

Volume

1

SUNNY HARRIS ENTERPRISES, INC.

Solving the Puzzle:

Tutorial on Trading Systems Design & Implementation

SOLVING THE PUZZLE

SUNNY HARRIS ENTERPRISES, INC. PRESENTS

Solving the Puzzle: Tutorial on Trading Systems Design & Implementation

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1547 Mission Meadows Dr., Oceanside, CA 92057
Phone 1.760.908.3070 • Fax 1.760.903.2260
email: sunny@moneymentor.com
Skype sunnyjharris

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APPENDIX

Book List

Glossary

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Money Management

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The human mind, once stretched to include a single new idea, does not shrink back to its original proportions.”

■ Oliver Wendell Holmes

Until one is committed, there is hesitancy.

■ W. H. Murray

We must never assume that which is incapable of proof.

■ G. H. Lewes

Be sure of it; give me the ocular proof.

■ Shakespeare

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Date _____

ABOUT THE AUTHOR

Sunny J. Harris, BA, MS, PhD Mathematics, founder and president of Sunny Harris Enterprises., is a professional S&P, US-Bonds, Crypto and Stock Market Equities trader.

Since retiring from ISSCO (her immensely successful computer graphics software firm) in 1981 she has traded stocks, bonds, mutual funds, metals, real estate, investment gems, options, futures and FOREX.

Sunny published *Traders' Catalog & Resource Guide* for eight years, sponsors *The Money Mentor* on the Internet, and created a CD-ROM for traders, in addition to being rated #1 trader in the under \$10 million category by Stark Research, achieving 365% profit in 1993 and 178% in 1994.

Ms. Harris' first book, *Trading 101—How to Trade Like a Pro* was released in July 1996 by John Wiley and Sons and has proved to be a top seller. Her second book, *Trading 102—Getting Down to Business* was released in October, 1998. She subsequently wrote *Electronic Day Trading 101* and *Getting Started in Trading* in 2000 and 2001 respectively. After an eight-year hiatus to raise her grandsons she re-entered the trading community by releasing *TradeStation Made Easy!* in 2011. She is now writing *EasyLanguage Object-Oriented Programming Made Easy!* with Samuel K. Tennis.

ACCOLADES FROM THE COMMUNITY

“*TradeStation Made Easy!* is so immensely detailed, clear, and helpful, and it’s also very smart—and witty. This manual is a gem that shines out through all the baubles of overly padded, junky, and promotionally hypey trading books and it is already becoming one of the most-used books in my trading bookcase. I was new to TradeStation, but you provide the keys to indicator ideas that for years I’ve been wondering how to program and tweak, and I find little brilliant inspirations twinkling out from the clear, logical, step-by-step guides to EasyLanguage and TradeStation’s platform. I think the most valuable part is all the material that shares your years of expertise on testing. (I also saw your TradeStation webinar.) This testing material alone would make an expert volume. This book’s intelligence and substance—and elegant clarity and simplicity—is rare among trading books, or any books—and I’ve read thousands and thousands of nonfiction books. And besides that, your creativity really comes through. (And I cheered out loud when I saw one of your first steps was to make those ugly charts attractive! This has always been a major priority for me for any charts or screen I’m going to look at all day. I think they were made for colorblind men.)

I’m a trained as a humanities academic and I’m a longtime scholarly book and journal editor, so I work with hundreds of manuscripts—many that intentionally sound difficult in order to sound important. I can see how much care went into the step-by-step text and all the

examples and appreciate what a job it was to assemble so carefully all the extra illustrations and appendixes. Your book has that perfect balance between giving the beginner the very introductory bits they might need to know and not insulting the intelligence of a more experienced person—something that, as an editor, I usually have to work with authors to achieve because most people can't pull that off. I've been trading for 15 years—I even went back to take several undergraduate math courses in middle age—for fun, but mostly because I was so curious about understanding and mastering some of the very technical trading books I had been studying. I hadn't started with TradeStation until a few months ago. Yum, yum, I love a technical manual that I want to start over again as soon as I finish it! And yours is fun to read cover to cover, and not just use as a reference manual. Thank you, thank you! I can't wait to read your current book project on testing the gurus!" – *Mary C., reader*






"Without a clear understanding of the correct basics of trading you'll never succeed in this business. Sunny Harris' *Trading 102: Getting Down to Business* will give you the correct basics of trading in an easy to learn format. This book will jump start the success of anyone who has not figured out the truth of trading." – *Larry Williams, Trader and Author*

"Sunny Harris has done it again! Her new book, *Trading 102—How to Trade Like a Pro*, offers a wealth of exceptionally useful information for traders and investors. It places high on my list of recommended reading."— *Edward D. Dobson, President, Traders Press, Inc.*

"*Trading 102* is the perfect sequel to *Trading 101*. Sunny Harris brings all of the essential ingredients together and presents a concise step by step plan of action. I am amazed at the wide range of material she was able to squeeze into this very enjoyable book."— *Charles LeBeau Author, trading advisor, founder of the System Traders Club*

Overview & Preparation

ICON KEY

	Important Info
	Test yourself
	Exercise Break
	Computer Exercise
	Additional Reading

Reference Material for this Lesson:

John Murphy's *Technical Analysis of the Futures Markets*

Steven Achelis' *Technical Analysis from A to Z*

Sunny Harris' *Trading 101 - How to Trade Like a Pro*

Barron's *Business Mathematics the Easy Way* Workbook

Any job requires a certain skill set. To become a physician you must first memorize the names of all the bones in the human body. It's tedious and at first seems unnecessary, but it is essential. To be an artist you need to have your paints, canvases and brushes available and know how to use them. To be a trader you must be intimately familiar with certain concepts as well. In this first lesson you will become versed in the essentials. You may have to do some extra reading and practice in the areas in which you are rusty. If this is all old hat to you, do it anyway. Practice, practice, practice.

This first lesson may seem easy to you. If so, good; you'll get in plenty deep by the next few lessons. If not, that's good, too; you are beginning at the right place.

Most people who begin trading today will have lost all their trading capital within 12 months. Most could mean 51% ... or more. In this case, estimates range between 80% and 90%. That is definitely most! Hopefully, you are taking this course now so that you will become one of the 10%-20% who succeeds.

When I first began trading, I heard that 80% fail within the first year and that if you managed to breakeven by the end of your second year you were doing great. Further, they said, that if I was still trading by the end of the third year, I would be considered a professional trader, because very few make these milestones. My hope is that you will take the time to do the research, do your homework, crunch the appropriate numbers and breakeven your first year, and make a profit your second year. Then you'll be within that top 1%-2% of traders!

Vocabulary

In the back of this 3-ring binder, hopefully in tab section 22, is a glossary I've built over the years. I try to add words and definitions every time I come across something new.

EXERCISE BREAK 1:



Read through the glossary once now. If there are words you just can't understand, put a star (*) beside the word and we'll talk about it in our phone session. Spend about an hour on these words, concentrating, pausing at each one and visualizing its meaning as you go. There will be several other opportunities for this same exercise, so don't worry if you're not understanding or memorizing this first time around.

Check the "Done" box for question 1 on your **answer sheet** at the end of this chapter when you are finished with this exercise.

What Kind of Trader Are You?

Traders are often anxious people. Every day I talk to folks who want to jump the gun and "backfill" their knowledge base while they trade. They want to get on with it. My consistent answer is: "Do your homework first. There's always another trade."

It is as true as ever: the market is governed by fear and greed. Fear when the market has made a large move down and folks are afraid of losing more, and greed when the market is making new highs and everyone wants some of the perceived profits. There are bulls and there are bears—and then there are just plain chickens. You know the type: full of indecision, sure that whatever they do will lead to loss.

Just as there are many personality types in the general population, there are many different trading styles. Some are strictly systematic and technical, using computers and firm methodologies to trade. Some would be intuitive and discretionary traders, taking trades when it "feels" or "looks" right. Further categorizing traders, some are risk-averse, preferring to trade trending, non-volatile markets or to trade long-term, while others' personalities lead them to fast-action, risky markets like the S&P 500 futures contracts.

EXERCISE BREAK 2:



It is extremely important that you understand what kind of trader you are. Exercises 2 & 3 of this lesson help you assess yourself. For you to succeed as a trader you must master your psychology and discipline, even before you master your trading system. Answer the questions for Exercise 2 now, pausing with each answer to reflect on your own behaviors.

Check the "Done" box for question 2 on your **answer sheet** when you are finished with this exercise.

OVERVIEW & PREPARATION

If you have the best trading system in the whole world and you don't follow the rules, what good is the system? On the other hand, if you have incredible discipline and follow a bad system, that's no good either. As we go along, we'll have you working on both aspects of good trading, discipline and a system – both left and right brains.

Once a year I used to give a three-day seminar with Adrienne Laris Toghraie, renowned traders' coach. During my part of the seminar we worked on logic, math and system skills. During her part of the seminar we worked on discipline, psychology and overcoming your self-made obstacles. If you'd like to speak with her about emotional trading blocks, feel free to call her at (919) 851-8288 (EST).



EXERCISE BREAK 3:

The sample evaluation included at the end of this lesson is a small portion of the larger format used by Adrienne Toghraie in her half-hour telephone session to help you become a better trader. The evaluation included here is free. The real evaluation, including Adrienne's consultation, is \$175. If you are interested in taking the entire assessment, simply give her a call. Be sure to tell her you are taking Sunny's correspondence course.

Take time now to answer the questionnaire. Check the "Done" box for question 3 on your **answer sheet** when you are finished with this exercise.

If you prefer online time, you may answer these questions on the Internet at my site: *The Money Mentor*, which is at <http://www.moneymentor.com>. Click on "Traders' Evaluation" and submit your answers there, or respond to the questions at the end of this lesson.



Must Reading

Tab section 21 in your binder is a list of all the trading books I know to date. I've put boxes beside each so you can check it off when you've read it. Not all these books are must reading.

The booklist included with this lesson is a list of books I believe are essential to the learning process. You would do well to read all of the books on the "Must" list. Buy them, borrow them, or take a trip to the library, but find a way to read them all.

