Keeping the Scales Tipped in Your Favour

In the last video we looked at the concept of successful trading being all about keeping the odds on your side

But any single event you participate in (that means every individual trade)

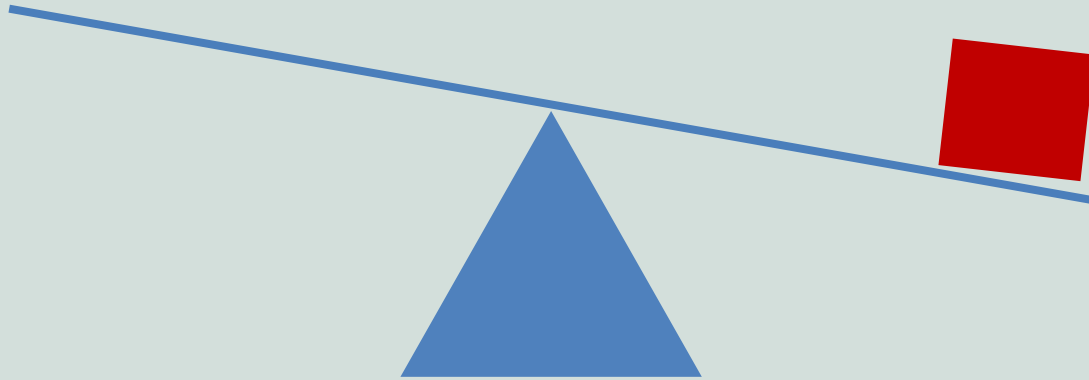# Starts out with a 50:50 chance of winning or losing

It's only by seeking out certain price patterns and market conditions that we can start to hone a profitable edge
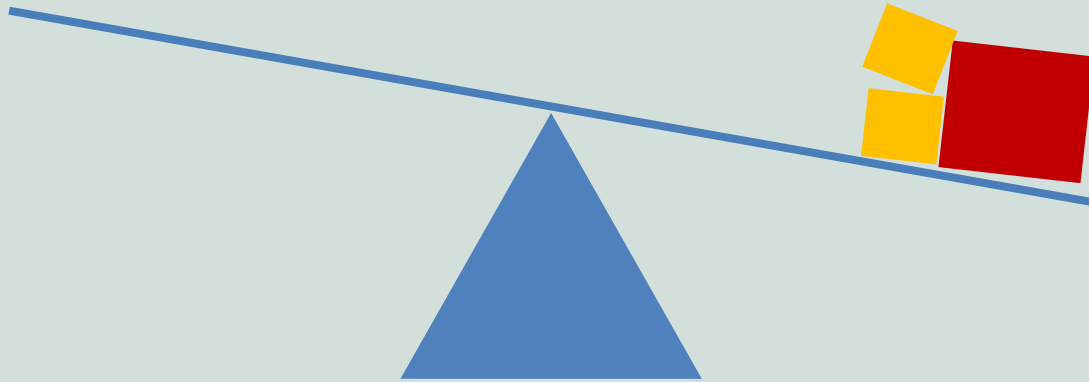
Imagine a set of scales…
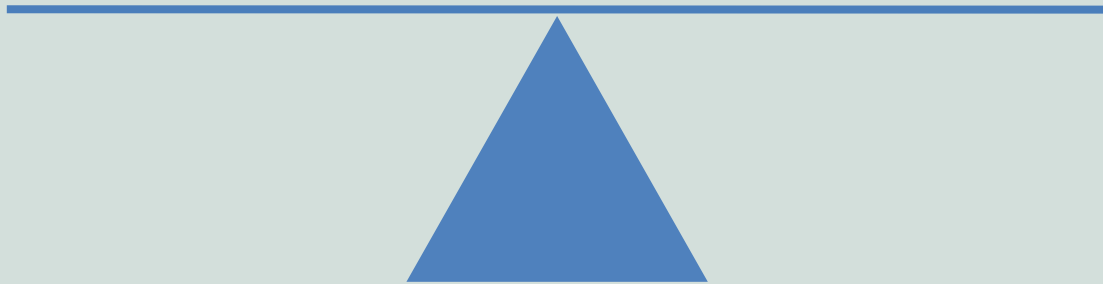
To begin with they are equally balanced

But by adding weight we can keep the scales permanently tipped in our favour

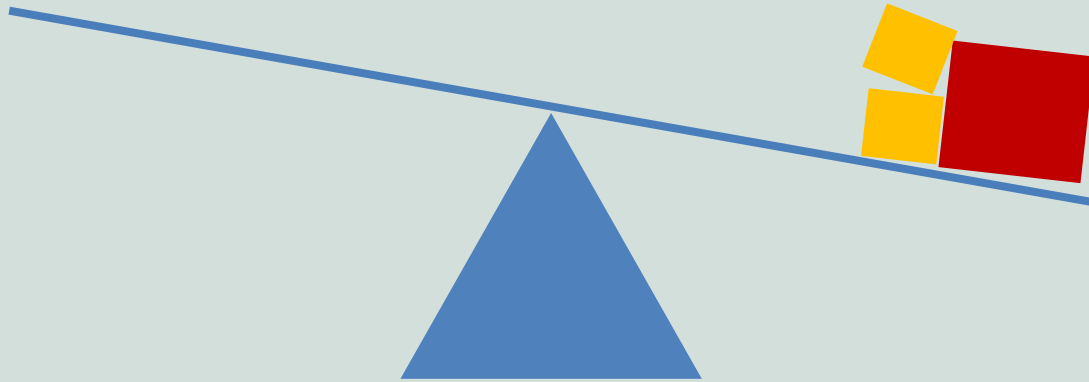With our trades we're going to use 'big weights' and 'small weights' to do the tipping for us

Big weights = using the trend and directional bias to keep us on the market's path of least resistance

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Small weights = tactical entry points and exit points for the trades

We want a collection of weights adding an 'unfair' advantage to every trade we take

High probability trade = getting a big weight and some small weights all lined up together

It's no guarantee that every trade will win – far from it – but it gives a permanent profitable edge to any trading campaign

Remember out example of the casino's roulette table in the earlier video?

Well this is the way <u>we</u> take a profitable edge when it comes to trading the markets

We're not doing anything revolutionary here...

We're just riding the shirt tails of the big players…

They make the markets move and we jump on board for the ride too!

Let me give you an example of the profit 'edge' our weighted trades can give us…

Let's say you find one solid trade every day

And on the trades that end up losing you give back £100

But because you use your trusty weights the winning trades make you average profits of £200

Sounds pretty good right?

You're making twice as much on winning trades as you give back on losing trades

But we need to know how <u>many</u> trades you win and lose to complete the picture

Now once you're familiar with how everything works and you've had a bit of experience applying your weighted trades I think you could aim for
6 wins out of 10

But lets be conservative…

Let's say you only win 4 trades out of 10 – how is that going to look in terms of profit?

4 x £200 = £800

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6 x £100 = £600

4 x £200 = £800

6 x £100 = -£600

Total = £200

So you could move right out of the gate – winning just 4 trades out of 10 – and still net £200 per week

I'll leave you to work out the results when you start to get your wins up near the
6 out of 10 level!

But you can only achieve this by keeping probability on your side...

By using the trend and directional bias in the market (the big weights)

And by using the tactical entry and exit points (the small weights)

That's what's going to let you find those big profits on your trades **without** having to aim for unsustainably high strike rates

I'll be showing you __exactly__ how to do all this in the *Trading Tools* module

But there are some other bits and pieces we need to cover first…

We'll make a start on them next when we look at the *3 Cornerstones of Trading*