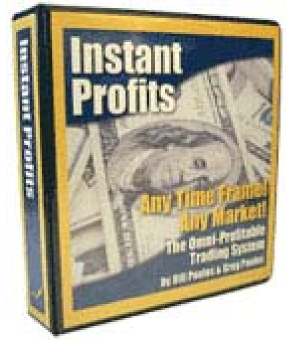
"Who Else Wants To Discover The Trading Secrets That 95% Of All Traders Don't Even Know Exist... And Could Give You An Edge That Most Traders Only Dream About..."



Welcome to **Instant Profits!** This is a special "sneak preview" chapter of my omni-profitable trading system. After 30 years of trading the markets, I distilled the best of what made me successful in the markets into an easy-to-follow trading course that I call **"Instant Profits"**. The course is made up of the following parts:

- The **Instant Profits** Manual, including over 40 charts and 50 example trades.
- Over 75 minutes of screen capture video tutorials on CD-ROM.
- A 90 Minute DVD of my "sneak preview" Instant Profits seminar.
- 4 trading "blueprints".
- Lifetime customer support – just drop me an e-mail and I'll answer all your questions because I want you to be successful!

This "sneak preview" chapter is just a tiny part of the 150 page manual. It's meant to give you a glimpse of the manual, but the true "meat" of the system is only available when you purchase the course. I'm so confident that **Instant Profits** will help you that I want you take 90 days to evaluate it 100% satisfaction guaranteed. If you truly feel that **Instant Profits** hasn't taught you anything about making money in the markets, I'll give you a full refund.

When you're ready to order the complete **Instant Profits** course, just click on the following link:

http://www.instantprofitstoday.com/

I worked hard to make **Instant Profits** easy to understand and easy to apply. I hope you enjoy everything it has to offer, and I look forward to seeing you become an owner of the entire **Instant Profits** trading course.

Good Trading,

Bill Poulos

Tools to Instant Profits

Before you begin trading, you need some basic tools. If you've already been trading, you probably already have all of these items, so just read this section as an overview.

Charting Software

There are many different options available when choosing charting software. Your budget and the amount of time you dedicate to trading may dictate what you end up purchasing. If you're serious at all about trading, though, you will make your life much easier by investing in a powerful charting software package. Make sure it has the following capabilities:

- The ability to plot multiple simple and Exponential Moving Averages on the same chart.
- The ability to plot Fibonacci Retracement Levels.
- The ability to use both end-of-day and intraday (real-time) data feeds.

Some charting software also lets you place trades directly with a broker. One of my favorite packages, TradeStation (www.tradestation.com), lets you do this. Another very functional package is Advanced GET (www.esignal.com).

Computer

You need to get a computer powerful enough to easily run the trading software you're going to be using. So the easiest way to choose a computer is to choose your trading software first, and then get a computer that matches the software's recommended specifications. In general, if you buy a new computer today with basic specifications, you'll have enough computing power to handle most charting software. It's been my experience that a computer purchased from a direct mail manufacturer like Dell (www.dell.com) or Gateway (www.gateway.com) is usually more robust and stable than one purchased from a local computer superstore.

Regarding monitors… bigger is better. It's important that you are able to clearly see the charts on the screen. For this reason, I recommend at least a 17" monitor, but go with a bigger one if your desk and your budget will support it. The standard CRT monitors are the least expensive, but more bulky. Flat panel displays are more expensive, but easier on the eyes and require less desk space. Some traders like to use two monitors, which requires a special video card. This lets you look at a chart on one monitor, for example, and a detailed list of quotes on the other monitor.

In general, you should be able to get a very powerful computer for $1,500 or less.

Data Feed

You need to have access to a reputable provider of chart data. Some software packages offer their own data feeds and others work with third party feeds. For example, the latest version of TradeStation uses its own real-time data feed. A good third party data provider is eSignal, which is what I use with Advanced GET. If you're going to be trading daily bars or longer, you'll just need end-of-day data. If you plan on day trading, you'll need access to intraday data provided by a real-time data feed, which usually costs more.

Internet Connection

Whatever type of data feed you use, you'll want to get the updated data via the Internet. In most cases (if not all), you will be required to get the data via the Internet. If you don't already have access to a high speed Internet connection, *get one*. Many people who use dial-up connections over a second phone line can often *save money* by switching to a high speed connection. Reliable and fast access to data is very important.

Broker

Since you will be making your own trading decisions there is no need to pay for a full service broker. If you intend to place the orders online yourself (which I highly recommend), then you want a broker that provides an easy to use real-time trading platform with competitive commission rates. There are several to choose from whether trading stocks, futures, or forex. If you intend to call in your orders to your broker, make sure that you have immediate access to the order taker with no waiting whatsoever. When you want to place an order, you should always be able to get a live person on the phone immediately. Again, commissions should be competitive.

Advanced Access

If you're on the road a lot and don't want to deal with installing a duplicate software setup on your laptop, an alternate solution is to use a remote PC access application. Here's how it works: Your main trading system (usually a desktop computer attached to a high speed Internet connection) should remain online 24 hours a day. Your remote computer (a laptop or a computer at your summer cottage) should contain the remote access software. This will allow you to virtually control your main trading system from a remote location.

A good software-based solution is Symantec's pcAnywhere (www.symantec.com). A good web-based solution is GotoMyPC (www.gotomypc.com).

This kind of setup should only be used if you're very comfortable working with computers, because there are a lot of things that can go wrong which could interrupt your trading routine (power outages, slow Internet connections, etc). Advanced users only!

Action Exercises

1. In order to clearly see charts, what is the minimum size monitor you should use?

   ____

2. If you plan on day trading, you need access to what kind of data?

   a) Real-time data   b) End-of-day data   c) No data

3. If you intend to place orders online yourself, then you want a broker that provides an easy to use real-time trading platform with competitive commission rates. TRUE or FALSE?

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The Basics

If you're new to trading, it's important to understand some basic terms and concepts. If you're already an experienced trader, you can read this section as a refresher, or skip ahead to the next section. There are dozens of excellent books that cover the basics of stock trading. While I'm going to cover some information here, you may want to read a good, detailed book geared toward beginners if you're interested in learning more about the basics of trading the markets. For the very bare bones basics, *Stock Trading for Dummies* by Paul Mladjenovic is a good book. You don't need to read this book to be successful with *Instant Profits*, though. I'm going to cover everything you need to know in the following pages.

The Stock Market

A stock is a certificate of ownership in a company that can be bought and sold on two major exchanges and several minor exchanges as well as the OTC (Over The Counter) Market in the United States and several other stock exchanges worldwide. In the United States, over 10,000 stocks are traded on the NYSE (New York Stock Exchange), the AMEX (American Stock Exchange), and the OTC that we all refer to as the NASDAQ (National Association of Securities Dealers Automated Quote System).

An exchange is a place where buyers and sellers physically get together on a central trading floor to buy and sell through a middleman, called the specialist. The NASDAQ, on the other hand, is an electronic market that automatically matches the buy and sell orders on a best-price basis.

The price movements for both exchange and NASDAQ-traded stocks can be charted using any time frame – hourly, daily, weekly. It is these charts that we are interested in when searching for stock trades that meet the parameters of *Instant Profits*. Also, we are only interested in high volume stocks (over 1 Million per day average volume) to assure liquidity which enhances our ability to buy and sell at the prices we specify.

Buying Long

Buying long is when a trader buys a stock for the purpose of owning the stock in hopes that it will rise in price. Buying long involves buying a stock from someone else that is selling the same stock at an agreed to price. When that happens, the ownership of the stock is transferred from one person to another.

Selling Short

Selling short is when a trader sells a stock that he doesn't own for the purpose of buying it back at a later date hopefully at a lower price. Selling short involves borrowing the stock from the broker in order to sell it to someone else who wants to buy the stock. When the sale takes place, your account is credited with the cash from the sale and debited for the number of shares borrowed to complete the sale. At some future date, the stock is purchased for the purpose of returning the borrowed stock to the broker. When the purchase transaction occurs, the short seller's account is debited for the cash required to make the purchase and credited with the stock shares purchased offsetting the original debit at the time the stock was sold short. If the stock price went down, the trader made money; if not, the trader lost money on the short sale. Selling short is generally viewed as being more risky than buying long, but this is not true with the appropriate use of Stop Loss orders.

Fundamental Analysis

Fundamental analysis involves the use of economic and company financial performance data (if trading stocks) to forecast prices. Fundamental analysis implies that a relationship between this data and the market prices of the security analyzed can be determined with some accuracy in order to give the trader an edge in trading the market.

Technical Analysis

Technical analysis is based primarily on the study of price patterns and indicators that are derived from past prices to forecast future prices. Technical analysis implies that patterns and indicators used in such analysis can give the trader an edge in trading the market. *Instant Profits* is based on technical analysis.

Plotting a Chart

A chart is simply a graph indicating a market's historical price changes. The x-axis indicates time, which will vary based on the time frame you are trading. The y-axis shows the market price. See Figure 1 for an example of a chart. For our purposes, we'll be using charts made up of price bars. A price bar describes the opening price, high price, low price, and last price (the close) for the time frame you are trading. The vertical length shows the total price movement for your time frame. See Figure 2 for an example of a Price Bar. The little dash or line on the left side of the bar indicates the opening price. The top of the bar indicates the highest price. Conversely, the bottom of the bar shows the lowest price. The little dash on the right side of the bar indicates the closing price (the last price traded for the time frame you are using). You will hear the term "bar" used often and we'll use it throughout the remainder of this course. It's a term to indicate a specific price bar for the time frame you are trading. When beginners see a chart, they sometimes tend to think of each bar as a "day". This is only true if the chart indicates "daily bars". If a chart shows "weekly bars", then each price bar on the chart represents the total price movement for one entire *week*. On the shorter end, if a chart shows "5 minute bars", then each price bar indicates the total price movement for a 5 minute segment during the day (this is what day traders might look at). For this reason, when you’re examining a chart, it’s important to first check to see what time frame the chart represents. This is especially important for *Instant Profits* because it works with any time frame, not just daily bars.

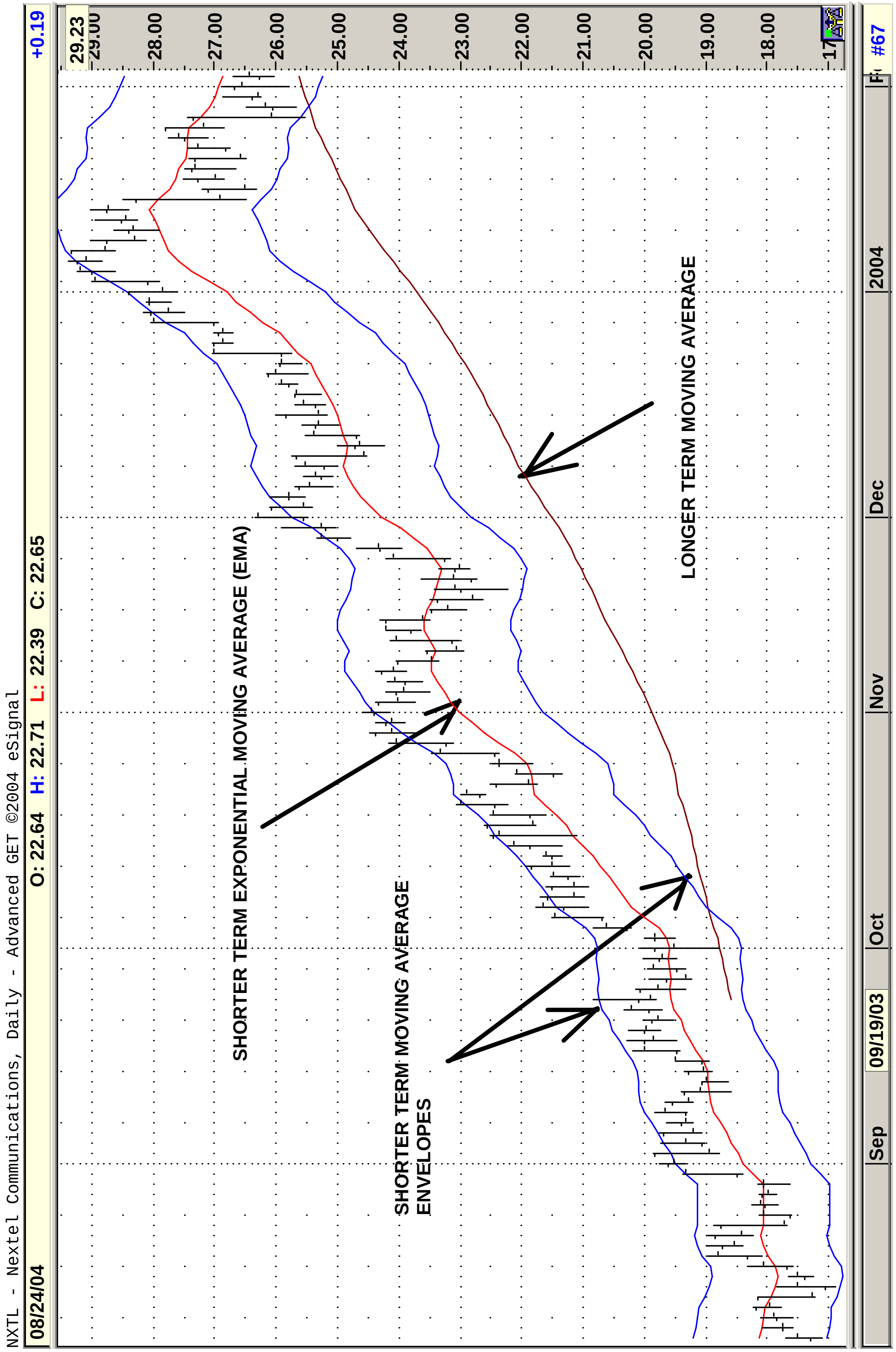


Figure 1 – Basic stock chart with moving averages

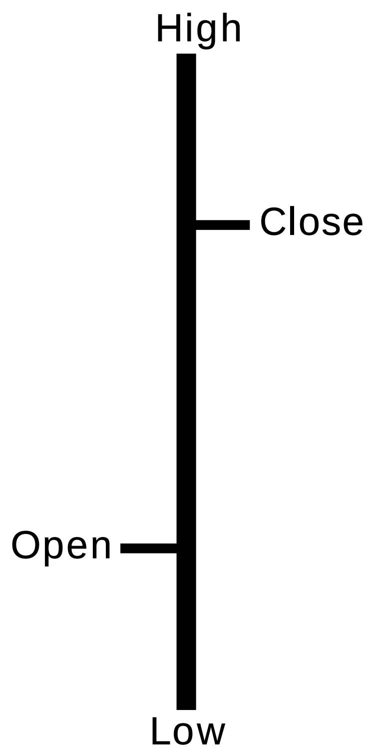


Figure 2 – Price Bar

Swing High

A Swing High is a short term high bar with at least two lower highs on both the left and right of the high bar. See Figure 3 for an example of a Swing High.

Swing Low

A Swing Low is a short term low bar with at least two higher lows on both the left and right of the low bar. See Figure 4 for an example of a Swing Low.

Trend Lines

Trend lines are used to help determine the trend of a series of data over time and are usually drawn by connecting the higher Swing Lows in an up trend and lower Swing Highs in a down trend. When the trend line is penetrated on a closing basis, it signals a possible change in the trend.

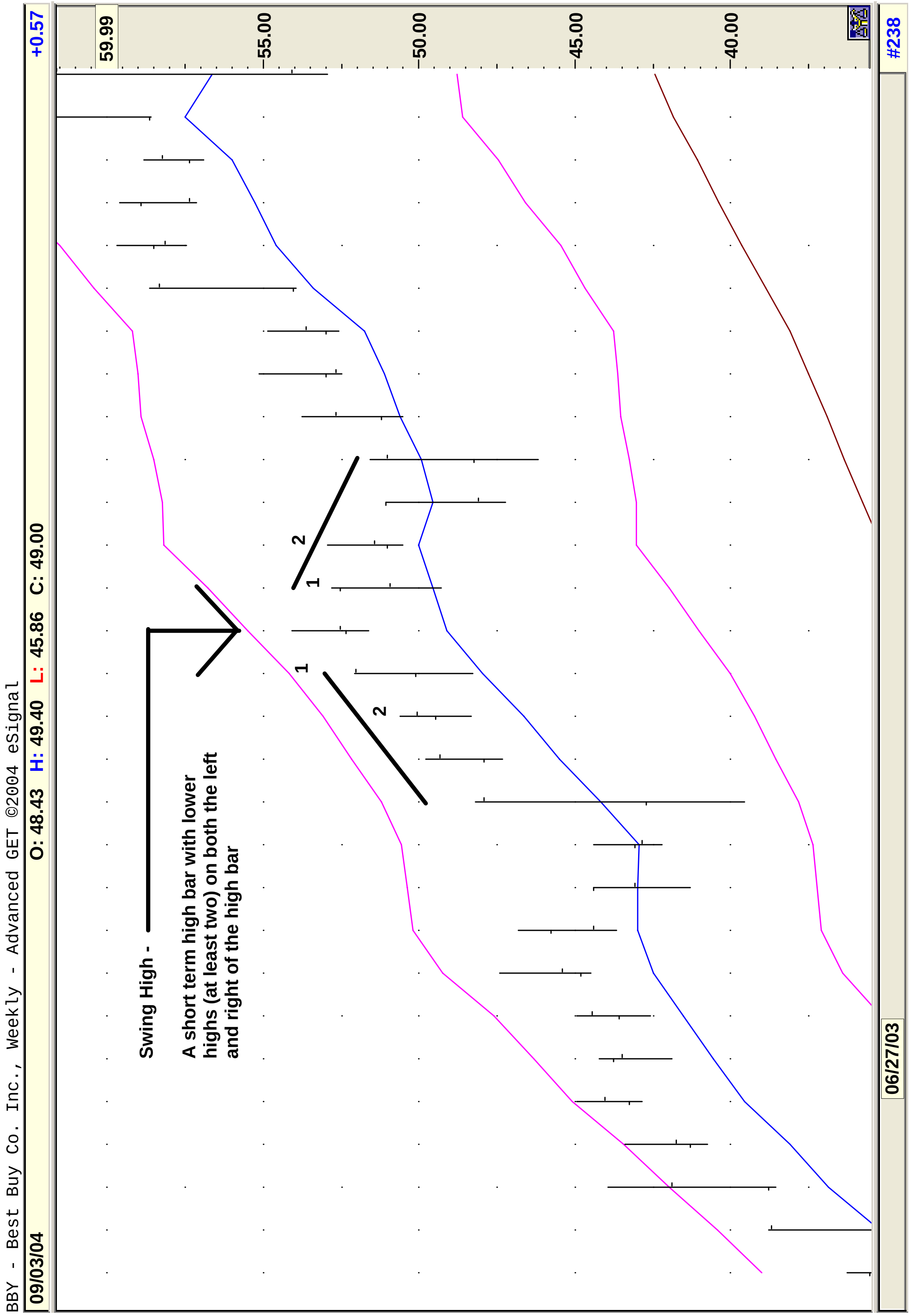


Figure 3 – Swing High

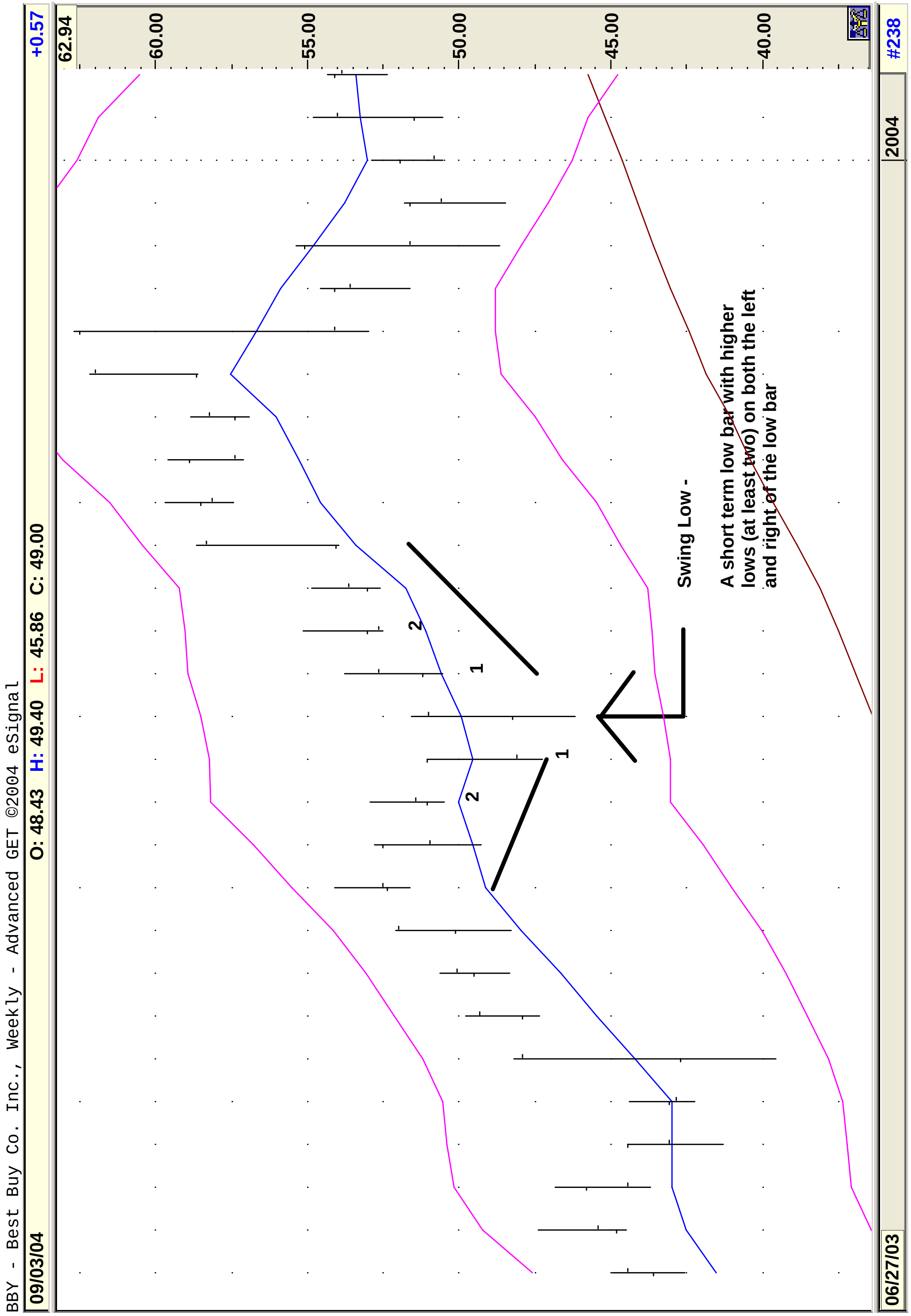


Figure 4 – Swing Low

Moving Averages

There are two commonly used moving averages. One is a simple moving average which is calculated by adding a series of prices over a specific time period (for example, 10 days) and dividing that sum by the number of time increments (for example, 10). The other is an Exponential Moving Average (EMA) which is calculated in a similar manner as the simple moving average except it gives greater weight to the most recent prices in the time period measured. The EMA is a more sensitive average that is more heavily influenced by the most recent prices than is the case for the simple moving average. Like trend lines, moving averages are used to help determine the trend of a series of data over time.

Channels

Channels are envelopes that capture most of the price data displayed on a bar chart. They are usually based on percentage bandwidth around a moving average or trend line. When prices are in an up trend and approach the lower channel band, it may be a good time to buy; and when prices approach the upper channel band, it may be a good time to sell to cover the long position.

Fibonacci Retracement Levels

Fibonacci Retracement Levels are based on the ratios of a number series first observed by Leonardo Fibonacci in the thirteenth century and are regarded as describing the natural proportions of things in the universe, including price data. These retracement levels are determined by applying the Fibonacci Retracement Level indicator (found in most good trading software packages) to a Swing High and Swing Low made by the recent price action on a bar chart. Fibonacci Retracement Levels are used in trading as possible support and resistance levels.

Paper Trading

Paper trading is the act of placing trades with pretend money. In essence, you follow your trading routine up until you would place an actual order. Instead, you track your order on paper, noting which price you "bought" at and which price you "sold" at. This gives you practical and valuable experience trading a system and allows you to make mistakes without having your actual trading account suffer.

I highly recommend that you paper trade *Instant Profits* until you are comfortable enough to begin placing real trades with your broker. Depending on your skill and experience, the number of paper trades should be anywhere from 5 to 10. After that, you will be ready to begin trading *Instant Profits* for real.

Even though the term "paper trading" is still used, there are websites that will allow you to paper trade an imaginary account online. These services will actually track your pretend account with live data. Some brokers offer paper trading services just so you can get comfortable with the mechanics of their websites before making live trades. If you are researching a new broker, ask if they provide paper trading or "trading simulation" as it is sometimes called.

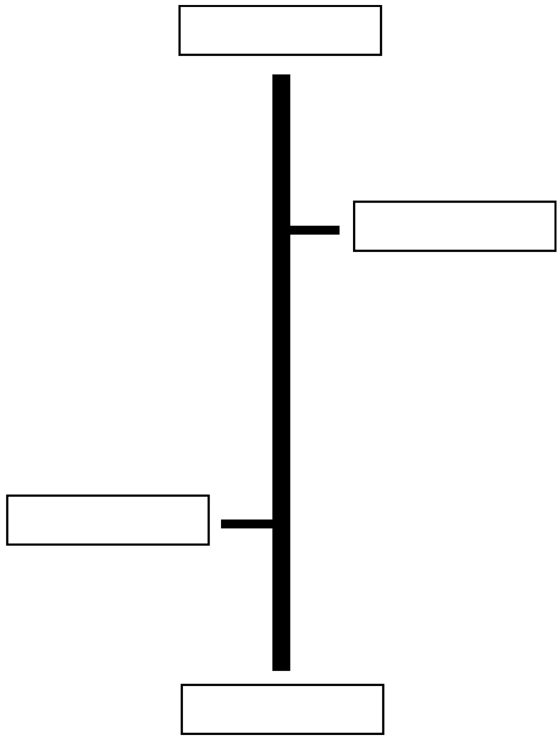
Action Exercises

1. Which of the following is not an exchange?
   a. NYSE b. AMEX c. NASDAQ d. CBOE

2. Selling short involves _________________ the stock from the broker in order to ______________ it to someone else who wants to ______________ the stock.

3. Fundamental Analysis is based primarily on the study of price patterns and indicators that are derived from prices to forecast prices. TRUE or FALSE?

4. Label each part of a Price Bar:



5. A Swing High is a short term high bar with at least two higher lows on both the left and right of the high bar. TRUE or FALSE?

6. The Exponential Moving Average (EMA) is calculated in a similar manner as the simple moving average except it gives greater weight to the most recent ________________ in the time period measured.

7. Which statement best describes Paper Trading?
    a. Paper Trading is the act of placing trades on the floor of an exchange.
    b. Paper Trading is the act of trading paper currencies.
    c. Paper Trading is the act of placing trades with pretend money.
    d. Paper Trading is the act of analyzing your printed brokerage statements.

Notes

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Disclaimer:

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