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TRADER'S STORY

Get to know your fellow traders: **Kel Butcher** speaks with share trader and stay-at-home mum **Tanya Manwaring**.

Tanya Manwaring trades shares from her home in the north of Sydney. In 2005, after working as a PA for many years in the finance and property industry Tanya, and her husband Scott, began purchasing and renovating investment properties in 2005 in regional areas of NSW. With their third child due they knew their renovating days were numbered. Share trading is helping to provide an income to enable Tanya to stay at home with the children during the important early years.

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

I was issued some employee shares when I worked at Lend Lease in the mid 1990s and watched them climb steadily. That started an interest in (and fascination with) the share market. After selling the shares at \$24, which funded a trip around South America, I started to understand the potential value of an education in the market, although it was many years before I got around to putting a toe back in the water.

And then what happened?

To be quite honest, probably a bit of procrastination. It can be intimidating (and foolish) to put your hard-earned cash in the market without much idea of what you are undertaking.

Whilst I have been trading quite actively for at least the past five years and have taken some good profits out of the market, I realised I mostly had luck on my side and not much else. For the entire time, I knew I needed more knowledge, but wasn't sure how or where to find it or, more importantly, who to trust.

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

I have read a lot of books and have a subscription to Alan Kohler's Eureka Report, which I find very informative. But even reading a lot didn't teach me how to trade. It wasn't until I found Wealth Within and enrolled in the Diploma of Share Trading and Investment that I realised how much I did not know. It was there that I started to understand the nuts and bolts of what I was doing, and how to formulate a successful trading strategy. I know I still have a long

way to go, but it's such a fascinating journey and I love every minute of it.

Did you make mistakes when starting out?

Definitely. The biggest was taking recommendations without proper research. Other mistakes were falling in love with certain stocks and refusing to sell, and being too heavily influenced by noise in the media. Luckily the amounts invested at that time were relatively small and the market was still performing strongly. I know now that bull markets hide many mistakes. Above all, I didn't have any systems in place to protect the downside, so I was at risk of losing my entire investment each time. Now I wouldn't dream of not having stop losses in place or of entering a trade without an exit strategy.

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

I am more a mechanical trader. Although I know there is a lot more to learn, it's important to have rules and parameters in place during the learning process that enable me to keep my emotions in check, particularly in volatile times like these. Once I have chosen a stock I apply my analysis and set my strategy, including my buy/sell and money management rules. Then once I enter I let the trade unfold and stick to my plan, win or lose. My goal is to always stick to my plan, because I know I will be profitable if I do. I am learning to trust myself more and part of this is limiting the amount of time that I watch the screen, as I know I need to allow my plan to unfold. It's a win-win; less time in front of the screen means I have more time to do other things, and it's great for my trading.

Who have been some of your mentors and role models?

I am quite inspired by the strong women I see in the industry. Janine Cox, who is one of the educators at Wealth Within, is someone whose trading style I would like to emulate. She has a lot of experience and it is clear she knows what she is talking about. I learn more from her than she may realise. According to my husband, I have a bit of a thing for Alan Kohler: I put that down to his ability to speak about finance in plain English.

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

After four years, my trading style is now starting to find its feet. I am a disciplined and pragmatic person, and have always been able to hold my nerve, which I believe gives me an edge. My style is quite simple really. I prefer to stick to the traditional technical analysis that works, theories such as Gann, Dow, and trend lines to name a few that help me position trade. I have learnt that if I keep it simple, it works. As I progress, I would like to experiment more with derivatives and learn to trade CFDs competently.



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

Mineral Resources was a little gem. After buying in at around \$2.00 in 2008, I sold them in March of this year for \$7.30. That trade taught me early on that if I identified a stock with good growth potential I could invest a decent amount in the trade and do very well. Unfortunately the parcel I bought was quite small so again it comes back to trusting yourself at the outset. That only comes from having the knowledge and a strategy that you have tested that

works for you. This stems from a major principal my mentors have taught me: "Plan the trade and trade the plan".

Can you tell us about your best and worst trades?

Lend Lease was a great starting point. Because I was allocated shares as part of my salary I was emotionally removed from the transaction. A big learning experience occurred when I stubbornly held on to Fortescue Metals after purchasing at \$10.00 – and then I watched them in freefall. At the time I had no exit plan, or not one that was solid. Had I simply put a stop loss on at the trade I could have sold out early and used that money to invest elsewhere. On the upside, I have also held lots of profitable stocks such as BHP,

RIO, CSL, ALS and ORG. Ultimately, I believe we learn more from our losing trades than we do from our winning ones.

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

I would classify myself as short- to medium-term – anywhere from several weeks to six months in duration. Trying to be a short-term trader too early can be a bit risky. One thing I have learnt is that to be successful you need to take your time and plan your trades. Above all, you must not get greedy chasing a fast buck. Another thing that I have learned from the Diploma of Share Trading is that trading is about creating a lifestyle, not becoming it. As a mum, that really resonates with me. I prefer to spend my time with my family rather than at work or worse still, stuck in front of a computer all day. Knowing how to trade gives me the freedom to do what I want.

very profitable, and, more importantly, consistently profitable. So simplicity does it for me.

Do you have a favourite trading rule?

It's more of a philosophy, but "The trend is your friend" really says it all to me. Therefore my rules allow me to determine the short-, medium- and long-term trends to ensure I always trade with the trend.

Ed Seykota says, "Everybody gets what they want from the markets." What does Tanya Manwaring get from the markets?

I don't get just a financial education. More importantly, I get an emotional education. Keeping your emotions in check when everything is going haywire is a skill that takes time to perfect. Being pushed outside my comfort zone is a good feeling (albeit a bit scary at times) but I am inching closer and closer to becoming the trader I want to be.

When you hear the statistics that, worldwide, 90 per cent of traders don't make money, then I am glad I have learnt to do things differently. My style is to focus on what works and dump what doesn't. In every trade I concentrate on money management and risk and not how much I hope to make.

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

I have an e-trade account and a CMC Markets account for CFDs. At the moment I am trading shares on the Australian Market only, and don't plan to go outside that anytime soon, as I can do quite nicely from keeping it simple. I have found people often chase markets hoping to make it big, but in the end that is not what eventuates. You have to learn to crawl before you can walk, let alone run, as my education has taught me. Previously I was trying to run on unstable ground! Once I have really found my feet, I would like to look at some international indices.


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

When you hear the statistics that, worldwide, 90 per cent of traders don't make money, then I am glad I have learnt to do things differently. My style is to focus on what works and dump what doesn't. In every trade I concentrate on money management and risk and not how much I hope to make. That way I protect my downside, so I cut my losses short and let my profits run, which, amazingly, I have found many traders don't do. I also don't get into all the indicator trading that is pushed heavily in books and by educators. I think that is more of a guy thing, where they believe that if they have lots of 'stuff' on their charts they will seem more knowledgeable. Just applying a simple trend line can be

How has trading affected your lifestyle?

Trading is starting to provide some choices and flexibility in our lives. I love being with the kids and while it is likely to get busier in the short term, I think it is very important to keep something for yourself while being a full-time mum (or dad). I treat my study like a part-time job and get great support and help from hubby and family to help me achieve my goals.

What does the future hold for Tanya Manwaring?

When our new baby arrives there will be a lot of sleepless nights, so I will probably defer my studies (and trading) for at least a few months, which again is the beauty of being a trader. Nobody makes wise trading decisions on two hours' sleep! I would like to study for at least the next couple of years and am looking forward to developing my skills and putting more of my trading plans in action over that period. I don't believe in learning how to be a trader in one weekend. I expect becoming a good trader will take some time; and I am looking forward to every stage of the journey. 

***Kel Butcher** is a full-time futures, equities and derivatives trader. He is the author of '20 Most Common Trading Mistakes and How You Can Avoid Them' and 'A Step by Step Guide to Buying and Selling Shares Online'. He also acts as a mentor and coach to other traders. He can be contacted via email at kel@tradingwisdom.com.au.*