

Abell, Koppel Discuss Short-Term Trading Methods

By Jim Wyckoff

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(Note: I wrote this story a few years back, when I was a journalist with FWN.)

No short-term trading system is perfect. However, having and using a system is critical for short-term trading success, say Howard Abell and Bob Koppel.

"A successful short-term trading system must be profitable, consistent, and personal--conforming to the unique psychological and methodological needs of the individual," they said.

Abell is chief operating officer for Innergate Division and author of "The Day Trader's Advantage" and "The Insider's Edge." Koppel has authored "The Intuitive Trader" and is president of Innergate Division, which is a professional and institutional brokerage and trader execution services division of Rand Financial--a Chicago-based futures commission merchant with clearing representation worldwide.

Innergate Division is also associated with the Moore Research Center, based in Eugene, Ore. Steve Moore is the proprietor. Together, they have created the Innergate Partners/Moore Research, Inc. (IPMR) Trading Approach.

The trading method has the following tenets:

- **Patience is your edge.** The edge of the floor trader is buying the bid and selling the offer. This is an unreasonable expectation for off-the-floor day- and swing-traders. However, there are other ways to maintain an edge. Patience and preparation serve to create an edge that helps build and conserve equity. Knowing what you expect the market to do and waiting patiently for the market to come to you--in other words, to meet your expectations--gives you that edge.
- **Good daytraders and swing trades result from high-percentage "set-ups".** Each day must be viewed in a larger context, which might be one day to two weeks of market action. Understanding how markets "set up" to make predictable moves and anticipating these moves through the set-up is a valuable key to success.
- **Anticipating market opportunities.** In most instances, waiting for the market to demonstrate what appears to be a trading opportunity will result in entering too late for maximum profits.
- **Predetermined buy and sell areas must be executed.** For those traders who have difficulty "pulling the trigger," putting resting orders in the market will get you into or out of the trade.
- **Trade one set-up per market per day.** Overtrading comes from indecision and anxiety. By setting your sights on one good set-up in a market, you avoid trading your emotions.
- **Ignore the noise, follow the signal.** Much of what a market does during the day can be considered noise--that is, market action without meaning. Hanging on every tick can be a wearisome and misleading chore. You must eliminate your reactions to the noise and follow the essential signals.

- **Take "fast-market" or climax-condition profits.** In day- or swing-trading it is a good idea to exit a profitable trade if the market climaxes on heavy tick volume or "fast-market" conditions. It is a high probability that the high or low of the day is being made at this time. If the market hits your resting entry orders under these conditions, expect immediate profits or be alert for another wave in the same direction.
- **Abandon dull or non-performing markets.** If you find yourself in a market that is very dull, look elsewhere. Time is scarce and watching a dull market drains energy.

Koppel and Abell made their presentation to traders attending the Technical Analysis Group (TAG XVIII) meeting in New Orleans late last week. The meeting was sponsored by Dow Jones Telerate.