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Jack Shvager Trading Rules

Jack Shvager is the author of widely known in the west of best sellers "Market Wizards" and "New Market Wizards" in which it has generalized experience of the best traders and the most successful investors. In the book of Shvager has included also quintessence of wisdom of the market – councils for traders.

The trading begins:

1. Do distinction between transactions in the tideway of important long-term positions and short-term transactions. The average risk under short-term transactions (meant by number of contracts in a position and an exit point) should be much less. Besides, the speculator should be focused on trade on long-term positions as they are usual considerably more important for success of trade. The error made by many traders, consists in that they so plunge into attempts to catch short-term market fluctuations (creating weight of commission payments) that the main movements of the prices miss.
2. If you believe that there is a long-term trading possibility, don't run into avidity in attempts to reach hardly the best opening price of a position. Loss of probable profit on one missed movement of the price can block benefit from 50 the best strike prices.
3. Opening of any long-term position should be planned and carefully think over – it never should be an instant impulse.
4. Find on a drawing model which tells the exactly time to open a position. Don't initiate the transaction without a similar confirming figure. (Sometimes it is possible to consider possibility of the transaction without a similar figure if there is a convergence of many measured movements and levels of support/resistance in the given price area and there is well certain point of a stop which are not meaning high risk.)
5. Place orders, determining their levels by means of the daily analysis. If the market doesn't come nearer to desirable level of opening of the transaction, write down trading idea and review it daily until the position will be opened or the trading idea will cease to seem attractive. Inability following this rule can to lead to the admission of good transactions.

One of widespread cases consists in that remember trading idea when the market has already left from the implied price of the beginning of the transaction, and then it is already difficult to make the same transaction at the worst price.

6. By search of turns of scale trends it is necessary to wait for occurrence of any formations, instead of opening a position against a trend on target objectives or on resistance/support lines. This rule, in particular, is important in case of the market on which long-term maxima/minima (for example, a maximum/minimum outside of a price range of previous hundred days have been reached).

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