

Interview with Greg Shrader Author of A Look at the Masters Trading

TW: Here are the statistics I got about your trading. You turned \$13,000 into \$2 million with a return of \$2,453% on your principal investments. More specific details can be found at www.tradersworld.com/shrader.

TW: This is very impressive. I have a couple of questions regarding these stats:

TW: Were there any losing trades?

GS: Yes, of course there were some losing trades. As you know even the great W.D. Gann had losing trades. However, I trade with very tight stops or buy undervalued options, so when wrong the losses are very small, and easily offset by the winning trades, so we didn't bother listing them.

TW: I noticed there were a lot of option trades. Why did you use options instead of stock?

GS: I like options better than stocks because of the leverage. With a stock, you might have a gain of 1-25 percent in a few days. With options, if you get it correct, you can see anywhere from 10's to 100's of percent gains, or more, in a few days, just like the trading tickets show.

TW: Did you use stops with these options?

GS: I almost always use a stop. Sometimes, when I'm trading the markets continuously, and I'm watching the trades all the time, I don't always place the stops with my broker, but instead just know about how much I'm willing to lose in advance of making the trade. I should probably always just place the actual stops instead of just watching the markets, since having your stops in place helps control risk, but sometimes I just make the call myself.

TW: How long have you been trading the markets?

GS: I started trading in 1998, so I've been trading about 10 years, and every year I become a better trader. I continually study more and end up learning different ways to look at the markets. If I live twenty years from now, I will still be leaning. One of the things I enjoy so much about the markets, is that there is so much you can learn.

TW: What is your background?

GS: I was a telephone technician and

contractor before I started trading, and used to wire entire buildings. I was also a paralegal for several years, and have worked as a legal strategist winning many difficult legal cases.

TW: As you know 95% of traders lose money in the market. In your opinion why is this so?

GS: W. D. Gann spent the equivalent of over \$300,000 on his research and education. He studied the markets all the time, almost obsessively, and he never quit learning. It was also reported that Gann spent 10 years studying the markets before he ever started trading. So it comes back to education. If you are willing to study hard and find the right books and courses that teach you the practical applications needed to trade, then you have a better chance of being a successful trader. If you take the time to study the important subjects like cycles, mathematics and market geometry, you gain a significant edge over the markets. In ways, it's like becoming a professional in any field, you spend time learning the craft and what works and doesn't. Eventually, you learn to apply the knowledge successfully.

TW: Why you are so successful over the many other traders who loose in the markets?

GS: I think there are a lot more traders that are successful than most people realize. There's a lot of traders out there that spend 80 hours a week studying the markets and learning all they need to become great traders. I think a lot of them reach success and we just never hear from them, because to them, they enjoy knowing that they have become the traders that they dreamed of being. We always hear about the guys that are lost in the markets, because they are quick to tell everyone how unfair the markets were to them, when the real problem was that they didn't invest the time and money to really learn how to trade before getting started. It took me years to learn where to find the right books and courses. I know this is hard for some people to understand, but learning from the Masters is different than buying a book or course from someone that's just a writer, and has never really traded the markets successfully. Most of the first

books and courses I bought were written by writers that had either never traded the markets, or never made any money trading the markets. Many of the really good traders have never written a book, so their work has remained unknown.

TW: Most of your trades look like they were swing trades. Is this the normal type of trading you do and why?

Yes, in a bull market, I enjoy the stock splits and the earning runs. They normally last about one to three weeks, then you wait out the next cycle. For myself, I enjoy finding the swing trades better than doing the shorter or longer trades.

TW: Do you day-trade and what are your thoughts about day-trading?

GS: I have day traded, it's like getting in a racing car, and you better hope the seat belt works. I have worked on systems to enjoy the high returns involved in day trading, but for me sometimes it's easier to find a top or a bottom in the markets and jump in and get out when I feel I've made a good return. Day trading is very hard, because of the noise at that level of the market. You do see a lot of my tickets lasting for a day, but I'm really not a day trader, I just know how to recognize strong trends, and I take advantage of them. I could be a day trader, but I prefer the more relaxed trading of a swing trader. There are great day traders out there, I'm just wouldn't consider myself one of them.

TW: What do you think about the many traders that day-trade the e-mini? Do you day-trade the e-mini? What are you thought about this?

GS: I think if I were going to day trade again, I would use the e-mini. It offers good liquidity, and you can use one or more contracts, so that you can manage your losses. Once you find the hidden vibration of the e-mini, it becomes fairly easy to trade.

TW: What about psychology. Many say that is one reason many trade. What do you think about that?

GS: I can see psychology taking a part in anyone's trading. It's like playing chess, you want to become the best, In trading, you have all the masters to play against. We older guys can't understand why kids are so addicted to video games, however,

if you really look at video games, for the gamer it's really the challenge of becoming the best and beating the game. In trading, it's becoming the best that drives us all. For the market makers and market specialists, it's showing everyone that they are the best, and can stay ahead of everyone else in the markets. For the normal trader, it's the reward of becoming the best, and reaping the rewards of trading, that keeps us working hard at becoming better at the markets.

TW: What is your thought on money management? Another reason many are said to fail? What do you do in this area?

GS: Money management is a skill that has to be learned. This is one skill you absolutely cannot afford to fail in! It's that simple.

TW: What do you think of computer oscillators such that are available on most trading programs?

GS: There are so many computer oscillators out there, but very few have enough instruction with them to really teach you how to use them. I think most can be helpful, but the problem is, they all have a learning curve which most traders never master.

TW: I know you have read many books and went to all kinds of seminars learning how to trade the markets. What are your thoughts on the following?

TW: What do you think of Gann trading techniques?

GS: I think Gann was one of the hardest working traders ever known. There is no question as to the fact that Gann will stand out as one of the greatest traders of all times. Most traders spend years trying to figure out how to use Gann's trading techniques. Those that have, become quite successful. It was Jerry Baumring who really first went in and studied all of the books and courses from Gann's era, and figured out which books and courses contained ample trading advice, and which ones had no value. Baumring then put together his own series of trading courses, which really guide you through the materials which have real value. Baumring gives you great insight into what Gann was teaching, but like Gann, he was veiled in his presentation of the material, so that you have to go in and learn yourself what Gann had spent thousands of hours learning. This learning experience is of great value, and not only makes you a deep scholar and better trader, but a better person as well.

TW: What are your thoughts of Elliott

Wave?

GS: Elliott wave can be quite useful to traders. It is the study of time cycles and gives a trader some insight into where the markets are at. When a trader buys a book for \$5.00 that claims to reveal the Elliott wave principles, he soon dismisses Elliott wave as having no real value. However, if properly studied, the Elliott wave becomes a very useful tool in a trader's arsenal. I think the best book I have read, bar none, on wave theory was written by Dan Ferrera, *The Spirals of Growth & Decay*, which takes a variation of Elliott wave theory further than anyone else ever has, so that we, as traders, can understand it better.

TW: What about Fibonacci?

GS: What most traders see in the trading books and programs on how to use the Fibonacci numbers in the markets is just not working, and it doesn't help anyone make any real trading decisions. What most traders don't understand is that the Fibonacci numbers were one of Gann's trading tools. Gann used the Fibonacci numbers in the markets to find turns. Once you see this system used the way that Gann used it, which is very different than what you have seen in most books and trading software, you're going to be in shock. Everyone who has taken the time to study my course and apply these methods to the markets, has emailed me and thanked me for revealing this to them. Like so many things in the markets that are misunderstood, once you learn them properly, they become easy. I won't tell you that these techniques have made everyone's hair stand up on the back of their necks, but I will say it has had that effect on several people who have read the course. A few of the traders that bought my course have written that they have missed this way of using the Fibonacci numbers for over 25 years in their studies.

TW: What about Financial Astrology?

GS: Financial Astrology is one of the most misunderstood trading applications out there. It is said that Gann wouldn't reveal that he was using Astrology in his trading in any of his real courses that he sold. It is part of what he was teaching his higher paying clients. The courses at that time were sold for \$5,000 each, which would inflation adjust to about \$300,000 each. You could buy his books and market letters much cheaper, and learn nothing about Financial Astrology. Most traders are too closed minded to except that Astrology works in all things, not just the markets. We are given the columns in the newspapers

that tell our love life, and they hit about once every ten years at being correct. The real science of Astrology is worth the time and the effort to learn. If you're trading, you should understand that if Astrology can tell you when the next President of the United States will be killed a hundred years in advance, then if properly studied, you would be able to find all the turns in the markets for a hundred years in advance. Unlike Gann, we live in different times. No one is going to carry us off in the middle of the night because we believe in Astrology.

TW: What about Andrews?

GS: Dr Andrews along with his friends Roger Babson and George Marechal found a method of looking at the markets in a very different way. They all became very rich in their day, making over Fifty Million dollars in the markets. In looking at their trading style, if you understand what they had learned, then all you have to do is wait for the signals, and when you get them, use stops in case you're wrong, and if you're correct, rake in the cash. There's really no other way to say it than that they had the keys to the bank. In Dr. Andrews letter to the Foundation for Economic Stabilization, it becomes clear that he felt that all traders should have the knowledge that he had learned in his market studies. He felt it was very unfair for some to have this knowledge while others didn't. Most traders have studied enough Elliott and market waves to understand that wave three is the largest, and the cash machine. If you can find all the waves threes in whatever market you're trading, life would be very different for you. You would be making Millions and Millions which is what Dr. Andrews and his friends learned. They knew with an 80% probability the direction of the markets. They also knew with that same probability how long the trend would last. This material is nothing like Gann's, nor anyone else's. They came up with a system from studying Sir Isaac Newton that gave them the keys to the market. For options traders this is a must learn. For other traders, if you really want to learn how to read a chart for the very first time, you have to learn this material. It should be noted that their systems worked then and they work in today's markets as well. In a hundred years from now these systems will still be present in the markets. **MAKING 50 MILLION DOLLARS IN THE 1960's WOULD BE LIKE MAKING A FEW BILLION TODAY. THINK ABOUT THAT!** My Level 2 Course will cover

the work of Andrews, Babson and Marechal, and help to make clear how their techniques worked, since they, like so many other trader's principles, have remained mostly misunderstood since their deaths.

TW: What are your thoughts on the stock market and its outlook?

GS: The markets are having quite a hard time of it lately. The Euro is in place and the Roman Empire is back together over seas. Only Ireland is a holdout. The reason we are going down so low in the markets is to prepare us to accept the new Amero. Once we give the Central Banks the power to control our currency, which, to me, they have already done, by selling credit to everyone that has filed bankruptcy, then having the American tax payer pay the bill. At some point, people will stand up to this invasion. Then America will become greater than it is today. So look for a bottom in 2013, and a sideways move into 2016, then the markets will begin to recover, and everyone will start making money again by just buying and holding stocks. Right now the only way most traders are going to make money is to start trading stocks, buying and selling them on a regular basis. Alternative energy seems to be the new Dell Computer. The winners are hard to find but they're still there.