

Bubba
Trading 

DAY TRADING WITH BUBBA



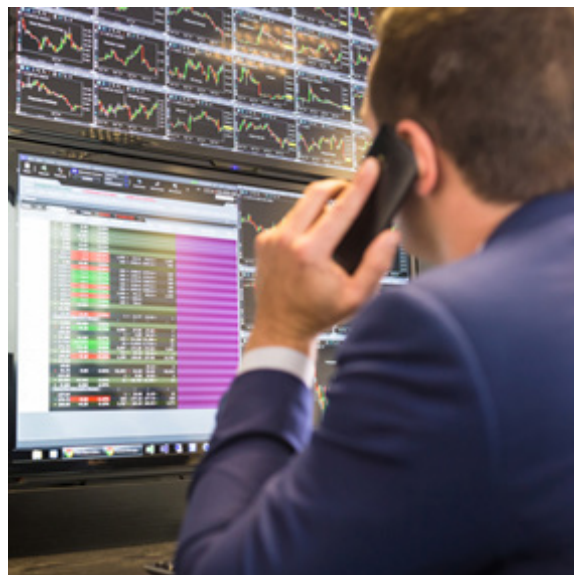
DAY TRADING WITH BUBBA



- **Day trading is an art and a science**
- **Learn how to trade with a plan**
- **Risk comes first, then reward**
- **The rules of the road**
- **Bubba's commandments for success**

When it comes to day trading, experience is a critical factor that can determine success or failure. Day trading is exciting, as buying and selling in action-packed markets is an adrenalin rush. The action and desire for profits are what attract many market participants to day trading. However, the vast majority of novice day traders lose money and give up.

Day trading is a discipline. Markets are a rough and tumble world that can be both intimidating and dangerous.



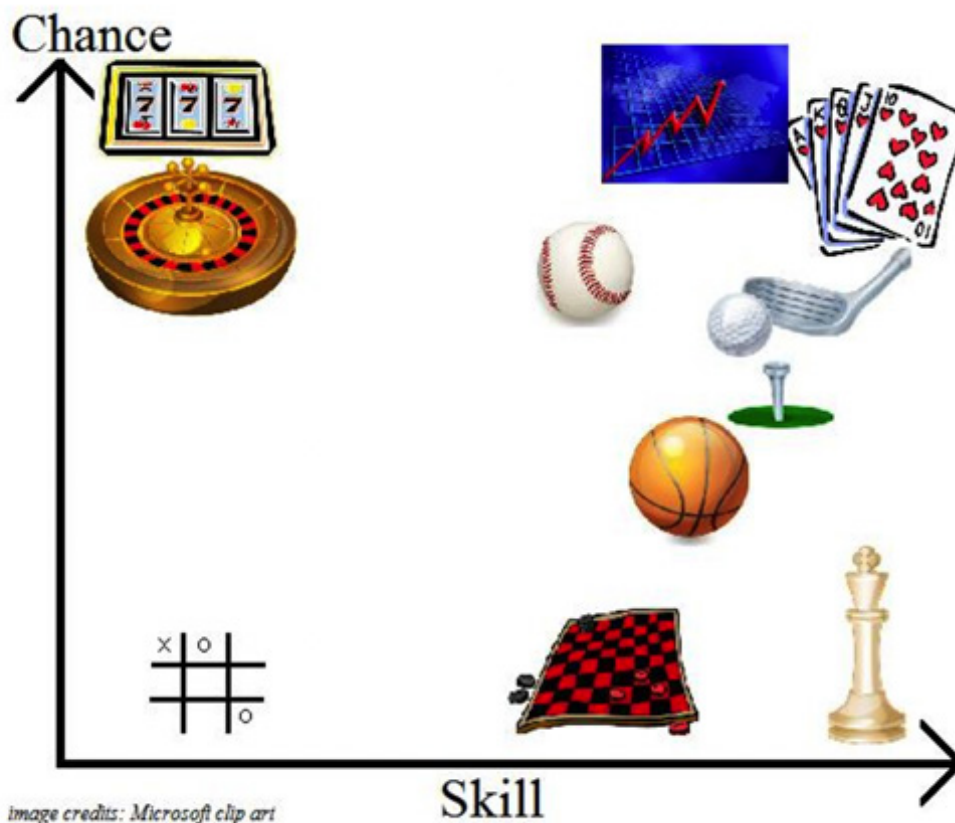
Traders that stood on the floor and in the pits of exchanges followed dinosaurs into extinction over the past years. Technology created electronic trading platforms where market participants execute buy and sell orders in nanoseconds, making the floor traders of yesteryear redundant. However, the skills developed by successful floor traders are invaluable and transferable to today's electronic markets.

Todd "Bubba" Horwitz stood on the floor of the exchanges in Chicago for decades. Longevity in that world only comes from success. Profitable day trading is a skill developed from years of experience. Bubba has seen it all; bull markets, bear markets, and those where price action was like watching paint dry. Over the years, he experienced the wild trading conditions during market explosions and implosions. Bubba is a market professional with a wealth of knowledge that can enhance those looking to learn day trading or improve returns.

Day trading is an art and a science

Excelling in the worlds of the arts or sciences require skills. While some abilities are innate, others come from hard work, study, and experience. Any trader will tell you that they learn a lot more from their losses than profits.

Trading is a game of skill. Like backgammon, bridge, poker, chess, golf, or any other game, a novice sharpens skills over time. Each loss teaches a lesson on how to approach the next game. Albert Einstein once said that the definition of insanity is doing the same thing over and over and expecting a different result.



The chart shows that in any game, growing skills increase the chances of success.

Trade with a plan

Organization and planning are often the most significant attributes of successful people. When planning, concentrate on individual strengths, and realize and work to improve areas of weakness. The world's best managers will tell you that they succeed because they hire smarter people and listen to their advice.

When considering a trade on the long or short side of the market, there are four steps to consider before pulling the trigger on the risk position.

Step one- Remind yourself that the goal is always the same, to make a profit. The goal is not to be right; it is to make money.

Step two- Assess the odds of winning and losing. No risk position is risk-free. Decide how much money is at risk and what reward is proper compensation for that level of risk. Set a risk or stop level before you enter any trade. Remember to consider the worst-case scenario when assessing risk.

Step three- The odds of success depend on efficient execution to enter a trade. Determine a price level or range that is acceptable, and do not violate it or chase a market. If you miss a trade, remind yourself that there will always be another opportunity.

Step four- Realize and remind yourself that the price at execution is history, the right price in any market is always the current price because it is the level where buyers and sellers meet in a transparent environment.

Risk comes first, then reward



Human nature leads us to begin to calculate our profits when we consider a trade or investment. Why else would we be entering a market and putting our hard-earned capital at risk? Trading involves employing assets to achieve a return. Seeking more substantial rewards requires taking more significant risks. Use a baseball analogy when thinking about risks and rewards.

It is always a mistake to approach the market looking for a home run on any trade. Look to hit for average, lots of singles and doubles add up to better results than a few home runs and lots of strikeouts.

When considering any trade, train yourself to think only about the risk before considering the profit. Set a risk level within your comfort zone before setting a profit target. Trading and investing are an iterative process. During the life of a trade, always ask yourself if the same conditions that caused you to enter into the risk position remain. If not, change the risk dynamics. As the price moves, adjust the risk-reward balance. Avoid making a change to the risk level. When there is a profit, lower the risk exposure by raising stops. The cardinal sin of trading or investing is allowing a profit to turn into a loss. Always look to improve the odds of a profit in a trade.

The rules of the road



Consider the following rules that can minimize losses and maximize profits:

- Follow trends- The trend is always your friend
- Use a system and stick to it
- Avoid overtrading
- Limit the number of risk positions
- The number of positions is a function of total capital at risk
- Liquidity is critical- avoid illiquid markets
- Never overstay your welcome on good or bad trades- profits can disappear, and losses tend to mount
- Never fear stopping out- Take your lumps
- Ignore rumors and news
- Consider all losses a lesson
- Traders and investors are not gamblers- The odds must be in your favor
- Always use a stop to protect capital
- Never risk more than you are willing to lose

Bubba's commandments for success

Part of the learning process is taking advice from an expert. Bubba Horwitz has been a successful trader for decades. The commandments he lives by are:

- Discipline is critical- Stick to the trading plan and do not deviate
- Remember that your most substantial loss is always in the future- Expect drawdowns
- Markets can remain irrational far longer than you can remain solvent
- Always manage risk- Set realistic goals
- Never cherry pick trades from a portfolio- Stick with a system
- Be honest with yourself about what you know and what you don't
- Consider yourself the casino, not the gambler- Make the odds work for you
- Hit singles and doubles- Never swing for the homerun- Bulls and bears make money- Markets slaughter pigs

Markets offer traders and investors new and exciting opportunities each day to build their wealth. Those who approach markets with a plan, a robust approach to risk-reward, and without ego or emotion improve the odds of success.



Bubba Horwitz

When approaching a market with a systematic approach, the goal is always the same, to make money by following the model. The best way to achieve the goal is to leave the execution to an expert, or a professional trader with the job only to follow the system.

Bubba Horwitz's trading programs depend on following the system.

Bubba vets and monitors the brokers handling orders and the level slippage when it comes to automatic executions. Bubba stood on the floor of the Chicago exchanges for decades executing buy and sell orders. There are few professionals more qualified to evaluate the quality and effectiveness of those that automatic execution. Those that choose to execute on their own add additional risk to the system. While some may do better at times, leaving it to the experts is another way to maximize results, over time.

Learn more about trading with Bubba by visiting BubbaTrading.com