

TRADER'S STORY

Get to know your fellow traders. YTE speaks to trader **Keith Myles**

K eith has retired from his career as a furniture importer and is now trading full-time. Currently living in the Emu Plains, Keith has been a trader for the last two years and primarily trades the ASX Top 100. "My wife and I had a furniture import/wholesale and retail business for 16 years and a few years ago we decided to take a break and get educated on trading...", says Keith.

How and when did you first become interested in the markets?

It was actually about 20 years ago that I saw an ad in the newspaper for a seminar on trading and investment, so my wife and I went along out of curiosity and found it fascinating.

And then what happened?

I did their short futures trading course and didn't really follow up with actively trading futures, but the course opened our eyes to the economic clock and the share market, and it was also the first time we bought shares.

We used the profit we made on buying that first lot of shares as a deposit on our first home. It was incredibly exciting because it felt like we didn't have to do any work to make the money! We couldn't believe that everyone wasn't doing this, and it totally changed our mindset as to what could be achieved with some simple education.

I still intended to learn more about active trading in the future but was happy with what we'd already accomplished. So it was about 10 years before we decided to take another look at trading and we did a short options trading course.

We started off quite well and then got a little bit cocky and thought that we were smarter than the market. That gave us a reality check, so we decided to stop and clear our heads. Then I thought I'd challenge myself with currency trading. That was quite an education!

I decided that maybe this wasn't for me, but a few years ago my wife Lidia told me about a company she found called Wealth Within, and we looked at the information and decided that this is what we needed if we were going to make trading work for us.

How have you been able to learn and educate yourself about the markets?

I learned the hard way initially! I'm sure a good percentage of traders have as well. I realised that most of the short courses were not designed to make money for me. They didn't teach me to understand the psychology of the market and to recognise where the market is by identifying patterns and seeing the "flow" on the chart.

We both decided to do the Diploma of Share Trading and Investment with Wealth Within and it was probably the most



challenging thing I've ever done, partly because we were running 2 businesses at the time and I didn't realise the depth of the information we would be given in the Diploma.

What really worked for me was that this course was a step by step detailed guide, designed for anyone with or without experience in the market and I was able to understand exactly when I was ready to trade again with confidence. I learned that the psychology of trading is just so critical. I was ignorant of that in the beginning but seeing the difference in results of paper trading to real time trading certainly woke me up to the importance of the psychology of trading.

Did you make mistakes when first starting out?

Absolutely! In my early attempts at trading, I just didn't understand the basics of the market. I'd only learned a few entry and exit strategies and after a couple of wins, I thought I was a super trader. But the market put me in my place very quickly. That was an education in itself.

I have to say that since completing the Wealth Within Diploma I have not made technical mistakes, but I have made the mistake of not back testing in preparation for each trade, until a trade went against me. Essentially, I realised too late that I probably shouldn't have taken the trade.

I've also made the mistake of failing to identify the longer-term trend because I'd been waiting so long for an entry signal on a stock that I "knew" was going to do exactly what I expected it to do!

I don't think any trader can become a successful trader unless they make mistakes. It's a must. I'm sure there are more mistakes that I've made and I'm sure that they'll serve me well in future as I identify them and learn from them.

Would you define yourself as a discretionary trader, a mechanical trader or a combination of both?

I have to say that initially I was a mechanical trader because that's what I thought I was most comfortable with and that's what I was taught. It's only in the past 6 months that I've had confidence to recognise how certain stocks react and flow and I've had some success going outside of the set rules that I've been taught. Although it's exciting when you get those decisions right, I've learned from past experience not to think I'm smarter than the market.

I like the phrase- the "art of trading" and it took me a while to understand what it meant. I think a true trader is one who can say that they've mastered the "art of trading". All traders should aspire to that.

Who have been some of your mentors and role models? What impact have these people made on you personally as well as on your trading style?

The person who initially got me excited about trading was a guy called Kim Reilly. He was a very successful trader and I was his very first client when he decided to teach trading. He had an amazing energy and passion for trading. He is the reason that, even with all of my past failures with trading, I never gave up on the idea of becoming a trader.

Dale and Janine from Wealth Within are amazing mentors and teachers. What struck me most was how humble and relatable they are. They understand the student mindset and make the learning process a real growth experience. They teach you to be accountable to yourself in your successes as well as your failures. They've taught me that there's always opportunity in any market conditions, how to recognise that opportunity, and be confident in taking advantage of it.

Can you give us a brief overview of your trading style?

As I said earlier, I like to keep it as simple as possible. I'll look at the monthly chart to identify the medium to long term trend and get a feel for where that particular stock is sitting right now. I look for any obvious support and resistance around the current price and then identify any obvious patterns existing or potentially forming.

If there are promising signs, I'll then look at the weekly chart to see if there is any obvious relationship between the two time periods with regard to support and resistance or patterns to give me more confidence in my decision-making process. If what I see on the weekly chart is supported by the monthly chart, I'll then look for potential entry signals.

Is there any one trade (win or loss) that had a profound effect on your development as a trader? If so, what did you learn from the trade?

Absolutely. One of my first trades was Fortescue Metal Group (FMG). It was a great result at 81% profit. My next trade returned a profit of 5%, followed by four more losing trades. There was obviously something wrong. I had to go back and identify what the problem was. This was my first lesson in trading psychology. I got so excited about the FMG trade that I started chasing trades to get that same feeling. I realized pretty quickly that I was like a poker machine player who'd won a jackpot. This was an important lesson for me.

Can you tell us about your best and worst trades?

I have to say; my best trade wasn't my most profitable trade, but it was the first trade where I tested my "art of trading" ability and my patience and it paid off. It was Evolution Mining Limited (EVN) and I was very happy with a 20% profit after breaking a mechanical exit rule but relying on my pattern recognition and feel for how the stock was unfolding.

My worst trade was The A2 Milk Company Limited (A2M). I went totally outside of my standard process and just took a punt based on the hype around the stock. Another important lesson learned and a 21% loss. I'm embarrassed to admit that one, but hopefully someone reading this will learn not to rely on the hype to make trading decisions.

Would you classify yourself as a short-term or a long-term trader? What advice would you offer to people getting started as traders on the relative merits or otherwise of each?

I'm both. I won't exit a trade unless an exit signal presents itself. One of the oldest sayings in trading is "Cut your losses short and let your profits run". If the stock runs for 3 months or 3 years without presenting a technical exit, I'll stay in.

The simplest advice I can offer a new trader with my limited trading experience is, stay in the trade until the chart tells you to get out. If you're not a proactive trader and have a more conservative approach or a longer-term goal, then I'd suggest simply trading the monthly chart. On the other hand, some prefer a more hands-on, proactive style of trading and if this

is you, then trading the weekly chart could be more your style. I don't believe there's much of a difference in strategy between the two, apart from the time frame.

What markets do you trade, and which markets do you prefer? Do you have a favourite, and why?

I only trade the ASX, probably because of familiarity. Maybe it's a psychological thing. I'm not averse to any particular sector. As long as it's showing favourable signs I'll trade it. So, I don't really have a favourite. Having a "favourite" may work against you because you may miss opportunities elsewhere because you're either consciously or subconsciously focusing on your "favourite" market, sector, or stock.

What makes your trading style different from others? What sets you apart from other traders?

I really don't think I'm any different to other traders and I don't think I have a different trading style as such. I think traders get different results from the same information because of how they perceive that information and because of their psychological and/or emotional state when they're perceiving it.

All traders can recognise the same familiar patterns on a chart, as well as an entry or exit signal, but some traders may require more information than another to make their trading decision. Some traders rely solely on fundamental data, some use both fundamental and technical (charting) information, whereas others might use only technical analysis. Some traders are emotional, and some aren't. For these reasons, all traders will get different results from the same information perceived in various ways.

I'm a simple technical trader who doesn't like to think too much. I don't rely on fundamentals because it's all reflected in the price action on the chart.

Do you have a favourite trading rule?

I have more than one favourite rule. These include Gann's 50% rule, Dow Theory, and trend lines. These 3 have been the most obvious and recognisable tools I have been taught to see on any chart. Natural support and resistance is also something that can never be ignored. I know some traders who only use natural support and resistance for entry and exit, however, they are missing something important by just focusing on price.

Ed Seykota says, "Everybody gets what they want from the markets." What do you 'get' from the markets?

I get that it is an absolute reflection of every trader out there and the decisions that they're making based on the sentiment of that particular stock, sector, or market. It's strange, but when there's real action in a particular market or stock, you can "see" the hype (good or bad) right there on the chart and you can almost

feel it too. Trading the market makes you feel like you're part of all the action. It's a fun and constantly challenging way to make money.

How has trading affected your lifestyle?

I can't say that it's affected my lifestyle a whole lot because I'm a fairly conservative trader, but as my confidence grows I intend to be more aggressive and use some leveraging tools and derivatives.

What books, seminars and courses have you read or attended, and which would you recommend?

I've attended too many seminars to remember any particular one to recommend but I recommend attending as many as possible if only to get the right mindset. Prior to doing the Wealth Within Diploma of Share Trading and Investment, I started reading a couple of trading books to get my head back into trading, but I found it hard to relate to the information.

Once I completed the Wealth Within Diploma, I read Dale Gilham's "How to beat the managed funds by 20% and "Accelerate your wealth – It's your money your choice!" and I'm able to understand what I'm reading because Dale explains things simply and with the reader in mind.

I've done a number of courses over the years, but nothing has given me the knowledge, understanding, and confidence to trade for the rest of my life like the Wealth Within Diploma. I've even been able to show my sons what I do and it's exciting to be able to share that knowledge with them. Anyone who is considering an education in trading and investing in shares should not look past this course for a solid understanding of what they're doing and how to trade successfully.

What does the future hold for you?

As my confidence grows as a trader I'll move into leveraging and derivatives to test my skill and trading psychology. My dream is to sit on an exotic island beach with my laptop and place a winning trade, while I'm sipping on a refreshing cocktail and listening to the waves lapping on the white sand. That's what the future holds for me. ^(TF)