



Book Review

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Winning the Day Trading Game: Lessons and Techniques from a Lifetime of Trading

New to trading? Not technically skilled yet? This is the book for you. It's not overloaded with charts and won't confuse you with technical jargon. Instead author Thomas L. Busby has stripped trading techniques down to the bare essentials. Limiting the amount of technical analysis and fundamental analysis, Busby simply outlines several key skills you need to day trade, often using personal stories to illustrate his points. (That's not to say that this author does not recognize the importance of analysis — there are charts — but he doesn't bombard readers with facing pages of multiple charts.)

For example, in order to emphasize the necessity of having a plan, he tells a childhood story about hopping a train to impress his older and, of course, cooler cousins. In his adolescent effort to impress, he clammed up on the train, riding it a few hundred miles from home and having to, by his father's order, take the Greyhound bus back home. The lesson? To have a plan when you enter a trade, otherwise you may end up far off course. Along with his personal stories, Busby has filled his book with basic trading information, including advice on timing, tape reading, controlling risk and the like, all easy-to-understand, essential information for new traders. He also offers a few tips and techniques unique to his own trading.

Before he delves into this, however, he discusses major losses he suffered after the crash of October 1987. Generally, trading books may discuss the author's mistakes here and there, but rarely do they devote entire chapters to it. Needless to say, Busby certainly wants to impress upon traders the lessons he learned from this mistake and how to avoid making such huge mistakes. He reviews the importance of persistence in spite of loss, and management of risk over the quest for profits.

With references to the crash of '87 experience peppered throughout the book, he goes on to describe the skills required for successful day trading. Some of the advice may already be obvious to most readers. For example, he says, "To make money when trading, it is essential to have liquidity and volatility." Even long-term investors, who merely stand on the sidelines of the electronic "pits" and watch the action on TV or read it on the web, know this. But, since he is covering the basics, Busby would certainly be remiss if he did not include this information.

Not all the trading advice he offers is as general, however. More specifically,

he identifies three trading time zones — prime times for day traders: 9:00 a.m.-10:15 a.m.; 12:30 p.m.-1:15 p.m.; 2:15 p.m.-2:45 p.m. In addition, for certain markets, he singles out key numbers — points at which a market tends to exert some amount of support or resistance. Although he offers a few numbers, some of which are historically based and some of which change based on the time of day (such as the 12:30 p.m. price for S&P futures), ultimately he recommends that a trader simply study a market he wants to trade and identify the “rhythm” of that market.

In addition, Busby offers readers his own brand of advice as well. For example, he relays his own strategy for day trading futures and equities: the three Ts. The three Ts are the tick, the trade and the trend. In the tick part, a trader liquidates a portion of his position with the goal of making a small profit such as three-quarters of a point or a point, making a few ticks of profit. In the trade part, he sets his profit target two to three points above entry and exits at a key point number of resistance, liquidating another portion of his position. For the trend part, if the trend continues in favor of his trade, he can ride out the last portion of his position, making a little extra dough.

All in all, Busby has crafted a book that seamlessly blends lessons of life with trading advice and tips, creating a text unique to him yet relatable to all.