

LIVE @ TAG

W O R K B O O K



S&P 500

The Ultimate Day Trading Vehicle

By Tom Busby

COVERING: INDICES, MONEY MANAGEMENT AND DAY TRADING

S&P futures have all the elements that create day trading opportunity- leverage (biggest bang for dollars invested), volume (ability to absorb large orders) and volatility (daily swings that enable the trader to be paid for his time). Tom will introduce you to the method (not system) which he uses to understand the language of the market. This method is action-oriented, accessible, understandable and based upon straightforward principles of money management combined with technical indicator analysis. It emphasizes the importance of careful risk management. Tom will describe how he developed and uses his own market road map-- a combination of significant directional indicators, key numbers derived from the market (good, old fashioned tape reading) demonstrating support and resistance levels, and critical time zones. He will show you how using his method can help you deal with the inherent mental stress involved in day trading

Tom Busby has been a professional securities trader, broker and registered investment advisor for more than twenty years. He began his trading career with Merrill Lynch and later became Vice- President of Solomon Smith Barney. He founded the Day Trading Institute in 1996 to teach his unique approach and method to traders of the S&P 500 and the Dow Jones Futures markets.

Tom, a widely recognized authority on short-term trading worldwide, has appeared on business and investing programs on national television and radio. His opinions are often featured in newspapers throughout the country. Tom holds a BA in Business Administration from the University of Georgia and a JD from the Oklahoma City University School of Law. He was a distinguished graduate of the United States Air Force Budget Officer School and served seven years as an officer in the United States Air Force prior to becoming a professional securities broker and trader.

[Mr Busby's Personal Workshop was presented and recorded at a recent LIVE @ TAG conference.](#)

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[<< Next Page >>](#)

THE S&P 500 -
THE ULTIMATE DAY TRADING VEHICLE

Thomas L. Busby

S&P Futures have all the elements that create Daytrading opportunity leverage (biggest bang for dollars invested), volume (ability to absorb large orders), and volatility (daily swings that enable the trader to be paid for his/her time).

Introduction

RoadMap to the Market

The Decision Process

Overview of the Trading Approach

Proprietary Techniques

[<< Next Page >>](#)

INTRODUCTION

Day Trading the S&P 500

From Trader to Trader/Trainer

ROADMAP TO THE MARKET

A method (not a system) to understand the language of the market

Action oriented

Accessible

Understandable

Based on straightforward principles of money management

Technical indicators analysis

Careful risk management

RoadMap to The Market

Directional indicators are used for each column									
Open									
9									
10									
11									
12									
1									
2									
3									
Close	open	9:00	10:00	11:00	12:00	1:00	2:00	3:00	close
DATE	CALLS								
	PUTS								
PCRatio	%								
	TOTAL								

RoadMap to the Market(c) is a combination of:

- a. Significant directional indicators,
- b. Key numbers derived from the market (demonstrating support and resistance levels), and
- c. Critical time zones.

To successfully day trade the market, you must first be able to analyze and interpret all the messages it gives you and then take action accordingly.

This segment primarily focuses on identifying the proprietary indicators and exploring the relationships between the different sources of information.

THE DECISION PROCESS

The decision process consists of four parts designed to assist in the evaluation of the market -- which are to be reviewed daily before the market opens and during trading hours as a quick reference.

- a. Steps into the day
- b. Time zones for trading
- c. Trade guidelines
- d. Rules

OVERVIEW OF A TRADING APPROACH

- a. You must have a structure to evaluate the language of the market.
- b. Plan Your Trade
- C. Execute Your Trade
- d. Review Your Trade
- e. Improve Your Trade

PROPRIETARY TECHNIQUES

- a. Time Zones
- b. Key Numbers
- C. Money Management
- d. Key Indicators

REVIEW

A brief review of the topics covered and then the Question and Answer session will begin.

TEST YOURSELF

.Test your knowledge level at day trading the S&P 500 Futures by answering the following questionnaire. This is a part of a brief test we give students who attend our course. You may find the results surprising.

[<< Next Page >>](#)

Which of the four components of a bar chart is the most important?

- A. High
- B. Low
- C. Open
- 1). Close
- E. All must be put in context

When is the tick indicator considered overbought?

- A. +750
- B. +500
- C. +300
- D. +400

3. When is the tick indicator considered oversold?

- A. -100
- B. -200
- C. -300
- D. -500

What chart is recommended for day trading?

- A. 15 minute
- B. Daily chart
- C. 30 minute
- D. 1 minute

5. Approach every day with a strategy based on:

- A. Goals and rewards
- B. Goals and risk
- C. CNBC
- D. Money

6. Each tick on the 5 & P is worth:

- A. \$25.00
- B. \$10.00
- C. \$50.00
- D. \$250.00

7. When the daily open is greater than the 3:30 open, the immediate trend should be:

- A. Up
- B. Down
- C. Sideways
- D. Who knows

B. Market hours for the day 5 & P are:

- A. 8:30-3:15
- B. 3:45-8:15
- C. 8:15-3:00
- D. 8:30-4:00

9. The margin required to trade one contract of the 5 & P is:

- A.\$10,000
- B. \$ 5,000
- C. \$2,500
- D.\$3,000

10. If you lose \$750.00, you should:

- A. Never trade again
- B. Trade more
- C. Stop trading for the day
- D. Take a week off

11.If you go into Friday down for the week:

- A. Double up and catch up
- B. Flip a coin -- heads up; tails down
- C. Call DTI and beg for a good trade
- D. Evaluate the market, interpret and analyze, and if appropriate - make one trade

12. If you go into Friday up for the week:

- A. Try to double your size and retire
- B. Call and register with the exchange as a great trader
- C. Do what you did the other four days
- D. Convince yourself that you know everything and refuse to learn anymore.

13. Prior to every trading day you must;

- A. Have structure
- B. Follow your rules
- C. Follow the market
- D. Control your emotions, honor your risk, and achieve your goals
- E. All of the above

14. You should not trade until the following:

- A. You have observed and are comfortable with the market
- B. You have run 5 miles
- C. All indicators support
- D. A & C
- E. B & C

15. The most successful traders do the following:

- A. Plan, evaluate, take appropriate action, and review
- B. Forget risk and bet the farm
- C. Risk the whole way
- D. Flip a coin and take quick action

Thank you for taking
this **Live@TAG** workshop

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