



Trading Dips and Downtrends

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Agenda



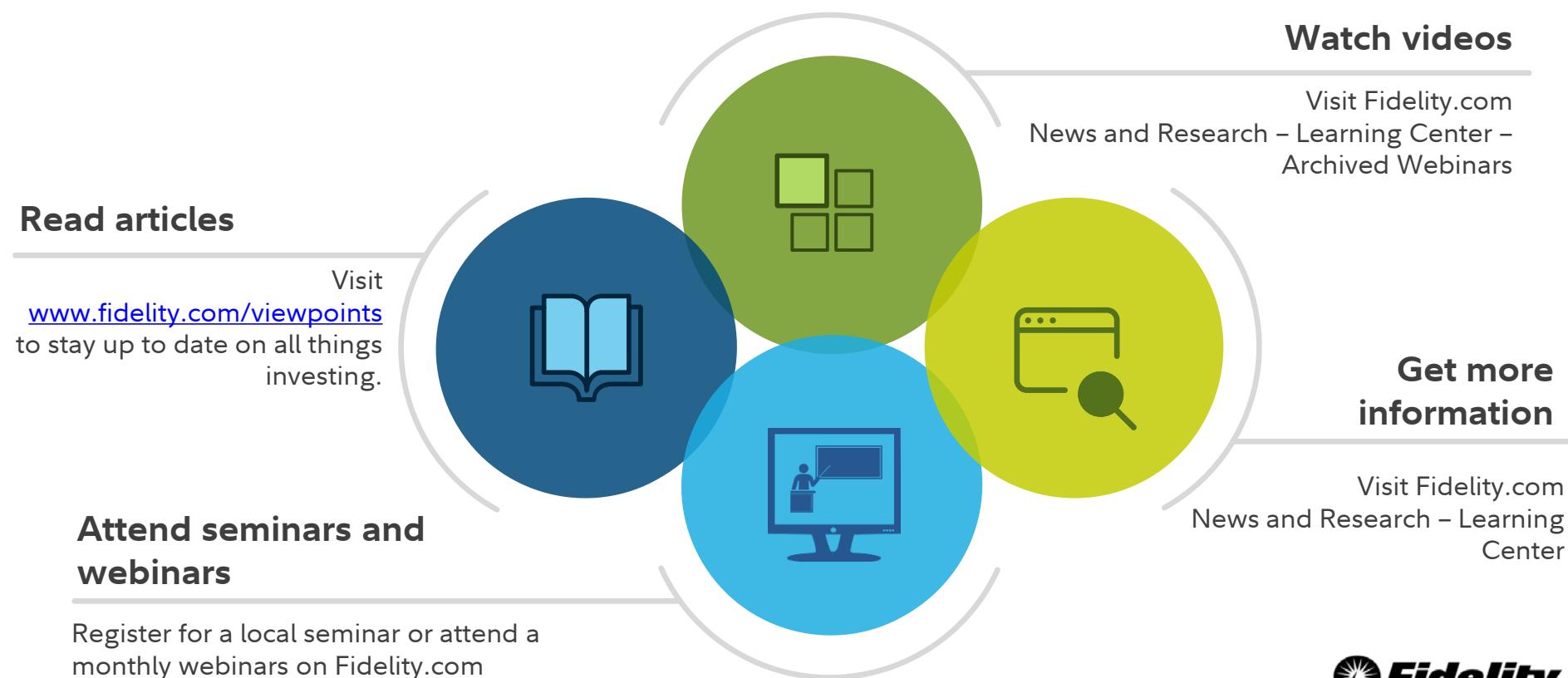
1. Trade Process

2. Choosing the Vehicle

3. Exit Strategy

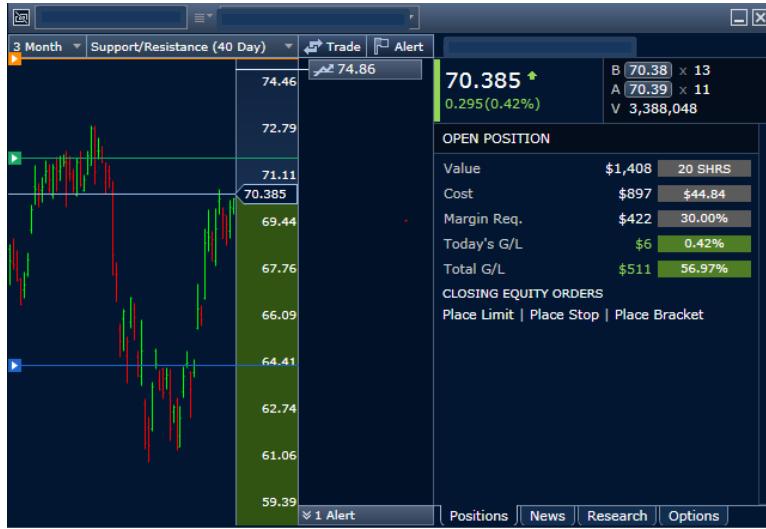
4. Common pitfalls

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Trade Process

- Start by creating outlook on price:
 - Technicals? Fundamentals? Both?
 - Don't use a "gut" feeling
- Be specific with entry and exit points
 - Limits emotional impact
- Discipline and Patience are important
- Make it repeatable



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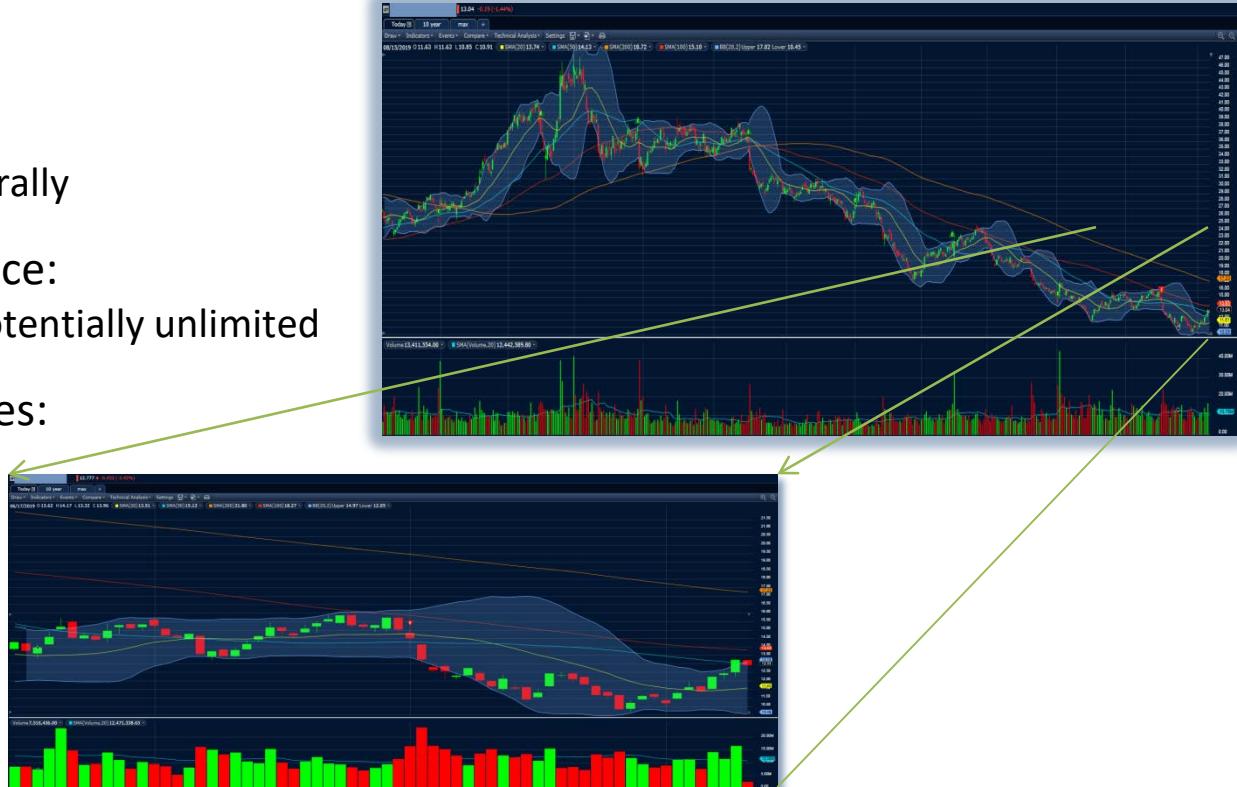
Choosing the Vehicle: Trading the Dip

- Consider your Outlook:
 - Bullish
 - Expecting a temporary pullback
- Consider your risk tolerance:
 - Risk is to the downside
- Potential Bullish Strategies:
 - Long Stock
 - Long Call
 - Short Put
 - Bull Spreads



Choosing the Vehicle: Trading the Downtrend

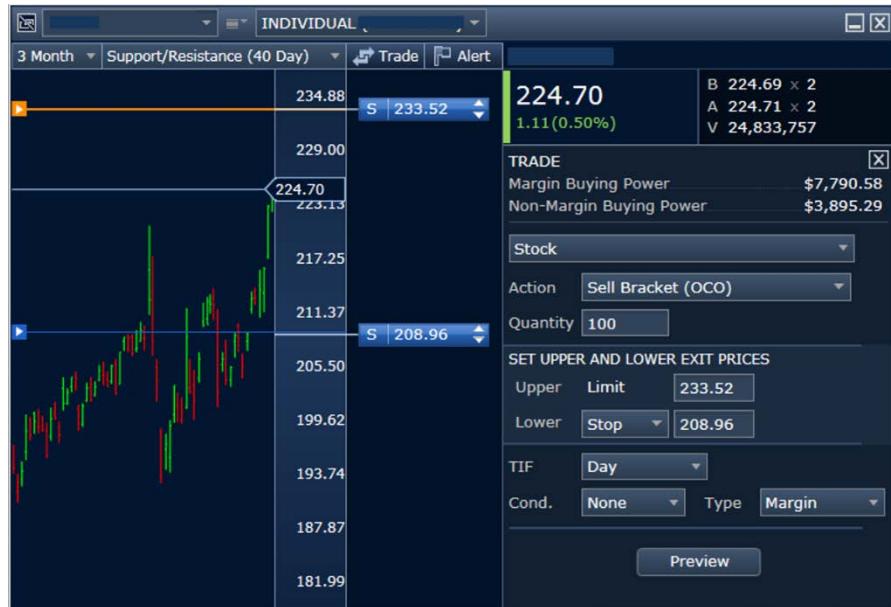
- Consider your Outlook:
 - Bearish
 - Expecting a temporary rally
- Consider your risk tolerance:
 - Risk is to the upside, potentially unlimited
- Potential Bearish Strategies:
 - Short Stock
 - Short Call
 - Long Put
 - Bear Spreads



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Exit Strategy

- Primary job as a trader is to **manage risk**
- Establish specific exit criteria **prior** to entering the trade:
 - Set targets on the risk and profit sides of the trade
 - \$, %, or technical signal
- The reason you put the trade on can help define your exit criteria
- Stick to the plan!



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Demonstration



Active Trader Pro® is used for this portion of the webinar

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Common Pitfalls and Key Takeaways

- Limit the emotional impact as much as possible
- Have a plan!
 - Specific entry and exit points make it easier to stay disciplined and patient
 - Trading by “gut feeling” makes it difficult to reduce emotional decisions
 - Stay disciplined, stick to the plan
- The product you choose will effect how you manage your trade
- A trader’s primary job is to manage their risk!

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