

Perry Playbook





The Perry Playbook: A Beginner's Guide to Day Trading

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Introduction

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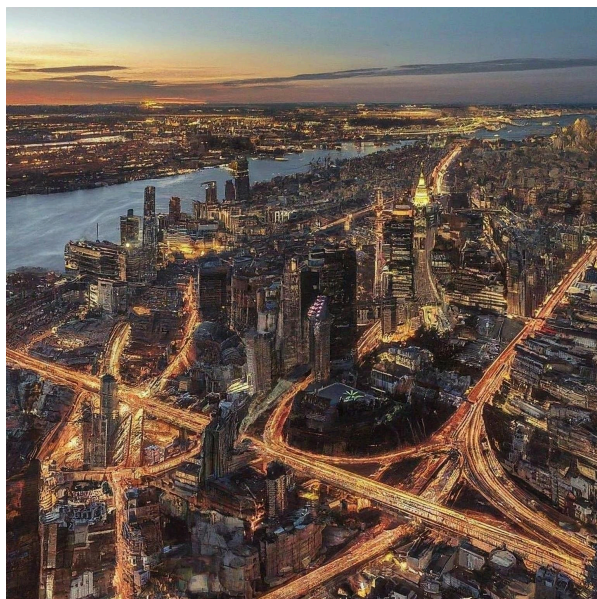
Welcome to the Perry Playbook, a comprehensive guide designed for aspiring day traders with zero experience. This playbook is structured to help you establish a solid foundation, focusing on essential concepts and strategies for building a profitable trading plan. Our goal is to guide you in extracting a consistent yearly income from the market, rather than treating trading as a hobby or a get-rich-quick scheme.

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“The stock market is a device for transferring money from the impatient to the patient.”

- Warren Buffet

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Trading Sessions

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Selecting the right trading session is crucial for minimizing distractions and maximizing focus. Here are the primary trading sessions to consider:

- **Asia Session:** 8 PM - 11 PM EST
- **London Session:** 2 AM - 5 AM EST
- **New York Session:** 8 AM - 11 AM EST

Choose a session that fits your schedule and allows you to trade with FULL CONCENTRATION.



Risk Management

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Risk management is the cornerstone of profitability in day trading. The objective is to keep losses small while targeting significant gains. Here are two examples illustrating different account sizes and risk management strategies:

Example 1: \$600 Account

- **Goal:** Earn \$1,000
- **Risk per Trade:** \$60 (10% of account)
- **Target:** 1:3 Risk-Reward Ratio (Risk \$1 to make \$3)
- **Required Winning Trades:** 6

Example 2: \$100,000 Account

- **Goal:** Earn \$1,000
- **Risk per Trade:** \$250 (0.25% of account)
- **Target:** 1:3 Risk-Reward Ratio (Risk \$1 to make \$3)
- **Required Winning Trades:** 2

Note: With a larger account, you can afford to risk more per trade AND require fewer winning trades to achieve your goals. Stick to your plan, and manage risk to avoid potentially devastating losses.

Market Structure

Understanding market structure is key to successful trading.

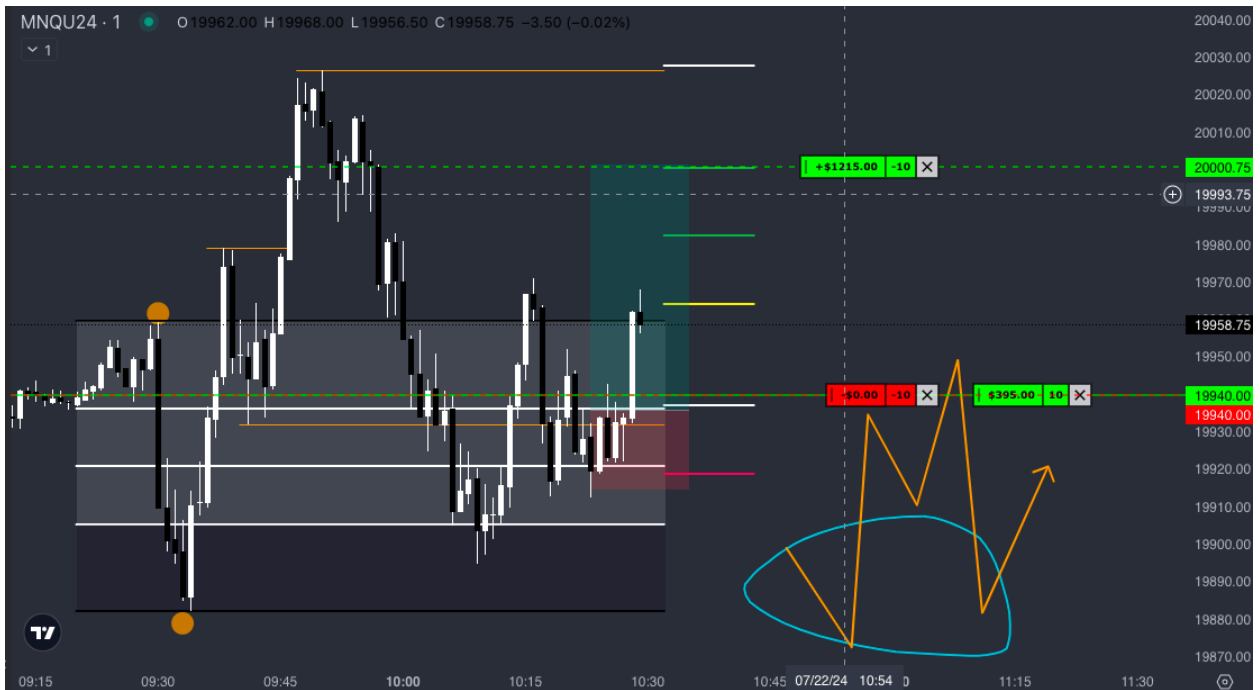
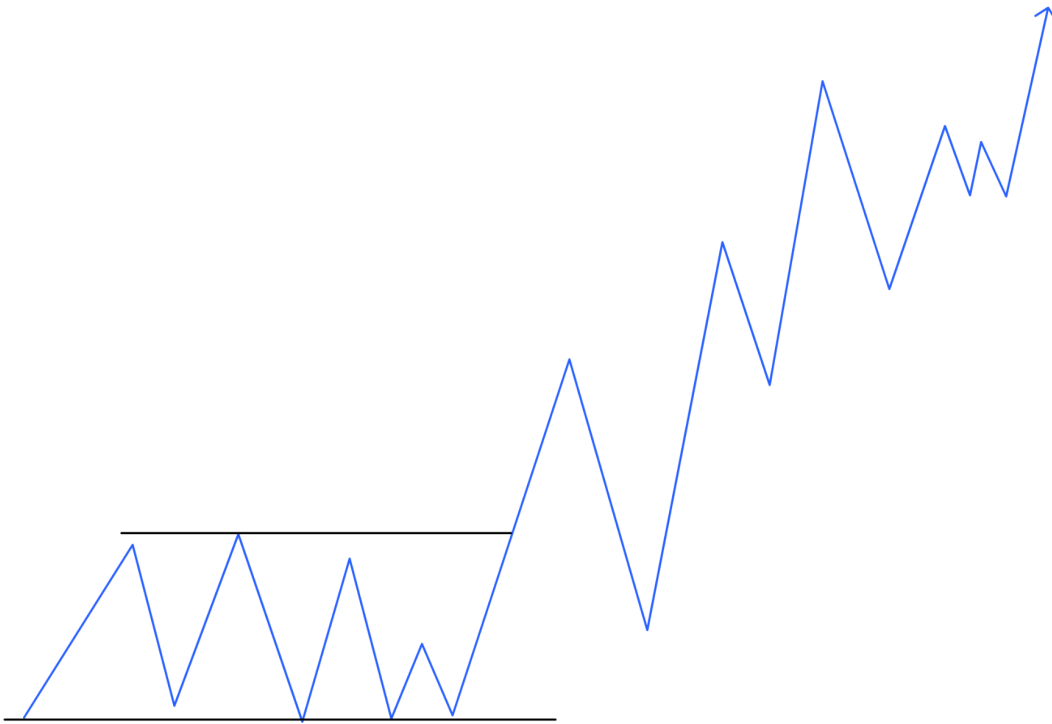
The market only can do one of three things:

Breakout - Pullback and Trend: Price breaks a level, pulls back, and then trends in the breakout direction.

Breakout - Pullback and Fail: Price breaks a level, pulls back, and then fails to continue in the breakout direction.

Breakout - Pullback and Establish a New Range: Price breaks a level, pulls back, and then establishes a new range

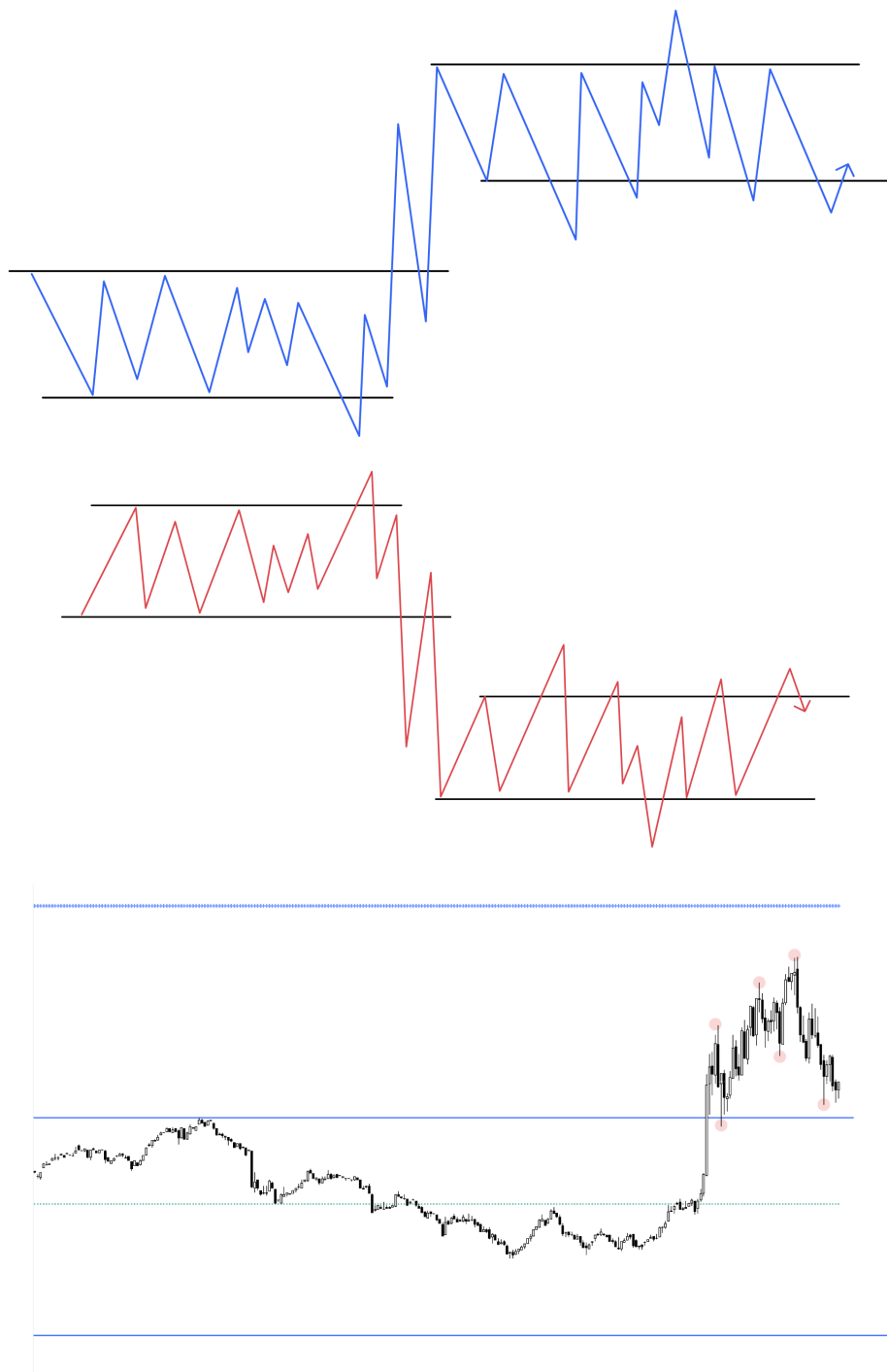
Knowing this and keeping this at the front of your mind before you enter the market will help you be on the right side of the market a majority of the time.



1. **Breakout - Pullback and Trend:** Price breaks a level, pulls back, and then trends in the breakout direction.



2. **Breakout – Pullback and Fail:** Price breaks a level, pulls back, and then fails to continue in the breakout direction.



3. Breakout - Pullback and Establish a New Range: Price breaks a level, pulls back, and then establishes a new range.

Universal Levels

For the sake of keeping this as simple as possible we will introduce the key levels to watch that are available to all traders who log on the screen EVERYDAY.

Universal Levels

1. Yesterday's High
2. Yesterday's Low
3. Yesterday's Closing Price

Here is a link to a indicator that will plot these points for you automatically

<https://www.tradingview.com/script/qDoBL478-Key-Intraday-Levels/>

Assignment: go to the charts and notice how price behaves around these levels horizontally, Take notes of any patterns you see.

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Weekly Template

Ideally I prefer to look at the weekly template on the 15 min, 30 min, or the 1 hr Time Frame. Whichever you find most comfortable to view the whole week as it develops.

Monday sets the high and low of the new week with Friday's High/ Low & Closing price acting as the boundaries

Tuesday is Day 2 typically expands the range in either direction in the frontside of the week

Wednesday is Day 3 and resets as the midpoint range of the week at close

Thursday is Day 2 on the BACKSIDE of the week

Friday is Day 3 and the closing range of the week

Paying attention to how the week is developing helps us as traders develop a sense of where price is at during the week enabling us to position ourselves to take advantage and get paid in the process.

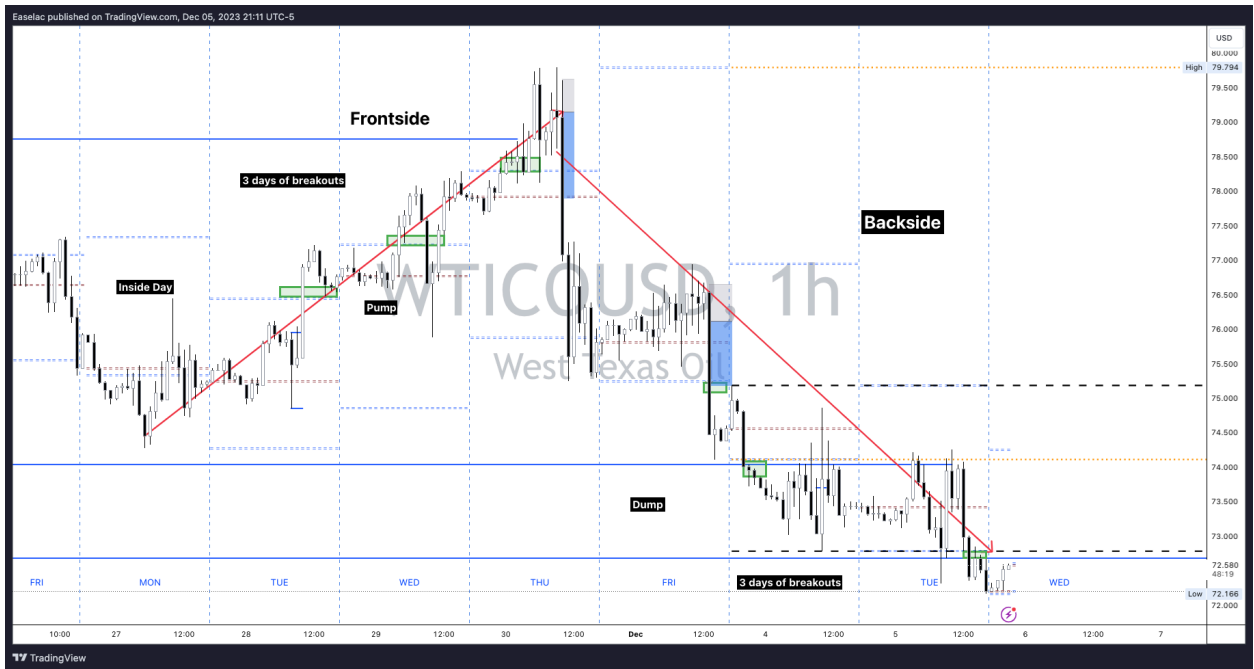
SIMPLE DAY TRADING

1) WEEKLY TEMPLATE

FRONTSIDE		RE-SET	BACKSIDE	
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
DAY 1	DAY 2	DAY 3 / DAY 1	DAY 2	DAY 3
OPENING RANGE	Typically EXPANDS THE RANGE	MID-POINT RANGE		CLOSING RANGE

WHAT TYPE OF WEEKLY TEMPLATE AM I IN?





TRADING IS MENTAL

In trading, it's crucial to resist the temptation to engage in impulsive behavior. The market operates with natural ebb and flow, and reacting impulsively to every minor fluctuation can lead to poor decision-making and losses. If you miss an entry at a particular level, simply wait for the next opportunity. Patience is a key attribute of successful traders; remember, "The market is an exchange from the patient to the impatient." This means that those who can remain calm and wait for the right setups are often rewarded, while those who act impulsively may find themselves at a disadvantage.

Trading is not a conventional job with a fixed 9-5 schedule. Unlike a traditional career where effort directly correlates with results, in trading, more trades do not necessarily equate to more profits. Instead, effective trading requires a strategic approach. Spending excessive time in front of the screen doesn't guarantee success; instead, quality of analysis and adherence to a disciplined strategy are what matter most. More screen time, if not managed well, can lead to burnout and hasty decisions. Focused and moderate screen time, combined with thorough backtesting and strategic live trading, helps refine your skills and develop a keen eye for the setups that work best for you.

Analogy: Trading as a Mental Sport

Consider trading as akin to a high-performance mental sport. Just as professional athletes dedicate themselves to rigorous training, practice, and continuous improvement, so too must traders. Imagine a professional basketball player. To excel, they practice their shots, study game footage, and maintain peak physical and mental health. They

don't just play the game; they dedicate time to honing their skills, understanding their strengths and weaknesses, and adhering to a training regimen.

Similarly, as traders, we must adopt a similar mindset. We need to:

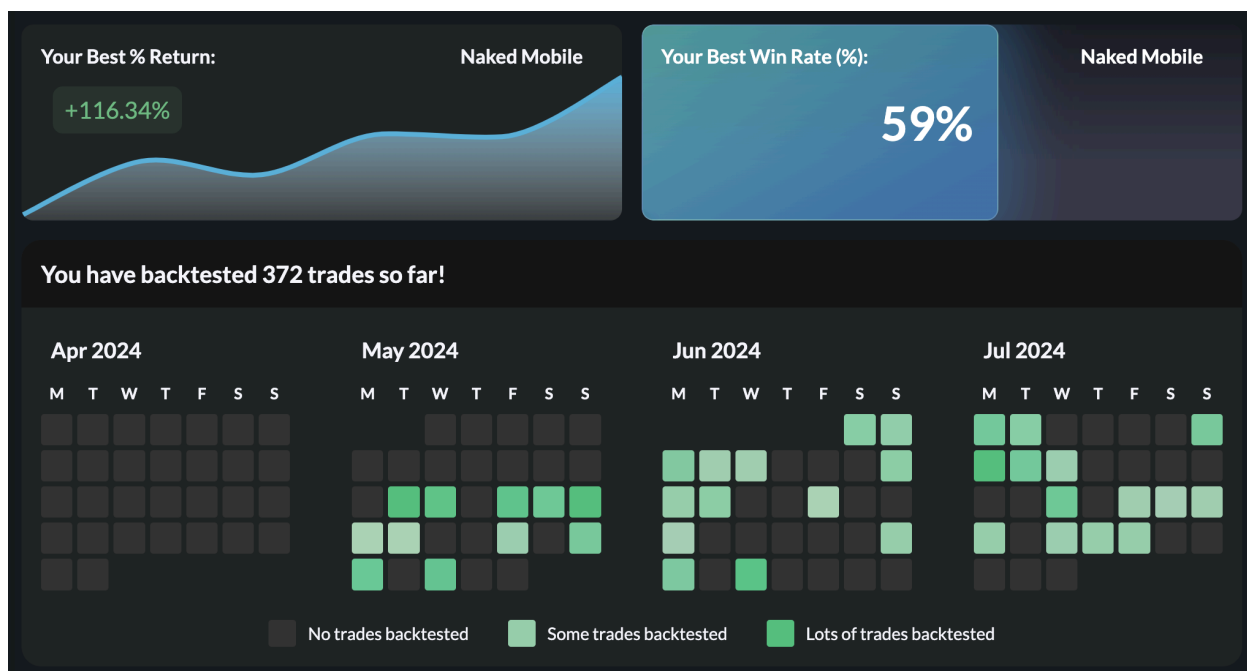
- **Commit to Continuous Improvement:** Just as athletes refine their techniques and strategies, traders should continuously backtest, review their trades, and adapt their strategies based on their experiences and market conditions.
- **Maintain Mental and Physical Health:** Like athletes, traders must ensure they are mentally sharp and physically well. This includes managing stress, getting adequate rest, and taking breaks to prevent burnout.
- **Stay Disciplined:** Discipline in sticking to a trading plan and avoiding impulsive decisions mirrors the discipline athletes exhibit in their training and game strategies.

By treating trading as a mental sport and committing to these principles, you will develop the resilience, focus, and strategic thinking necessary to succeed. Remember, success in trading, like in professional sports, is achieved through a blend of skill, patience, and unwavering dedication to your craft.

FINAL ASSIGNMENT

Continuous Improvement

Trading is a skill that requires ongoing refinement. Backtest extensively and document at least 150 trades with a positive win rate above 50% before transitioning to live trading.



Do the work, learn from your mistakes and take it one day at a time. This is a marathon that pays you from wherever you are in this world so long as you develop your skill as a trader and have a PLAN.

Begin your Career as a Profitable Trader

Begin Your Career as A Profitable Trader

Paths to Live Trading

Once you have successfully completed the final assignment and demonstrated a solid understanding of trading principles and strategies, you are ready to begin trading with live funds. At this stage, you have two primary options for entering live trading:

1. Trading with Your Own Capital

You can choose to trade using your personal funds through a trusted brokerage. One such option is **Tradovate**, a reputable broker known for its user-friendly platform and competitive pricing. (Note: This mention of Tradovate is non-affiliated and based on personal experience.)

Advantages:

- Full control over your trading account and decisions.
- No restrictions from proprietary trading firms.
- Potentially lower costs compared to some prop firms.

Considerations:

- Requires sufficient capital to manage risk and achieve your trading goals.
 - Involves the direct financial risk of your own funds.
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2. Leveraging a Proprietary Trading Firm

Alternatively, you may opt to leverage a proprietary trading firm. These firms provide access to larger capital pools, allowing you to trade with more significant positions than you might afford with your own funds. Some notable proprietary trading firms include **Apex Trader Funding** and **Topstep**, among others.

Advantages:

- Access to larger trading capital without using your own funds.
- Often provides structured training and support.
- Potential for higher leverage and more substantial trading opportunities.

Considerations:

- Carefully review and adhere to the firm's rules and terms, as non-compliance can lead to account termination.
- Proprietary firms often have fees and profit-sharing arrangements.
- **Apex Trader Funding** may offer discounts on their products; do not pay full price without checking for promotions.
- **Topstep** is recommended as a top choice, with **Apex** as a close second, based on personal preference and experience.

Important Note: Before committing to any proprietary trading firm, conduct thorough research. Understand their rules, fees, and trading conditions to ensure they align with your trading style and goals. Adherence to the firm's guidelines is crucial to maintaining your trading account and avoiding potential penalties.

By carefully selecting between trading with your own capital or leveraging a proprietary firm, you can embark on your live trading journey with a well-informed and strategic approach.

References / Inspiration

The Perry Playbook draws inspiration from several esteemed traders and resources who have significantly influenced trading strategies and practices. Below are the key references and sources of inspiration:

- Dr. Stacey Burke
Weekly Template, Simple Day Trading

<https://www.youtube.com/channel/UCuc-v67SncAwFjXlFtWRSQA>

Dr. Stacey Burke's work on the weekly template provides a foundational framework for understanding and navigating weekly price movements. His approach helps traders align their strategies with market cycles for more effective trading.

- Dave Teaches (DTFX) on X.com
-----> The Master Class Playlist

<https://www.youtube.com/@DaveTeaches/playlists>

Market Structure / Backtesting

Dave Teaches, known for his insightful discussions on market structure and backtesting, offers valuable guidance on understanding market dynamics and refining trading strategies through thorough analysis.

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- Tyler Moore (Tyllionaire)
Trading Mindset: "Trade or Die" Book
<https://www.amazon.com/Trade-Die-Master-Discipline-Market/dp/166787229X>

<https://www.youtube.com/@ChampionshipBallin>

Tyler Moore's book, "Trade or Die," explores the psychological aspects of trading, emphasizing the importance of mindset and discipline in achieving trading success. His insights help traders develop resilience and a strong mental approach.

These resources have been instrumental in shaping the principles outlined in the Perry Playbook. Their contributions offer valuable knowledge and strategies that can enhance your trading journey.
