

TRADER'S STORY

Get to know your fellow traders. YTE speaks to trader **Carol Hay**

Carol Hay from Tamworth has been trading actively for the last 18 months. She currently also works casually for a local patchwork store. Carol takes pride in her creativity and enjoys dressmaking/sewing and watercolour painting. She relocated to Tamworth from Brisbane 5 years ago with her husband after their three children had left home to get on with their own lives.

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

About 12 years ago, a colleague and I were keen to have a “crack at the share market”. I decided to start with \$3,000 and just have a go. Unfortunately, it was a hit and miss; and I lost the money in just a few months.

And then what happened?

After losing my money and kicking myself a few times, I decided that I needed to do a short course in share trading, as during that time I could see there was a lot of opportunity in the share market, especially if you knew what you were doing!

So I looked into some short courses that were available and found there was a lot to pick from. Some were 6 weeks long and others more than 12 weeks etc.

In the end, I was rather overwhelmed with what was out there. Moreover, due to certain personal events I had to put the idea of doing a course on the back burner for a while.

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

After relocating back to Tamworth, I found myself in a part-time position. With no children at home any longer, I decided it was time to do something for myself.

In the meantime we had set up our own Self-Managed Superannuation Fund (SMSF) and the accountant suggested that perhaps I could consider doing a short course in share trading to gain the knowledge to trade shares in our SMSF.

So, I decided that if I was going to do a course in share trading, I was going to do it properly. If you don't do something properly you end up having to come back and do it again. So, instead of choosing a short course, I went to the next level and registered to do the Diploma of Share Trading and Investment with Wealth Within Institute. This opened up the big picture to me. I like the fact that the course is accredited and you are tested to confirm your competence.

Did you make mistakes when you first started out?

Yes, who doesn't! The first was about 12 years ago, I bought into the market with no training at all.....they were not even big solid stocks. Having done the course I now know the errors in doing this. I was listening to other people because I knew nothing.

But without me making that mistake and pursuing the correct path to get an education, I wouldn't be where I am at the moment with my trading, and I wouldn't have the new confidence that this has given me.



I believe part of your learning process is to learn from your mistakes and move on. This has helped me develop and define my own style of trading.

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

I am both. Overall, I am more mechanical in my approach. I like to feel in control of the situation I am in and I've found that the mechanical structure of trading with rules gives me the control I want. From a discretionary perspective, I also feel in control as I am not a 'bull at a gate' anymore.

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

Janine, Dale and Kay as well as all the other instructors and analysts from Wealth Within are my mentors.

I would also like to mention all the other students who attended the trader's workshop last year, including those who attend year after year and the new students. Fellow students have showed me that I am not alone on this journey. Doing a course and flying down on my own to attend this event was a big step for a country girl!

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

I watch the XAO and each individual sector closely; and keep my analysis up to date on these. I then look at my monthly charts of the stocks within the sectors and carry out a first cut analysis to find shares to trade. When I find what I am looking for and if I'm happy with what I see, I complete my analysis on the monthly chart and then move onto a weekly chart of the share. This whole process is called Top Down Analysis. I continue my analysis on the weekly time frame and decide if and how I would trade the stock. As I discovered when doing the course, there is more than one way to find good stocks to trade.

I complete a trading plan and have a couple of rules in place. I have a trade in motion at the moment, which has taken off and I currently cannot fit a trend line under the rise, however, I now have the confidence to manage the trade well and know that if I cannot apply a trend line I can be flexible in the way I trade. We have learnt a few different techniques and this is great because not every stock works on the same rule.

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?

There are a few that have had a profound effect on me, but I would have to say that the strongest effect on my trading so far was a period of time last year from May to October 2017, where the ALL ORDS just accumulated and travelled sideways over this time-frame. As the market bounced up and down, week after week, it made me question my analysis and what I was doing. Was I reading things correctly? As it turned out, I was. This period on the market taught me to look at the big picture, as well as the more recent view, and to trust my own analysis.

Can you tell us about your best and worst trades

That's easy, my worst trades were the ones where I broke the rules and didn't listen to or follow my own analysis, or look at the whole picture. The best ones were when I stuck to my plan and my rules!

It's a simple, but very important lesson.

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

Some of my trades are only a few weeks long and some up to 12 weeks, so this puts me into a short to medium term time frame.

I would suggest beginners to find the correct course that suits them first before putting their money at risk, and to keep things as simple as possible in trading. Otherwise, if you get this wrong you may end up paying for the cost of the course in losses before you really get started.

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

I have completed the Diploma of Share Trading and Investment and while I could trade anything, since I've only been trading for 18 months I am comfortable trading stocks in the ASX 200. These stocks are the more liquid ones on the market. I do like the mid-caps though.

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

Well I don't really know how others trade, but I like my 'rules', the ones that I learnt in the course. I also developed a few of my own as my confidence grew.

I remember talking to a friend who had some shares of her own, and she recommended a trade for me to get into. I told her that I would have to do some analysis on the chart first as you can't just buy it, you need to have some sort of entry signal or trading plan.

"No" she said, "you just buy it, and then sell it when you want! What is an entry signal?"

I cannot explain the look she gave me exactly, other than to say it was like she'd just spoken with an alien.

I'll say it again; I like my rules!

Do you have a favourite trading rule?

I love the security of a trend line, which is a trailing stop loss, as it minimises my risk and allows me to lock in a profit, but also Gann's 50% rule which amazingly repeats, and continuation patterns like flags and pennants that you can use to trade breakouts.

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

So far, self-fulfilment, satisfaction, and the confidence to trade well. On a personal level that is huge. My husband is as proud as punch of what I am doing and has seen me overcome the hurdles. He has been a great sounding board. He encourages me to go back to the books. At a relationship level, with me trading, we both now see what is possible and that is really exciting.

How has trading affected your lifestyle?

I have spent a lot of time studying while doing a job and managing house renovations at the same time. I feel fortunate to have been at this point along my journey now because I'm not sure about future income outside of the market. So the plan is to focus on generating an income from the market and getting our super going really well.

The journey that I have been on since I started studying has been amazing, and so is what I have learnt about trading and about myself and what's achievable. Who would have thought that a country girl who finished year 10 in Tamworth about 40 years ago could manage to do an online Diploma in Share Trading and Investment on her computer in the spare room and is now trading!

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

As mentioned, I completed the Diploma in Share Trading and Investment and I have read all the books that Dale at Wealth Within recommended. I also subscribe to Your Trading Edge magazine.

Last year, I attended the Art of Trading Workshop with Wealth Within in May and will do so again this year.

Now I'm looking forward to doing Wealth Within Institute's Advanced Trading Strategies Course and later, the CFD course

What does the future hold for you?

More learning and new skills with more knowledge and confidence behind my trading.

Ultimately, to be able to get in the caravan and go away for periods at a time and trade while we travel.

I am only at the beginning of my trading career and it's nice to feel in control of mine and my husband's future. After we have both worked so hard in bringing up our children, it's lovely to think of the exciting future we can have together and the opportunities that trading the share market will offer us.