

NEW!
Version 12

TC2000[®]

TC2000.com v12,
Orlando, FL
Training Class Notes

November 19

2011

TC2000.com Version 12 Training Class Notes

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Introduction

WELCOME!

Thanks to all of you who attended class this past weekend in Orlando! It was awesome to see so many of you; we look forward to seeing more of you—either in another class or in our webinars!

I hope you were as excited to see and hear about the new TC2000.com as I was to present it to you. My desire was to let you see how TC2000 version 12 can be an effective and efficient tool for your real-life trading. These notes are intended to help you recreate the studies we used in our classes, but also to stir new ideas in you so that you can create your own personalized trading environment and use it to draft the blueprint for your upcoming trades. The notes cover material presented both in the morning and afternoon sessions.

If you made a deposit for the new Alerts feature I showed you, be on the lookout for communication from Worden regarding WAMS service activation!

I've included some resource information at the end of this document for further study or follow-up on what you learned in our training class and workshop. Let us know if you need anything.

Until next time,
Julia Ormond

WHAT IS NEW IN TC2000.COM?

1. You can run your TC2000 in a browser as well as from your desktop giving you access to your TC2000 account and settings from anywhere.
2. There is now streaming data at all levels of TC2000 service. No more manual updates!
3. Your PCFs, Scans and data are always current. No need to update Personal Criteria Formulas...simply write them and they are ready to use instantly.
4. Scans, sorts and all calculations are lightning fast and always available because all of your settings are being constantly maintained by the powerful Worden servers.
5. GOLD service now has streaming intraday charts not more than 15 minute delayed.
6. Platinum service has streaming real-time data as well as real-time sorts and scans.
7. All levels of service now have Forex data so you can chart the popular foreign currency markets.
8. Workspaces allow you to combine multiple windows of WatchLists, charts, news, scans, sorts, alerts...and organize them any way you like.
9. There is a substantial new library of Indicators in TC2000. Click the Indicator button at the left of the chart to scroll through the list. If you see some with which you are not familiar, you can look in the Help file for a short description or find great information on the web at sites like Investopedia.com.
10. Your current TeleChart 2007 will continue to work indefinitely as a separate platform. There is no additional cost to use TC2000 with your present subscription. It is a free upgrade to your current TeleChart 2007.
11. You can import your settings (PCF's, WatchLists, Chart Templates, etc.) from TeleChart 2007 either during the installation process of TC2000 or by clicking on the File menu and choosing the Import Settings from TeleChart 2007. Caution: do this import only once.
12. Don't forget: you can get the new TC2000 Mobile application for Android or iPhone at www.TC2000.com/Mobile.

TC2000® Quick Reference

Annotations:

- View Navigation Tools (see back for details)
- Full Screen Mode
- Click on Ticker Item to See Chart
- Add a Note
- Change Timeframe (see back for details)
- Add Indicator to Chart
- Set Up Chart Appearance, Colors, etc.
- Select Colors to Link Items
- Use Mouse Wheel to Zoom In or Out
- Just start typing to change the active symbol
- Right click on any chart for more options
- Click on any Symbol to View its Chart
- Click on Any Indicator Legend for More Options
- Chat with Peter Worden & Other Platinum Members
- Shortcuts to View Different Time Spans
- Adjust to Zoom or Pan Chart History
- Add a New Workspace (see back for details)
- Hit Enter and type to chat in selected

Table: Standard and...

| Symbol | Company | Capitalization | Price |
|--------|---------------------|----------------|--------|
| ANF | Abercrombie & Fitch | \$6.2B | 64.29 |
| AON | Aon Corp | \$14.7B | 43.95 |
| TWX | Time Warner Inc | \$3.2B | 29.97 |
| APA | Apache Corp | \$40.9B | 100.84 |
| BRKB | Berkshire Hathaway | \$75.6B | 69.50 |

Table: Watchlists

| Symbol | % Change |
|-----------------|----------|
| 35A | +2.07% |
| CEG | -0.74% |
| Constitution | -0.74% |
| Standard and... | -0.74% |
| Flag Symbol | +0.39% |
| Vol Buzz | +1.34% |
| VMC | +118.7% |
| VNO | +138.5% |
| WAG | +10.88% |
| Value En | +256.7% |
| VFC | +74.0% |
| PLD | +130.7% |
| CEB | +256.7% |
| WAT | +178.9% |
| WFR | +125.6% |
| WHR | +152.9% |
| STZ | +160.7% |
| WPM | +103.4% |
| WPT | +112.1% |
| WDC | +203.5% |
| WEC | +116.9% |
| VAR | +3.19% |

Table: News and Notes for AAPL

| Sector Update | Technology |
|---------------|---|
| 08/45 | iPhone Reaps 15% of China's High-end Phone Market |
| 08/47 | Apple's Patent Claim Against HTC |

*Look for a fully interactive version of this Quick Reference guide with quick videos in the Help Menu of TC2000.

Morning Session: Creating Your Trade Environment

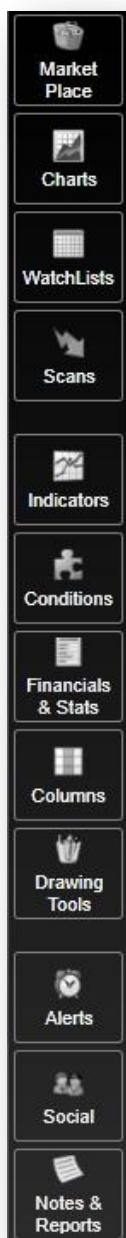
DEFINING A PERSONAL TRADING ENVIRONMENT?

A Workspace is a collection of usable tools appropriate to your trading personality/priorities. (A collection of Workspaces is a Desktop.) Workspaces can be as simple as a chart and a watchList or as complex as multiple charts, watchlists, scans, sorts, columns and other tool windows. The idea is to create a personal trading environment which is designed specifically for your trading needs.

Learning the Components

Window Toolbar

In TC2000, all your functions can start quickly from the series of buttons along the left margin of the screen. Many have pre-built libraries with tools that are ready to use. You'll also find all the tools you create in these libraries.



MarketPlace: service-related information and can be used to add or change service, manage active data feeds and exchanges, and to manage add-on products and services.

Charts: groups of Indicators. Click to access a basic Chart, Pre-Built Charts, or any Charts you create and save.

WatchLists: composed of items that have been grouped for some reason. Click to access system or personal WatchLists. Select any WatchList to view its member items within a WatchList window.

Scans: limit WatchList contents to those that pass the conditions listed in the Scan. Click to access Pre-Built Scans, Scans you create and save, or to initiate a new Scan from scratch.

Indicators: plots that can be viewed on any Chart. Click to access System Indicators, Indicators you create and save, or to create a new Indicator from scratch.

Conditions: descriptions of behaviors of interest. One or more Conditions can be used to scan or sort any WatchList. Click to access Pre-Built Conditions, Conditions you create and save, or to initiate a new Condition Formula from scratch.

Financials & Stats: Fundamental and related data describing recent company makeup and /or performance. Click to view a list of Fundamental parameters available to scan or sort any WatchList.

Columns: either numerical data or checkmarks that label when conditions are being met. A Column or set of Columns can be saved. Click to access personally saved Columns or any Pre-Built Column Sets.

Drawing Tools can be used to annotate charts. To initiate a drawing, select the desired tool from the Drawing Tools library; then click and drag within the Chart where the drawing should be located. Once drawn, click the drawing to manage, edit, or remove.

Alerts: Click to access and manage your list of Alerts. Alerts can be set for Trendlines and Horizontal lines that are added to Charts. Click any Trendline or Horizontal line on any chart to set Alert.

Social: Click to access and manage your Friends Network or to view a User Chat window (Platinum only)

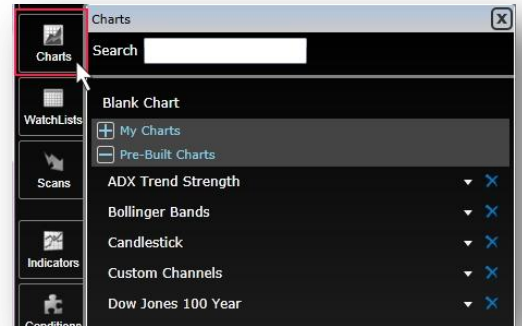
Notes & Reports: a list of the most recent Notes & News for the active symbol, the Daily Worden Report, or a report of Today's Prices.

Getting Started

Using Pre-built Libraries

Adding Pre-built Charts

Click on the Charts button. Click on the name of the chart you want from the pre-built library (we used the Dow 100 Year, S&P500 (Spy) Intraday Trader and Bollinger Band charts).



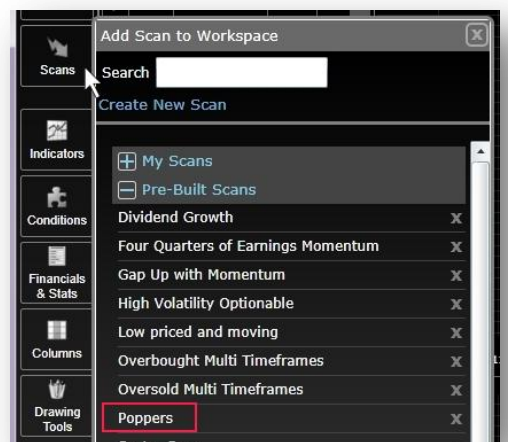
Adding Pre-built WatchLists

Click on the WatchLists button. Click on the name of the WatchList you want from the pre-built library (we used the Forex, Nasdaq 100 and Industry Group WatchLists). The Quick Lists at the top are commonly used lists with immediate access.



Adding Pre-built Scans

Click on the Scans button. Click on the name of the scan you want from the pre-built library (we ran the Poppers scan).



Using Pre-built Conditions

Click on the Conditions button. Click on the name of the condition you want from the pre-built library.

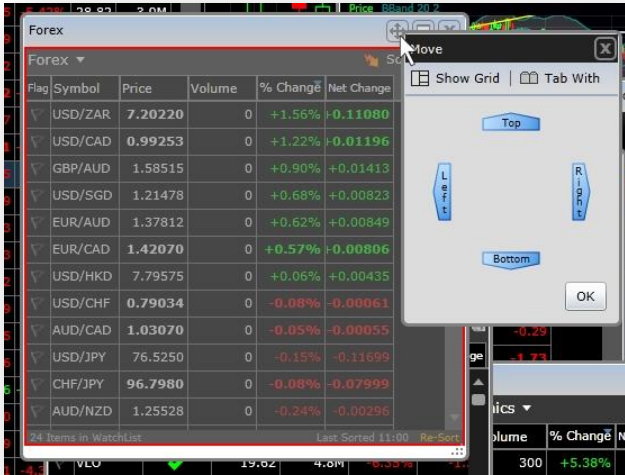
- We used the Price Surge Down to do a QuickSort (in a new window)
- We used the Opening Gap Down to do a QuickScan (in a new window)
- We used the +DI xDOWN -DI to Scan our present WatchList (Russell 3000).



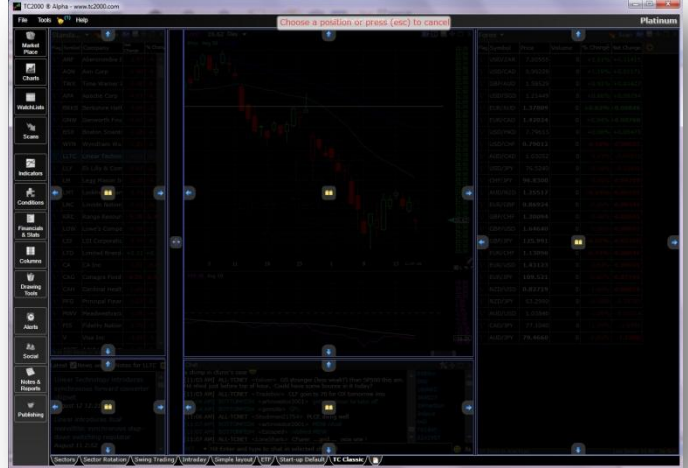
Organizing Windows

We used the three different Move modes to dock the now floating windows to our Workspace.

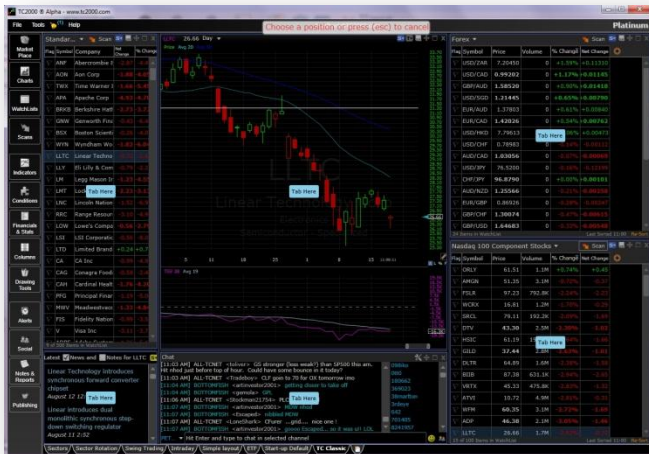
Arrow Mode



Show Grid



Tab Here



Completed Workspace



Workspace Examples

Since a Workspace is a collection of windows and tools integrated to create a personal trading environment, we looked at several that demonstrated how focused a Workspace could be for a certain type of trading. Using the Workspace tabs at the bottom we opened the following Workspaces:

Intraday

This Workspace contains 2 WatchLists (left), the Russell 2000 sorted by Volume Buzz; below that is the Forex WatchList. The Notes & News window is tabbed with the Alerts window below that. The main chart is an intraday chart of the active symbol with key indicators for short-term trading (VWAP, Volume at Price, and the Worden Proprietary indicators). Platinum chat is docked below the main chart. The right area of the Workspace contains an intraday chart of the QQQ's and the Spy (top and bottom) with a scan for 'popping' stocks in between.



Swing Trading

This workspace a main WatchList (S&P500), a secondary WatchList (below, both on left) tabbed with both Industry & Sub-Industry lists. The main chart has price, with Rate of Change overlaid in the top pane; Stochastics in the middle pane and CCI with Momentum overlaid in bottom pane. The smaller chart (upper right) is the Bollinger Band chart (from pre-built chart library) and the smaller chart (lower right) is the Pivot Point chart (from the prebuilt chart library).



Sector level

This workspace contains ETF component lists from the Spyder Select series which represent the 10 major sectors of the S&P500. Centered between them are intraday and daily charts. Click on any symbol in any of the WatchLists and the intraday and daily charts will reflect that active symbol. (To add this Workspace to your TC2000 desktop, simply click on the File menu at the top left of the screen, choose Open Workspace and then click on Sectors from the list of Pre-built Workspaces.)



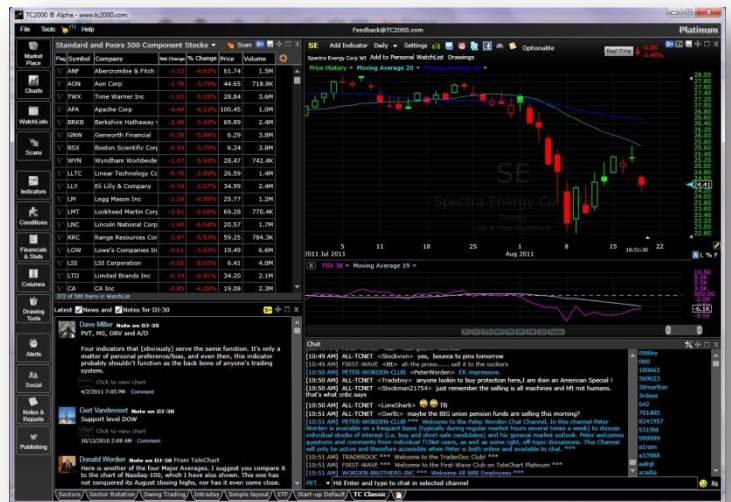
CREATING A PERSONAL TRADING ENVIRONMENT?

Building Charts You Can Read

Classic TC

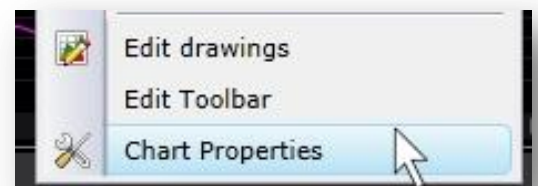
The Workspace most closely related to TeleChart 2007 is in the pre-built Workspace library and is called TC Classic. To open it, click on File, Open Workspace and choose TC Classic from the pre-built list.

TC2000 contains most of the features of TeleChart 2007 as well as many new features. It has BATS streaming real-time data at the Gold level and full market streaming real-time as the Platinum levels. Both levels now have intraday charts. You no longer need to manually update your TC2000.

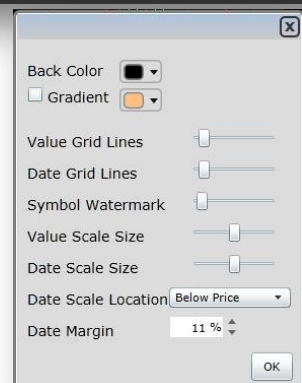


Customizing Chart Settings

To customize the chart settings, right click on the chart and choose Chart properties.



In this menu, you can change the background color of your charts, affect the opacity of your grid lines, symbol watermark and set the size of your scales. You can also choose to show your date scale at the bottom of your price chart or the bottom of your workspace.



Selecting indicators

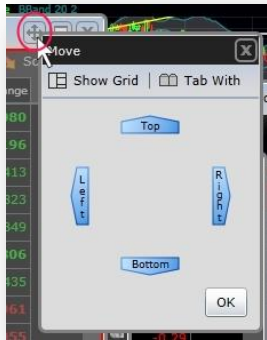
Click on the Indicator button in the leftmost window Toolbar (or click on Add Indicator at the top of your price chart) to open the indicator library. All libraries are grouped into categories (such as System, My, Pre-Built, etc.). The Legacy TeleChart 2007 Formulas section is populated with formulas that are present in the older TeleChart version.



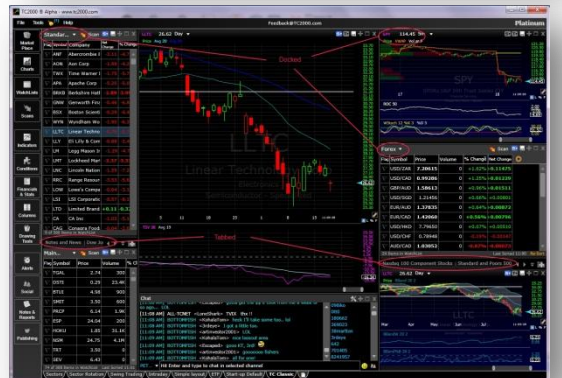
Using multiple windows

You can add and integrate multiple windows into your Workspace from any of the libraries including charts, scans, WatchLists, news, etc.

To integrate floating windows, click on the “Move” button at the top of the window you wish to connect to your Workspace.



Choose from the basic “arrow” mode, Show Grid mode or Tab with Mode to place the floating windows into your workspace.



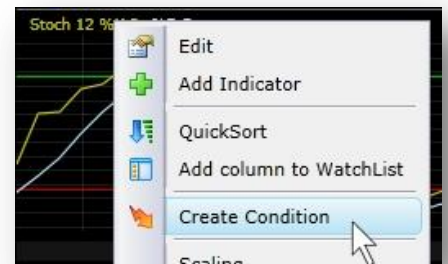
Finding Candidates You Can Analyze

Creating Conditions for Scanning

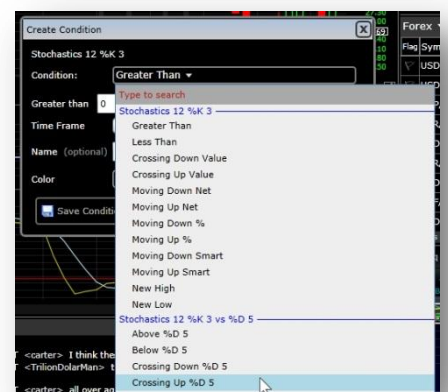
There are two ways we can begin to narrow the universe of stocks to some tradable candidates.

Chart Conditions

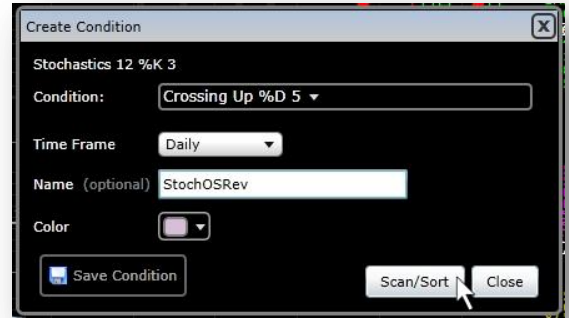
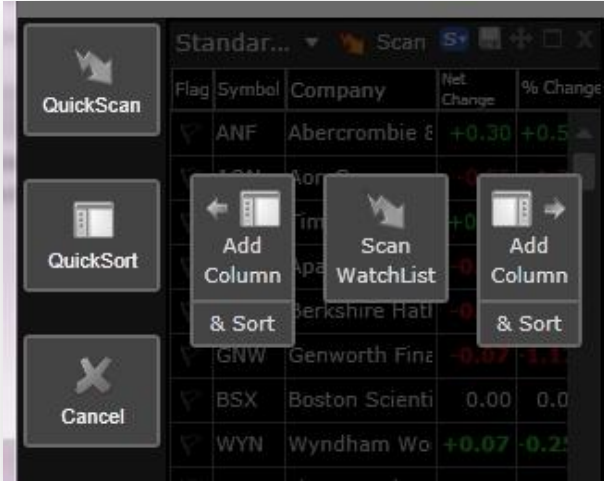
To create conditions from the chart, click on any indicator and choose Create Condition (we used Stochastics as an example).



From the respective drop down menus you can choose the condition you want to create (we chose crossing up through %D as our condition). Note: you can click on Save in the condition window to add any condition you create to your Condition library.



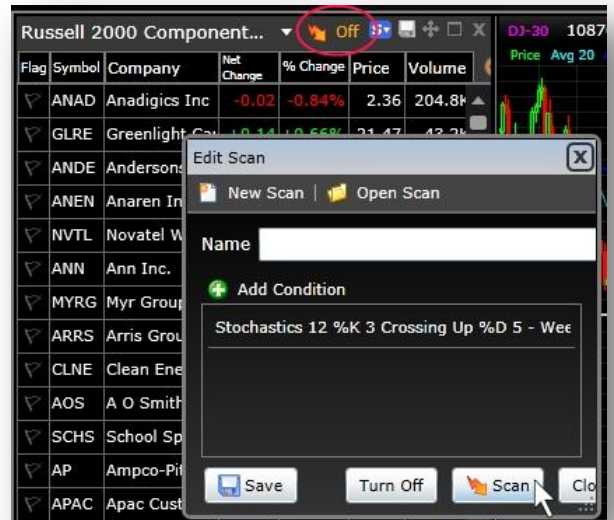
Once the condition was created, we clicked Scan/Sort and were given a number of ways that condition could be applied in the Workspace: Add column to any existing WatchList, Add Column and Sort, QuickSort or QuickScan.



We chose Scan WatchList to scan our S&P500 List. Then we changed the WatchList to the Russell 2000, clicked on the Scan icon at the top of the WatchList and clicked Scan to scan the new WatchList.

Note: Choose QuickScan to run a scan in a new floating window. Choose QuickSort to sort a WatchList in a new floating window and see “checkmarks” showing you which stocks in your WatchList meet your condition.

Add Column simply adds a column to a current WatchList with the checkmarks showing the stocks that meet the condition. Add & Sort adds the column and automatically sorts to bring the stocks that meet the condition to the top of the WatchList. (The column can be added next to the symbol or to the right of all current columns.)



Library conditions

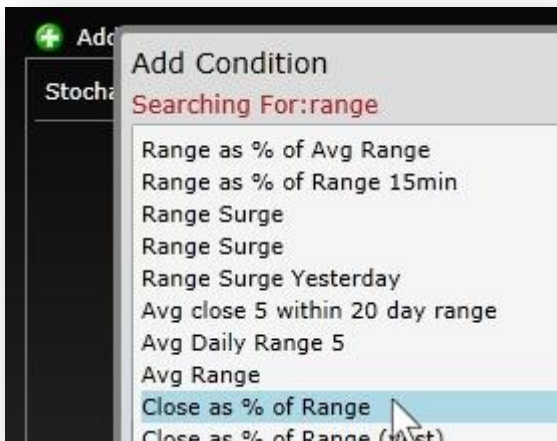
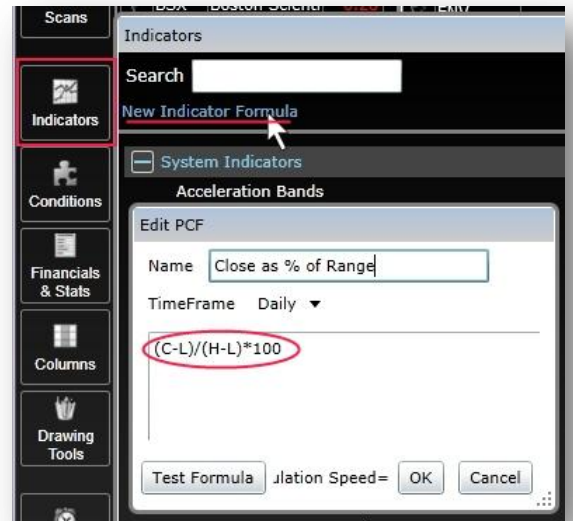
We then added a second condition to our studies, but this time used the Condition library. We choose the Gap Up condition from the pre-built condition library. Using the same menu as our previous condition, we again chose Scan WatchList. This brought up a second menu giving us the option to replace the current scan or append the new condition to the current scan. We chose, Append to Current Scan to add the condition to our existing scan.



Formula Conditions

The final condition added to our scan was a PCF (Personal Criteria Formula) condition. First, we needed to write the condition. We clicked on the Indicator button in the window toolbar and then chose New Indicator Formula. We then entered the formula and named it Close as % of Range.

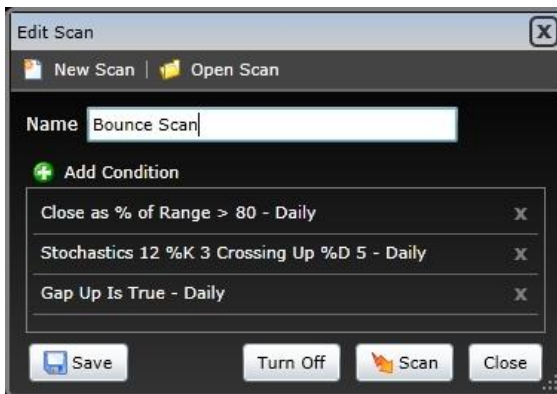
Once the PCF was written (and automatically entered into the formula library), we clicked on the lightning bolt icon (Edit Scan) at the top of the Scan WatchList and clicked Add Condition. We chose the PCF from the list and clicked to add to the Scan.



Then, in the edit condition box, we set the condition value as >80.



This gave us 3 conditions in our Scan.



We then had a WatchList of stocks that met our scan conditions.

| Flag | Symbol | Price | Volume | % Change | Net Change |
|------|--------|-------|--------|----------|------------|
| ▼ | CMRG | 3.59 | 272.3K | +4.06% | +0.14 |
| ▼ | SENEA | 21.00 | 22.5K | +0.24% | +0.05 |
| ▼ | EGBN | 12.13 | 16.1K | -0.16% | -0.02 |
| ▼ | LBAI | 8.31 | 5.7K | -0.95% | -0.08 |
| ▼ | AVTR | 11.46 | 1.7K | -2.47% | -0.29 |
| ▼ | ENV | 11.49 | 42.9K | -3.36% | -0.40 |
| ▼ | CDZI | 8.83 | 7.8K | -3.92% | -0.36 |
| ▼ | EPOC | 10.35 | 78.8K | -4.43% | -0.48 |
| ▼ | INTX | 13.66 | 48.9K | -5.99% | -0.87 |

9 Items in WatchList | Last Sorted 11:36 | Re-Sort

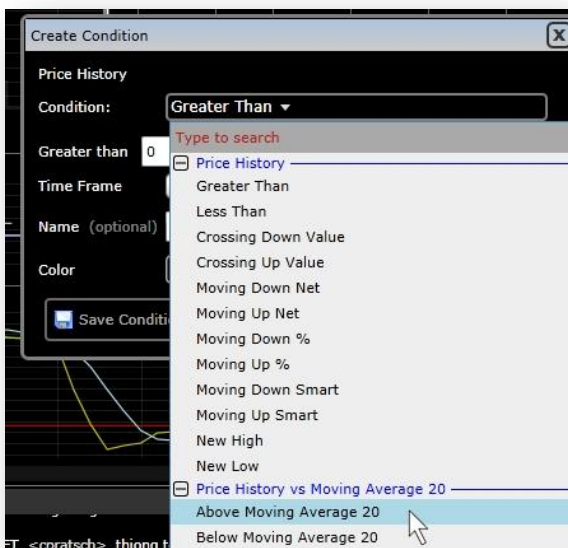
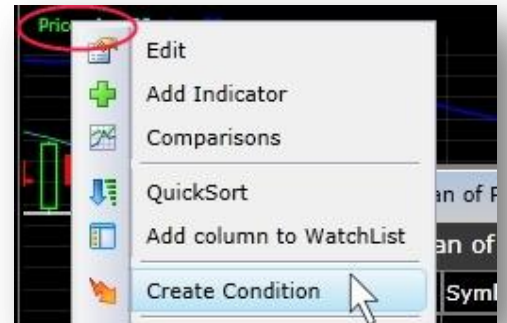
Important Note: remember, the conditions of your scan and the results of those scans will change due to market conditions. A scan that returns 20 stocks one day may not return any stocks a few days later. A scan is a dynamic WatchList that is always bringing the current results from the market as it stands.

Picking Stocks You Can Trade

Once you have scan results, you want to analyze that group of candidates more closely.

Sort a scan

We then took our Scan results and began narrowing them further by sorting. We created 3 conditions. First, we wanted Price (on a 10 minute time frame) to be above its 20-bar moving average. So we clicked on price and chose Create Condition. From the condition drop down, we chose Above Moving Average 20.



Then we set the time frame (in the Create Condition Edit box) to 10 Minute and clicked Scan/Sort.



Then, on the Scan results WatchList, we chose Add Column & Sort (on the left, next to the Symbol).

We repeated this procedure to create two more conditions: TSV 18 (daily) < 80; and, Price (daily) Moving Down (quickly).



| Flag | Symbol | Price Daily mov down | TSV 38 Daily < 0 | Price 10 Minute above Avg 20 | Price | VWAP | % Change | Vol Buzz | Bid |
|------|--------|-------------------------|---------------------|---------------------------------|-------|-------|----------|----------|-----|
| ▼ | ENV | ✓ | ✓ | ✓ | 11.44 | 11.40 | -3.78% | +23.0% | 11 |
| ▼ | CMRG | | ✓ | ✓ | 3.59 | 3.59 | +4.06% | +922.6% | 3 |
| ▼ | EGBN | | ✓ | ✓ | 12.13 | 12.03 | -0.16% | +16.7% | 12 |
| ▼ | LBAI | | ✓ | ✓ | 8.31 | 8.16 | -0.95% | -63.0% | 8 |
| ▼ | SENEA | | | ✓ | 20.99 | 20.98 | +0.19% | +165.4% | 20 |
| ▼ | EPOC | | ✓ | | 10.27 | 10.53 | -5.17% | +162.6% | 10 |
| ▼ | CDZI | | ✓ | | 8.66 | 8.80 | -5.77% | +33.2% | 8 |
| ▼ | AVTR | | ✓ | | 11.46 | 11.51 | -2.47% | -87.0% | 11 |
| ▼ | INTX | | | | 13.66 | 13.84 | -5.99% | +79.0% | 13 |

9 Items in WatchList Last Sorted 11:47

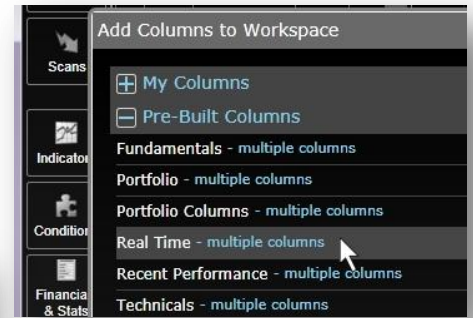
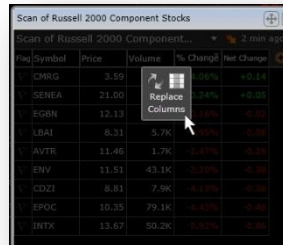
This left us with three checkmark columns, each sorted by its condition with any stocks meeting more than one condition showing multiple checkmarks in our multi-sort study.

Scan columns

We then chose to replace the columns in our Scan results WatchList with a column set from the pre-built column library. We clicked on the Columns button (in the left window toolbar) and selected the Real-time pre-built column set.

This gave us the option in the Scan results WatchList to Replace Columns. We clicked on that window.

We were left with our Scan results watchlist that now had a new set of columns including VWAP, %Change, Volume Buzz, Bid & Ask and Time Series Forecast. This allowed for intraday analysis of the real-time scan results gained from our scan conditions.

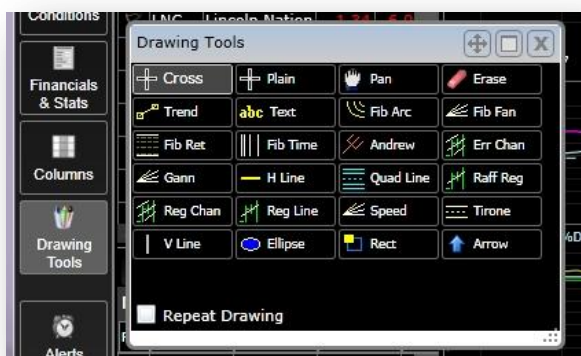


Narrowing the results

Now that we had a small list of stocks that met our scan conditions and we could see what they were doing in real-time, it was time to analyze the few charts left. There were three tools we used to actually pick the stocks from our scan list that we wanted to keep.

Drawing

We began to spacebar through our Scan results WatchList and notate on the charts significant trends, support and resistance and potential trade targets. To draw on the charts, we clicked on the Drawing Tools button from the window toolbar. This opened the drawing tools as a floating window. Then, clicking on the appropriate tools, we made our notations on the charts.

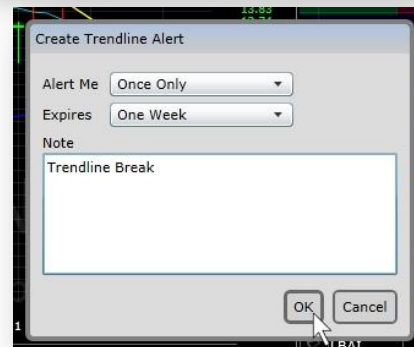
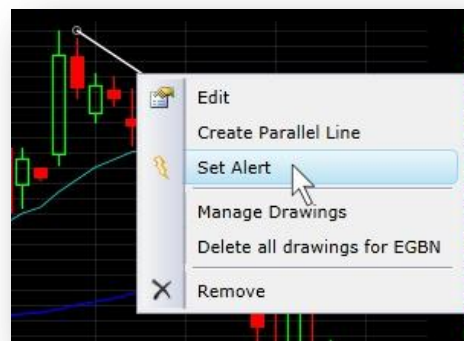


Alerts

On a few of our trendlines, we set alerts by clicking on the drawn trendline, choosing Set Alert, and then filling in the appropriate message we wanted to receive when the alert was fired.

(When an alert fires, you receive audio/visual alerts in TC2000 and emails at up to two different email addresses.)

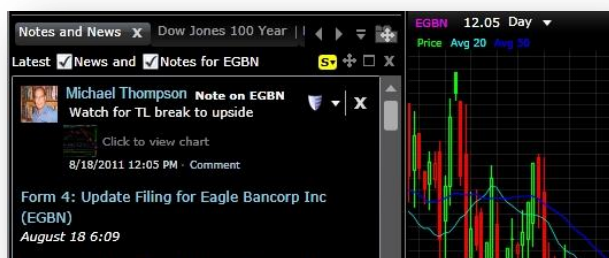
We also showed how the upcoming Alerts feature will function - highlighting intra-day indicator-based Alerts whose trigger initiates an email, and a notification within the Alerts Feed.



Notes

Finally, on a couple of our stocks from the Scan results WatchList, we wrote Notes to remember our thoughts on those stocks. We clicked on the "Notes" icon at the top of the chart and then entered our message. The program takes a picture of the chart we are placing a note on and attaches our text to it.

We then clicked on the Social button in the window toolbar and chose Friends Network. At the top of that menu, we chose Profile to see our new note attached to our profile. We also viewed that note as we looked at the actual symbol in our WatchList.



Constructing WatchLists You Can Use

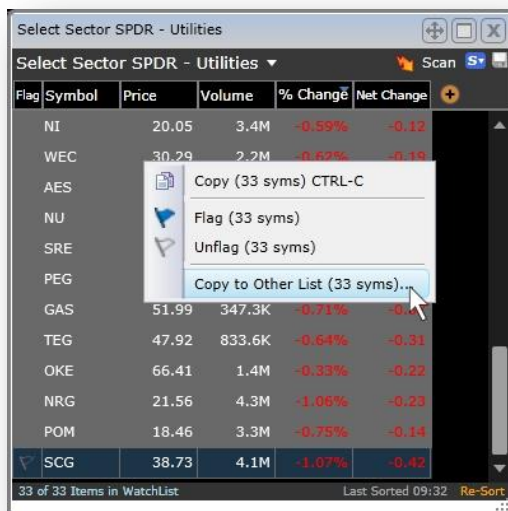
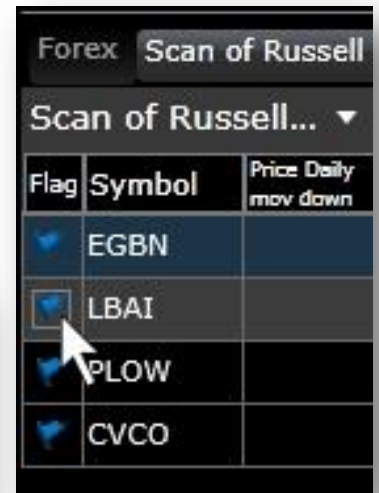
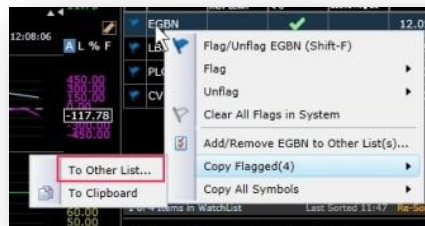
Building from Your Research

We then explored how to take the most interesting stock charts we found and place them into a Personal WatchList. (Personal WatchLists can be built for any reason you deem important and you can have as many Personal WatchLists as you like.) We discussed three different ways for build a Personal WatchList.

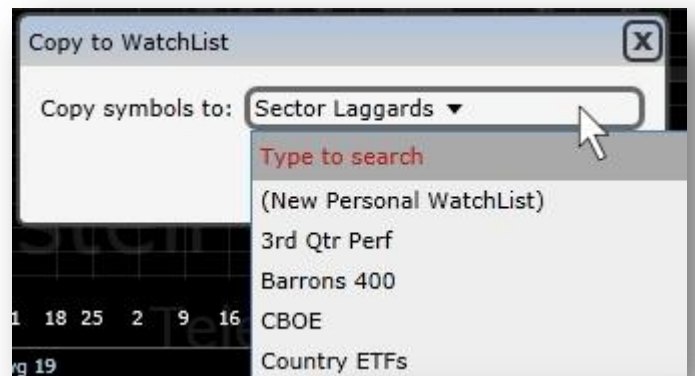
WatchLists found in scanning/sorting

We showed how you could place “Flags” on the stocks you were most interested in from any WatchList by clicking on the small flag next to the symbol. This allows you to note the stock symbols on the fly and then later to copy those symbols to a new WatchList.

We right-clicked on the symbol list and chose Copy Flagged to other list. (Note: you can also simply click on symbols randomly while holding the Ctrl key down on your keyboard to highlight symbols for movement).

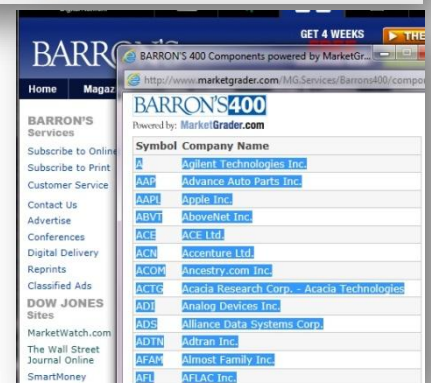


Then we copied the symbols into a New Personal WatchList we created called “Scan Finds”.



Building from Your Sources

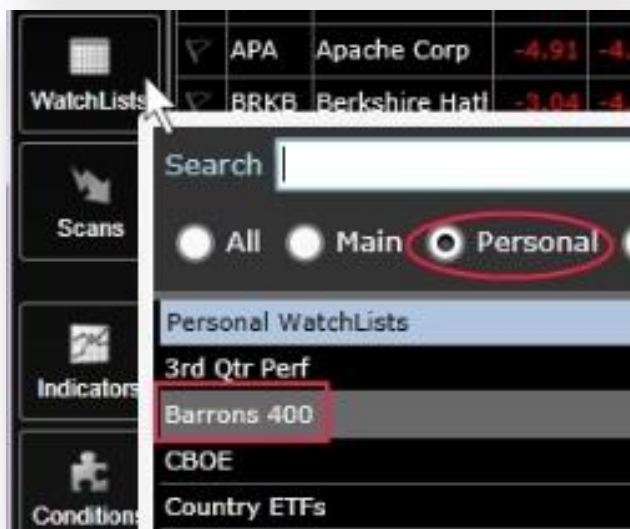
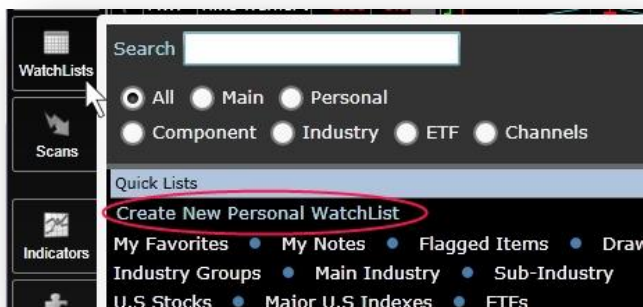
We also showed how you could Copy/Paste symbols from any WatchList you find in any resource. We went to the Barron’s website and located the list of symbols for the Barron’s 400. Then we highlighted those symbols and used the Ctrl+C function of the program to copy all 400 symbols for transfer into TC2000.



Then in TC2000, we clicked on the WatchList button in the window toolbar and chose Create New Personal WatchList. We then named the new list Barrons 400, clicked OK and had a new blank WatchList.

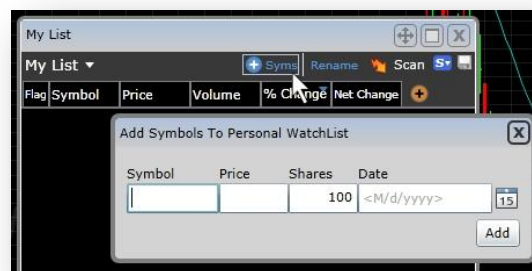


We then used the Ctrl+V function of the program to paste the Barron's 400 symbols into the new blank WatchList. Now we could click on the WatchList button in the window toolbar, click Personal and in our list was a new WatchList called Barron's 400 with the stock symbols copied from the Barron's website.



WatchLists built by symbol

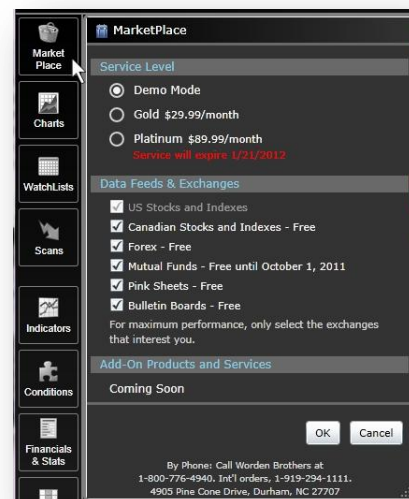
The last way we looked at to build a new WatchList was simply to add the symbols manually. After clicking on the WatchList button in the window toolbar, choosing Create New Personal WatchList and naming it (as above), we clicked on the +Syms button at the top of the new blank WatchList and simply entered symbols manually, hitting the Enter key to add them to the new list.



Adding Tools You Can Apply

Marketplace

We ended the morning session by discussing how you could add data feeds, upgrade your services and soon apply add-on products and services simply by clicking the Marketplace button in the window toolbar and selecting the appropriate items.



Afternoon Session: Drafting Your Trade Blueprint

UNDERSTANDING YOUR MIND

The afternoon session was focused much more on how to use TC2000 to actually trade in the real world...much more applicational than mechanical. We began by discussing the key issues of determining your trading goals and objectives.

Define Your Trading Personality & Priorities

Risk Tolerance

- Are you conservative or a risk taker?
- How do you manage position size and portfolio diversification?
- Is discipline easy for you or are you given to emotional influences?
- Can you take losses in stride?

Time

- Do you trade frequently?
- Can you look at the market/your positions intraday?
- Do you work daily on your charts/strategies?
- Do you trade equities only (or also other vehicles like Forex, Options, Futures, etc.)

Trading/Investing Styles

Intraday -- positions are usually entered & exited within the same trading session. Scalping fits into this category. These traders in general are interested in quick, smaller returns and making multiple trades per session. Charts are intraday and often under 15 minutes.

Swing -- a short to intermediate term trend following system lasting anywhere from 1 to 30 days. Traders who swing trade typically look for trend reversals & retracements for their entry/exit points. Daily charts tend to be the most popular with swing traders.

Position -- also known as 'trend trading', can best be described as a 'buy and hold' method (although with much shorter time frames in recent years than prior). Positions can be open for a few days, weeks, months or longer and weekly charts are often the main focus for position choices. They are also held during periods of minor retracement with the expectation that they will eventually continue trending in the desired direction.

Technical vs Fundamental -- technical trading is chart-based; fundamental trading is company financials centered. Much trading today blends the two. Quite often the type of trading done determines the emphasis balance between technical and fundamentals. Shorter term traders tend to focus more on charts; longer term traders are more interested in the quality of the companies whose stock is purchased.

Goals of trading/investing

- Income vs capital preservation
- Lifestyle vs accumulation
- Time horizon vs capital growth
- Short-term vs long-term

Capital

- Are you starting out or have you accumulated a larger trading account?
- Are you trading out of your retirement account?
- Are you trading small lot, low-priced stocks or large-lot, premium stocks?
- How well is your portfolio diversified?

All of these issues and more make up your trading personality and priorities. Determining your trading/investment priorities will help you in determining what kind of mechanics you use (e.g. what kinds of stocks do you scan for; do you use ETFs or individual equities; do you play speculative stocks; do you like mutual funds or treasuries; do you like volatility; etc.)

Taking the time to analyze these issues will make you a better trader and investor. Along with these, there are four critical skills that must be developed if you plan to win in the market over the long-haul.

Discipline

In trading, emotion is your enemy. You have to know your trading personality and priorities. What is your trading style (intraday, swing, position)?

- Make a plan you can follow...then follow it; Create your trading rules...then follow them
- Make a schedule. Keep trading signals up to date, be prepared for when the big move comes and don't try to trade too many markets
- Stick to decisions. Good traders work in isolation and make commitments, not letting other people (e.g. brokers, other traders) influence their decisions
- Learn from losses. Losses are expensive tuition to avoid repeating the same errors. Make study a part of your ongoing trading routine
- Stick with the Trading System. Some traders quickly switch from one trading system to another. This is one of the worst forms of discipline. Traders should stick to their trading system to give it sufficient time to perform.
- Know when to exit. It is important to have an objective measure of when to terminate a given trade, whether the trade is profitable or not.
- Take a break when needed. Traders need to be self-aware and when mistakes are made as judged by a string of losses, to take a break, recoup energies and remake commitments.

Patience

- There is no clear cut way to make money from trading, which is why most private traders lose money. Have realistic expectations about what you can and cannot produce.
- Becoming a successful trader does not happen overnight. It takes years of practice...and lots of mistakes.
- Trading is very fickle. Don't ever take success for granted. Don't ever think, "I've got this!"
- Don't think that just because you have read books on technical analysis and have familiarized yourself with the patterns and signs, that it will automatically follow that you will make money from trading.
- A very important principle to remember when trading is, that which is easy to do is almost certainly the wrong thing to do.

Objectivity

- You can't make the market do anything...it is incredibly important that we remember this!
- If you are not clear-headed, stand aside from the trade. Honesty about your current mindset is crucial to not creating capital crushing mistakes.
- Be honest: Why am I in this trade? Why do I like/not like this position?
- Simplicity vs complexity: am I over thinking, over analyzing or should I just move to another stock!?
- Trade what you SEE not what you think!

Strategy

Finally, there is a powerful need for you to develop a realistic strategy that you can implement, follow, adjust and trust. Very simply: what are you looking for and why in your trading vehicles. It is here that we turn to TC2000 to develop a top-down approach to finding stocks that consistently perform.

UNDERSTANDING THE MARKET

The Bigger Picture

We began by looking at the market as represented in the S&P 500 on a long term basis. We changed the chart to a weekly chart (pressing the number 5) and drew Fibonacci retracements study from October '07 to March '09. We reviewed how many times the market had lined up very closely with the Fib levels on the chart. The S&P has violated the 61.8 level and has continued lower since class (which was the general sentiment of class attendees and myself).



Market Trends

We also looked at the T2107 (percent of stocks in the Amex above their 200 day price moving average) chart along with the S&P 500. On a weekly chart, we could see that as the market rallied from mid-2010 to present, there has been less breadth of market participation as the percent of stocks above their 200 day moving averages did not reach new highs with the index price.

This weakening of breadth shows that the continuing rally did not have the same participation as the previous rally in early 2009–2010. Such weakness tends to signal market pullbacks.



Sector Rotation

Since we found ourselves facing a weakened market, we began to look for sectors of the market showing greater strength than the market generally. Instead of looking for the needle in the haystack, we began looking for the haystack.

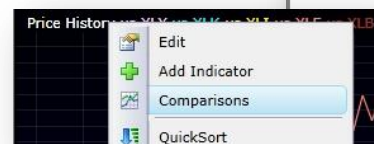
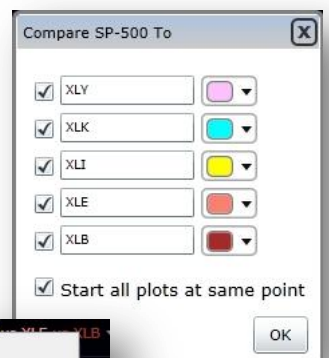
Important principle: Money in the market goes where it is treated best. Therefore, with market fluctuation comes sector rotation. Some sectors (broad segments of the market representing industries) go out of favor and the money that was invested in them looks for somewhere else to go where it will be treated better. Thus, other sectors come into favor. This rotation can help us determine where to look for that needle!



Here we introduced our Sector Rotation Workspace. Using the Spyder ETF's as a convenient market sector breakdown (see list below), we created two comparison charts with the S&P 500 as the symbol, and each of the Spyder sector ETFs as comparison symbols (5 per chart).

To create comparison charts, set your chart to the symbol you want to be your main symbol (e.g. SP-500). Click on Price on the chart and choose Comparison on the drop down. Simply enter the symbols you want to compare and click OK. (Change your plot style to Line if you prefer.)

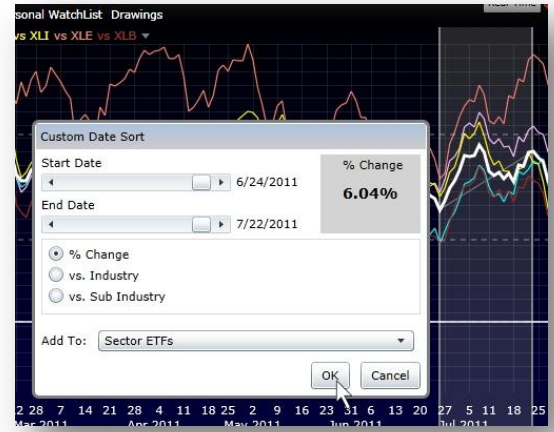
Symbols: XLV, XLK, XLI, XLE, XLB, XLP, XLY, XLU, XLF, XTL



Custom Date Sort

Next, we used the Custom Date Sort tool to analyze these 10 sectors over different period of times to illustrate the rotation of money into and out of those sectors.

The short cut (Shift +T) opens Custom Date sort. Your cursor becomes a crosshair. Simply drag the time frame you wish to analyze. The number in the Edit box represents the percent change for that period of time for your main symbol (e.g. SP-500). When you click ok, it calculates the percent change for the same date-frame for all the symbols in your WatchList (e.g. the Spyder ETFs).



We did the Custom Date Sort on two different time frames. After dragging the first time range (10/4-10/14), we could see the leaders of the last upmove in the S&P were: Energy and Materials. The laggards were Staples and Utilities.

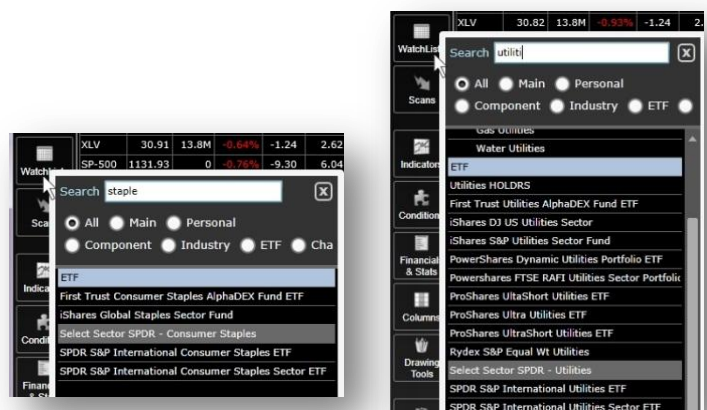
| Flag | SPDR Ind | Point Change | % Change | Price | Vol Buzz | Volume | Change 10/4/2011-10/14/2011 |
|------|----------|--------------|----------|-------|----------|--------|-----------------------------|
| ▼ | XLE | -0.68 | -1.01% | 66.81 | -3.8% | 24.3M | 14.10 |
| ▼ | XLB | -0.98 | -2.95% | 32.19 | -35.7% | 10.4M | 12.96 |
| ▼ | XLY | -0.57 | -1.47% | 38.08 | -33.9% | 7.3M | 10.77 |
| ▼ | XLK | -0.48 | -1.86% | 25.34 | -25.9% | 11.5M | 10.45 |
| ▼ | XLI | -0.36 | -1.12% | 31.81 | -49.4% | 13.9M | 10.28 |
| ▼ | XTL | -0.84 | -2.04% | 40.34 | +138.7% | 6.1K | 8.90 |
| ▼ | XLF | -0.21 | -1.64% | 12.58 | +10.3% | 122.9M | 7.42 |
| ▼ | XLV | -0.08 | -0.25% | 32.47 | -55.5% | 6.1M | 5.89 |
| ▼ | XLP | -0.10 | -0.32% | 30.79 | -42.9% | 6.4M | 4.61 |
| ▼ | XLU | +0.05 | +0.15% | 34.13 | -16.5% | 8.4M | 4.04 |

After dragging the second time range (9/16-10/3), we could see the leaders in the last downmove in the S&P were: Utilities and Staples. The laggards were: Financials, Materials, and Energy.

| | | | | | | | |
|---|-----|-------|--------|-------|---------|--------|--------|
| ▼ | XLU | +0.05 | +0.15% | 34.13 | -16.5% | 8.4M | -3.41 |
| ▼ | XLP | -0.10 | -0.32% | 30.79 | -42.9% | 6.4M | -5.22 |
| ▼ | XLV | -0.08 | -0.25% | 32.47 | -55.5% | 6.1M | -6.97 |
| ▼ | XLK | -0.48 | -1.86% | 25.34 | -25.9% | 11.5M | -7.65 |
| ▼ | XLY | -0.57 | -1.47% | 38.08 | -33.9% | 7.3M | -10.41 |
| ▼ | XLI | -0.36 | -1.12% | 31.81 | -49.4% | 13.9M | -11.17 |
| ▼ | XTL | -0.84 | -2.04% | 40.34 | +138.7% | 6.1K | -12.10 |
| ▼ | XLF | -0.21 | -1.64% | 12.58 | +10.3% | 122.9M | -12.56 |
| ▼ | XLE | -0.68 | -1.01% | 66.81 | -3.8% | 24.3M | -15.75 |
| ▼ | XLB | -0.98 | -2.95% | 32.19 | -35.7% | 10.4M | -17.35 |

Sector Components

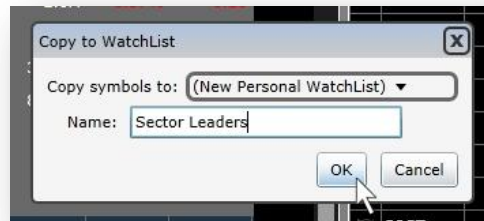
So in order to build an effective scan list for the current market conditions, we copied the symbols from the Select Spyder Utilities and Staples component lists and created a new WatchList composed of those symbols.



Sector Leaders

This new list called Sector Leaders became our list to scan for candidates as we drilled down to find stocks in sectors where money was headed.

To do this, we simply highlighted all symbols in the WatchList of the Spyder Healthcare component list and then right clicked, chose Copy to Other list, New Personal WatchList and named it Sector Leaders. We simply repeated the process for the Spyder Staples and added those to the new WatchList.



| Flag | Symbol | Price | Volume | % Change | Net Change |
|------|--------|--------|--------|----------|------------|
| ▼ | CLX | 64.86 | 395.4K | +1.15% | +0.74 |
| ▼ | LO | 108.57 | 177.2K | +0.95% | +1.02 |
| ▼ | WMT | 52.20 | 2.2M | +0.79% | +0.41 |
| ▼ | RAI | 35.74 | 339.1K | +0.70% | +0.25 |
| ▼ | WFM | 59.03 | 239.5K | +0.32% | +0.19 |
| ▼ | SVU | 6.98 | 366.1K | +0.43% | +0.03 |
| ▼ | MO | 25.74 | 2.0M | +0.16% | +0.04 |
| ▼ | COST | 74.36 | 558.0K | 0.00% | 0.00 |
| ▼ | CL | 85.15 | 468.3K | +0.13% | +0.11 |
| ▼ | PM | 68.41 | 1.6M | -0.13% | -0.09 |
| ▼ | BF.B | 68.26 | 84.2K | -0.07% | -0.05 |
| ▼ | PCG | 41.38 | 418.0K | +0.19% | +0.08 |
| ▼ | CVS | 32.97 | 1.2M | +0.06% | +0.02 |
| ▼ | PG | 60.78 | 2.5M | -0.13% | -0.08 |
| ▼ | KMB | 65.45 | 356.2K | -0.21% | -0.14 |
| ▼ | K | 52.70 | 267.4K | -0.19% | -0.10 |

Drilling Down

Bear Market Scan

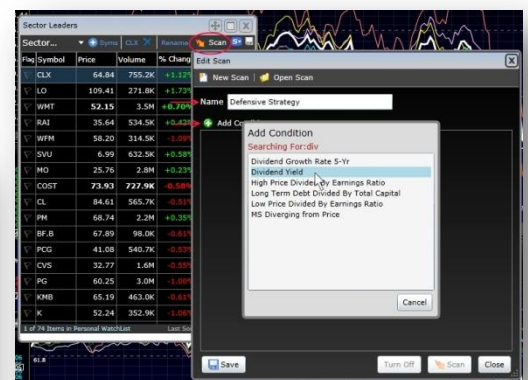
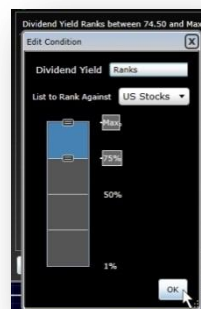
Now that we had a realistic list of stocks to scan, we began to think of how to find stocks that would be outperforming the market and thus possible give us something to play in the Bearish conditions. We approached it two ways.

Scan 1: Defensive Strategy

With our list of Utility and Staples stocks, we built a scan to run in that small universe. The conditions were:

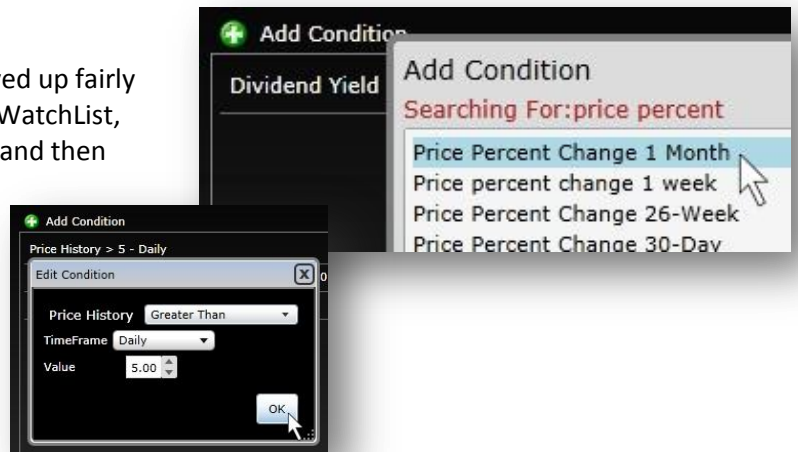
Dividend Yield > 75

Knowing that money runs to Dividend paying stocks during Bearish turns, and utilities represent those stocks best, we chose to use Dividend Yield and set its value in the top quarter of the market. In our Sector Leaders WatchList, we clicked on the Scan (lightning bolt) icon and then clicked Add Condition. From the list, we chose Dividend Yield. In the Edit Condition window, we chose Ranks and set the range selector for 75 to Max.



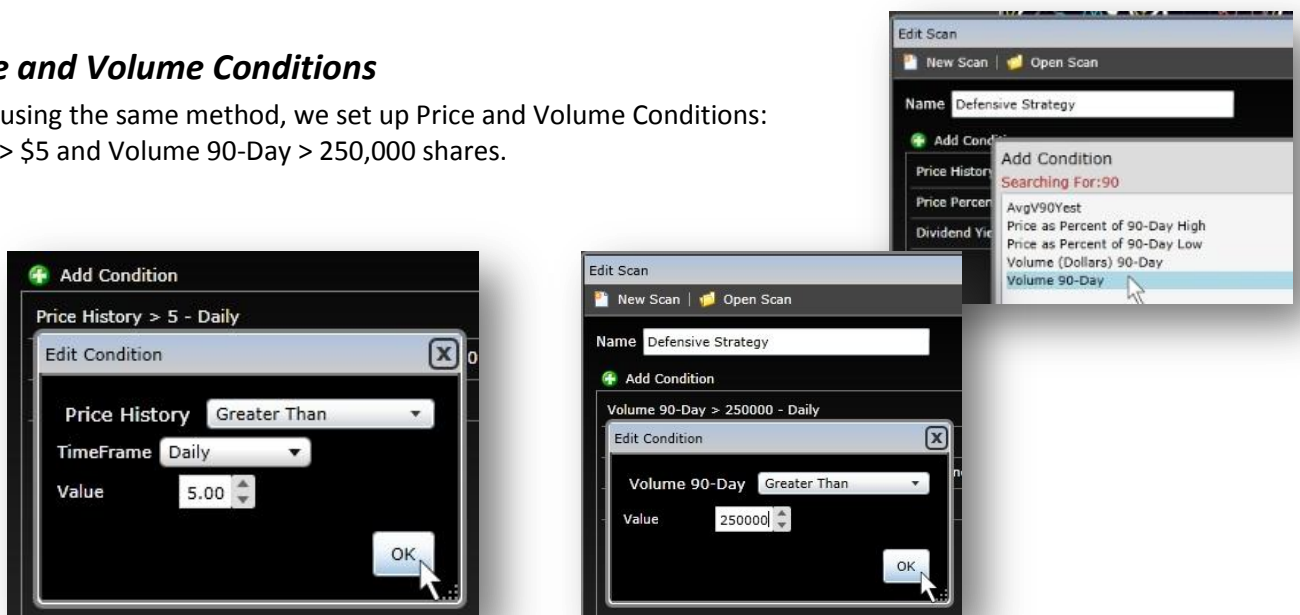
Price % 1 mth > 5

The second condition was for price to have moved up fairly well over the last month. In our Sector Leaders WatchList, we clicked on the Scan Edit (lightning bolt) icon and then clicked Add Condition. From the list, we chose Price Percent Change 1 Month. In the Edit Condition window, we chose Greater Than and set the value to 5.



Price and Volume Conditions

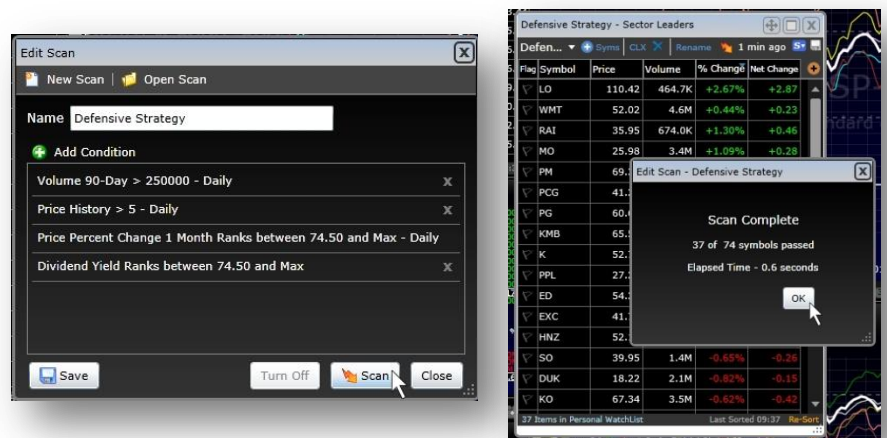
Then using the same method, we set up Price and Volume Conditions: Price > \$5 and Volume 90-Day > 250,000 shares.



Scan

Now with all conditions in, we name the scan Defensive Strategy; we click the Scan button to run the scan on the Sector Leaders list.

The message box tells how long the scan took and how many stocks are left from the list that meet the scan conditions.

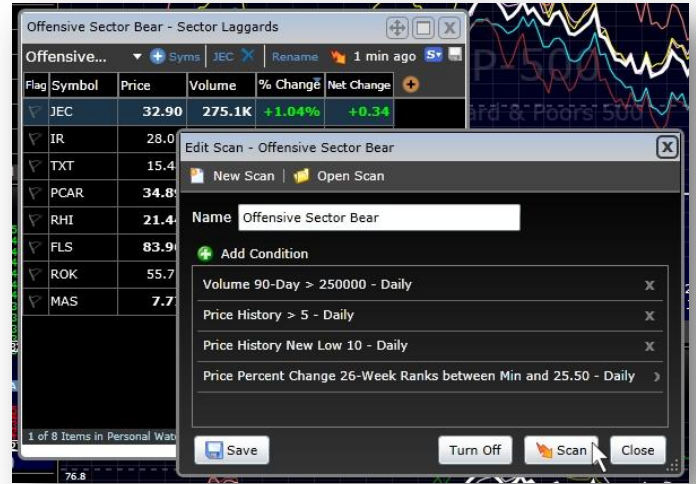


Scan 2: Offensive Sectors

Another method to scan in the Bearish conditions is to trade with the trend velocity and volatility. We made a WatchList out of the components of the Spyder Energy, Materials, Financials Sectors (as above).

Conditions we used were:

- Price % 26 wk Between 25% to Min
- Price at new 21 bar low
- Price and Volume Conditions as above



Scan Results

We used the sorting/flagging tools to mark stocks in the Scan returns. Then we took some time to analyze those stocks using:

Indicator Studies

Multiple Time Frames

News & Fundamentals



UNDERSTANDING A TRADE

We also took the time to pick out a couple of stocks to set up Entry/Exit/Target. The chart to the left shows how we created those points.



Entry

Some Types of Orders

Basic Orders

- Market Order -- an order to buy or sell a stock at the best available price. Generally, this type of order will be executed immediately. However, the price at which a market order will be executed is not guaranteed.
- Limit Orders -- an order to buy or sell a stock at a specific price or better. A buy limit order can only be executed at the limit price or lower, and a sell limit order can only be executed at the limit price or higher. A limit order can only be filled if the stock's market price reaches the limit price.
- Stop Order -- also referred to as a stop-loss order, is an order to buy or sell a stock once the price of the stock reaches a specified price, known as the stop price. When the stop price is reached, a stop order becomes a market order. A buy stop order is entered at a stop price above the current market price. Investors generally use a buy stop order to limit a loss or to protect a profit on a stock that they have sold short. A sell stop order is entered at a stop price below the current market price. Investors generally use a sell stop order to limit a loss or to protect a profit on a stock that they own.
- Stop-Limit Order -- an order to buy or sell a stock that combines the features of a stop order and a limit order. Once the stop price is reached, a stop-limit order becomes a limit order that will be executed at a specified price (or better). The benefit of a stop-limit order is that the investor can control the price at which the order can be executed. Stop-limit orders are typically used to buy or sell a security at a specified limit price once the security has traded at or through a specified stop price. Therefore, it has two components: the stop price and the limit price, which may or may not be the same.
- Trailing Stop Order --as compared to the stop loss order, the trailing stop order protects your profit. In the previous order a protection against loss was provided. In the case of rising stock prices, the trailing stop order follows it. This is so since it represents a percentage of the market price. A protection to the further gains is provided.

Specialized Orders

Bracketed orders (both sell orders--one locks in profits; one limits losses)

- One cancels other
- One triggers other
- Minimum shares
- Do not reduce

Time in Force Orders

- All or None Orders -- the broker is required to complete the entire order or none of it. This type of order is used for thinly traded stocks.
- Day Orders -- good only during that trading day.
- Good til Cancelled Order -- an order to buy or sell a stock that lasts until the order is completed or cancelled. Brokerage firms typically limit the length of time an investor can leave a GTC order open.
- Fill or Kill --must be filled precisely
- Immediate or cancel --allows for partial fills

Note: Buying vs Selling Short

One of the things we discussed was learning your strengths and weaknesses in trading a Bear market condition. If you are not comfortable shorting stocks, there is the alternative of Inverse ETFs which are bearish in nature, but trade like bullish issues. Below is a list of the current Inverse ETFs in TC2000. You can simply highlight the symbols, use the Ctrl+C to copy them and then create a new WatchList in TC2000 (as described above) and use the Ctrl +V to paste these symbols in.

Current Inverse ETF's in TC2000 (always update as these lists change!)

| | | | | | | | | | |
|------|------|------|------|------|-------|------|------|------|------|
| SJB | REK | SDK | SZO | DZZ | RWM | RUSS | SEF | YCS | SBB |
| GLL | EPV | SH | SDD | SKK | SMDD | EFZ | ZIV | SDP | SIJ |
| SZK | SPXU | DRV | SDOW | DXD | MWN | BXDC | SRS | SCC | LHB |
| SQQQ | DOG | GASX | RETS | SMN | SKF | PSQ | DPK | EFU | MZZ |
| SDS | FAZ | EDZ | SJL | TWM | TWQ | QID | DDP | SJF | TZA |
| DDG | TYP | REW | SRTY | SFK | BGZ | SHV | DUST | EUO | HDGE |
| ERY | RXD | DUG | JPX | MLPS | TBT | DNO | BZQ | DGZ | TBZ |
| MYY | EEV | DEE | BOS | YANG | SJH | UDN | SSG | ZSL | SCO |
| EUM | KRS | EVG | FXP | DTO | TMV | EWV | DRR | PST | AGA |
| BIS | SBM | BXDB | INDZ | YXI | CMD-A | ADZ | TPS | COWS | BRIS |

Target

Patterns

Using a price pattern, we set up our initial target using the bounce off the most recent bottom as a measurement.



I hope these notes will help you recreate as much of the class as possible in your own TC2000. Thanks so much for attending our class.

CONTACT

To follow me on Twitter, open your existing (or create a new) Twitter account and in the search button put **@Mrktlady**. Click Follow to receive my frequent chart Tweets from TC2000 & FreeStockCharts.com. "Friend" me on TC2000 by going to the Friends menu at the top of the WatchList, choose "Find a Friend" and type in "Julia_O". Click "Send Friend Request" to join my friends group. You can email me at Julia.Ormond@worden.com.

WEBINARS

Join our weekly Webinars which cover each of our products as well as bring you quality guests to help in your trading education. Webinars are held many Tuesday evenings, 8 p.m. EST. You can learn about and register for the next webinar at the home page of Worden.com.

WEBSITE

Get more information about TeleChart as well as access to lots of training materials and program download links at www.Worden.com. FYI: sign into all websites with your Worden (TeleChart or StockFinder) sign-in credentials.

FORUMS

Search

To Search the Forums, click Search (top right of Forum page), fill in each field. Be as specific as possible for narrower results. You can choose which Forum you wish to search from the drop-down menu. Results will be returned as a list of related discussion threads.

Ask a Trainer

The Ask a Trainer forum (for TC2000) is available for you to ask any specific questions related to "how to" do anything in the software (e.g. How to write a specific PCF, build a scan, perform a sort, etc.). To ask a question, simply click New Topic, enter your question and post. (You can choose to follow the discussion to receive an email when responses are posted.)

TECHNICAL SUPPORT

TECHNICAL SUPPORT

If you have any technical issues with TC2000, please contact Technical Support. Hours of operation:

Mon - Fri: 9:00 am - 9:00 pm ET

Sat: 9:00 am - 3:00 pm ET

Phone: 919-408-0542

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RECOMMENDED READING

Check out the recommended reading list at MTA.org, under the CMT program heading. Also...

Some of the trading/market books that have been most helpful to me:

For Beginners:

Street Smart Chart Reading I & II, Don Worden
Come Into My Trading Room, Alexander Elder
Getting Started in Technical Analysis, Jack Schwager
The Technical Analysis Course, Thomas Meyers

Developing a trading plan:

Sell & Sell Short, Alexander Elder
Entries and Exits, Alexander Elder
Profitable Candlestick Charting, Stephen Bigalow
Getting Started in Candlestick Charting, Tina Logan

Dealing with your mind & emotions:

Trader's Manifesto, Don Worden
Trading Rules: Strategies for Success, William Eng
The 90% Solution: Higher Returns, Less Risk, David Rogers
The Psychology of Trading, Brett Steenbarger

Trading for a living:

Trading for a Living, Alexander Elder
Trade Your Way to Wealth, Bill Kraft

Top websites for training and education which primarily use Worden products:

SectorExchange.com (Jim Farrish)
TechniTrader.com (Martha Stokes)
The Stock Bandit (Jeff White)
StockMarketMentor.com (Dan Fitzpatrick)
TheTechTrader.com (Harry Boxer)
Elder.com (Alexander Elder)
TinaLogan.com (Tina Logan)
BillKraft.net (Bill Kraft)
DaveLandry.com (Dave Landry)
CandlestickForum.com (Stephen Bigalow)