and S&P 500 must all have Trend Analysis Scores in the range of -80, -85, -90 or -100.

2) **Evaluate the trend of the stock**: the stock you are looking at must have a Trend Analysis Score of -90 or -100 (*Start here with step 2 if trading the Big 3 ETF’s*).

3) **Entry & Exit**: Enter a trade when you receive a weekly or monthly red Trade Triangle. The green Trade Triangle is your exit signal (monthly, weekly or daily).

**The 4-Step Formula and Strategy Checklist (aka stacking the odds in our favor even more)**

For savvy traders who don’t have trouble with fear and greed, the 3-Step Formula above will suffice. However, every now and then we encounter a student who is seduced by the allure of the Trade Triangles and will emotionally chase entry and exit signals like a dog chases a passing car (smile).

So to stack the odds in your favor even more, we will add in an extra step. This extra step does not add any magic to the Trade Triangles, but it causes one to pause and look more at price movement than the Trade Triangles. After all, correctly evaluating stock price movement is the true holy grain of trading.

**Up Markets (Buying Call Options)**

1) **Evaluate the trend of the overall market**: The Dow, Nasdaq, and S&P 500 must all have Trend Analysis Scores in the range of +80, +85, +90 or +100.
2) **Evaluate the trend of the stock**: the stock you are looking at must have a Trend Analysis Score of +90 or +100 (*Start here with step 2 if trading the Big 3 ETF’s*).

3) **Moving average analysis**: The 8 day simple moving average (SMA) must be above the 23 day SMA.*

4) Entry & Exit: Enter a trade when you receive a weekly or monthly green Trade Triangle. The red Trade Triangle is your exit signal (monthly, weekly or daily).

**Down Markets (Buying Put Options)**

1) Evaluate the trend of the overall market: The Dow, Nasdaq, and S&P 500, must all have Trend Analysis Scores in the range of -80, -85, -90 or -100.

2) Evaluate the trend of the stock: the stock you are looking at must have a Trend Analysis Score of -90 or -100 (*Start here with step 2 if you are trading the Big 3 ETF’s*).

3) Moving average analysis: The 8 day simple moving average (SMA) must be below the 23 day SMA.*

4) Entry & Exit: Enter a trade when you receive a weekly or monthly red Trade Triangle. The green Trade Triangle is your exit signal (monthly, weekly or daily).

*In the past, I taught how to use the 7/15 moving averages. I’ve since adjusted it to the 8/23 combo to make all of my training more cohesive. Both the 7/15 and 8/23 combos will work. The only purpose of the moving averages are to distract you from the Trade Triangles. This will help you focus more on the healthiness of the price movement. It’s a manual step to ensure you don’t rely too much on the technology.*
Things to be mindful of...

To keep things simple, you are always going to trade in the same direction as the general market (Dow, Nasdaq & S&P 500). Trading stocks when the market and the trend of the stock is strong is called trend trading.

Using a “trend trading template” is not the only way to make money as an options trader, but it is the best path for beginners and those who have yet to be consistently profitable. The reason why is that trending stocks are more stable, more predictable, and more forgiving if you make mistakes.

What option should you pick?

What options to pick is purely a personal decision and every trader will pick something different. In the training, I cover things to be mindful of, but at the end of the day, it’s your choice based on your own personal style and trading plan.

Patience

If there’s one thing I’ve seen destroy traders, it is a lack of patience. If your stocks aren’t producing any good sticks, then just sit and wait. The person who makes the most money is usually not the person who trades the most. Patience = Profits!!!

*Follow the sequence of tests. If any of the tests fail, then move on.* Yes, you WILL miss out on a few good trades here and there, but so what. You don’t win any prizes for making the most trades. You will, however, win the prize of financial freedom if you learn to be extremely accurate and profitable.

Stacking the odds in our favor (why it’s so important)

Once you enter a trade, you are at the mercy of the stock market. So, before you enter a trade, focus on what you can control. As long as you make sure you have as many things going for you when you enter the trade. Even if things go wrong once you enter the trade, then you should be ok. Some examples…

- Trading in the same direction as the market
Trading with a strong trending stock (the power of momentum)
Trading a recent Trade Triangle
Money management (making sure you are protected from losing money)
Having a trading plan (prevents you from making an emotional decision)

This is not a final say so list, but it is a few things to give you a concrete example of what I mean when I say, “do as many things as you can to put the odds in your favor.”

**Trade Signals**

*Tip: A naked chart is a stock chart with no technical indicators on it, just price movement. After you receive an entry signal, do a naked chart analysis to see if you still like the chart. If not, then consider avoiding the trade.

All trade signals have a 3-5 day shelf life, which means if you don’t enter the trade within 3-5 days of receiving a Trade Triangle, then move on. Why chase down one trading opportunity when there are a hundred more waiting around the corner. Yes, you WILL miss out on a few good trades here and there, but so what. You don’t win any prizes for making the most trades.

I’ve found that as long as the stock and the market trend stays strong, then you can keep entering and exiting the stock with each Trade Triangle signal.

**Support & Resistance**

Since this is computer assisted trading, I don’t focus too much on support and resistance. Just be mindful of them, but don’t let them scare you away from a trade.

**Stop Losses**

I don’t use stop losses with the MarketClub Strategy. I just trade smaller dollar amounts. If you must use a stop loss, then a 50% stop loss should do. I sit back and let the computer tell me what to do.
Final Thoughts

Go out and implement! Don’t worry about how I trade or worry about what I would do. I’m not you. Take what I’ve taught you and experiment. Find a style that works for YOU! Go out, make mistakes, tweak and improve! Then start again. That’s the ugly path to success.

Sincerely,

Trader Travis
MarketClub Options