

*Ray & Deb
Brumbach's*

Trading Plan

Written by: Ray & Deb Brumbach

January 5, 2005

First Revision

Table of Contents

Forward		4
Section 1 Personal Statements		
1 – 1	“I WILL	5
1 – 2	“I WILL NOT”	7
Section 2 My Goals and Objectives		
2	Goals and Objectives	8
Section 3 My Trading Day		
3 – 1	6:00 till 7:00	9
3 – 2	7:00 till 3:30pm	10
3 – 3	3:30pm till ?	11
Section 4 My Indicators and Settings		
4	Indicators and Settings	12
Section 5 My Patterns and Nuances to Trade		
5 – 1	ZLR	15
5 – 2	HTL with Confirmation	18
5 – 3	Hitch Trade	21

**Section 6
My Trading Style**

6	Trading Style	24
----------	----------------------	-----------

**Section 7
My Money Management**

7	Money Management	25
----------	-------------------------	-----------

**Section 8
My Markets and Timeframes**

8	Markets and Timeframes	28
----------	-------------------------------	-----------

**Section 9
Testing the Trading Plan**

9	Testing the Plan	29
----------	-------------------------	-----------

**Section 10
My Crash Page**

10	Crash Page	30
-----------	-------------------	-----------

Forward

Failure to adhere to this Trading Plan will lead to your to FAILURE.

This Trading Plan must be adhered to without any deviation!

This is an on going Trading Plan and may have additions and deletions, but any changes to this plan must meet the following criteria:

- 1. Any addition to this plan requires extensive research over a period of time and provides a success rate of at least 70%.**
- 2. Any deletion from this plan requires proof that the deletion was the cause of any success rate that is below 70%.**

1 - 1

Personal Statements

“I WILL”

1. I WILL thank the Lord everyday for giving me the opportunity to do something I love and the ability to love the ones dear to me. I WILL also ask for his forgiveness for my short comings and to bless those that are less fortunate than I am.
2. I WILL protect my Trading Account at all COSTS and MEANS.
3. I WILL stop trading if I have I “**LOST**” or “**MADE**” more than is stated in my “Money Management” portion of this Trading Plan. THIS IS A VERY IMPORTANT RULE!!!
4. I WILL be truthful to myself, family and friends about my trading and everything else.
5. I WILL trade only with INDICATORS, NUANCES and PATTERNS that I found and know are profitable and will be listed in my plan.
6. I WILL trade only 1 Chart, 1 Timeframe, 1 Market. (Other charts may be viewed, but not on the trading screen and these charts can not influence a trading decision on your trading chart.)
7. I WILL listen and learn from those that are more knowledgeable than I am.
8. I WILL use Patience, Focus and Discipline in all my trades.
9. I WILL use my 4 “C’s” everyday.
 - A. Control—I will be in total control of my emotions and trading at all times.

- B. Consistency – every trade will be consistent with my trading plan.**
 - C. Confidence – I will have confidence when entering my trades.**
 - D. Concentration – I will concentrate on every trade.**
- 10. I WILL attempt to help anyone who asks for or appears to need help.**
 - 11. I WILL ask for help if I have a question or problem and will continue to ask until I have an answer to my satisfaction.**
 - 12. I WILL share any and all information to my fellow traders as it presents itself.**
 - 13. I WILL record, chart, plot and print EVERY trade.**
 - 14. I WILL record each trade on a spreadsheet.**
 - 15. I WILL leave my office everyday for a minimum of 30 minutes to refresh myself.**
 - 16. I WILL learn from all losing trades.**

1 – 2

Personal Statements

“I WILL NOT”

1. I WILL NOT trade ANYTHING **EXCEPT** the Euro before 9:40am or after 3:30pm. (Euro, 6E, may be traded from 7:00 am until 9:15 at which time I will be flat until 9:40 am.)
2. I WILL NOT at anytime form a BIAS as to the direction of the market via the chatroom or news.
3. I WILL NOT at any time trade a PATTERN that does not return a Win/Loss ratio of greater than 70%.
4. I WILL NOT trade ANYTHING 5 minutes before or 15 minutes after a scheduled news release that I deem a market mover.
5. I WILL NOT make up a trade. Any trade taken will meet the patterns and parameters forth set in this plan.
6. I WILL NOT trade on any day that the market is not open for a full day.
7. I WILL NOT trade on a day that the Federal Reserve is scheduled for an announcement.
8. I WILL NOT take a trade if I am in doubt as to the pattern I am seeing.
9. I WILL NOT trade if my well being is in anyway affected in a way that will not allow me to perform at my peak.

Goals and Objectives

1. I want to maintain a Win/Loss ratio greater than 70% on the PATTERNS that I trade. If I find that any PATTERN is not maintaining a Win/Loss ratio of 70% I will not trade that PATTERN until I find the reason for its failure to produce the desired Win/Loss ratio.
2. I want to learn at least one new thing everyday and understand its meaning.
3. I want to follow my "Trading Plan" fully without fail everyday.
4. At the end of the week I want donate 5% of any weekly profit to MAW.

3 - 1

Trading Day – 6:00 till 7:00

My trading day will begin at 6:00 am. This is the time I enter my office.

The following tasks must be completed **BEFORE** I place a trade.

1. Review yesterday's trades and any other work to look for ways to improve.
2. Download all data from the Broker and save.
3. I will review my account balance to verify its correctness and finish any work that may have been left from the prior day.
4. I will review Barron's Online to see what news or reports are scheduled for the day and at what times they will happen and set my alarms accordingly.
5. **I will review my Trading Plan!**
6. I will verify that everything is setup correctly and functioning properly.
 - a. Charting Service/Data provider – Running
 - b. Broker account – Account verified as correct and open
 - c. Order entry platform – Running
 - d. Chat rooms – Connected and operating
 - e. Report alarms and timers – Set news and reports 5 minutes before and 15 minutes after

3 – 2

Trading Day – 7:00 till 3:30pm

- 1. I will only trade the Euro (6E) from 7:00 until 9:15 being flat from 9:15 until 9:40 at which time I will begin to trade only the Markets listed.**
- 2. Every trade must be logged, plotted on the trading chart as to order entry, exit and the PATTERN used to place the trade.**
- 3. I will take lunch at 12pm and will leave the office for a break of at least $\frac{1}{2}$ hour. Leave no open trades or orders during this time.**
- 4. During the trading day I will always be on the look out for trades that may meet my criteria and warrant testing or consideration. At no time will I ever trade something before testing.**
- 5. All trades will be recorded on my Transaction Sheet.**
- 6. If presented with a situation that may force you into an emotional decision, STOP TRADING.**

3 – 3

Trading Day – 3:30pm Until?

At 3:30pm I will verify that all positions and orders are closed and then I will perform the following tasks.

1. I will print every chart that I used to trade during the day and make sure they are correctly marked as to the entry, exit and PATTERN used to place the trade.

2. All charts must be studied in order to learn from the winning and losing trades. Also check for other patterns that were missed or formed that are not in this Trading Plan.

3. All transactions will be placed in my Trading Journal for future reference, together with any material that has been printed during the day or after trading has been completed. This material I deem to be PRIVATE and not for public knowledge unless it can be used to further help other traders.

4. I will complete:

- 1. Target Worksheet for ALL Markets I have listed**
- 2. Heat Worksheet for ALL Markets I have listed**

5. Write down the targets for all Markets for the next day of trading.

6. Only after all the above has been completed:

- 1. Check Email**
- 2. Check Website**
- 3. Participate in the any chat rooms**

4

Indicators and Settings

The following are the INDICATORS that I will have on my chart(s) during the trading day.

I will not place any other INDICATOR on my chart(s) without testing its validity and accuracy.

The INDICATORS that I have chosen to use and the reason I will use them are as follows:

a. 14 CCI as presented in the eSignal file share as “Bottom Woodie CCI version 1.2”. The CCI is very smooth in its present form without changing the settings for different Markets like a MACD or Stochastic which require different settings if changing Timeframes or Markets. Also, the CCI has many PATTERNS that can be viewed and are cataloged that I can trade. One thing is that I must remove many of the features that are present in this version for they are confusing to me. CCI is considered a leading INDICATOR.

b. Woodie Top CCI panel as presented in the “Top Woodie CCI version 1.2. This indicator is used for 2 things only, the 34 EMA and the Woodie Pivot points, together with the Support and Resistance levels.

c. DiNapoli Detrended Oscillator that is in the Formula section of eSignal. This Oscillator is a very good indicator and considered as a leading INDICATOR. It does in fact move a bit quicker than the CCI and if used with Trend Lines can be very strong support to the CCI.

d. Current Bar Timer. This INDICATOR is in fact a timer that starts on the first tick of current bar and stops on the last tick. I find that this is better for me in determining the speed of the market as compared to the supplied “Speedo”.

The following are the settings I am using for the above INDICATORS:

1. CCI (Bottom Woodie CCI eSignal version 1.2)

Changes from default settings:

- a. CCI size set at 1
- b. CCI Histogram Change – Bright Yellow – RGB 255, 255, 0
- c. CCI Histogram - 2
- d. Display Turbo - No
- e. EMA Plot Type - Ball
- f. EMA Size – 2
- g. 200 Line Display – None
- h. Helkin-Ashi Up – Black – RGB 0, 0, 0
- i. 200 Line Plot Type – Line
- j. Display Pivots – No
- k. Display Previous Bar High/Low – No
- l. Display HOD/LOD – No
- m. Timer Percent Flag – 20
- n. Display Match – No
- o. Display Flag – No
- p. Speedo Display – No
- q. Sidewinder Limit 1 – 85
- r. Plateau/Reversal Marking – No

2. DiNapoli Detrended Oscillator as found in the eSignal formulas.

Changes from default settings:

- a. nLength – 10
- b. Line Color – Blue – RGB 0, 0, 255
- c. Line Thickness – 3

3. CCI (Top Woodie CCI eSignal version 1.2)

Changes from the default settings:

- a. EMA Size – 3
- b. EMA Up – Lime Green – RGB 0, 255, 0
- c. Display 25 LSMA – No
- d. Display Close – No

e. Display Timer – No

4. Remaining Bar Time – This INDICATOR is a product that I made in order to tell how long it is taking to form the current bar using either a Tick or Volume Chart.

The following is what my Trading chart must look like:



Keep your charts clean and free of clutter for all that will do is create confusion.

5 - 1

Patterns with Nuances to Trade

ZLR

This is a Trend Trade.

First pattern that I will trade is a ZLR. My Nuances of a ZLR are defined as follows:

ZLR shall be a CCI reversal that starts above the 125/-125 line and goes below the 100/-100 line to a point of 75/-75 or lower as a swing low/high minimum. At the point of the swing low/high, take note of the prior bar and draw a line at that point extending past the swing low/high. This bar shall be called the "**Signal Bar**". If the current CCI bar, "**Trigger Bar**", crosses this line, then I will take the trade with 20% of the ticks remaining or less. This bar is the only trigger bar and any bar after nullifies the trade. This is a 3 bar pattern ONLY. Any penetration of the Signal line after the third bar prints are a no trade and must not be considered!!

Also, the DiNapoli Detrended Oscillator must be in the same direction and side as the trade, DO NOT take a ZLR if the DiNapoli Detrended Oscillator is going against the trade.

Review ZLR Nuances:

1. The CCI must start above 125, for a long trade or below -125 for a short trade.
2. Swing low must be less than 75 for a long trade or the swing high greater than -75 for a short trade.
3. Using a horizontal line, mark the bar prior to the swing low at the high of the bar, for a long trade or the bar prior to the swing high at the low of the bar, for a short trade. This is the trade "**SIGNAL**" bar.

4. If the current CCI bar, "**TRIGGER**", intersects the drawn horizontal line from the CCI "**SIGNAL**" bar and the DiNapoli Detrended Oscillator is in the same direction as the trade, the Signal is valid and the trade may be taken only if:

- a. Only when there is 20% ticks/time remaining on the "**TRIGGER**" bar or less.
- b. 34 EMA must be in the direction of trade and with an angle > 25 , for a long trade or < -25 for a short trade.
- c. LSMA must be in the direction of the trade. **Green**, for a long trade or **Red**, for a short trade.
- d. The "**SIGNAL**" and "**TRIGGER**" MUST be on the side of the zero line that is being taken. The swing high/low may be on the opposite side of the Zero line, but the "**SIGNAL**" and "**TRIGGER**" **MUST BE ON THE SIDE OF THE TRADE!**
- e. Bars must be forming at a rate less than 2:30/bar.
- f. If you are in any trade and it takes longer than 3:00 to form a bar, EXIT the trade.

Example of ZLR



Be aware that a ZLR that is being formed from a HFE can be dangerous. I have observed that any pull back of the CCI that has an angle greater than 45 degrees may signify a weak trend and any ZLR forming should really be looked at with suspect. An angle of pull back less than 45 degrees signifies a trending market and the first rejection will be a very good trade.

5 - 2

HTL with Confirmation

This is a Trend Changing Trade

The Second pattern that I will trade is a HTL with Confirmation and my Nuances of this trade are as follows:

Please note that this is not a CCI trade that is presented in the Woodie CCI manual. The manual requires 2 touches of a Horizontal Trendline and this trade, as I take it, will only require that one is present.

A HTL is a trade off a swing low/high and does not require 2 or more touches.

The trade begins as a swing low, if trading short and a swing high if trading long. If multiple swing lows/highs, use the lowest swing low if trading Short and the highest swing high if trading long, using the HTL tool that is supplied with the eSignal charting package.

This trade is supported and verified using another Trendline that MUST drawn from a point the CCI was the highest to the next highest point that is less than the first point. The minimum starting point is 125. This is for a long trade, reverse for a short trade using the minimum of -125 as the starting point.

The key to this trade is the CCI break of the regular drawn Trendline in relation to the CCI break of the HTL tool. If the CCI break of the regular Trendline is either the bar before or the same bar as the HTL tool is broken, the trade will be better than if the CCI breaks the regular Trendline the bar AFTER the HTL tool was violated. Keeping that in mind, this becomes a 2 bar trade only.

The HTL tool is the “**TRIGGER**” of this trade, but the CCI MUST violate the drawn Trendline either the bar before or the bar of the “**TRIGGER**”.

At the time of the break of this HTL and regular Trendline, take this trade with 20% of the bar remaining or less.

Another aspect of this trade that will make it a more viable and profitable trade is the closeness of the swing high or swing low to the zero line, plus the amount of bars that the LSMA is in the trade direction.

Review HTL with Confirmation Nuances:

- 1. At the point of a swing low, 75 or less for a short trade or a swing high greater than -75 for a long trade, draw a HTL, using the supplied tool in the eSignal CCI software.**
- 2. Use the lowest swing low or high point.**
- 3. Draw a regular Trendline from a CCI high, greater than 125 to the next highest CCI point, if trading to the long side. Extend this line beyond the Zero line.**
- 4. LSMA must be in the direction of the trade.**
- 5. Bar must be being form at a rate less than 1:45/bar.**
- 6. DiNapoli Detrended Oscillator must be in direction of the trade.**

This trade has an extremely high probability of success if following the nuances, especially if playing targets.

These trades present their selves numerous times during the day, but patience and focus are the key factor.

DO NOT TAKE THIS TRADE IF THE CCI DOES NOT VIOLATE BOTH THE HTL TOOL AND THE REGULAR TRENDLINE WITHIN THE 2 BAR REQUIREMENT.

These trades when they present themselves are a very powerful trade with a high percentage of wins. Follow the rules on this trade. THAT IS THE MOST IMPORTANT PART of this trade. Only trade this one as defined and one that very easily can be made up. Caution with this trade. Do not place the HTL higher than 75!!!

Remember that the Time per Bar must also be less than 1:45!

Example of HTL Trade



5- 3

Hitch Trade

This is a Trend Changing Trade

The Third pattern that I will trade is a Hitch Trade and my Nuances of this trade are as follows:

Please note that this is not a CCI trade that is presented in the Woodie CCI manual.

A Hitch Trade is buying the first pullback of a strong move that is opposite of the current trend. It is similar to a ZLR and uses the same Nuances as a ZLR, a “**SIGNAL**” bar and a “**TRIGGER**” bar, EXCEPT a Hitch Trade DOES NOT start over 125 for a long or -125 for a short.

This pattern also may be called a Shamu by some, but the “**SIGNAL**” bar may be higher than the + or - 50 required for a Shamu plus this is only a 3 bar trade like the ZLR.

This pattern is very easy to spot during the trading day due to the speed of the formation and that the pattern actually starts on the opposite side of the Zero line.

This pattern requires that a “Tick or Volume” chart be used because I must see the speed that the bars are forming leading up to this pattern.

Another aspect of this pattern is that the swing low, for a long trade or swing high for a short trade, MUST be definitive (sharp point). Do not trade this pattern if you do not have a definitive swing point!

Many times this pattern will occur after a strong trend, but not a requirement and I consider it the first move of a possible trend change.

Review Hitch Trade Nuances:

1. Using a horizontal line, mark the bar prior to the swing low at the high of the bar, for a long trade or the bar prior to the swing high at the low of the bar, for a short trade. This is the trade “**SIGNAL**” bar.
2. If the current CCI bar, “**TRIGGER**”, intersects the drawn horizontal line from the CCI “**SIGNAL**” bar and the DiNapoli Detrended Oscillator is in the same direction as the trade, the Signal is valid and the trade may be taken only if:
 - a. Only when there is 20% ticks/time remaining on the “**TRIGGER**” bar or less.
 - b. LSMA must be in the direction of the trade. **Green**, for a long trade or **Red**, for a short trade.
 - c. 34 EMA must be in the direction of the trade. **Green**, for a long trade or **Red**, for a short trade.
 - d. The “**Signal**” and “**Trigger**” **MUST** be on the side of the zero line that is being taken. The swing high/low may be on the opposite side of the Zero line, but the “**Signal**” and “**Trigger**” **MUST BE ON THE SIDE OF THE TRADE!**
 - e. Bars must be forming at a rate less than 1:30/bar.
 - f. If you are in this trade and it takes longer than 3:00 to form a bar, EXIT the trade.

Example of Hitch Trade



6

Trading Style

I am a “Scalper”.

I look to take 10 or more trades a day taking small amounts out of the market using my indicators to enter a trade and targets to exit trades.

The target(s) for the day are found by using a “Target Spreadsheet” in conjunction with my “Money Management” section of this Trading Plan.

Not at any time may a target be changed during the day. My starting target must be my ending target. If I find that during the day the target for the Market I am trading is not being filled, I WILL stop trading that Market for the day. I WILL NOT change the target.

I am fully aware that the Profit/Loss ratio of my Trading Style is not as great as other Trading Styles, but this is my desired Trading Style.

Money Management

I WILL and MUST AT ALL TIMES PROTECT MY ACCOUNT!

That statement must be burned into my brain and in essence is what I have done to this point of this Trading Plan.

I MUST maintain a Risk to Reward of at least 1to 1.25 on ALL my trades. That is to say that for every 1.00 I risk I want to see at least a return of 1.25.

I order to accomplish this I require certain tools. They are as follows:

Broker – TransActFutures (Will lock me out of my account if my losses exceed 1.5%, including commissions, of my account. This is a requirement)

Order Entry Platform – NinjaTrader (Will allow me to set both stops and targets at the time of entry. Also I can easily adjust the stop if I see the trade going against me. This is a requirement)

Order Strategy – Targets

Order Type – All orders will be placed as “Buy at Ask” for a long trade and “Sell at Bid” for a short trade. Although this seems like a market order it is not. Also I will have the entry window set on chase if touched by 1 point and one point only.

Stops – Placed at time of order placement and will be as dictated by a combination of my Risk / Reward and “Heat Worksheet”.

Targets:

Targets are a means to maximize profits and win/loss ratios, but I must also realize that there is much work involved.

Everyday, after I am finished trading at 3:30pm, I WILL track each trade as taken and any other Trade Pattern found in Section 5 for all the Markets and Timeframes I have listed in Section 8. I WILL record each trade taken and all the Patterns found on the charts, the “Target Worksheet” and the “Heat Worksheet”. All material MUST be printed and placed in MY “Trading Journal”

Using all the information I have recorded on the “Target Worksheet” and the “Heat Worksheet” noting the highest percentage as the Target for the next trading day for all my listed Markets. Then by checking my Risk/Reward ratio with the numbers I have obtained from my “Heat Worksheet” I may then transfer this data to the NinjaTrader Position and Stop Strategies.

I can not, REPEAT; CAN NOT change the target for any reason at any time during the day. If I find that the Targets are not being filled, I WILL stop trading that market.

The minimum Target, using the minimum Risk/Reward of 1 to 1.25, is 5 ticks for any of the Markets I will trade.

Stops:

I WILL place stops using the NinjaTrader Stop Strategies for the Markets I trade. These Stops are placed at time of order entry and MAY NOT be changed, except to close a trade when the trade goes against me before a Target is filled.

A STOP WILL NEVER BE INCREASED FOR ANY REASON!

The stop placed will be from my Risk/Reward ratio and the information I generate from both my “Heat Worksheet” and “Target Worksheet”.

Trading:

I will trade 2 contracts for every Market I trade.

If after a period of 20 trading days, my Win/Loss ratio is at a sustained level of 70% or better, I WILL increase the contract size by 2. This is my preferred way of increasing Profit, INCREASING CONTRACT SIZE and not INCREASING TARGETS. Each step requires a 20 trading day period in order to increase contract size by 2, WITHOUT EXCEPTION.

If at anytime that my Win/Loss ratio falls below the REQUIRED 70% for a period of 3 days, I will revert back to the prior contract size. (Current contract size less 2)

If I am trading a new Pattern, another Market or Timeframe, I WILL only trade 2 contracts for the REQUIRED period of time of 20 days.

Markets and Timeframes

The following are the Markets I will trade together with the chart timeframes to be used.

I WILL trade only 1 Chart, 1 Timeframe, 1 Market. (Other charts may be viewed, but not on the trading screen and these charts can not influence a trading decision on your trading chart.)

6E – 133T, this is the only market that may be traded before 9:40. It may be traded only from 7:00 to 9:15 being flat from 9:15 till 9:40 at which time it again may be traded until 1:00pm. Do not trade the 6E after 1:00pm.

YM – 133T

AB – 133T

At this time these are the only Markets I will trade, although I will watch other Markets for possible trading opportunities in the future. Only after careful consideration will I place other Markets on this page.

TESTING THE TRADING PLAN

In order to complete this trading plan for the total effectiveness of the plan, it must be tested.

If following the plan you find that your success rate is less than the desired 70% there is something in the plan that you have either not thoroughly tested or you are not following the plan as written.

Remember that the trades you have in this plan were to be tested to have a success rate greater than 70% together with the nuances you have found and written into the plan.

Always plot each trade on your charts in order to find if the nuances you have do not conform to the 70% or greater rule. If you find that the trades you are taking have in fact turned less profitable than 70%, you must find out why and review the nuances in order to return the trade to 70%. Stop taking the trade until this happens.

If you notice that these trades together with the nuances are still producing a win rate greater than 70%, you are doing the following:

1. Making trades up or NOT FOLLOWING THE TESTED NUANCES!
2. Entering before the specified time.

You **MUST**, in order to keep the success rate at the predetermined rate of 70%, always be aware that the only way that rate is less than the 70% is the above.

Stay alert to this at all times!

Crash Page

The following information **MUST** be available at all times to be used if there is a system failure.

Broker (Ray) xxxxxxxxxxxxxxxxxxxxxxxx
Phone Number xxx-xx-xxxx
Account Number – xxxxxxxxxxxxxxxxxxxxxxxx
Username – xxxxxxxx
Password – xxxxxxxx
Contact – xxxxxxxxxxxxxxxxxxxxxxxx

Broker (Deb) xxxxxxxxxxxxxxxxxxxxxxxx
Phone Number xxx-xx-xxxx
Account Number – xxxxxxxxxxxxxxxxxxxxxxxx
Username – xxxxxxxx
Password – xxxxxxxx
Contact – xxxxxxxxxxxxxxxxxxxxxxxx

Chart/Data Provider – eSignal
Phone Number – x-xxx-xxx-xxxx

Internet Provider – Comcast
Phone Number – 1-800- 266-2278
Account Number – xxxxxxxxxxxxxxxx