

ART-1022-09-05

ART®

Applied Reality Trading ®

Featuring The “Pyramid Trading Point ®” Indicator

Introductory Course

ART® Charting Software Basics

For TradeStation Subscribers



Published in the United States Of America By:

Copyright © 2005 TradersCoach.com, Inc. All rights reserved. Any reproduction and/or electronic transmission of this document is prohibited without the prior written consent of TradersCoach.com and is a violation of international copyright law. ART-1022-09-05

WWW.TRADING-SOFTWARE-COLLECTION.COM



10755-F Scripps Poway Parkway, #477

San Diego, CA 92131 USA

Email: Support@TradersCoach.com

Phone: (858) 695-0592

Fax: (858) 695-1397

TradersCoach.com® is a trademark of TradersCoach.com Incorporated. All rights reserved. No Part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photo copying, recording or otherwise without the prior written permission of TradersCoach.com Incorporated. The publisher has made every effort to ensure that the content of this booklet is entirely accurate at the time of publication but assumes no liability for any inadvertent errors contained within this text.

Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since traders have not actually been executed, results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs and ideas in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed.

The information in this booklet is intended for educational purposes only. Traders are strongly advised to do their own research and testing (Paper Trading) to determine the validity of any trading idea or system. Trading and investing carry a high level of risk. Past performance does not guarantee future results. TradersCoach.com, Bennett McDowell, or affiliates assume no responsibility for you success or failure in trading the markets.

Copyright © 2005 TradersCoach.com, Inc. All rights reserved. Any reproduction and/or electronic transmission of this document is prohibited without the prior written consent of TradersCoach.com and is a violation of international copyright law. ART-1022-09-05

Dear Fellow Trader,

Before downloading and installing your ART® “Charting Software”, please read the “ART® Charting Software User’s Guide” so that you will know how to properly begin using the software.

The ART® “Charting Software” is FANTASTIC! It takes complex market information and data and transforms it into an easy to use trading system designed to keep you trading with the "REALITIES" of the market!

The ART® “Charting Software” is a trading "tool" that can help automate your trading, making it less stressful. With its "Cutting-Edge" features such as voice technology, it automatically identifies the ART® trading signals. For markets that do not report volume like the FOREX markets, the software still identifies ART® trading signals based on key market information.

The "Applied Reality Trading ®" entry and exit signals have been programmed into a robust software charting program for use with either eSignal or TradeStation platforms. See the "Pyramid Trading Point ®" and ART® “Reversals” appear in Real-Time on your charting platform using the ART® “Charting Software”.

While the ART® “Charting Software” works on all time frames, you must realize that markets are always dynamic, meaning that they move in cycles. You will need to develop the “art” part of trading which incorporates many trading judgments such as, identifying certain market cycles and choosing the best time frame and markets to trade. In the beginning we suggest you “Paper Trade” during your trial on several

different time frames and markets to get a feel of how the ART® “Charting Software” works on various market conditions.

If you decide to purchase the ART® “Home-Study Course”, you will learn all of the advanced ART® trading techniques. Plus: Detailed money management, profile planning, trading psychology, and many more specifics about how to increase your profitability trading with the ART® system.

Once again welcome, and good trading to you!

Sincerely,

Bennett A. McDowell

President & CEO

TradersCoach.com®

ART® Charting Software Computer Requirements

Power User Requirements

Windows 2000, Windows XP
2.6 GHz Pentium 4 or compatible
Monitor(s) with 1024x768 resolution

1 GB RAM

(512K RAM can be used but not with multiple charts Or Programs open at the same time)

40 MB available hard disk space
DSL, cable modem, ISDN, T1 or T3 Internet connectivity
Microsoft Internet Explorer 6.0

The ART® Methodology

While ART® will teach you how to trade the “Realities” of the market, another aspect of the “Applied Reality Trading ®” program lies in its flexibility so that you can tailor it in accordance with your beliefs and personality. This means that you can design your own ART® trading approach to be compatible with your trading beliefs. This can be a powerful force.

The Entire ART® Program Is Built Around Six Major Concepts:

1. No one can predict the markets with any true consistency.
2. To be a successful trader you must trade the current market as it is happening and not rely on opinions, theories, or fantasies about what WILL happen.
3. The market will tell you exactly how to trade if you know how to listen to what it is saying.
4. Money management is essential. But more important is how to develop the most effective money management system for you.
5. Obtaining “The Trader’s Mindset” is a pre-requisite for trading any approach or system successfully.

Copyright © 2005 TradersCoach.com, Inc. All rights reserved. Any reproduction and/or electronic transmission of this document is prohibited without the prior written consent of TradersCoach.com and is a violation of international copyright law. ART-1022-09-05

-
6. **Successful trading requires aligning your personality with your trading approach.**

Money Management

It is important to realize that you must be aware of the risks in trading the financial markets and live in full awareness. Let your positive beliefs lead you to take the action necessary to succeed.

For traders to blindly enter the markets and trade simply because they are thinking positive thoughts is to ignore the full spectrum of what is possible. On the other hand, to live in the fear of only losing will cause you to trade the financial markets with fear, anxiety, negativity and aggression which are equally destructive. Instead, acknowledge both sides of the coin, the good and the bad. React to market activity with full-awareness and pay close attention to your risk control and you will create a positive reality with a feeling of abundance and good will.

By acknowledging the good and the bad (the reality) and by fine tuning your money management system you are on your way to greater prosperity.

ART® Trading Concepts

You will see many charts illustrating the ART® trading concepts. As you study these charts, please keep in mind that these charts show the **POTENTIAL** in trading with the ART® “Charting Software” and not every trade will be a winner!

Even though the ART® trading system can be used for quick “Scalps” or for “Counter-Trend” trades, you can make the most money in trading by following “Trends”. There are intra-day trends, intermediate trends, and there are long-term trends. The “Pyramid Trading Point ®” is used to identify trends in the ART® program. When using this indicator it is hard to miss a major trend!

Realize that trading is a zero-sum game. Meaning that for every winner there is a loser. Successful trading is “Survival Of The Fittest”! When you win, you are taking someone else’s money! Be prepared to deal with the psychological impact of this fact.

Traders must realize that they may incur many losses while attempting to catch a significant trend. Also realize that trend traders may incur draw-down periods after strong periods of performance. This is where knowing your style of trading and trading without a fearful mindset will give you the confidence to trade through periods of draw-down. Controlling your risk by calculating the proper “Trade Size” and using “Stops” is very important.

Trend traders are followers of the market, not forecasters! Trend following trading systems apply rules to enter trends at significant times and exit trends at significant times. The ART® trading approach also has entry and

exit rules. Volatile markets that go up and down occur, and at times can create draw-down for the trend trader. The problem is not that this happens, because it will happen. It becomes a problem if it causes fear.

Remember, the trend is your friend, while fear is your enemy.

Trend traders are usually on the correct side of significant market moves. Big trends are usually what make trend traders profitable. Missing these trends make trend traders unprofitable. Significant trends usually occur after periods of volatility which causes the unprofitable trend traders to second guess taking trades because of the fear of being stuck in volatility again and incurring more losses. Missing the next big trend is disastrous!

Fear is generated by a variety of factors personal to each trader. If you feel fear, you must ask yourself why. Your answer will determine your weakness as a trader. Deny your weaknesses and your losses will create more fear which will again remind you of your weaknesses. Hence, the snowball effect.

When this occurs enough you will either work to overcome your weaknesses, quit trading, or go bust. You will close which ever is the path of least resistance.

A trader's improperly managed fear can manifest losing trades even with a well tested and sound trading system or approach!

The ART® Signals

For TradeStation Subscribers

Bearish ART® “Reversal Bar”

ART® “Reversal Bars” represent significant changes in market behavior, where traders have decided to change market price direction. The reasons for this change of behavior could be triggered from countless sources, but it is important just to realize that a change did occur and that this change may indicate the beginning of a change in trend. Because ART® “Reversal Bars” have a strict rule base, when one does occur it also represents emotions such as fear and greed are in motion. These emotions are what give this signal such power.

- - Red Diamond Represents A Bearish ART® “Reversal Bar”
- - Gray Diamond Represents A Voided Bearish ART® “Reversal Bar”

The actual ART® Bearish “Reversal Bar” signal bar is marked with a red ball symbol on the top of the price bar, and the trade is initiated when a price bar AFTER the signal bar goes one tick below the low price of the signal bar before going one tick above the high price of the signal bar.

Setting Basic Stops Using The Bearish ART® “Reversal Bar”: The initial stop-loss is always one tick above the signal bar's high price. Traders that “Scalp” the market using ART® “Reversals” also use “Stop And Reverse” techniques known as “SARS”. There are several other “Stop” techniques

we teach in the ART® “Home-Study Course”, as well as, “Scaling” techniques that use “Stops” in various ways to help control and limit risk.

The red ball turns to a gray color when an ART® Bearish “Reversal Bar” is voided. Voided bearish ART® “Reversals” occur when prices go above the signal bar before going below it. The trade signal is voided and the trader should not take the trade.

Bullish ART® “Reversal Bar”

ART® “Reversal Bars” represent significant changes in market behavior, where traders have decided to change market price direction. The reasons for this change of behavior could be triggered from countless sources, but it is important just to realize that a change did occur and that this change may indicate the beginning of a change in trend. Because ART® “Reversal Bars” have a strict rule base, when one does occur it also represent emotions such as fear and greed are in motion. These emotions are what give this signal such power.

- - Green Diamond Represents A Bullish ART® “Reversal Bar”
- - Gray Diamond Represents A Voided Bullish ART® “Reversal Bar”

The actual ART® Bullish “Reversal Bar” signal bar is marked with a green diamond symbol under the price bar, and the trade is initiated when a price bar **AFTER** the signal bar goes one tick above the high price of the signal bar before going one tick below the high price of the signal bar.

Setting Basic Stops Using The Bullish ART® “Reversal Bar”: The initial stop-loss is always one tick below the signal bar’s high price. Traders that “Scalp” the market using ART® “Reversals” also use “Stop And Reverse”

techniques known as “SARS”. There are several other “Stop” techniques we teach in the ART® “Home-Study Course”, as well as, “Scaling” techniques that use “Stops” in various ways to help control and limit risk.

The green diamond turns to a gray color when an ART® Bullish “Reversal Bar” is voided. Voided Bullish Reversals occur when prices go below the signal bar before going above it. The trade signal is voided and the trader should not take the trade.

Bearish ART® “Two-Bar Reversal”

ART® “Two-Bar Reversal” patterns also represent significant changes in market behavior, where traders have decided to change market price direction. The reasons for this change of behavior could be triggered from countless sources, but it is important just to realize that a change did occur and that this change may indicate the beginning of a change in trend.

Because ART® “Two-Bar Reversal” patterns have a strict rule base, when one does occur it also represents emotions such as fear and greed are in motion. These emotions are what give this signal such power.

“ART® Two-Bar Reversal” Patterns occur often on intraday charts because the chart moves so fast, price reversals may span over two price bars.

● - Red Square Represents A Bearish ART® “Two-Bar Reversal” Pattern

● - Gray Square Represents A Voided Bearish ART® “Two-Bar Reversal” Pattern

The actual Bearish ART® “Two-Bar Reversal” Pattern signal bar is marked with a red large ball symbol above the signal bar, and the trade is initiated when a price bar AFTER the signal bar goes one tick below the low price of

the signal bar before going one tick above the high price of the first price bar of the pattern.

The large ball turns to a gray color when an ART® Bearish “Two-Bar Reversal” pattern is voided. Voided Bearish ART® “Reversals” occur when prices go above the signal bar before going below it. The trade signal is voided and the trader should not take the trade.

Setting Basic Stops Using The Bearish ART® “Two-Bar Reversal”: The initial stop-loss is always one tick above the FIRST price bar's high of the two-bar pattern. Traders that “Scalp” the market using ART® “Reversals” also use “Stop And Reverse” techniques known as “SARS”. There are several other “Stop” techniques we teach in the ART® “Home-Study Course”, as well as, “Scaling” techniques that use “Stops” in various ways to help control and limit risk.

Bullish ART® “Two-Bar Reversal”

ART® “Two-Bar Reversal” Patterns also represent significant changes in market behavior, where traders have decided to change market price direction. The reasons for this change of behavior could be triggered from countless sources, but it is important just to realize that a change did occur and that this change may indicate the beginning of a change in trend. Because ART® “Two-Bar Reversal” patterns have a strict rule base, when one does occur it also represent emotions such as fear and greed are in motion. These emotions are what give this signal such power.

ART® “Two-Bar Reversal” patterns occur often on intraday charts because the chart moves so fast, price reversals may span over two price bars.

- - Green Square Represents A Bullish ART® “Two-Bar Reversal” Pattern

- – Gray Square Represents A Voided Bullish ART® “Two-Bar Reversal” Pattern

The actual Bullish ART® “Two-Bar Reversal” Pattern signal bar is marked with a green large ball symbol on below the price signal bar, and the trade is initiated when a price bar AFTER the signal bar goes one tick above the high price of the signal bar before going one tick above the high price of the first price bar in the pattern.

The green large ball turns to a gray color when an ART® Bullish “Two-Bar Reversal” pattern is voided. Voided Bullish ART® “Reversals” occur when prices go below the signal bar before going above it. The trade signal is voided and the trader should not take the trade.

A conservative Bullish ART® “Two-Bar Reversal” pattern labels the second price bar as the signal bar but the trade is not taken until prices go one tick above the FIRST PRICE BAR'S HIGH of the ART® “Two-Bar Reversal” pattern. The software defaults to this conservative choice. To be more aggressive, trade when prices go one tick above the SECOND price bar of the pattern.

Setting Basic Stops Using The Bullish ART® “Two-Bar Reversal”: The initial stop-loss is always one tick below the FIRST price bar's low of the two-bar pattern. Traders that “Scalp” the market using ART® “Reversals” also use “Stop And Reverse” techniques known as “SARS”. There are several other “Stop” techniques we teach in the ART® “Home-Study

Course", as well as, "Scaling" techniques that use "Stops" in various ways to help control and limit risk.

Bearish "Pyramid Trading Point ®"

The "Pyramid Trading Point ®" represents significant changes in market behavior and structure. The reasons for this change of behavior could be triggered from countless sources, but it is important just to realize that a change did occur and that this change may indicate the beginning of a change in trend. Because the ART® "Pyramid Trading Point ®" has a strict rule base, when one does occur it also represents emotions such as fear and greed are in motion. These emotions are what give this signal such power.

The "Apex" of the Bearish "Pyramid Trading Point ®" always point downward.

▼ - Red Triangle Represents A Bearish "Pyramid Trading Point ®"

"P" - Represents A Dominate "Pyramid Trading Point ®" = TREND DIRECTION

"MP" - Represents A MINOR "Pyramid Trading Point ®"

▼ - Yellow Triangle Represents A Forming Or Potential Bearish "Pyramid Trading Point ®"

Setting Basic Stops Using The Bearish "Pyramid Trading Point ®": The Initial Stop-Loss is set at the "Base-Leg" of the "P" labeled "Pyramid Trading Point ®" so that if prices exceed the base leg by one-tick, the trade is exited. "Trailing Stops" are set at the "Base-Legs" of new "P" "Pyramid Trading Points ®" that form in the direction of the primary trend. There are several other "Stop" techniques we teach in the ART® Home-Study course,

as well as, “Scaling” techniques that use “Stops” in various ways to help control and limit risk.

The software draws a forming or POTENTIAL "Pyramid Trading Point ®" as YELLOW. It will not distinguish until the "Pyramid Trading Point ®" is CONFIRMED whether it is a MINOR or a DOMINATE. You as the trader should always check based on the ART® methodology as to whether it will form as a Minor or Dominate "Pyramid Trading Point ®" so you know whether you will take the trade or not.

Bullish “Pyramid Trading Point ®”

The "Pyramid Trading Point ®" represents significant changes in market behavior and structure. The reasons for this change of behavior could be triggered from countless sources, but it is important just to realize that a change did occur and that this change may indicate the beginning of a change in trend. Because the ART® "Pyramid Trading Point ®" has a strict rule base, when one does occur it also represent emotions such as fear and greed are in motion. These emotions are what give this signal such power.

The apex or point of the Bullish "Pyramid Trading Point ®" always point upward.

▲ - Green Triangle Represents A Bearish "Pyramid Trading Point ®"

"P" - Represents A Dominate "Pyramid Trading Point ®" = TREND DIRECTION

"MP" - Represents A MINOR "Pyramid Trading Point ®"

▲ - Yellow Triangle Represents A Forming Or Potential Bullish "Pyramid Trading Point ®"

Setting Basic Stops Using The Bullish "Pyramid Trading Point ®": The Initial Stop-Loss is set at the "Base-Leg" of the "P" labeled "Pyramid Trading Point ®" so that if prices exceed the base leg by one-tick, the trade is exited. "Trailing Stops" are set at the "Base-Legs" of new "P" "Pyramid Trading Points ®" that form in the direction of the primary trend. There are several other "Stop" techniques we teach in the ART® Home-Study course, as well as, "Scaling" techniques that use "Stops" in various ways to help control and limit risk.

The software draws a forming or POTENTIAL "Pyramid Trading Point ®" as YELLOW. It will not distinguish until the "Pyramid Trading Point ®" is CONFIRMED whether it is a MINOR or a DOMINATE. You as the trader should always check based on the ART® methodology as to whether it will form as a Minor or Dominate "Pyramid Trading Point ®" so you know whether you will take the trade or not.

Unique Proprietary "Pyramid Trading Point ®" Indicator

Bennett McDowell developed the "Pyramid Trading Point ®" which transforms the concept of trading "pivot points" and "fractals" to the next generation. Both the size and base of the "Pyramid Trading Point ®" have great meaning. This concept is not available on any other charting software program. In "APPLIED REALITY TRADING ®" you will learn the

Copyright © 2005 TradersCoach.com, Inc. All rights reserved. Any reproduction and/or electronic transmission of this document is prohibited without the prior written consent of TradersCoach.com and is a violation of international copyright law. ART-1022-09-05

rule base on how to spot the "Pyramid Trading Point ®" on any market you trade and on any time frame you choose.

Why "Pyramid Trading Points ®" Are So Powerful!

"Pyramid Trading Points ®" are a unique non lagging trading indicator that does not distort market reality but instead helps us see market reality!

"Pyramid Trading Points ®" indicate:

Market Truths

Market Trend Direction

Long & Short Trade Entries

Helps reduce and sometimes avoid harmful "whip-saws"

Market Trend Trade Entry Points

Market Trend Exit Trade Points

Trend Exhaustion Levels

Strength of Market Trend Entry Trade Points

Corrections In Dominate Trends

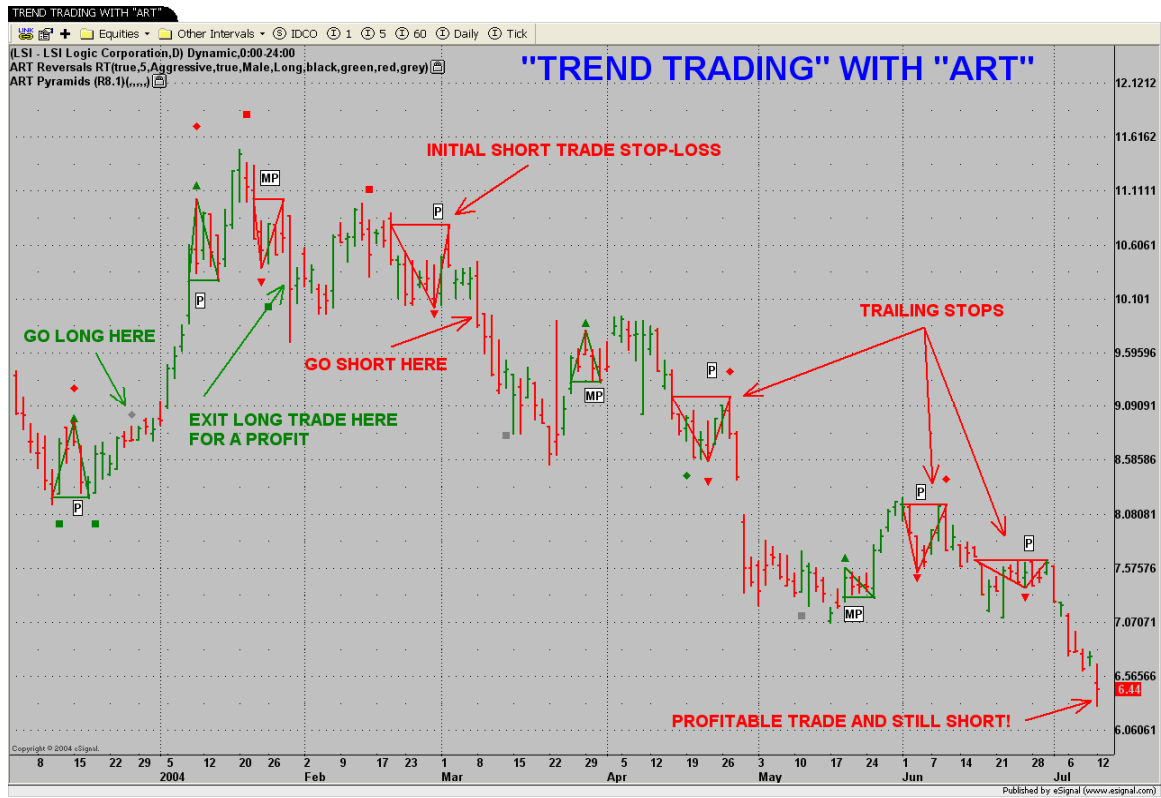
Trend Trading

Guidelines Using ART®

- Trade all “P” labeled “Pyramid Trading Points ®”
- Consider any “MP” labeled “Pyramid Trading Point ®” as a “Counter-Trend” trade
- The “P” labeled “Pyramid Trading Point ®” indicates Primary trend direction
- NEVER exceed 2% risk on any given position and “add-on” to profitable positions ONLY
- Use The “Trade Size Calculator™” for each and every trade to help control your risk and determine your maximum allowable “Trade Size”
- All Minor “Pyramid Trading Points ®” labeled “MP” and ART® “Reversal” patterns with entries that are not in the direction of the Primary trend as indicated by the “P” labeled “Pyramid Trading Point ®” are considered “Counter Trend” trades and should be used for “Scaling” Out of trend trades only

- If you want to “Scale” into trades or “add-on” to your current position, use additional “P” labeled “Pyramid Trading Points®” and/or ART® “Reversals” with entries in the direction of the trend when your money management allows. ART® “Reversals” on extremely high volume are significant
- “Paper-Trade” as outlined in the ART® “Study Manual” until you are profitable before trading with actual money

Trend Trading Chart Example:



"ART® Chart" # 70

“Counter Trend” Trading

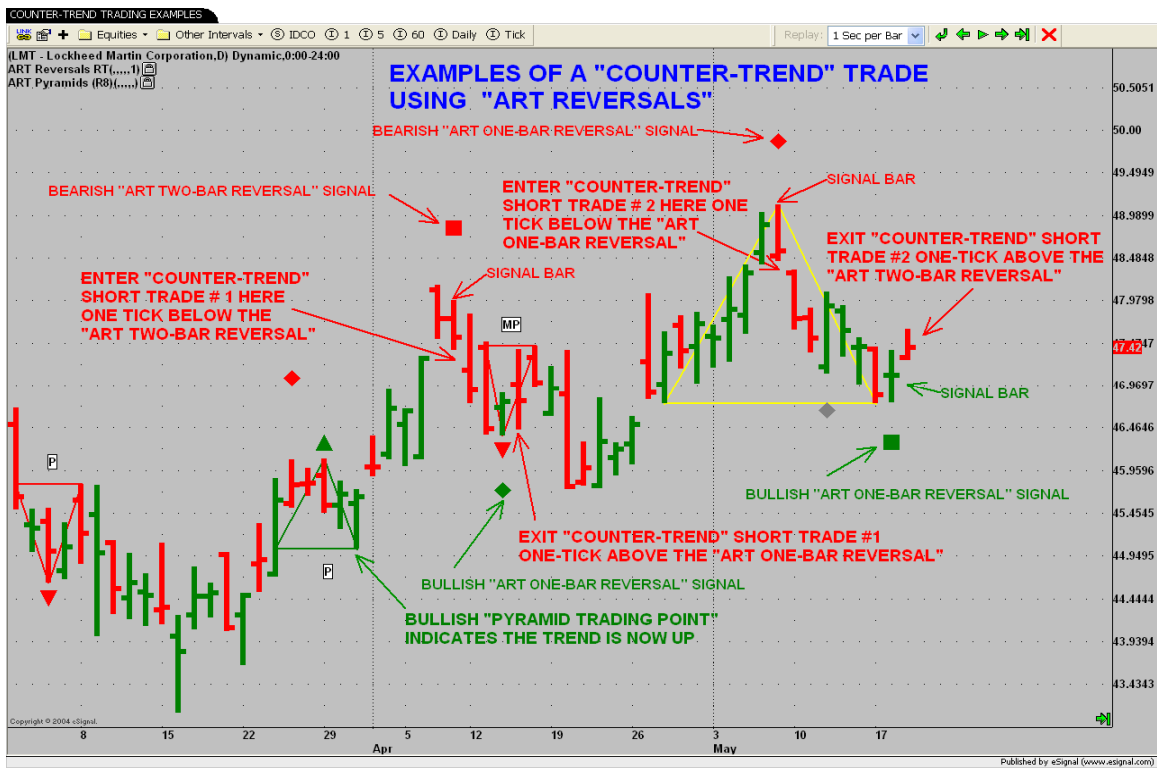
Guidelines Using ART®

- **“P” labeled “Pyramid Trading Point ®” indicates trend direction**
- **All “MP” labeled “Pyramid Trading Point ®” and ART® “Reversal” patterns with entries that are not in the direction of the Primary trend as indicated by the “P” labeled “Pyramid Trading Point ®” are considered “Counter Trend” trades**
- **NEVER exceed 2% risk on any given position and “add-on” to profitable positions ONLY**
- **Use The “Trade Size Calculator™” for each and every trade to help control your risk and determine your maximum allowable “Trade Size”**
- **Close your position when prices retrace 38% to 50% of the primary trend or when your trailing stop loss is triggered**
- **The best “Counter Trend” trades occur after four consecutive “P” labeled “Pyramid Trading Points ®” have**

been confirmed because the probabilities of catching a new significant trend are higher leading to a more profitable trade

- ART® “Reversals” on extremely high volume can be significant
- ART® “Reversals” occurring on elongated price bars can be significant
- “Paper Trade” as outlined in the ART® “Study Manual” until you are profitable before trading with actual money

Counter Trend Trading Chart Example:



“ART® Chart” # 66

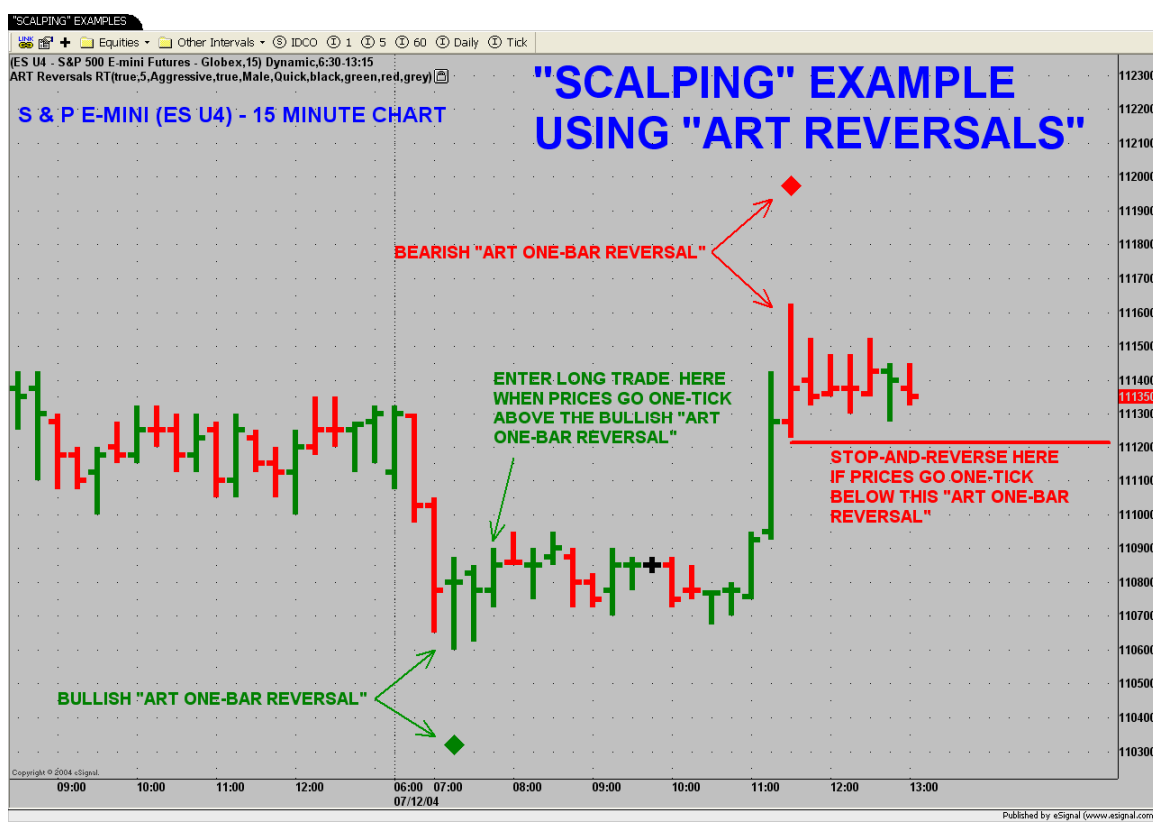
“Scalping” Trading

Guidelines Using ART®

- **Not to be confused with “Scaling”**
- **Trading between Bullish & Bearish or Bearish & Bullish
ART® “Reversals”**
- **NEVER exceed 2% risk on any given position and “add-on”
to profitable positions ONLY**
- **Use The “Trade Size Calculator™” for each and every trade
to help control your risk and determine your maximum
allowable “Trade Size”**
- **Many “Scalping” variations: Trading between the ART®
“Reversals” using “Stop And Reverse” (SAR) orders and
always being in the market and not caring about trend
direction, “Scalping” in the direction of the trend, or
“Scalping” against the trend**
- **ART® “Reversals” on extremely high volume can be
significant**

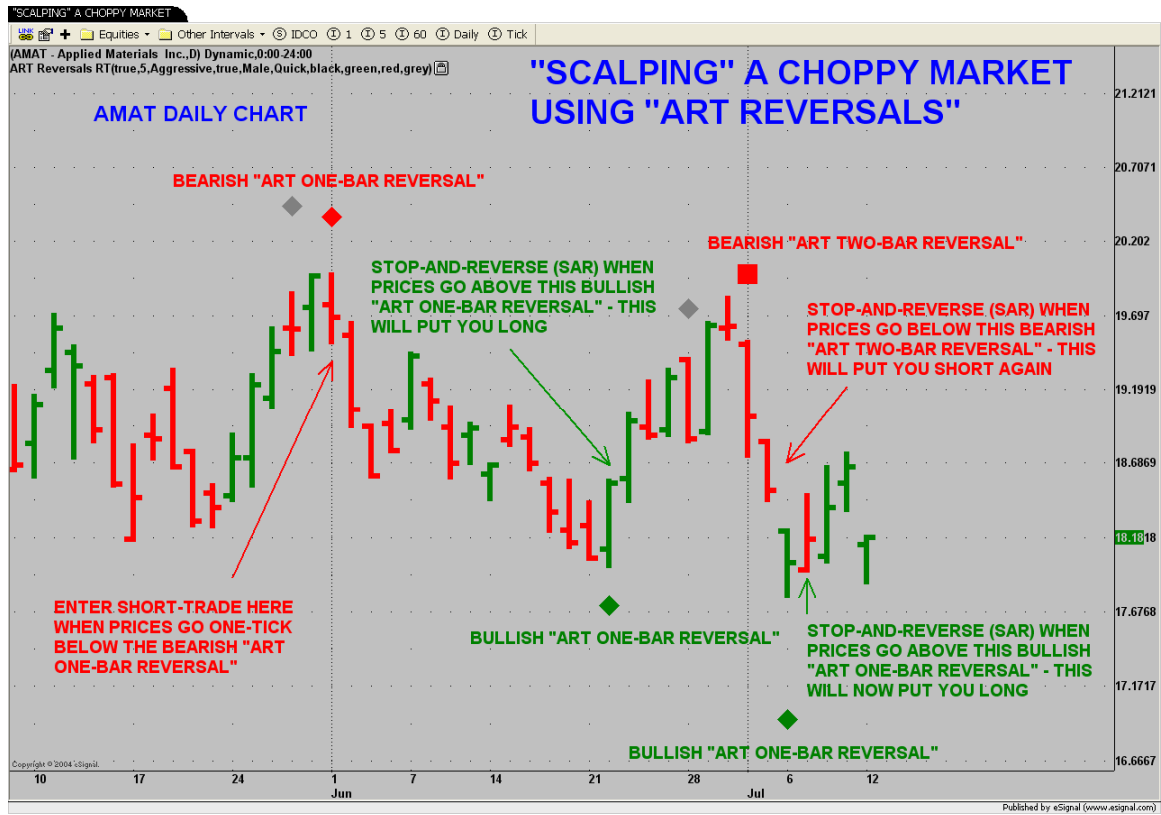
- ART® “Reversals” occurring on elongated price bars can be significant
- “Paper Trade” as outlined in the ART® “Study Manual” until you are profitable before trading with actual money

“ART® Chart” #’s 67, 68, and 69 illustrate “Scalping”



“ART® Chart” # 67

“ART® Chart” # 67 illustrates how to integrate ART® “Reversals” and SARs when “Scalping”.



“ART® Chart” # 68

ART® “Reversals” can be used to “Scalp” quick profits from choppy markets as illustrated in “ART® Chart” # 68.



“ART® Chart” # 69

“ART® Chart” # 69 illustrates how to integrate the “Pyramid Trading Point” and the ART® “Reversals” when “Scalping”.

Market Tips

“Market Tips” includes some information on popular markets for active traders. Besides volatility, active traders need to insure the markets they are trading have sufficient liquidity.

For a complete list of markets and their related symbols, see eSignal’s symbol list available on their software.

The FOREX Market

The FOREX, or Foreign Exchange, market has recently become very popular since it is a 24 hour market with good liquidity. The FOREX market is the world’s largest financial market where one country’s currency is exchanged for that of another through what is called a “Floating Exchange-Rate” (prices change independently of other currencies and the value is determined by supply and demand) system.

The ART® “Charting Software” and methodology is designed to trade FOREX markets with either eSignal or TradeStation platforms. Be sure to check your eSignal or TradeStation data subscription to insure you are registered to receive FOREX data.

The FOREX does not report volume and therefore you will not see volume on your charts. The ART® “Charting Software” is designed to identify “Pyramid Trading Points®” and ART® “Reversals” even when no volume is present.

The FOREX does not have a central exchange. Instead, it is an electronic market within a network of banks run over a 24-hour period. Banks are constantly managing risk, performing customer currency exchanges, and hedging within the FOREX markets.

Here Are Some Good Reasons To Trade The FOREX:

- 1) Continuous Liquidity
- 2) Low Dealing Costs (“pip” spreads)
- 3) 100:1 Leverage For Margin Trading
- 4) Open 24 Hours A Day From Sunday Night (5PM EST) To Friday Afternoon (4:30PM EST)
- 5) Trending Markets
- 6) No Separate Commissions
- 7) ART® “Charting Software” Indicates FOREX Trade Entries & Exits! In trading the “Realities” of the market we always stay with and follow the market we are trading

The FOREX market is usually traded in “Currency Pairs” meaning that every position involves the buying of one currency and the selling of another. The EUR/USD will go up in price if the EUR is stronger than the dollar. It will go down in price if the EUR is weaker than the dollar. “Parity” between “Currency Pairs” is 1.00 and in the case of the euro the EUR would equal the USD in price. Thus the FOREX value is like a spread between the “Currency Pairs”.

When you have a FOREX trading account and enter buy and sell orders on a specific “Currency Pair”, your broker automatically executes trades to create the “Currency pair” you are trading. Thus you only need to enter in

a buy or sell order of the “Currency Pair” you are trading. Your broker then buys and sells the currencies needed to create the “Currency pair” you want to trade.

While there are many “Currency pairs” you can trade, currency that trades against the U.S. dollar is the most popular and therefore most liquid and volatile which allows you as a trader to have a better opportunity to make a profit.

Here are the major U.S. dollar “Currency Pairs” and “PIP” Values. The currency listed first is called the “Base Currency”.

Australian Dollar: AUD/USD...\$10.00 per pip

British Pound: GBP/USD...\$6.80 per pip

Canadian Dollar: USD/CAD...\$7.20 per pip

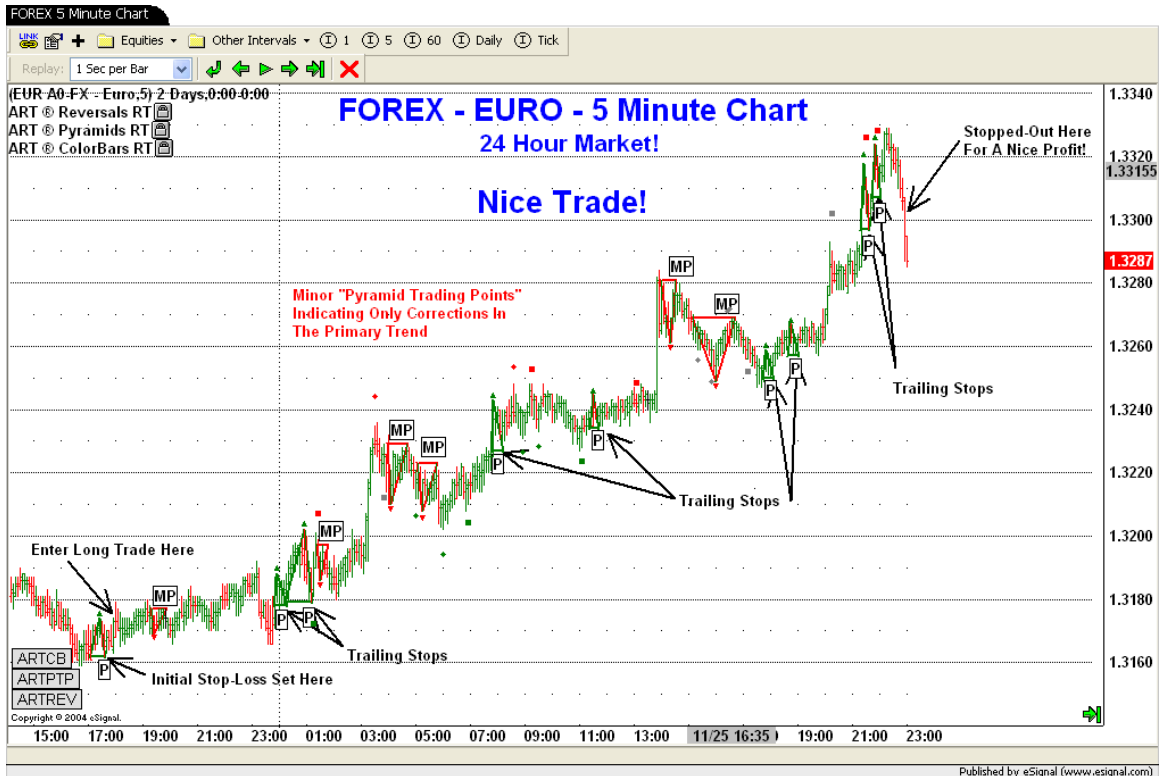
Euro Dollar: EUR/USD...\$10.00 per pip

Japanese Yen: USD/JPY...\$10.00 per pip

Swiss Franc: USD/CHF...\$8.40 per pip

Currency as in the FOREX are traded on a “PIP” (Price Interest point) system. Like the “Tick” of a futures market, each FOREX market will have its own PIP value.

Here is an example of how the ART® “Charting Software” for eSignal traded this FOREX market:



“ART® Chart” # 100

Specifications Of The Two Most Popular E-Mini Futures Contracts For Day Traders

1) E-mini S&P 500:

- Ticker Symbol: ES
- Contract Months: H=March, M=June, U=Sept, Z=Dec
- Trading Hours: Virtually 24 Hours
- Contract Size: \$50 x E-mini S&P Futures Price
- Tick Size: .25 Futures Index Points = \$12.50
- Last Day of Trading: 8:30AM 3rd Friday of contract month
- Dollar Value Per Point: \$50

2) E-mini NASDAQ-100:

- Ticker Symbol: NQ
- Contract Months: H=March, M=June, U=Sept, Z=Dec
- Trading Hours: Virtually 24 Hours
- Contract Size: \$20 x E-mini NASDAQ Futures Price
- Tick Size: .50 Futures Index Points = \$10.00
- Last Day of Trading: 8:30AM 3rd Friday of contract month
- Dollar Value Per Point: \$20

Attention Option Traders

If you trade Options, you will want to apply the ART® principles to the chart of the underlying asset, but you will be trading the Option of that underlying asset.

There are many ways to trade Options, but ART® focuses on buying deep “in-the-money” Call Options” to go LONG and buying deep “in-the-money” “Put Options” to go SHORT. Some traders like to SELL Options as well, but here we’ll work on how you can use ART® to TRADE Options.

The key in trading Options short-term is to be sure you are trading the most liquid “Contract Month” and choose a “Strike Price” that yields a DELTA as close to 1:1 as possible. A DELTA of 1:1 means that when the underlying asset changes price, the “Premium Price” of that Option also changes by the same amount.

To achieve this, you need to trade an Option that is “in-the-money” enough to obtain as close as possible to a 1:1 DELTA. This eliminates the “Time Value” of the Option so you can make an equal amount on the Option as the underlying asset when it changes price. Of course, don’t forget not only is the 1:1 DELTA important, but so is choosing the Option with sufficient liquidity as well, to achieve adequate fills quickly when entering and exiting short-term trades.

Trading Options in this fashion is acceptable and allows the trader to trade with more leverage than buying the underlying asset outright. In some cases, trading with Options can help you increase your “Trade Size” thus

allowing you to implement “Scaling” techniques which we will cover later in this “Study Manual.”

Conclusion

Please realize that this is just an introduction to the “Applied Reality Trading Program ®” and not the complete course. The complete “Applied Reality Trading Program ®” “Home-Study Course” is a detailed, intense trading program designed to develop your trading skills along the path to mastery levels using the ART® system.

The “Applied Reality Trading ®” (ART®) “Home-Study Course” teaches the complete methodology on how we suggest you trade using these signals. The power of the methodology is how you combine all the ART® signals which comprise YOUR trading system or approach.

Contact Information

Mailing Address:

TradersCoach.com, Inc.
10755-F Scripps Poway Parkway, #477
San Diego, California 92131-1027 USA

Email Address

Sales / Customer Service / Information

Info@TradersCoach.com

24/7 Telephone Number

858-695-0592

Get a live person 24 hours/7days a week

Fax

858-695-1397

APPLIED REALITY TRADING®

The Ultimate Home-Study Course For Financial Traders!

STOCKS ~ COMMODITIES/FUTURES ~ OPTIONS ~ BONDS ~ FOREX



New state of the art voice technology ART® “Charting Software” now tells you when to enter and exit trades!*

New expanded Study Manual & Workbook

~ Trade In Reality And Get A Better Result ~

Buy Bottoms & Sell Tops With Low Risk Using Our Proprietary ART® “Reversal Bars”

High Probability Trading Signals Based On The Realities Of The Market

Dynamic “Pyramid Trading Point ®” Trend Indicator*

Trade With Volatility Instead Of Against It

Always Trade With A Stop

About The Author & Developer



Bennett McDowell

Founder & President, TradersCoach.com®

Trader - Trading Coach - Money Manager

Founder and President of "TradersCoach.com," Bennett started his financial career on Wall Street with the firm J.J. Kenny Co. in 1984 after serving as a commissioned officer in the U.S. Navy. Bennett also served as a Retirement Plan Specialist with the Equitable in New York and has investment real estate experience as well. In addition, his 1979 Economics BA degree from "Syracuse University" in upstate New York gave him a foundation on which he was able to build a solid background in Finance.

Bennett has extensive experience in trading the financial markets and is currently an active trader including day trading the financial futures markets. He also coaches many traders through his company

"TradersCoach.com." Having been a Registered Securities Broker and Financial Advisor with both Prudential Securities and Morgan Stanley, Bennett currently holds a series 6, series, 7, series 63, and a series 65 security license and is currently a "Registered Securities Broker" and "Senior Financial Consultant" with the First Wall Street Corporation in La Jolla, California (Member SIPC/New York Stock Exchange, Inc).

Considered an expert in technical analysis and complex computer trading platforms and applications, Bennett has educated and helped traders worldwide improve their trading. Bennett is well known for helping traders overcome sabotaging psychological issues that keep them from reaching their full potential. In addition to his educational and coaching abilities, Bennett manages money and trades for clients throughout the United States.

Bennett is well known for creating and developing his proprietary home study course "Applied Reality Trading" also known as "ART®" released in January 2002. Complete with state-of-the-art trading software, this complete course is already voted # 1 most popular trading "course and seminar" in "Traders' Resource" of "Stocks & Commodities Magazine" in July 2002, and received the Editor's Review in the November 2002 issue of "Stocks & Commodities Magazine."

His cutting edge course teaches traders his state of the art "Pyramid Trading Points ®," Money management, and developing the "Trader's Mindset." Bennett is also known for developing "The Trader's Assistant ™" - a premier trade posting record keeping system for traders, as well as, writing and publishing "The Survival Guide For Traders" - a book on how to set-up and organize your trading business. Both of which, received featured reviews in major publications and magazines such as "Stocks &

Commodities," and "Active Trader." In addition, Bennett developed the "Trade Size Calculator™" – used for money management in determining the maximum "trade size" based on appropriate risk

Bennett McDowell developed the "Pyramid Trading Point®" based not only on his trading experience, but on his ability to transform market information into meaningful visual representations. In fact, Bennett has scored in the 100th percentile on the "visual-spatial" IQ intelligence scale which means his abilities in this area exceed 90% to 100% of the people who took the test! Bennett feels that the "Pyramid Trading Point®" transforms the concept of trading "pivot points" and "fractals" to the next generation.

Bennett currently writes and has written numerous articles on trading and trading psychology that have appeared in "TradersWorld Magazine" and "The Long And Short Of It™", a TradersCoach.com newsletter for members only, and "Talking-Points.com," a newsletter for investors and traders. He has also been interviewed by Brice Wightman in "Conversations With Top Traders" at TradingMarkets.com.

TradersCoach.com was proud to be a guest of ZAP Futures (now RJ O'Brien Futures, one of the brokerage industry's leading electronic futures trading platforms located in Chicago). ZAP Futures hosted Bennett's on-line "Applied Reality Trading®" seminar which was recorded and now available for your viewing. The seminar was presented live by Bennett McDowell, President and CEO of TradersCoach.com on October 14, 2003 featuring our state-of-the-art trading system "Applied Reality Trading®". Bennett also presented live for eSignal's webinar seminars as well.

Bennett provides private Consultation/Coaching services to many traders throughout the world by telephone, video conferencing, and in person. Working with Bennett, traders spend time focusing on trading System development, trading psychology, and disciplined money management.

Trading education is Bennett's way of helping traders to avoid the many pitfalls that hinder traders throughout the world. His goal through TradersCoach.com® is to provide traders a place to access quality trading products & services to help traders achieve peak performance. Bennett and his family live in San Diego, California.

