Is It Realistic To Think I Can Earn A Good Living Trading?

By: John Bonin
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Introduction

What is it about the profession of trading that is so alluring? Many of those who have contemplated entry into the profession had thoughts of large homes, expensive cars, yachts and country clubs when they hear that someone trades for a living. Perhaps it's the image of the character played by actor Michael Douglas in the movie *Wall Street*? While it is certainly true that a great many traders do fit that image (and own those fancy cars, homes and toys), what many aspiring new traders do not realize is that most of those who attempt to trade for a living fail along the way. This article will attempt to discuss the reality of the situation.

It is said that 90% of those who attempt to trade, fail in the effort. I have never seen any hard data on that, but based on my own empirical evidence I tend to accept that it is true. In more than a decade since I entered this profession, I have spoken to many aspiring traders who have lost tens of thousands of dollars. On one occasion I had one person confess to me that he had lost over one-hundred-thousand dollars in his attempt to be a successful trader! The reasons why the fail rate is so high are numerous, and we will discuss some of them.

Types of Traders

I once asked an aspiring trader, "What are the types of traders?" His answer was, "Good ones and bad ones." "That's correct," I said, "but let's break it down a little differently." Before we get into the specifics of trading for a living, let's define a few terms:

Position Trading

Position trading is where a trader puts on a position of stocks, commodities, futures, FOREX, or mutual funds for a long period of time. These traders ride through the short-term ups and downs of the market because they feel a certain bias in the direction the market will go over a period of time. It used to be said that a position trader would hold a position for many months. While that is certainly true, some position traders hold a position for only a few days.

Day Trading

Day trading is when a trader puts on a position of stocks, commodities, futures or FOREX with the intention of taking that position off before the close of the trading session. Some day traders may put on a position for most of the day, several hours, or in some cases only a few minutes. Scalping is the smallest increment of time for a day trader. This is where a trader's goal is to take only a very small profit. The scalper might make five, ten (or even more) quick trades in a day.

Because of the leverage that can be used to trade a large number of contracts, scalping a small profit many times a day can earn a good living.

One of the appeals to day trading is that the “margin” (or amount of money required to be on deposit for each contract) is much lower for day trading than for position trading. For example, the margin required to position trade 1 contract of a certain future (that is, to hold the position over-night) might be $4,000, while the day margin might be only $500-$1,000, depending on the broker.

Types of Trading

Mechanical Trading

Mechanical trading (also called System trading) is when a particular methodology is programmed into a computer program and then that system calls the shots as to when to enter and exit the market. The trader provides the capital and turns the system on or off.

Empirical evidence has shown me (and this is hotly debated) that markets change over time. (A position trader might not see this as easily as a day trader would.) I have personally been involved in thousands of hours of research, design and in programming mechanical systems with some of the most successful traders in the country. The conclusion I drew from this experience is that mechanical systems work for a while, and then they break down as the market changes. We went the extra mile by coding extra segments of code (that we call “filters”) designed to keep the system from losing during those down times. The end result was that it also reduced the winnings during the good times, so that effort was in vain.

Discretionary Trading

Discretionary trading is when the trader uses the “technical analysis” tools of his trade to determine the optimum entry and exit points of the market. This is where the education is required to learn about the tools and how they are used. The My-Trading-Assistant software package that was mentioned earlier works for discretionary traders. It helps them gather the information they need to make good trading decisions.

Markets

Futures

The futures market is where futures contracts are traded. Depending on the market, a futures contract may expire monthly, quarterly or whatever is mutually agreeable between the parties. (Most are either monthly or quarterly.) Futures markets began as a way for the long-term owners of consumable items to hedge themselves from losses. For example, a farmer who produces corn for a living might see that the price of corn is high at the moment, but his crop is not harvestable for 3 more months. He could <u>sell</u> a future contract today, to deliver his corn 3 months in the future, and receive today's high price. He would then make delivery in the future. His corn is the collateral. If the price of corn remains the same, or goes lower, the farmer has locked in his profit. On the other side of the coin, if the price for corn goes even higher, he still delivers the same corn, but he does not realize the additional profit – because he already locked in his profit. Who does the farmer sell his corn futures contract to? Without a futures market he would have to seek out someone who needs his corn (to manufacture bread or cereal, for example) and who has the opposite problem. The <u>buyer</u> of the contract might worry about the price of corn going higher in the future, so they are interested in buying the contract from the farmer at today's price. This is a simplification of the process, but it applies not only to corn, but also to oil, gold, timber, soybeans, cattle, hogs and many other (what are commonly called) commodities.

The futures exchanges not only make it easier for the farmer and the manufacturer to get together, but they also open those markets to "speculators" (like day traders or position traders), who have an opinion about the direction of prices, and want to participate in the process. These speculators also increase the liquidity of these commodities, making them smoother and more orderly markets.

Different exchanges specialize in particular kinds of contracts. I will not list them all here, but there are many different exchanges (all over the world) that trade futures in stocks, oil, gold, metals and agricultural products. The favorites in vogue with day traders (at the time of this writing) are the S&P 500 e-mini, the DOW e-mini and the Russell e-mini.

FOREX

FOREX is the Foreign Exchange market. These are markets where traders can take advantage of the differences in pricing between the different currencies around the world. For example, conditions may be causing the value of the US dollar to increase over the currency of Canada, but yet decrease compared to the British Pound. An investor could buy a contract favoring the US Dollar/Canadian Dollar to take advantage of this. They could also sell a contract that favors the US Dollar compared to the British Pound and take advantage of the falling US dollar.

Formerly the FOREX markets were only for big players who would buy or sell currencies through world banks. (For this reason the price of currency pairs will differ from bank to bank.) In recent years brokerage houses have "seen the light" of attraction to individual day and position traders, and many firms now offer FOREX trading to individuals. Most recently “mini” contracts were introduced, which opened mass-appeal to small traders. FOREX is now one of the hottest markets for day traders.

Stocks

Stocks are mentioned last because (although a huge mass of wealth very much still resides in the value of stocks, and the large institutions who trade them), their appeal to individual day and position traders is not what it used to be. This reduction in appeal is not because of any change in stocks, but rather the futures and FOREX markets have spiced-up their marketplaces with more appealing choices for small traders. These attractions include the mini-contract and margin rates that are lower than ever before.

Obstacles to Successful Trading

Some of the obstacles to successful trading are the same as those of being a successful attorney, doctor, architect or many other professions. One problem is that the candidate is just not cut out for it. Additionally, trading requires an above average intelligence, but more importantly, a certain temperament is needed. (Even a genius with the wrong temperament will likely fail in frustration.)

Intelligence

Why the intelligence factor? There are a great many things to learn. Position traders might learn what are referred to as “fundamentals.” (That does not mean they are elementary, but rather that they refer to the analysis of interest rates, inflation, inventories, balance sheets, earnings, etc.) The other major school of analysis is “technical analysis” – which is where most day traders focus their efforts – although they are certainly aware of news releases pertinent to employment, interest rates, etc.

Assuming for a moment a candidate is considering daytrading as a profession, the intelligence is required, not only to learn the technical analysis, but also to be able to assimilate the information (connect the dots) quickly and accurately to predict market movement.

Temperament

While position traders may have extra time to ponder their decision to enter or exit a trade, day traders are not afforded that luxury. Day traders have to make decisions and act on them quickly. I like to use the analogy that trading mutual funds is like flying a Piper Cub, while trading the S&P 500 e-mini is like flying an F-14. Things happen fast, and the trader should have the temperament to go with the flow. If you are not cut out for this (or, even if you are successful), it may have a negative effect on your health. (There are many successful day traders who are walking around with critically high blood-pressure.)

As a personal analogy, I used to be a sport skydiver. (I have thousands of jumps out of a perfectly good airplane.) Although it was in 1970, I still vividly remember my very first skydive – which was actually a static line jump. I had trained for it for several hours with instruction, drill and rehearsal. When the time actually came to climb in the plane, crank it up and go, I remember (even to this day) my physiological reaction as we approached jump altitude and I was next! I remember my heart was racing extremely fast, and I was having thoughts like, "People will read about this in the newspaper tomorrow, that a man dies on his first skydive." As I felt my heart was about to jump out of my chest, I jumped on command. As the parachute opened, the adrenaline-high released into one of the most exhilarating experiences I ever had in my life - a "natural high." (The 2nd and subsequent jumps were great too, but none ever matched that first one.)

Many years later I entered the profession of day trading. As I look back, I have to say that the physiological reaction was similar in day trading as it was in skydiving. (Yes, believe it or not.) The adrenaline before and during the trade is parallel, and the adrenaline release as the trade ends successfully is also very gratifying. I remember getting a treadmill and setting it up very close to my trading desk so that I could release some of the adrenaline while I monitored trades that sometimes lasted awhile – rather than just sitting there all pumped-up with adrenaline. (Of course, not all of the trades ended successfully. On failed trades the adrenaline does not release positively, but just edges-off slowly; not a good thing.) I used the treadmill for a couple of years before I put it away. On several occasions consummate traders have described the adrenaline rush they experience when placing a trade. (I am sure at this point the reader can see where this can lead, which is the subject of our next section.)

Addictions

Just as a professional wine tester might have a compulsion to drink just a little too much, the profession of trading has the proclivity to lure the unsuspecting into a "gambling mentality." While there certainly are professional gamblers, most who travel to a casino will not consistently leave with more money than they came with. Fortunately for traders, the house is not stacked against them as much as a roulette table, but the similarities are there nevertheless. For example, one of the lures of the FOREX market is that you can trade for zero commissions. What they do, however, is charge you the difference between the bid and the ask prices at the time you place your trade. Depending on the liquidity of the market being traded, that might range from 2 to 10 pips, or more. If the spread is 4 pips, for example, and each pip is worth $10 per contract, that means that if you placed a trade and then exited a few minutes later at the exact same price, the trade really cost you $40, which went to the house, or "Broker," in this case. Another way to look at it is that the market has to move 4 pips in your favor before you actually break-even.

Costs

- Trading capital will be required to trade. This is like the farmer's "seed corn." Without having it to plant in the ground (sow in the market) there can be no crop. Although this is not a "cost" per se, it is something that needs to be funded. (It is also something that can be lost entirely through bad trading decisions. Accordingly, borrowed money should not be used!) With the advent of the electronic "mini" markets, new traders can begin trading with very little trading capital – even as little as a few thousand dollars, if they are willing to trade small, and work up gradually as they make winning trades.

- Charting package. (Specifics on this under "Tools").

- Support software. (Specifics on this under "Tools").

- Commissions are just part of the "cost of doing business" for the professional trader. However, not to be penny wise and pound foolish, a broker who can give you good and timely fills (even at a higher commission rate) may be better than a broker with lower commissions. The difference between a good and a bad fill is "slippage", which is the difference between the fill price you thought you should get, and the fill price you actually receive. (Much of the time there is a difference, or a cost of slippage, in addition to commissions.) In the S&P e-mini market, 1 tic of slippage is a cost of $12.50, and commissions are a small fraction of that. You can see then that a good fill is more beneficial than saving a small amount with a discount broker. This illustrates why a good balance between competitive commissions and good fills should be the trader's goal. (Just keep in mind that the Broker always makes money – whether their customers do or not.)

The Lone Ranger

In the mid to late 1990's, "trading rooms" were fairly commonplace around the country. These are places where an aspiring trader could go to learn to trade. The owner of the trading room would provide the environment to trade, and in return, charge a higher commission. Many times this was (and is) a win-win situation.

Subsequent to the crash that took place in January 2000, trading rooms are no longer as commonplace. Many traders work alone and trade from their homes. Others get together in groups of two or three in someone's home to trade. These types of consortiums may or may not be a good idea, depending on the personalities, disciplines and talents of the individual members.

Nine out of ten traders I know personally work alone. Those traders find themselves in a secluded situation. Because of this, some have taken up the practice of hooking up with other traders via Skype. Others join chat rooms to find common bonds with traders who work the same markets and similar methods. Most simply work through the trading session like the Lone Ranger. Trading can be a lonely endeavor.

Solutions

Education

Where does an aspiring trader go to learn how to trade? There are voluminous books written on the subject and scores of trading schools and courses, some of which are on-line. The best point of reference would be to get a referral from another trader who has attended one of these schools and has good things to say about it. (Of course, just because a person attended a trading course and did not do well in trading does not mean the course is not a good one. It may be that the student did not have the ingredients to become a professional trader.)

Tools

Just like a carpenter must have his tools, the attorney must have his law library and research tools, the architect must have his drafting table and expensive software, the trader must also have tools specific to his profession.

Trading as a profession has been around for hundreds of years. Until recently it was restricted to an exchange or firm with pricing availability. With the popularity (and lower pricing) of the personal computer and data transmission via the Internet or satellite, the doors of opportunity to trade were opened across the globe. (I know traders who live in Japan, Australia, Europe and Israel who day trade the US S&P 500 e-mini from their homes with only a satellite-bounce-delay of the same ability as someone living a mile away from the exchange.)

Although difficult, position trading would be possible without a computer. (I would not want to try it.) Day trading, however, demands the use of a personal computer. From the onset the trader should budget for the following:

Equipment List

1) One dedicated trading computer.
2) At least 1 Meg of RAM, if not more.
3) At least 80 Gigs of hard disk.
4) At least 2 monitors, although 3 or 4 would be preferred. (Make sure that your video cards have enough memory, or they will slow your graphic display. A quad-card with insufficient memory is infamous for slowing a computer down.)
5) A second computer for placing orders, doing e-mail, etc. (Dedicated, in #1, means exactly that. E.g. nothing but trading on that computer as other activity may cause a delay or crash while a position is open – which has the effect of multiplying the stress of the trade.)
6) A high-speed Internet connection.
7) An uninterrupted power supply (UPS) capable of holding up the system for at least 20 minutes. Depending on the monitors and computer setup, this may require more than one UPS.
8) If the trader lives in a neighborhood that has frequent power brownouts, then a 50 Amp generator should be on hand. (This usually comes after the trader has established that he/she is successful at trading. Other traders live in areas where power outages are extremely rare.)
9) A charting package. This resides on the computer and displays the charts that show the price movement of the various markets being traded. The best charting software I know of is TradeStation. The version current at the time of this writing is 8.1. I have been using TradeStation since version 3.5 was released over ten years ago. (It just keeps getting better and better.) Whereas they used to sell the package for $2,300, they currently lease the package by the month, and have programs where the trader can have a net zero cost by trading through TradeStation brokerage. They have another program where the cost is only $99 a month by opening a small trading account with them (and putting the money in T-bills), while you continue trading thru another broker. (I have no conflict of interest in recommending TradeStation. I receive no compensation or favoritism from them as a result of my recommendations. I use it because I think it is the best charting package available.)
10) Last (but not least) I would recommend having the software package, My-Trading-Assistant. This package functions exactly like an expert-trading assistant. It knows as much as you about what is going on in the market - or even more. It will <u>not</u> make trading <u>decisions</u> for you, but it will keep track of the many things you want to know about, and notify you

when they occur in the market(s) you trade. This enables you to make better trading decisions. (This does not in any way guarantee your trading success, but I submit that it does decrease the odds against you from 90% to something more manageable and less intimidating. Later on in this article I will be introducing some successful traders who use MTA, and would not want to trade without it because of all the work it does for them.)

A Plan

Successful people in all walks of life know that having a plan is necessary to be successful. Those who throw their mortarboards high in the air at graduation from college, law school, medical school, or whatever school knows that success did not just happen. That end-result may have begun as a dream, but to eventually become a reality, concrete plans had to be made and put into action to achieve it. Someone one said that if you aim at nothing, that is exactly what you would hit.

And so it is with trading. If your ambition is to be a professional trader, then find out what you have to do to reach that goal, count the cost, seek counsel and decide if you want to go to the next step.

Serious questions you might want to ask yourself:

1) We already talked about temperament, but ask yourself if you have the intestinal fortitude to make quick decisions and be responsible for the outcome if you are wrong. When you start out you should be trading small, putting perhaps only $100 on the line. As you progress and grow with success, you may be putting one, two, five thousand (or more) dollars on the line with each trade. (I am speaking here to the amount of money you could lose in 5-10 minutes – not the amount invested.) Can you manage that psychologically and physiologically?
2) Are you willing to admit when you are wrong, and act immediately on that new information and exit a trade gone sour?
3) Do you have the funds to buy the computers and software you need?
4) Do you have the “time” to devote to this new enterprise and still be able to eat and pay the rent?
5) Are you willing to take 6 months to learn and practice the basics to get the plan rolling, and then take another 6 months to a year to refine it? (Some are able to do this while holding down a full-time job. Some work nights so they can learn to trade the S&P 500 e-mini during the day. Others work days so they can learn to trade the European FOREX at night. This is a “rough road to hoe.”)

6) Are you willing to seek out someone (or some training company) who has a trading plan/methodology that makes good sense to you? Are you willing to take the time to study that plan until you know it inside and out? Are you further willing to paper trade that methodology for a month? Subsequently, are you willing to Sim-trade it with play money with real e-brokerage? After that, are you willing to start trading real money with only 1-2 contracts as you prove to yourself that you can do this, and then continue trading in small increments while your confidence (hopefully) grows with your many small successes?
7) Are you willing to walk away (at a predetermined time) if the results indicate you are not cutout for trading as a profession?

Patience

One of the problems in our society today is “instant gratification.” Many people grow up expecting things to be easy. Becoming a proficient trader is not easy. It requires talent, goals, a plan, trading capital, hard work and persistence.

If you are willing to do each of these things, then perhaps you should give it further, serious thought before making your final decision – just to make sure. (Career choices should be thought-out long and hard.)

I have an old friend who is very bright and had excellent grades in high school. His college of choice was MIT. He applied and was admitted. On the first day of college there was an indoctrination meeting for all the new freshman. The speaker started by saying, “Look around. Look to the person to your left. See who they are. Look to the person to your right. See who they are. Now consider that statistically speaking that three out of four of you will not make it to graduation four years from now. Only ¼ of you will graduate.”

In trading it is even more difficult, if you consider graduation to be equivalent to ending up as a successful trader. I would submit to you that in the above analogy that there are (at least) 6-8 new traders in the group and that only one of those will succeed at trading. However, let me be quick to add that most of those new traders do not have all of the successful ingredients. E.g. they are missing either the personality/disposition, plan, education/training, equipment, software, or persistence required for the monumental task of succeeding where the majority fail. Make sure you take inventory of what you need, and ensure that you don’t begin without any of the ingredients. (It is a rare, rare person, indeed, who can succeed where so many others fail, if he too has not adequately planned and funded his/her plan adequately.)

Goals

Successful people of all walks of life know that (in addition to having a plan) having goals in their life is very important. Plans and goals go hand in hand in many respects. The new trader should have short, medium and long-term goals, as well as a plan to reach those goals. (We spoke to this previously, but will add to it here.)

Short-term goal examples:

a. Purchase the necessary equipment and software.
b. Find your educator/mentor and get your education.
c. Determine your method of trading. Practice it.
d. Find a way to support yourself until you can earn a living from trading.
e. Once you have developed a trading methodology, paper trade it for 1-2 weeks – until your are profitable.
f. Once you are profitable on paper, open a Sim (simulated) trading account and make real trades with play money. Do this until you are consistently profitable. (This puts a little more anxiety in the process than paper trading, but it is still not the pressure of using real money.)
g. When you start with real money trading, you should have enough market exposure to know when a <u>really good</u> trade presents itself. You know what it looks like when you see it start developing on the chart. The goal here would be to wait each day until <u>that</u> trade appears, and trade only that <u>one</u> trade.
h. The next step would be to find two really good trades a day. Only trade twice a day. In this way you use discipline to build confidence in yourself, your constitution and your newfound abilities.
i. Move from 1 contract to 2 contracts. Trade profitably for a predetermined period of time. Then move up to 2, 3, 5, etc. contracts, while you remain profitable on a monthly – if not a weekly basis. (Not all days are profitable days. Learn to live with it!)
j. Make at least $500 a week. Then $600, $700, $1,000, etc.

Medium-term goal examples:

a. Additional computer monitors.
b. Improvements to your trading station.
c. Moving into more markets.

Long-term goal examples:

a. Nicer home
b. Fancy car, boat, etc.

c. Retirement
d. College for the kids

Check List

1) Ask yourself if your temperament is right for trading.
2) Set your goals - short, intermediate and long-term.
3) Count the costs.
4) Formulate a plan to meet your goals.
5) Realize that success takes time. Be patient, disciplined and control your emotions as you work your plan.
6) Grade yourself and make any necessary adjustments.

Summary

Do you remember the person I spoke of in the beginning of this article who confessed to me that he had lost over one-hundred-thousand dollars trying to trade? He had: 1) not sought out an education about trading (but had simply picked up an idea about it from someone who claimed to make money with trading), 2) had the vague, long-term goal of being a trader, but did not have a plan, 3) did not have the patience to wait for trades to develop, but pulled the trade trigger prematurely, 4) was not willing to admit when he was wrong, and therefore trades that could have been small losers ran into large losses, 5) did not have software tools that would have given him an edge – like My-Trading-Assistant, and 6) eventually developed a gambler's mentality, and continued doing the same (wrong) things over and over until he had lost his entire account – money that he had worked 30 years to accumulate before he got the (in his case, misguided) idea to try trading. I trust the reader can easily see why the man was doomed to failure, almost from the beginning.

Success Stories

The first section may have seemed pragmatic and in some cases downright "negative," as I attempted to be candid about the issues involved in becoming a proficient trader. We will finish this article with some success stories of traders I actually know personally. (The following traders are listed in alphabetical order.)

Michael Cahill

I first met Mike in August 2005, when he was referred by another FOREX trader in the Tampa Bay, Florida area (to purchase My-Trading-Assistant). Mike was new to trading and had decided to focus on the FOREX markets. (His friend was already successful with MTA and knew of its benefits.) Mike started out with an education about technical analysis, proper tools, adequate resources and a plan. He began trading small (a very good idea) with only 1 "mini" FOREX contract. (A Pip of market movement in the markets he trades is only $1 in the mini contract, and $10 in the full FOREX contract.) At the time of this writing (June 2006) Mike is now trading 10 full (not "mini") FOREX contracts – an amount that is 100 times greater than what he started out with. Next month he plans to move up to trading 20 full contracts. Mike already has requests from friends and family to trade their accounts. I mention Mike because he set out with a plan, followed it, and attained success faster than most traders. His success was accelerated (in part) due to the fact that he is smart enough to have a trading assistant (MTA) to help him keep up with everything that is going on in his markets. This gave him an edge over those who don't have it. (Mike at his trading station.)

Michael Charness

Mike currently lives in Huntsville, Alabama. I first met him about a dozen years ago when we were both taking the same, internet-based day trading course. Over the years we shared ideas and concepts about trading as we matured in the profession. Mike was one of the first traders to start using My-Trading-Assistant, and endorsed it to many new traders he personally mentored to become successful day traders. Two years ago Mike was financially secure enough that he decided to pull back the throttle a bit, slow down and enjoy the benefits of his success while he is still young enough to enjoy them. (Click here to see one of his toys.)

Michael Coffin

I did not know this at the time I first met Michael (about two years ago), when he was referred to MTA from another trader, but he is an MBA honors graduate from Dartmouth, and manages large sums of money as a Beverly Hills Commodity Pool Operator. Michael was already a successful trader before he started using MTA, but he now finds it indispensable in both his position and day trading. Michael is the trader who first started calling some of the indicators in MTA “industrial strength” indicators. It was Michael who authored the algorithm for one of the hottest indicators in MTA – LRS Turn 3. Michael is the 2nd person you see in this video interview.

Kevin Hemstreet

Kevin lives in Gold Canyon, AZ. His entry into trading is a good example of someone who wanted very much to be a trader. In his own words, “I got started in daytrading 8 years ago by taking a foreign currency trading course. I dumped my job in the computer industry and took a job driving an airport shuttle, which afforded me the flexibility and time to watch and study the markets and practice what I was learning about currency trading. After many sleepless nights trying to catch big moves in the currencies, (which often times happen in the middle of the night), I started applying what I had learned about technical analysis to the futures markets. Now I trade the mini-Russell full-time.”

Kevin trades a methodology I would call a hybrid between mechanical and discretionary trading. He describes it as, “I mainly use MTA as a trade disqualifier. My scalping system shows me the entries, but if I get an MTA alert that's telling me not to trade in that direction, then I just wait for the next setup. Very simple and it keeps me from making too many wrong decisions. The MTA Dragonfly indicator on the 5-minute ER has been uncanny at showing intraday turning points. Also, I never trade against MTA’s LRS divergence, QSRL or Fib Zones.” (Kevin at his trading station.)

David Markowitz

I first met David (Shem) Markowitz about 5 years ago when he found me with an Internet search, and purchased MTA. As we became acquainted over the years, I learned that he had immigrated to the United States from Romania. Shem is a true American success story, as he arrived in NYC with little money in the 1970’s. With his above-average intelligence and motivation to succeed, he worked many jobs to support his large family, and eventually start his own small business, where he continued working to earn enough to open a trading account. He was trained initially in one of those trading rooms I spoke about earlier in this article. He progressed from trading stocks to the S&P 500 e-mini, and eventually started trading from his own home office. Shem told me there were two times when he left the trading room for a while and his wife came and got him to tell him to get back in there because a trade was developing. (His wife, a non-trader, knew it because MTA brought it to her attention). Over the years Shem was instrumental in several MTA indicator ideas, which also bear his name. Shem is the 3rd person you can see in this video interview.

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