ROB HOFFMAN: What we have are a couple of hours. The Money Show wanted me to ask how many of you are going to the lunch after this event. Okay, all right. That’s going to go ahead and be at 12:30 p.m. is my understanding. Those of you who that have lunch we’ll try to wrap up with a Q&A session a little bit earlier for you maybe, maybe feel free to ask questions as we’re going along just to make sure. There isn’t a necessity to race right out the door at 12:30 p.m. I suppose anyways but if you want to go ahead, head over to that, and try to get there early, let’s try to get your questions out of the way and try to be at least disruptive to the rest of the group as possible for the luncheon. Let’s go ahead and start. Everybody all situated here, great. The first thing I’d like to go ahead and; how many of you guys have watched me speak, or heard of me, or watched my nightly videos, or know anything about me at all just so I know who’s who; okay, all right, great. How many of you were at the live trading competition this morning? I remember you. We had a great discussion this morning about first hour, last hour, and then Droom (SP?), okay, great. How many of you didn’t know that I had a trading competition this morning? Okay, I remember Victor. We talked about that. It’s too bad. It would have been good for you guys to see that, especially with the sideways market that we’re in. It made it a much more challenging environment. Those are always good to learn from. What we’re going to do here is we’re going to spend the next two hours. I’ve got two setups and strategies I want to go through since there are several of you that may not have a lot of knowledge about me. We’ll try to go through some things about me as well to understand why you really need these two setups and strategies that I’m going to share with you today. Before I get going, how many of you intraday trade, trade intraday? Many of you do. You walked in with the lady right here, right? You keep her company, so she’s the boss. That makes sense. My wife’s the boss too. How about over here? How many of you swing trade? Then what do you folks do back there, long-term invest only or?

AUDIENCE: We do, just not anymore that much, not on a daily basis.

ROB HOFFMAN: Not involved that much on a daily basis? What you’re going be focusing on are my setups then for; are they the only long-term only investors? Is there anybody else that was long-term only?

AUDIENCE: All of it.
ROB HOFFMAN: You do all of it, all the above. Most everybody is either all the above, day trading, or swing trading, just one set of long-term investors only.

AUDIENCE: You mean not on a day basis.

INAUDIBLE.

ROB HOFFMAN: No, that’s fine but you know what, that’s more and more common, especially for people at the Money Show. That’s, of course, the most common as you can imagine. What I’m finding are more and more people at the Money Show as evidenced by the fact that you guys are here. A lot of them have other people manage their money. After 2008 going into 2009, people realized maybe I better know more about my own money and nobody’s going to care about my own money like I will. Maybe I better learn some more of these things myself, get a little bit more active in the market. With that being said, there’s still not; their dream wasn’t to wake up and all of sudden be a fulltime day traders. That’s completely understandable. You’re more of an in-between. You’re more of a tweener (SP?), not just long-term only. What we want to do is go ahead and let you guys know we’re going to talking a lot about profits and profit opportunities because I’ve won a lot of trading competitions. I won the one this morning. I was fortunate enough to. That won’t be list on the number of competitions wins that I had this morning because obviously, that would have been very presumptuous and highly inappropriate. This morning’s win was not listed on there but I was fortunate to win the trading competition this morning as well but trade involves risk, not just reward. If you like to trade options, there’re some great publications out there understanding what options are out there and what the risks are associated. I just like to let people know that. With that being said, I want to thank you guys for being here at this event with me. I’ll try to make it fun, entertaining, educational. Just so I know, for those of you who just walked in. Are you day traders, swing traders, long-term investors, or all the above?

AUDIENCE: Swing traders mostly.

INAUDIBLE.

ROB HOFFMAN: That’s good to know. I love momentum. As you’ll see, I’m a huge momentum guy. Objects in motion want to keep it in motion as long as possible. Again, in addition to the trade competition this morning, of course, recently Paris, France, Las Vegas, and New York. I won those. The trades I’m going to show you today were responsible for helping me win these trading competitions. That’ll be good. Also, some of you already started filling these out. They got the little box here but there’s a little sheet here. Each of you has four things. There’s a little form. Husbands and wives are welcome to both fill them out to increase your chances to win. If you guys want to fill it out because what we’re going to do is I’m going to be drawing for a couple of the DVDs here while we’re together so some of you will walk away with a couple of my setups and strategies before you walk out the door today. That will be fun. I always like to do those. As we talk about day trade, swing trade, and long-term investing, if you go to my website it says experience the power of the live trade room because that’s what I’m
know for is live trading, real money, just like I did this morning, right on the screen in front of people. That’s my things. In fact, actually one of my students, Tim, is here and he’s actually in my live trading room. People will get to come watch me do that live on the screen in front of them but everything I’m going to talk today about I cannot emphasize enough will be very appropriate. You know what; I’m going to take the lanyard off here because I think that’s bumping up against it. There’re a couple of people that couldn’t hear in the back so we turned on the microphone for them but let’s see if we can do this without making a lot of racket. You’ve also seen me. That’s why I’m on these big events with Martin Pring, John Bollinger, Ralph Acampora and that, obviously, notable longer-term people because my work works just as well on a swing trading basis and a long-term investing basis, although, I tend to use it mostly, obviously, on day trading and swing trading. This is my lovely daughter. I actually have a son in the United States Marine Corp. I was a child when I had a child. Then I finally grew up and got married a couple of years ago. My wife came from a huge family so I knew what I was getting into. I shipped one off to the Marine Corp and here comes a beautiful little girl. This is what she looked like when she was born. That’s my lovely wife. She couldn’t be here with us today. I’ve been traveling a lot the last couple of weeks, Dubai, India, Hong Kong, here this week. Next week, I’ll be in Italy. The following week I’ll be in Spain. She’s coming with me to Italy though. That was here. This is a little bit more recent picture of my beautiful little girl. She’s cute, isn’t she? She’s awesome. She’s eight months old now but this picture of her at 5 months, I just can’t get over it. I love to show it. What it is important to understand, though, is I was just like you. Tim made the comment earlier because I came out to Tim’s house, actually. He’d won a charity event that I did and I actually went to his house directly. He said, Rob, you’re just like personable. You’re just like us. Really, I am. My wife was in the ministry when I met her. She was making $10,000 per year working 50 hours per week for the church. We’re just easygoing people. We’re just like you. Before I got into this business, I was a teenager studying the markets. You’ll see the books in a minute but I worked two fulltime jobs and one part-time job in law enforcement. I couldn’t get in the military. My eyesight, what’s called the diopter rating if anybody’s an optometrist. The curvature of the eye was too long or too great. It was like negative 13. You couldn’t get into the military even with a waiver if was beyond negative eight. I couldn’t get into the military, so I went into law enforcement. I worked two fulltime jobs, one part-time job. These are my books. These are the actual books I checked out from the library when I was 15 years old. They’re part of my book collection now and my awards and everything else. The reason why you guys are really here is because of this. I’ve won all these domestic trading competitions, all these international competitions. Now again, I just won another one, which of course, it would have been highly presumptuous to put that on there before the competition this morning. I was fortunate enough to win the competition this morning as well. We’ll be adding to that, all real money trading competitions, live accounts, and done right in front of people. Just so you know what these competitions look like over in Paris, France. They’re really highly regulated, very intense events, and basically, you’ve got 16 traders representing their countries from around the world. These guys come to battle. You’ll notice here they have multiple computer screens. This guy had multiple computers. I’m sitting there with my one laptop, the same laptop I’m broadcasting on right now, the same laptop I used to win the trading competition this morning, one laptop. What is the moral of that story? You can have as many computers as you want, as many computer monitors as you want, as many indicators on as many screens as you want, but that does not make you a better trader. There’s a powerful story there.
My friend, Tim, here, when I went out to house, he won this trading competition. I do a lot of charity work. Anybody who donated $100 or more to St. Jude’s because this year we’re really supporting them. We’re raising a lot of money for them. Anybody who donated $100 or more got entered into a drawing to win me at their house for one day. He won me at the end of December. I showed up at his house. He had like 10 or 11 pages of charts. He basically needed to get through those 11 pages of charts before he can take a trade. Now, think about that for a moment. Talk about information overload. He would say he was either late to the party or he just would never get a tradeoff. Basically, by the time I was done with him after 24 hours we just stripped most of what he had off there and now, as he’ll admit, he’s a much more profitable trader. Here I am. I’m going against guys bringing multiple computers, 24” monitors. These guys just came in there with all their gear to trade against me and I still won. This is 2014. You can see what it looks like, these people. It’s a highly regulated event. This is what it looks like when you’re down to the final two. I got three judges standing over me. Basically, they don’t speak a lot of English. There’s this one word they keep repeating over and over; trade, trade, trade. They’re constantly in my ear asking me if I’m trading because what they have to do is, they have to record every trade you do on these easels back behind there. They’ve got to announce the trade. They call the trade so hundreds of people in this audience all get to hear the trade. They announce the trade right there in front of them and then it’s written up there to track all the way through the process and of course, each person’s screens are up there as well. What he’s doing, you can see his hand right there. He’s basically in my ear, trade, trade. A couple of times I’m like guys, maybe if you give me a few minutes I might get one off. Imagine that pressure. How many of you find it difficult if the phone rings, your husband or your wife comes in, the kids, the grandkids come in, your boss or colleagues at work disturb you, how hard it is to try to focus on getting a good trade. Did anybody every experience that? Now, imagine having three guys standing over you and then the head judge intimidatingly; that’s what he’s doing. You see it right there, no kidding. The moral of the story is you’ve got to have setups and strategies that are simple and that work under pressure. That’s what we’re going share with these two setups today. Fortunately, I was able to win that competition. I was the first American to win it back in 2012. No American had won it before me. The last American that had gone up to that competition before me was John Carter back in 2011. Unfortunately, we had a bad run of Americans getting blown out the first round. When I went over there, I was ranked number 16 out of 16 and they were kind enough to share that fact with me right before the competition started. Fortunately, I was able to win in 2012. I grossed about $3992.50 over the 12 hours. It’s actually six hours of trading time. It’s 1-1/2 hour trading round. Then there’s 1-1/2 hour break where I go do interviews and speaking things. Then I come back to the next four for another 1-1/2 hour. Then another 1-1/2 hour is speaking. It’s a 12-hour even but it’s actually six hours of actual trade time. Everybody starts out with a certified 50,000 euro real money account. I’ve got to bring my broker statements. The night before the event, I have to move money out of my one account to account for currency stuff the night before and then bring the certified documents and that. It’s a highly regulated event. In 2012, $3992 gross and in 2013, I only grossed $2400. The reason why is there were only three rounds. This was the Friday, if you guys remember, in 2013, September 2013, this was the sequestering. The government was about to go into sequestering the following Monday. We just had an F1C meeting that Wednesday. Between the F1C meeting and the sequestering, the market had just tanked and was volatile before the event here. Then the first round of that event they had to cancel it because their satellite feeds went down. That meant the
first round of the competition went from 16 traders down to four traders, no pressure. Last year here, this would be great for you guys to go back and watch. Because the setup I’m going to share with you today and a couple of the setups I shared with you guys last night for those of you that were able to come to my events last night, helped me win this trading competition this past year. What happened was the U.S. market was basically just dropping, retracing, dropping, retracing, and dropping. The trades I shared with people last night which are included actually in this DVD here, so a couple of you will walk away with that today and then the setups I’m going to share with you today were responsible for a lot of the trades. I did about 18 trades total. Six of those were more in the European market. I trade the DAX in crude oil, the DAX here, crude oil here. Then the Russell here was the bulk of it because you’ll see this trade is really great when you get a good trend going. I made about $4800 in the six hours of trading there. With that being said, I’ve got about 26 different key strategies for day trading, swing trading, sideways markets, up trending markets, down trending markets. The two I’m going to share with you today are the Hoffman Inventory Retracement Bars. I’ve written about this in International Traders Magazines and then reverse inventory retracements bars. I see the gentleman back there taking pictures or a camera. I’m not sure. Are you taking pictures or camera, or video I should say? Okay that’s fine. Anybody who wants to take pictures because there’s going to be a couple of slides here today that are going to important to remember, I would encourage you guys to take pictures. That’s perfectly fine. This particular side’s not that important. It’s just a lot of different trades. We’re going to showing two different types of trades in particular today that I want you guys to see. Last night, I focused on full spikes and then a little bit on half spikes mostly for the people that stayed after my event. I stayed with them and shared more about that. This has been featured, MarketWatch, different things like that. These trading competitions become a big deal around the world. That’s why they’re flying me over to Italy next week to actually host one of these events. Whoever wins those events will trade against me, a big event for this broker to garner a lot of business for them over in Europe. The theme is going to be; you might want to take a picture of this. This is the next thing, so we’re going to get into the setup here. You might want to take a picture of this as well. I hope the lights are not too bad for you guys. You guys can see the screen okay?

AUDIENCE: Can you send us a copy of the presentation because from here it’s impossible to-

INAUDIBLE.

ROB HOFFMAN: I’m not sure we’ve built that kind of relationship with each other yet. I would encourage you to take a picture for now. There might be a way. I guess make sure you fill out the thing. Maybe write a note on there of slides. Maybe we could get you a copy of some of the basic slides that have some of these hard to remember things on it but certainly for the short-term,
because I’m traveling so much in the next week or two, I’d like just to have the actual direct information. Let’s talk about setup number one. This is the text version and then I’m going to show you lots of examples. We’re going to show you lots of examples but this is the standard trade. This is one that I’ve written about in some big international trader magazines featuring different languages. Then I’m going to show you a really cool variation of this today that I don’t show publically. In fact, it’s only shared with my mentoring students. That’s a really cool that basically doubles the amounts of trades you get. It’s pretty nice. First things first, what is this trade? When I use the word trade, let’s be clear. I use this on an intraday basis in my live trade room on a two-minute chart, five-minute chart but I use it just as much on a swing trading basis for swing trades, options trades on a daily and a weekly chart. Then it also can be used, in fact it even says it there. It’s even when tried for trending markets to a strong fundamental analysis for investors. How many of you have ever, perhaps you two back there since you like long-term stuff. How many of you have ever sat, found a really great fundamental story. You read some article somewhere, heard about this great widget that’s coming out for this company. You make this investment in the company but then you end up sitting on dead money for three months, six months, one year waiting for everybody else to realize that it’s a great widget as well and a great company. Anybody ever have that happen? You buy into a stock and then you sit on that dead money for a while. I don’t know about you but in the volatile markets and the world we live in these days, I don’t like sitting on dead money. I really like my money being active and working for me. I’ve got a lot of funds in several different brokerage firms, which is another thing I always advise people, if possible, if you have enough money to do so because after MF Global, after PFG, companies like this, it’s important to spread the wealth, literally. I work with lots of different financial institutions. Going back to the investor comment for a moment, if you could get a great fundamental story but wait for wait for one of these really great momentum based breakouts. Then you have much a higher probability the trade will start working now versus having to sit there and hold the trade for several months waiting for something to come about with it. Tesla was a great example of this. When Tesla was just sitting there doing nothing for a long time. Then it started shooting up. In fact, I think I might have Tesla in here as examples. It started firing off all sorts of great singles with this on a swing trade basis both on daily and weekly charts. Whether you’re dabbling with your intraday or you’re doing your traditional long-term stuff, this will apply even to you folks back there. That’s what I wanted to let you know. How do identify this trade? Looking back over the last 20 periods, why is it 10 to 20 periods, because on intraday trades that may be a two-minute, or a five-minute bar. On my options trades, I’m not really much of a weekly options person, not that there’s anything wrong with it but I personally am just more of a multi-week options person. For me, that’s going on my daily and weekly charts. Looking back over the last 20 periods, whatever that may be for the trade timeframe you’re looking to execute off of, where the opens and the closes of the bars are approximately 45% or more off their high in an uptrend or 45% or more off their low in an uptrend. Those are the kind of bars we’re looking for. We call those signal bars. Ask ourselves, how much wick is showing. Is it approximately 45% or more? Let’s go ahead and take a look at what I’m talking about so we can visualize it and then we can move back to other stuff. In a downtrend, what I’m looking for is bars where the market comes down so it opens up. It comes down and goes back up. From the high to the low the bottom side of it is at least 45% or more wick. These are four individual unique examples. There isn’t like a four-bar pattern. These are four individual examples. The reason why I do that is I want you to see it doesn’t matter whether
the body of it is red, small red, big red, big green. It doesn’t matter. What does matter is the wick, 45% or more off the low in a downtrend. What I’m looking for, just so you understand, when you’re trading with Apple, especially when it’s a $500 to $600 stock, love to trade Apple then. I do 1000 share blocks of Apple, a lot of fun. Let me ask you, do you think my 1000 share blocks of Apple ever did anything to that stock? Nothing, zip, zero, nada, not a thing, never moved it. In all the times I’ve traded Apple my 1000 shares never moved it. For Apple to be coming down, even in a two-minute chart let alone a daily chart, but for Apple to be coming down to stop Apple in its tracks in a downtrend and then spike up, is that you and me doing that or is that institutional activity? It’s absolutely institutional activity. What I’m looking for is in a downtrend, I’m looking for where one or more institutions have temporarily come in with orders that not only stops the market from going down but actually drives it back up at least 45% off that low. Now, what I’m looking to do after that happens; remember what direction are we actually still in, what trend are we still in.

AUDIENCE: Down.

ROB HOFFMAN: Down, so now what I’m looking for is where that one or more institutions’ activity dries up, now the market’s free to go back onboard the original direction. In other words, what I’m looking for is the market comes down, it pulls back off the lows, rolls back down, and I’m looking to enter one tick or $0.01 below the low of that signal bar. I’m going to show you tons of examples of this in a few moments. I just want you to understand the general principal, the general concept before we go more in depth and do a deep dive. In a downtrend, I’m looking for bars that are 45% or more off their low. In an uptrend, I’m looking for exactly the opposite. In an uptrend, I’m looking for bars that are 45% or more off their highs. What’s happening is in the short-term, an institution, one or more institution, has come in with orders that not only stop the market but temporarily drive it back down. Then what happens is I’m looking for it; remember we were in an uptrend. I’m looking for it to go back up one tick or $0.01 above the high of this for the market to go ahead and push back on the original direction. Why is this important? Going back to these institutional, let’s talk about the sell side mistakes here. A lot of mistakes that retail traders make when the market is going down and down, we start thinking about shorting, right. We start seeing the market going down. It’s like hey; I’m starting to see a trend there. Maybe I should go ahead and take a short. What happens is when we start seeing all of sudden this market stop going down and actually start popping back up, you start seeing a bar like this, like whoa, whoa, good think I didn’t short, right. If I would have short that would have been another one of those losing trades. We stop thinking about shorting that bar. We stop thinking about taking that trade because that’s against what we were looking for. We’re looking for this to go down, so we see a bar that reverses back against the direction we think it’s going to go and that distracts us. How many of you have ever thought about taking a trade and you thought you saw a good trend, up or down, doesn’t matter, you thought you saw a good trend, the market started pulling back against the direction you thought it was going to go. You stop looking at it. You come back later that day, later that week, later that month and it’s way back on the direction you thought it was going to go. I knew it was going to that. Anybody here ever have that happen? That’s what we’re talking about right here. These short-term bars distract the sellers from wanting to sell. That’s the first retail trader mistake. Second is it’s giving buyers false hope who went long up above. Buyers that went long; anybody here ever counterrtrend trade that wants
to be honest about it? Some people are willing to admit it, good, appreciate that. Anybody else want to admit it? It’s okay. It’s all right. We can be honest. The thing is a lot of times it’s a natural reaction that people want to go ahead when the markets going down, the want to catch the falling knife but value investing. Well, I liked it at $400. I really love it at $300. You know how many people said that back in Enron and a handful of well-known companies. That’s what institutions were coming out saying. If you liked it at 80, you’ll love it at 50. We saw what happened. The point is that trying to catch that falling knife. The people that went long up above start seeing a bar like this. What do they start doing? Cheerleading it, right. Yeah, yeah, go, get back up, get back up, right? Anybody ever cheerlead a stock that was a loss and you’re hoping it’s going back your way? I hear some yeses in the crowd. With that being said, that’s the second thing that’s happening here is giving the buyers false hope. Then the last thing it’s doing is its stopping out those traders who are late, who needed the big, fast bars. The market is coming down. All of the sudden it whooshes to the downside here, big red bar, big red bar, big jump in short, then it turns right back around and whips them right out of the trade. Anybody here ever get into a trade right before it turns around and reverses. You feel like they were out watching me. They must have known it was I because I take that trade and it turns right back around and goes the opposite way. Anybody ever had that happen? That’s the three things that are happening to the retail trader in the midst of this strategy. What I’m doing is I’m using this strategy when I see this. If the market’s going down, I see this pullback. I’m not afraid to trade. I’m not hunting the trade. I’m now in trade alert mode. I’m looking for my setup. I’m looking for my entry. I’m going to show you lots of great examples. I’m going to show you actual trading examples from the international trading competitions and everything with that. I just wanted you guys to get a feel for what we’re talking about before we move on with this. That’s what I’m looking for. These signal bars. Looking back over the last 20 periods, I’m looking for bars where the open and the close are approximately 45% off their high in an uptrend or off their low in a downtrend. Where is my entry? Typically, it’s one tick or $0.01 above or below that zone. If the market’s in a downtrend, it pull back off the low. I’m looking for it to roll back over and I’m looking to short one tick or $0.01 below the low. In an uptrend, I’m looking to go long one tick or $0.01 above the high of that bar. Now, where’s my exit? I’m a big trail end fan. I’m going to show you how I trail in just a little bit. We’re going to actually show you examples of a sequence of how I do the trailing but I’m a big fan. My biggest loss in my trading career was a result of me going in and having a profit on the board and I was being a jerk for about $8000 more. I’d had a run for about 17 months where everything I touched turned to gold. It was like $5000, $10,000, $15,000, $20,000, up to $30,000-days for 17 months in a row. I decided to pick a day to go ahead and break all my rules, I had only a couple thousand dollars on the board, and I decided no, I want about $8000 more on that trade. What did I not do? I did not trail my profit. Anybody here ever go ahead and have a profit on the board, you wanted just a little bit more money out of the trade, so you waited a little longer, it turned around, went against you, and actually turned into a loss or am I the only person who ever had that happen? I’m seeing a lot of half-in. We can be honest in this room. They’re not recording, so you guys can be honest because the rest of you are either lying or you’ve only been trading for one week, one of the two. It’s human nature. It’s fear and greed. That’s what we’re talking about here. We’re talking about fear and greed. What I’m trying to do with this setup is identify that area where the retail traders are being hurt and then the market’s resuming that trend. I’m trying to point out all these little things that you’ve seen by saying have you ever seen this, did you ever experience that, so you understand yes, that’s me,
okay, I get it. You’re seeing it and then putting it into context of how this setup works around those things getting you to think more institutionally. Again, I just spent two weeks talking to institutional traders. I wish I had the time to talk about their mindsets. It’ll blow your mind. I just was in Dubai, India, and Hong Kong for two weeks. Now, next week I’ll be in Italy and the following week I’ll be in Spain. I speak to a lot of institutional customers all over the world and I get to see both sides. It puts me in a very unique spot. I win all these competitions. I speak to retail traders and I work with institutional. It puts me in a very unique position. Hopefully, you’ll value some of the things I’m sharing with you today so you can start thinking more in that institutional mindset. Where is my stop-loss? Stop-loss is typically one tick or $0.01 below the low or beyond the high of the signal bar or predetermined loss value. What do I mean by that? Here we have this example. The market’s going down. If it comes down, pops up off the low, now I need for it to roll back over one tick below the low here for me to go ahead and get short. Once I get short, I’m going to start a trailing sequence down but if just get right into this trade and it turns around and goes back up above the high of the same bar that I entered, then that’s the stop-loss. I’ll tell you a dirty little secret and you’re going to see it on the screen in a few minutes, the vast majority of the time, it won’t even go back up above 50% of the signal bar. Because when you’ve identified this properly, once that one or more institutions stops the market from going down, drives it back up, but the overall market it is in a downtrend, once it rolls back through that level, usually the market will whoosh to the downside because the object in motion will start to go back into the direction. The people who are long up above who are having all that false hope that it was going to come back up their way, they’ve finally come to realize I’m in big trouble and I’m going to stopped out and lose a lot of money. The people who are I knew I should have shorted, now they’re going back and chasing back into it. A lot of things happen when it comes back down. Usually, when it gets back down below, it should whoosh. At best, it should go up about 50% of the bar. Going all the way back up above the bar you know you’re dead wrong. If that happens, it’d be a full-blown market reversal. Now, why do I say the high of that bar which is very definitive or predetermined loss value? Imagine if this is a weekly bar, which I’m actually going to show you an example in Apple in a few minutes, that weekly bar, back when Apple was $600 per share, it could have easily been a $30 range bar. What if your risk trading plan on a swing trading basis only allows you to lose up to $10. You have two choices at that point. What are your two choices? Your stop-loss if you take the trade here is going to be $30. You have two choices at that point when your trading plan says you can only lose $10. What are your two choices?

AUDIENCE: INAUDIBLE.

ROB HOFFMAN: Exactly, Emil (SP?), no, don’t take the trade. Emil’s (SP?) absolutely correct. Don’t take the trade, or you have to stick within what your trading plan’s predetermined loss value rule is. Does that make sense? Those are your two choices. That’s why it says here predetermined loss value because if the high of that bar is beyond what your risk trading plan is, you only get two choices, no trade or you have to modify your stop-loss to fit within your trading plan. Don’t change your trading plan. That’s bad news.