

Stock Trading Journal

Monday, October 6, 2003

Planning and Instinct

Right or wrong on MU?

Although MU went up Friday (\$500) I didn't follow my plan of seeing after "small" gains. I didn't scalp it. Why? I expected it to go higher.

Thus I didn't follow my plan.

Am I right or wrong? Will I be proven right or wrong?

We know there is no right or wrong in the stock market. However, there is a right or wrong as to whether I followed my plan.

Why didn't I follow my plan?

Greed?

Or wisdom based on my instinct (a belief based on knowledge and past experience) that MU has room and is ready to go higher. . . certainly a half point, maybe even a point.

My plan was also to make a certain amount each day. To sell off, to scalp.

Is it wise to making earning a certain amount each day a goal?

Well, it is a guide line. A scalping guide line.

Thus two questions:

1. Plan to make a certain amount each day: Is "planning to make a certain amount each day a good trading idea? Is it good to try make this part of my plan?

2. Is my instinct right on MU?

At the opening of the market we'll see if I'm right about MU. (The decision not to sell MU was not based on greed but rather on the experiment of seeing if my instinct is correct. On seeing if I even have an instinct, and, if I do, if following it, listening to it is valid. It's the discovery of instinct experiment, exploration, expansion, and growth.

MU is about my instinct. Plans may be also about instinct.

The Art of Timing

Knowledge and experience are good and necessary. But the fruit at the end of the tunnel is self-confidence.

Self-confidence, self-trust in your decisions is an expression of the art of timing.

That is what I am trying to develop in the stock market, other markets, any activity or place): The art of timing.

Morning results of MU instinct experiment:

I was wrong. I should have followed my plan. Sell off at small gains. Scalp off the top.

Who am I?

I am not a long term investor.

I am a day trader. (Dare I say this?) Or when that doesn't work, a short-term trader.

What about my MU instinct?

Should I follow my instinct or follow my plan?

Is it possible to do both?

Probably to a degree.

But in the meantime, it's probably best to train and discipline myself to follow my plan.

But I'm still not completely sure. Instinct and the idea of instinct is a new thought. I've got to think about this. And about following my plan.

So far this shows I should definitely follow my plan and not my instincts. . . although I should keep watching, studying, and getting to know my instincts. They are

definitely good. . .for something.

But right now my instincts tell me I should follow my plan!

Tuesday, October 7, 2003

I'm very down about finances. Many bills are coming in. It's been very quite on the job front, too. This plus during the last few weeks my stocks have fallen about 5 G's. Hope of making money and paying off my debts through market earnings have crashed.

Should I write about this in New Leaf, Trading Journal, or in both?

Is my Trading Journal a new writing direction?

Should New Leaf and Trading Journal be saved on the same disk?

Yes, at least.

Is Trading Journal a new type of New Leaf? Has my "Old Leaf" ended? Did I complete it? Is my new leaf and new life a trading life? Good questions, indeed.

How to Relax to the Max and Avoid Shades of Greed

Today's Plan:

1. Buy 500 (to 600) shares. Maximum. Max to relax.

2. Sell at \$200 (or more) profit. Small scalpings

Too big positions are (usually) shades of greed.

My only control over the markets is in my stop losses, scalps, and limit buys.

Perhaps pushing my business is the best way to handle fear in the stock market.

At least I have total control over the push.

Wednesday, October 8, 2003

My Business is the Only Way Out

My November “graduation” in stock trading is coming. Wouldn’t it be ironic if my graduation means I am giving the whole thing up!

Well, I’m not only disgusted and discouraged over the stock market: I’m at the point of giving it up!

I’m on the edge; I’m almost over the edge. November is graduation day. But I’m preparing now.

If I look over my whole stock market “career” I only see losses. Sure, I see lots of hopes for victories. And I had some. But most (if not all) of my victories, drew me further into the stock market, which resulted in even greater losses. Thus my victories led, in the long run (even short run) to greater losses.

I gave myself one year to “experiment,” to see if I could succeed in the market. Well, although I’ve learned a lot, I still have only lost more money. Sure, I’m in college, and I expect to pay tuition. Still, suppose my greatest college lesson is: I don’t belong in the market!

I hate to think it’s true, I hate to admit it, but all history points in this direction. Not only do I lose money in the market, but I waste (or spend) a great deal of mental (and physical) time thinking, worrying, studying, wondering about it; also mucho time at the computer screen.

Would all this time and effort be better spent pursuing my business?

Would I, in the long run, make more money? And would I have a mentally more peaceful, more productive life? Would I be utilizing my talents to the fullest?

Yes, I want hopes and thrills. But maybe I can’t and shouldn’t try to find them in the market. No question, it is full of hopes and thrills, lots of ups, but even more downs. And ultimately, I end up in more debt. In fact, all my debts are really due to the market. . . or rather my hopes of making money in the market.

Well anyway, I sit here contemplating giving up the market.

Let us assume I do. Next question is: How will I make money? How will I pay off my massive debt? Is it possible through my business? But, of course, I have no

other choice. If I give up the hope of the market (and realistically, it is only a hope), then what do I have left but my business.

It may take years, or the rest of my life, but nevertheless, pushing my business seems to be the only way out. (Of course, there is always the possibility of a miracle, but I won't count on it.)

It is ironic I am contemplating such a decision one day after I began my Trading Journal. Trading Journal, yes. But a short life for TJ, indeed.

Pushing is Creative

A post-transitional question:

Both?

Either/or?

Stock market or my business.

I am leaning strongly towards either/or. In fact, this morning I know it is either/or.

The stock market could remain but only as a foggy, vague, distant sideline, a far away hobby with no meaning other than play.

This means major serious effort going into my business. Is this why I've entitled this leaf Maximum Creative Effort?

Will my Maximum Creative Effort be going into pushing (creating) my business? Indeed, my pushing is creative because without pushing, no business will be created.

I wonder if playing the stock market is, in some subtle way, an attempt to deny my talents, run away from them.

Or was it an experiment, an attempt to discover if I had other talents, namely, the ability to play the stock market.

Both. But the experiment has run its course.

Pushing my Business

Suppose the stock market turns around, my stocks go up, and I get “encouraged” again. Would this change my mind about pushing my business? It shouldn’t.

Would pushing my business still be right? Yes.

This means that pushing my business is the right direction no matter what.

Pushing my business means developing, building, “creating” my business. And this with Maximum Creative Effort!

Business and Creativity

Is pushing my business, creating my business? In other words, is pushing creative? Yes.

(In a gone public way: It takes place where gone-public meets gone-private.)

How to push my business will be the subject for my Greek trip (just as Beyond Iceland formulated so many good plans.) A Beyond Greece coming up.

Taking Control of my Fate

The stock market is “over.” I have, in effect, graduated. Pushing my business has come into play.

This partly means I am taking control of my fate.

Relief

“Out” of the Market

What is this feeling of relief?

I hate to admit it but its such a relief being both mentally and mostly physically “out” of the market. It’s a feeling of control and, something I didn’t even have when I was winning: inner peace! (I have hardly any money in the market. I plan, if at all, to

take small to very small positions. 100-200 shares.)

I have been through a one year stock market “passage.”

Even though I have a lot less money through the market, and have given up the idea of making any future money in it, and, in the process lost and given up my hopes for making any future money in it, what a burden has been lifted off my head!

Perhaps I am poor, in debt. . . but unburdened! And this, for the first time. Free!

Wild, indeed. I never would have expected these feelings of inner freedom. Is this what graduation, giving up hopes, and realism is all about? If yes, give me more of it!

The stock market is okay as a miniature sideline, play thing. . . a very minor play thing. The less I put in it, the better I feel.

But the important thing to remember is: I felt enslaved, haunted, even obsessed by it whether I was making money or not.

Amazingly thus, the money was besides the point. When I was riding high in early September making 1G a day, I couldn't shake it; and when I was down in the dumps losing 1G a day, I couldn't shake it.

Only now, by giving up all my hopes, have I shaken it.

I feel so free!

Amazing, stunning, and ironic how this trip to the stock market has turned out. What a whack! A “passage,” indeed.

Thursday, October 9, 2003

Position Sizing

I was trading way over my head. Large positions and too much money involved.

I'm cutting back to 100 shares per stock, keeping track of my daily gains or losses, following the elder Money Management Formulas on page 228 of his Come Into My Trading Room.

We'll see where this leads.

Keep a daily record of my small profits and losses. Aim for two weeks of more wins than losses; then move up to 200 shares. Then after another two-week profitable period, move up to 300 shares. Etc. If I have a single losing week, I drop back 100 shares. If I have two-winning weeks in a row, I move up 100 shares.

Buy the 100 shares with .25 stop losses. Trade them well. See where this leads.

On the question of keeping my Trading Journal on the computer or in a hand written notebook: Do both!

Friday, October 10, 2003

Amazing that even with smaller positions I keep losing. A losing streak, indeed.

What have I learned so far?

1. By taking smaller positions I have wrenched myself free from obsession; I can actually "enjoy" the market.

2. I am carefully watching. Daily I am adding up profits, losses, and final totals.

Tuesday, October 14, 2003

Losing Streak

For the past few weeks I have been on a losing streak. I have lost money (almost) every day. First mucho money, then less money, but always losses. I finally realized it yesterday when the market still kept going up and my stocks went down. In fact, all the stocks on my list (which I hadn't bought) went up, and the three I owned went down.

In the beginning of September, everything I touched went up: a winning streak. Since the middle of September, everything I touch goes down: a losing streak.

I hate using the word "streak." It wrecks of luck. I would so love to believe that I have more control. But it is not true. Luck must has its power and place.

Perhaps I might like the word "fate" better than luck. But whatever I want to call it, I am on a classic losing streak.

Wednesday, October 15, 2003

Why do I consider day trading to be the most macho trading of all? This is a problem, and an illusion.

Guitar. . .and other life pursuits:

Not so much daring to go slow, but rather daring to relax!

Luxuriating in the present.

Macho and Fast versus Luxuriation

Reflected in Day Trading and Guitar

I wonder if my (illusionary) belief that day trading is more macho because it is fast and faster, is related to my guitar (illusionary) belief that it is more macho to play fast and faster. (It may also be reflected in the run faster, do more ("faster") push-ups, etc.)

Would it be "better" to luxuriate in the stocks?

Is there a relationship between luxuriating in guitar tone and luxuriating in the "tone" of stocks?

Since I am an artist and my approach to life is an artistic one, could there be, could I invent a musical approach to stocks?

Could it be "based" on the tone, meditative quality, and luxuriation of guitar

practice?

Sunday, November 2, 2003

Being in the market will always hurt; but being out of it will hurt more.

I wonder if my involvement, concern, and even worries about money and the market are really ways of “keeping my mind on a pole,” staying challenged, occupied, and mentally busy.

Markets: When in doubt, get out. Get a good night’s sleep. You can always go back in again.

Tuesday, November 4, 2003

Winners. . . and Losers

I’ve learned how to cut my losses through stop-losses.

But how do I learn to let my winners ride? To pay for my losses and more?

For how long. . . and how far?