

## Attention Traders: Make a Trading Checklist

*By Jim Wyckoff*

<http://www.futurespartners.com/>

A lot of email has come in from readers asking me how to improve upon "pulling the trigger" to enter a trade. How many traders out there have ever pondered a potential trade for so long that once they actually got ready to execute it, they then got cold feet due to concern they had missed the move?

Some traders are reluctant to put on a position because they are torn between what they perceive as conflicting market factors. Here's a typical quote from such a trader: "The moving averages are positive, the market is trending higher, but the RSI shows the market as being way overbought. What should I do?"

A "Trading Checklist" of prioritized criteria not only will help you decide when to execute a trade, but will also help you identify potential winning trades. You'd be surprised how a visual checklist can resolve uncertainty in your mind.

What kind of stuff should a trader put on a Trading Checklist? That depends on the individual trader. Each trader should have his or her own set of criteria that helps determine a market to trade and the direction to trade it--including when to get in.

(As an aside, I like to compare my trading criteria to a bunch of tools in a toolbox. The more tools I have at my disposal, the better. Also, there are different tools for different tasks. However, there are some basic tools that I think are more important than the others and that are a must for the toolbox.)

In trading terms, the more you know about chart patterns, technical indicators, fundamental factors, etc., the more tools you will have in your "trading toolbox" and at your disposal when trading the markets.)

Back to the checklist: You'll want to put your most important trading tools on the checklist, and in order of importance.

At the top of my Trading Checklist is: "Are daily, weekly and monthly bar charts in agreement?" A very important position- trading tenet for me is that shorter-term and longer-term charts must agree on the trend of the market. If the daily and weekly charts are bullish, but the monthly is bearish, there's a good chance I'll pass on the trading opportunity.

So if my very first (and most important) objective on my Trading Checklist is not met, then I really don't need to go any farther down the list. I'll look for another trading opportunity.

However, if the last item (least important) on your Trading Checklist does not meet your objective, but the big majority of the other objectives on your list are met, then you may make the trade anyway. It's entirely possible that all of your trading tools on the list may not give you the proper signal to trade the market, but it's still a good trading opportunity.

Every trader should have at least a few trading "tools" that help determine a trading opportunity. Listing those tools on paper, in order of importance, and then examining that list when deciding each trade should make easier the sometimes difficult task of "pulling the trigger."