

Jake Bernstein's **Online Trading Courses**

Course #4 **Advanced** **Precision** **Timing**

Lesson #1 **Basics for Better Timing**

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Course #4

Advanced Precision Timing

Lesson #1

Basics for Better Timing

Introductory Comments	3
The Computer Trading Revolution	5
An Overview of Futures Trading	6
Will New Technology Lead to Success?	6
The Weak Link	7
Misguided Masses	7
The Purpose of the Futures Market	8
The Inadequacy of Old Knowledge	9
The Black Box of Market Behavior	9
How to Succeed in Futures Trading	11
Traits of Successful Individuals	11
Essential Characteristics of the Futures Markets	13
The Intuitive Approach to Market Evaluation	14
Who are the Major Players?	14
What are the Political Factors?	15
Does the Market Follow-Through or Does it Fizzle?	15
How are Tops & Bottoms Established	15
Is the Trading Public More Active in Certain Markets than in Others?	15
Do Day Traders or Position Traders Dominate the Markets?	16
Lesson #1 Quiz	18 - 20

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Course #4 -- Advanced Precision Timing

Lesson #1 -- Basics for Better Timing

Introductory Comments

I made my first trade in the futures markets in the late 1960s. At that time I had little or no idea about the purpose or the internal workings of the market. Nor did I know the first thing about trading systems, timing indicators or systematic trading.

My venture into the world of trading began several years earlier when a college friend convinced me to open a stock account to be used for speculating in low-priced gold mining shares. My stock market trades were based almost exclusively on fundamentals, wishful thinking, the recommendations of experts and the advice of my friend whose orientation was technical but not organized or systematic.

About two years later I was attracted to the futures markets (then called the commodity market) by an advertisement for egg futures that made great claims for profit potential in trading eggs. Against my better judgment, I submitted to the high-pressure sales tactics of the broker.

I borrowed the \$1,000 needed to open my commodity account. My broker traded eggs, eggs and more eggs. And, he made money for me. His methodology was based on the seasonal tendency for egg prices to rise during the summer months. He called me frequently with weather reports and spoke with great gusto of heat waves, declining egg production and dying chickens.

"The hotter it gets, the fewer the chickens, the fewer the eggs and the greater our profits," he would gleefully report to me. And all went well as long as we followed the seasonality of the egg market. But being only human, greed took over and I began to study the market.

My search for the ultimate trading tool led me to Gerald Gold's classic book *Modern Commodity Futures Trading*. Within its hallowed pages I saw for the first time a commodity price chart, trendlines, support and resistance, volume, open interest and point-and-figure charts.

I was convinced that herein were all the answers I needed to turn the commodity markets into my personal money machine. Needless to say, my optimism was based on faulty assumptions, a lack of experience and the wishful thinking of a novice. I lost all my speculative capital within minutes of trading pork belly futures. It was a sobering lesson, but one that was long overdue.

My initial success, based on ignorance followed by dismal but educational failure, led me to the serious study of futures trading. Anyway, my market studies have continued without interruption for more than 25 years. I have tested literally hundreds of systems that I have either developed or that originated with and have been promoted by other traders.

Only a handful of these systems have had consistently successful years, and only because they have undergone changes in response to varying market conditions.

Profitable trading systems are not easy to find. Many systems are profitable, however, upon closer examination they do not hold up in back-testing for an extended period of years. Frequently, they have

been curve-fitted to reflect the past. The process of fitting the system to test profitably in the past does not guarantee its profitable performance in the future.

The many years, thousands of dollars and hours I spent searching for the right trading systems and timing indicators have led me down numerous blind alleys. However, from each dead end I gleaned a small amount of new information. Eventually, success and failure merged and profitable results began to emerge.

The lessons learned related not only to timing signals and system development but also to trading discipline and psychology. Early in my search I realized I was not alone -- thousands of traders were also searching for the "Holy Grail."

This course is all about my search for the "Holy Grail." Some of my conclusions may surprise you. Others may not impress you. But, when all is said and done, I think this course will provide answers that will serve you well.

If your trading has been a series of dead ends, my research will be valuable. If your search has produced marginal successes, my work may push you forward along the road to profits. And, if you have been successful, my ideas may help you improve on what you are already doing.

You will read about advanced timing concepts and practical suggestions regarding risk management, trader psychology and performance maximization.

I don't have all the answers. The futures markets are doubly dynamic -- they are constantly changing, both in terms of the supply and demand factors that affect price movement and in the political forces that exaggerate price movements.

Although general principles can be applied consistently to futures trading, different technical and fundamental factors assume differing roles of prominence at different times. This is why trading systems vary in performance from year-to-year and from market-to-market.

Studying a course is only as valuable as the idea it stimulates and the successes it facilitates. I realize that everyone who takes this course will use it in a different way. Although I hope you will profit from the systems and indicators discussed, I know you can benefit from new directions in your own research.

Here are a number of suggestions to help you get the most out of this course:

- **Skim each lesson once, giving your main consideration to the technical concepts and test results.**
- **Make notes on particular ideas, indicators or methods consistent with your trading style or useful as adjuncts to techniques you are currently using.**
- **Return to the sections of the lesson you feel offer the most potential value in your trading.**
- **Apply the ideas and determine whether they have potential to improve your trading figures.**
- **Develop variations on my ideas to see if they can further better your results.**
- **Above all, remember that I do not claim to have all the answers to successful trading.**

Although I have learned much in my 30-plus years of trading, my knowledge was not acquired in one or two lessons. Often my lessons were not learned even after the third or fourth time. I sincerely feel, however, that my experiences can help you no matter what your level of expertise in futures trading.