

04/07/2015 Patience ... Discipline ... Discipline ... Discipline ... Patience

I know my sweet spot. Every trader should strive to know his or her sweet spot. We should strive to only take a trade when the market set up is in our sweet spot. We should strive to avoid trades out of our sweet spot.

If you, as a trader, do not know your trade set up with great intimacy, then how in the world will you know if you are exercising patience and discipline?

Once you know exactly what your sweet spot is and is not, then the real challenges begin.

The real challenges for me (and it could be different for you) are different nuances of patience and discipline.

- **Patience** to wait for just the right set up
- **Discipline** to sit on the sidelines and not getting pulled into a trade that does not fully satisfy my requirements
- **Discipline** to pull the trigger when the right trade comes along
- **Discipline** to remain detached from open positions and properly manage each trade according to trade management guidelines developed over decades of market speculation
- **Patience** to allow a position with a substantial profit potential the room and time to bear full fruit

The above challenges are very, very real. The markets can force a trader to let his or her guard down. The markets are all about forcing traders to make mistakes. Markets are constantly luring traders with such deceptive messages as:

"Trade now and trade often"

"You're missing out on some good moves"

"The only way to make money is to trade"

In fact, there are times when NOT trading can be the action with the best outcome. Trading just to trade often leads to drawdowns. Then comes the urge to find trades in order to recover the drawdown. Often this leads to a worse drawdown. Before a trader knows it he or she can be in a 20% to 30% or greater

drawdown resulting from trades that never really qualified as trades in the first place. This is when the the capital drawdown becomes a significant emotional drawdown. Vicious cycles can easily come upon us as traders.

There are some set ups I am watching.

Per previous comments on the Japanese stock market, I have established a long position today on new highs in the Topix futures with a target of 1750.



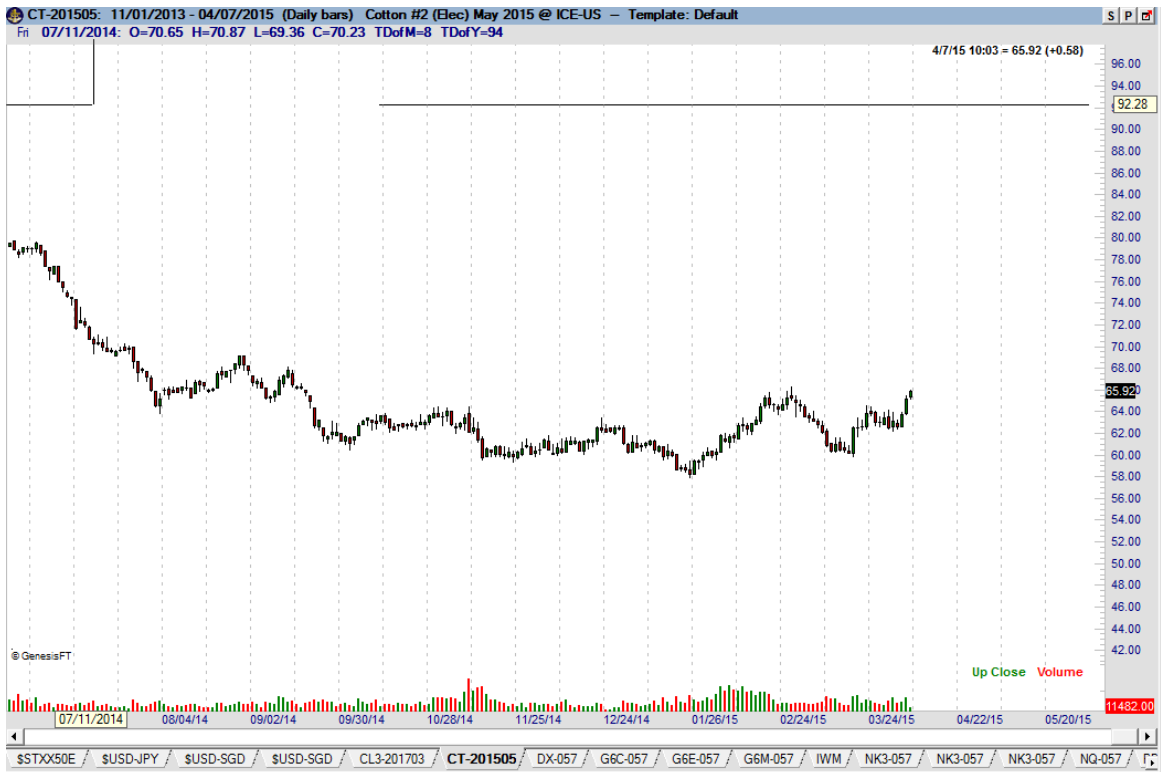
I am starting to prefer the Soy Meal as the short side candidate in the Oil Seed complex.



I am once again attracted to a long USD/JPY position based on the pending completion of a 4-month consolidation.



The rounding bottom in Cotton continues to take form. Speaking from years of experience, the Cotton market never makes it easy.



I commented on the Silver charts over the weekend. To make myself clear, I have very little urge to trade Silver. Prices have dropped \$32 from the high. Silver is too volatile for me to attempt catching the final 10% of its decline. Only if a clearly recognizable small pattern develops near the right shoulder high will I have an interest in the short side.