



Market Trend News

REPORTING ON THE MARKETS SINCE 1993

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SPLK - WEEKLY CHART



Cisco to buy Splunk for \$28 Billion in Cash

[Cisco to Acquire Splunk, to Help Make Organizations More Secure and Resilient in an AI-Powered World]

Splunk closed at \$144.43US/share up \$24.84US/share on September 21st when the deal was announced.

Social media was quick to call out a possible insider trade when a person turned [\$22,000 into \$10 million] betting on Splunk .04 call options the day before the deal.

What other information security oriented firms will be taken out shortly? Security issues seem to be constantly in the news, most recently the hacked casinos in Las Vegas. Caesars Entertainment paid roughly [\$15 million in ransom], half of the \$30 million the hackers asked for. MGM Resorts refused to pay the ransom and has lost a reported \$52 million+. [MGM Gambles and Loses to a Cyberattack]

In our last newsletter I suggested maybe a bit of caution with Nvidia, the stock closed at \$416.10US on Friday, down \$65US in the last 3 weeks.

Have a great week!



INFO

INTERESTING INTERVIEWS & ARTICLES



Chat With Traders
Mind Your Business - Be Like An Employee · Mark Bennell

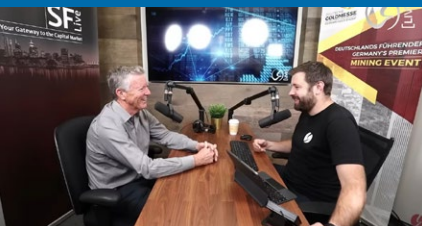
MIND YOUR BUSINESS
BE LIKE AN EMPLOYEE



Stansberry Research
Top Gold Insiders Debate the Coming Global Monetary Reset



Soar Financially
Billionaire: All Is Good for GOLD | Ross Beaty



Palisades Gold Radio
Christopher Aaron:
Gold and the Miners - Why Isn't There More Interest?

CHRISTOPHER AARON
FOUNDER OF GOLD ADVISORS AND LIFE PLANNERS

- METALS INVESTMENT 8:33
- SILVER & GOLD PRICES 8:35
- MINING & GOLD 8:38
- PRICE & WEAPONS 8:50
- CRYPTO AND GOLD 8:55
- SAVING & INVESTING 9:18

CHARTED: THE EXPONENTIAL GROWTH IN AI COMPUTATION

The rise of artificial intelligence over the last 8 decades: As training computation has increased, AI systems have become more powerful



The color indicates the domain of the AI system: ● Vision ● Games ● Drawing ● Language ● Other

Shown on the vertical axis is the training computation that was used to train the AI systems.

10 billion petaFLOP

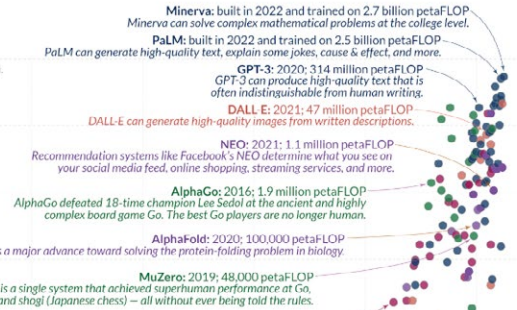
Computation is measured in floating point operations (FLOP). One FLOP is equivalent to one addition, subtraction, multiplication, or division of two decimal numbers.

100 million petaFLOP

The data is shown on a logarithmic scale, so that from each grid-line to the next it shows a 100-fold increase in training computation.

1 million petaFLOP

10,000 petaFLOP



BY: OUR WORLD IN DATA READ FULL STORY

RANKED: THE HIGHEST PAID CEOs IN THE S&P 500

Top Paid CEOs of S&P 500 Companies

These were the 20 largest CEO compensation packages that were reported in 2022.



BY: FRENY FERNANDES READ FULL STORY

THE 25 BEST STOCKS BY SHAREHOLDER WEALTH CREATION (1926-2022)

25 Best Stocks

BY SHAREHOLDER WEALTH CREATION 1926-2022

Out of 28,114 publicly-listed U.S. stocks, the top 25 have created nearly a third of all shareholder wealth since 1926.



HOW TO READ
Ranking



Hendrik Bessembinder of Arizona State University measured shareholder wealth creation in 3 steps:

- 1. Considered U.S. stocks from 1926 (or when the stock was first listed) until 2022 (or the delisting date).
- 2. Measured share price changes and shareholder cash flows, such as dividends and new share issuances.
- 3. Calculated the excess wealth generated compared to investing in 1-month Treasury bills.

Apple created nearly 5% of all shareholder wealth, rising from a market

BY: JENNA ROSS READ FULL STORY

INFO

INTERESTING INTERVIEWS & ARTICLES

Sprott

September 12, 2023
Webcast Replay

The Great Power Shift: Uranium, Battery Metals and the Energy Transition

Per Jander

Director, Nuclear Fuel and Investor Services

Steven Schoffstall

Director, ETF Product Management
Sprott Asset Management

Edward C. Coyne

Senior Managing Partner, Global Sales
Sprott Asset Management



Morning Coffee

September 25, 2023

The Stock Market is a **Strict** teacher. It punishes **Greedy & Fearful** students and rewards **Patient and Disciplined** students.

VISUALIZED: HOW MUCH METAL IS USED IN CLEAN ENERGY TECHNOLOGY?

How Much Metal is Used in

Clean Energy Technology?

Minerals are essential components in many of today's rapidly growing clean energy technologies—from wind turbines and electricity networks to electric vehicles.

Mineral Content of Clean Energy Sources (kg/megawatt)

Copper Zinc Nickel Manganese Chromium Molybdenum Rare earths Silicon Others



BY: TESSA DI GRANDI

READ FULL STORY

WHAT ELECTRICITY SOURCES POWER THE WORLD?

WHAT POWERED THE WORLD IN 2022?

Coal still leads the charge when it comes to electricity, representing 35% of global power generation in 2022, followed by natural gas at 23%, and hydroelectric at 15%.

ELECTRICITY SOURCES BY FUEL 2022



Nuclear energy saw the largest decline, 4% year-over-year, driven largely by shutdowns to perform critical repairs in France's nuclear fleet.

NON-RENEWABLE | 85.6%

+/- % = % CHANGE FROM 2021

BY: CHRIS DICKERT

READ FULL STORY

VISUALIZING MINING'S FOOTPRINT IN BRITISH COLUMBIA

Mining's Footprint in British Columbia

Canada's British Columbia (BC) is a global leader in the development of socially and environmentally responsible resources.

Mining only accounts for 0.04% of land use in BC but represents 7% of the province's Gross Domestic Product (GDP).

MINING LAND USE IN B.C. 0.04%

Over 54% of the province's total land is protected, making it one of the world's greenest mining hubs.

BC covers almost 95 million hectares (234 million acres), more than any European country except Russia.



REVENUE BY INDUSTRY
Canadian Dollars



BY: BRUNO VENDITTI

READ FULL STORY

THE CYCLICALITY OF EVERYTHING THIS HAS PROBABLY HAPPENED BEFORE.

BY: JACK RAINES
SEPTEMBER 14, 2023

YOUNGMONEY.CO



“Everything that happens once can never happen again. But everything that happens twice will surely happen a third time.” - The Alchemist

Last November, OpenAI shocked the world when it unveiled its new user-friendly LLM-based chatbot: ChatGPT.

“Artificial intelligence,” which was, for decades, a fringe topic of discussion for scientists, sci-fi enthusiasts, and others that can be collectively referred to as “nerds,” went mainstream overnight.

The reason? ChatGPT was the first piece of AI that a normal person could knowingly interact with, and it was incredible. I remember sitting in the back of a business school class last January tinkering with ChatGPT for hours, asking it all sorts of questions and prompts.

“Tell me an abbreviated history of Genghis Khan.”

“Give me 10 synonyms for the word peculiar.”

“Name 8 investors who made a huge profit by betting against the housing market in 2008.”

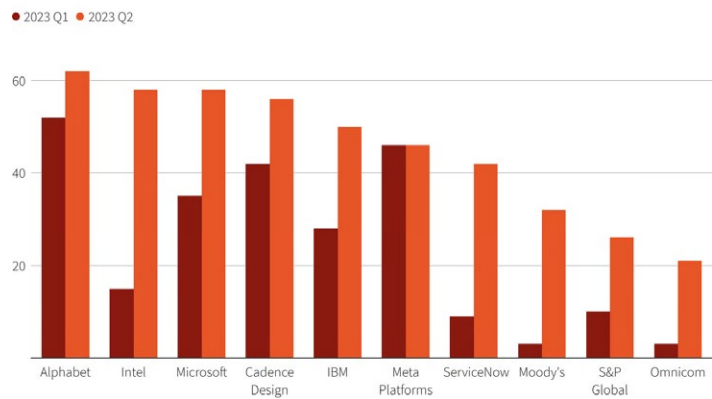
While ChatGPT wasn’t perfect, it was good. Really good. And I wasn’t the only one who thought so. As its popularity surged, ChatGPT headlines began dominating internet media:

By last April, the consensus was that ChatGPT, and AI as a whole, was going to permanently alter how everyone did everything. Every internal memo was going to be outsourced to the chatbots. AI was going to replace any job that could be automated. Writers and musicians were toast. Google was as good as dead, and so were Excel and PowerPoint! *Maybe that’s why Microsoft [invested \\$10B](#) into OpenAI.*

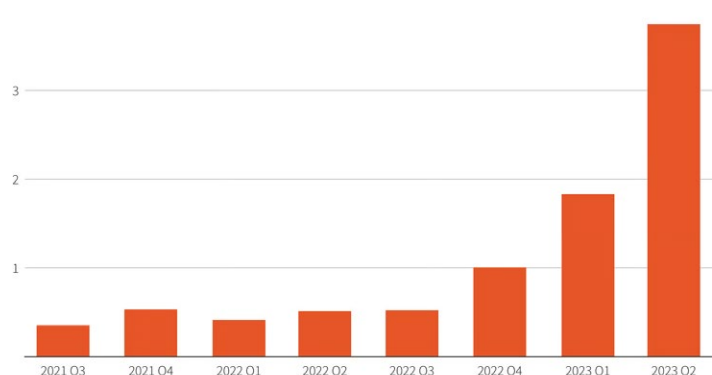
There was no point in learning to code (or write, or do basic arithmetic, for that matter), because LLMs could do it for you. University professors were screwed, as students would simply outsource every bit of their homework to the robot in their pocket.

Fortune 500 executives caught AI fever, and “artificial intelligence” quickly overtook “inflation” as the favored corporate speak buzzword in earnings calls:

Most 'AI' mentions in calls so far this quarter



Average number of 'AI' mentions per S&P 500 analyst call




Stanford News

How will ChatGPT change the way we think and work? | Stanford News

Since its public launch in November 2022, ChatGPT has captured the world's attention, showing millions of users around the globe the...

Feb 13, 2023

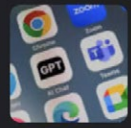


Forbes

How Exactly Will ChatGPT Change Work?

ChatGPT, the Metaverse and many other work- and life-altering technologies we'll see in the years ahead will send us on a wild ride.

Mar 22, 2023




The New York Times

The New Chatbots Could Change the World. Can You Trust Them?

This month, Jeremy Howard, an artificial intelligence researcher, introduced an online chatbot called ChatGPT to his 7-year-old daughter.

Dec 11, 2022



And everyone from Microsoft to [McKinsey & Co](#) wanted a piece of the AI pie. *Did you really think America's most prestigious consulting firm was going to miss out on billing a client \$50M for developing an "AI implementation strategy?"*

Startup founders pivoted their companies' focus to AI en masse, and venture capitalists, desperate to find the next OpenAI, were signing off on multi-million dollar term sheets for idea-stage companies.

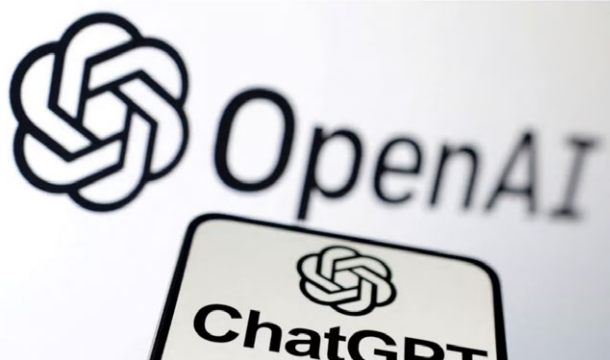
And then the funniest thing happened: **people got bored.**

According to analytics firm [Similarweb](#), ChatGPT traffic was down 3.2% in August, after declining 10% in both June and July.

ChatGPT traffic slips again for third month in a row

By Anna Tong

September 7, 2023 11:30 AM PDT - Updated 5 days ago



While ChatGPT will probably experience a resurgence this fall as students return to the classroom and expedite their homework via chatbot, it seems like talks of AI disrupting/replacing anything and everything have cooled down.

something like this:

- 1) A new technology comes out, and it looks promising.
- 2) The first companies in this new field make/raise a ton of money.
- 3) Those who invested in these first companies also make a ton of money and look like geniuses.
- 4) Everyone who heard about this first wave and missed the boat starts looking for ways to get in. Startup founders change the direction company, and investors adjust their funds' strategies.
- 5) The general public hears about this new technology, and the hype cycle hits its crescendo when completely unrelated parties crack under pressure and join the fun. ([Applebee's launching an NFT project is a good example](#)).
- 6) People get bored, the momentum dies down, and the attention goes elsewhere.

Rinse, repeat. This cyclicity exists everywhere.

The same investors who fell in love with Elizabeth Holmes seven years ago were fawning over Sam Bankman-Fried in 2021, because everyone wants to give their money to the next wunderkind startup founder.

Do you remember that scene from *The Big Short* where Steve Carrell is shocked that a stripper has taken out mortgages on five different properties? We witnessed the same phenomenon over the last three years as countless people who had previously never invested in real estate took out mortgages and loans at record-low interest rates to purchase apartments and self-storage units to lease as "passive income." This "passive income" strategy was all the rave on TikTok and Instagram until these new landlords had to deal with delinquent tenants, unit vacancies, and cities like New York cracking down on short-term rentals.

In 1998, every 20-something with a degree from a top-25 school chose tech startups over banking and consulting... until their stock options were wiped out and that cycle reversed. 22 years later, we watched this same labor cycle play out again.

Everything. Is. Cyclical.

Especially the things that are destined to "change the world."

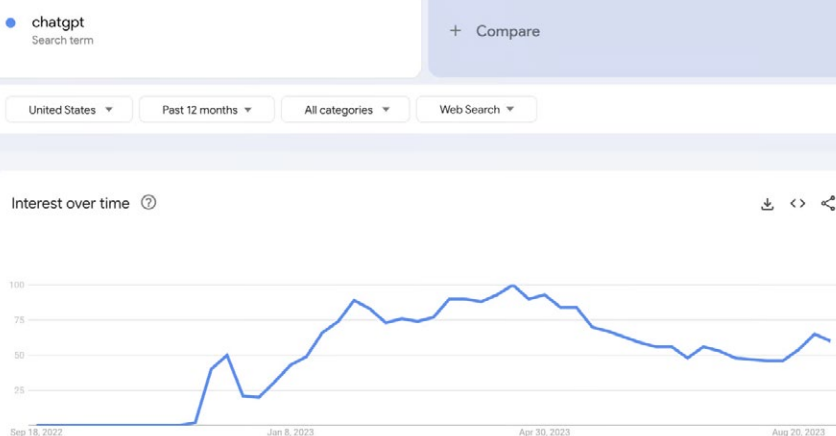
I swear, it feels like our memories get shorter and shorter as the internet and media force these cycles to play out faster and faster, and we run an increased risk of making the same mistakes time and time again because we are so quick to forget what just occurred.

My advice? If you do manage to find one of those rare things that isn't cyclical, never let it go. And if you have to play the cycle game, know when you're going to exit.

- Jack

Don't get me wrong, I'm bullish on AI as a technology, and I have personally had a lot of fun playing with ChatGPT, Dall-E, and other AI platforms, but the initial euphoria was a bit much.

In the tech/VC corner of the internet where I often find myself, the explosive growth and subsequent plateau/decline of AI's role in the broader cultural zeitgeist is the nth rendition of a market hype cycle that has included SPACs, crypto, and Web3, and that hype cycle goes




















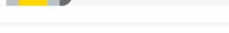


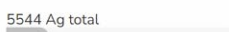


DRILL RESULTS COURTESY OF JUNIOR MINING HUB

Top Gold Drilling Highlights

News	Date	Company	Project	Au (g/t)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	9/5/2023	Mawson Gold Limited 0.305  -0.005 (-1.61%)	Sunday Creek	5.60*	374	404.4	2265 AuEq total 	\$91.05M	Victoria, Australia
	9/11/2023	Cerrado Gold Inc. 0.59  -0.01 (-1.67%)	Minera Don Nicolas	122.20	109	12	1466 Au total 	\$58.21M	Santa Cruz, Argentina
	9/7/2023	Collective Mining Ltd. 4.90  0.09 (1.87%)	Guayabales	2.67*	33.4	451.4	1205 AuEq total 	\$289.00M	Colombia
	9/14/2023	OceanaGold Corporation 2.75  0.01 (0.36%)	Haile	13.03	306.8	73.9	963 Au total 	\$1.94B	South Carolina, United States
	9/5/2023	Mayfair Gold Corp. 2.12  0.03 (1.44%)	Fenn-Gib Property	0.75	21.2	922.8	692 Au total 	\$195.15M	Ontario, Canada
	9/6/2023	Heliostar Metals Ltd. 0.245 0.00 (0.00%)	Ana Paula	6.46	118	98	633 Au total 	\$40.84M	Guerrero, Mexico
	9/11/2023	Snowline Gold Corp. 4.91  0.26 (5.59%)	Rogue	1.14	0	517.9	590 Au total 	\$669.57M	Yukon, Canada
	9/12/2023	West Red Lake Gold Mines Ltd. 0.64  0.05 (8.47%)	West Red Lake	70.80	387	8.3	588 Au total 	\$63.59M	Ontario, Canada
	9/5/2023	Catalyst Metals Limited Not entitled to data for CYL:AU	Plutonic	64.40	180	9	580 Au total 	-	Australia
	9/13/2023	New Found Gold Corp. 5.69  -0.07 (-1.22%)	Queensway	46.81	85.85	10.55	494 Au total 	\$1.03B	Newfoundland and Labrador, Canada

Top Silver Drilling Highlights

Use Control + To Zoom

News	Date	Company	Project	Ag (g/t)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	9/6/2023	Aya Gold & Silver Inc. 7.74  -0.01 (-0.13%)	Zgounder	1005	6	30	30150 Ag total 	\$915.22M	Morocco
	9/5/2023	Fortuna Silver Mines Inc. 3.845  -0.025 (-0.65%)	San Jose	1299*	301	9.9	12860 AgEq total 	\$1.13B	Oaxaca, Mexico
	9/11/2023	Dolly Varden Silver Corporation 0.68  -0.03 (-4.23%)	Kitsault Valley	418.00*	711.84	29.34	12264 AgEq total 	\$180.57M	British Columbia, Canada
	9/11/2023	Vizsla Silver Corp. 1.46  -0.03 (-2.01%)	Panuco	764.00*	657.1	11.2	8557 AgEq total 	\$309.83M	Sinaloa, Mexico
	9/6/2023	Reyna Silver Corp. 0.19  -0.01 (-5.00%)	Batopilas	616	21	9	5544 Ag total 	\$24.68M	Chihuahua, Mexico
	9/8/2023	Hercules Silver Corp. 0.255  -0.015 (-5.56%)	Hercules	54.10*	4.54	84.22	4556 AgEq total 	\$50.73M	NULL
	9/7/2023	Cartier Silver Corporation 0.31  -0.01 (-3.13%)	Gonalbert	49.19	347.1	44.76	2202 Ag total 	\$12.17M	Potosi, Bolivia
	9/12/2023	Ridgeline Minerals Corp. 0.18 0.00 (0.00%)	Selena	221.20*	119.5	7.3	1615 AgEq total 	\$16.40M	Nevada, USA

Equivalency values are provided by news release and are not verified by Junior Mining Hub. Drilling results are not true width, but core length. "From" is represented by the top of interval, or vertical depth reported in the news release. Please click the news release link to confirm values (these are not guaranteed) and gain additional context. Junior Mining Hub does not provide investment advice or instructions, products or services. It is essential that you should not rely solely on the information contained on the platform, including information shared by other users of the platform and services. Click here to see our complete [Terms of Use](#) and [Privacy Policy](#) Agreements.

Top Copper Drilling Highlights

News	Date	Company	Project	Cu (%)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	9/5/2023	Filo Corp. 20.05 -0.04 (-0.20%)	Filo del Sol	0.55*	42	1430	787 CuEq total 	\$2.63B	San Juan, Argentina
	9/5/2023	DLP Resources Inc. 0.48 -0.01 (-2.04%)	Aurora	0.66*	0	1002.55	662 CuEq total 	\$45.87M	Cusco, Peru
	9/21/2023	Brixton Metals Corporation 0.16 -0.005 (-3.03%)	Thorn	0.34*	87.65	1562.35	531 CuEq total 	\$62.86M	British Columbia, Canada
	9/11/2023	Metals Acquisition Corp 11.588 -0.0574 (-0.49%)	CSA	8.90	170.6	50.4	449 Cu total 	\$308.76M	New South Wales, Australia
	9/12/2023	Arizona Sonoran Copper Company Inc. 1.65 +0.02 (1.23%)	Parks/Salyer	1.78	324.3	194.8	347 Cu total 	\$177.71M	Arizona, United States
	9/19/2023	American Eagle Gold Corp. 0.24 -0.01 (-4.00%)	NAK	0.52*	45.58	661.42	344 CuEq total 	\$23.97M	British Columbia, Canada
	9/11/2023	Vizsla Copper Corp. 0.20 +0.015 (8.11%)	Woodjam	0.61*	136.9	293.2	179 CuEq total 	\$19.95M	British Columbia, Canada
	9/19/2023	Arras Minerals Corp. 0.185 +0.005 (2.78%)	Beskauga	0.27*	29	570.5	154 CuEq total 	\$12.33M	Pavlodar Region, Kazakhstan
	9/12/2023	C3 Metals Inc. 0.075 +0.015 (25.00%)	Bellas Gate	0.52*	64.1	285.9	149 CuEq total 	\$41.37M	Jamaica
	9/14/2023	Excelsior Mining Corp. 0.17 -0.005 (-2.86%)	Johnson Camp	1.68	3.96	79.55	134 Cu total 	\$48.10M	Arizona, United States

Top Li2O Drilling Highlights

Use Control + To Zoom

News	Date	Company	Project	Li2O (%)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	9/7/2023	Frontier Lithium Inc. 1.08 -0.02 (-1.82%)	PAK	0.92	220	86.5	80 Li2O total 	\$249.25M	Ontario, Canada
	9/19/2023	Li-FT Power Ltd. 7.72 +0.05 (0.65%)	Yellowknife Lithium	1.35	67	34	46 Li2O total 	\$300.98M	Northwest Territories, Canada
	9/6/2023	Li-FT Power Ltd. 7.72 +0.05 (0.65%)	Yellowknife Lithium	1.46	154	22	32 Li2O total 	\$300.98M	Northwest Territories, Canada
	9/5/2023	FE Battery Metals Corp. 0.46 -0.01 (-2.13%)	Augustus	1.29	161.5	23	30 Li2O total 	\$19.70M	Quebec, Canada
	9/13/2023	Lithium Ionic Corp. 1.97 -0.02 (-1.01%)	Bandeira	1.63	304	11.16	18 Li2O total 	\$233.19M	Minas Gerais, Brazil
	9/11/2023	FE Battery Metals Corp. 0.46 -0.01 (-2.13%)	Augustus	0.69	271.6	10.4	7.2 Li2O total 	\$19.70M	Quebec, Canada
	9/6/2023	Benton Resources Inc. 0.045 0.00 (0.00%)	Golden Hope	0.54	106.5	8.7	4.7 Li2O total 	\$6.75M	Newfoundland and Labrador, Canada
	9/20/2023	FE Battery Metals Corp. 0.46 -0.01 (-2.13%)	Augustus	1.43	180	1	1.4 Li2O total 	\$19.70M	Quebec, Canada

TRADE LIKE A CASINO FOR CONSISTENT PROFITS

BY: STEVE BURNS
MAY 1, 2023

NEWTRADERU.COM

The book [Trade Like a Casino](#) by [Richard Weissman](#) first explained using the casino paradigm for trading. His book has been one of the most influential books in my trading career. Let me explain what he taught me in his book.

It's commonly thought that traders are nothing more than gamblers; this is not true for profitable professionals. Most unprofitable traders indeed trade like gamblers. Most new traders enter the markets with no edge and rely on luck for profits while riding the gambler's emotional highs and lows. This isn't true for the consistently profitable professionals that use math, position sizing, and discipline in execution to create their statistical edge, much like casinos operate their business.

Casinos seem to have cracked the code when it comes to making money. They've developed a model that consistently generates profits while keeping their customers returning for more. This casino model can also be applied to the trading world based on positive expectancy. By understanding the principles of the casino model and implementing them in trading strategies, traders can consistently generate profits in the long run. This blog post will explore how applying the casino model to trading can lead to consistent profits.

II. Understanding The Casino Model

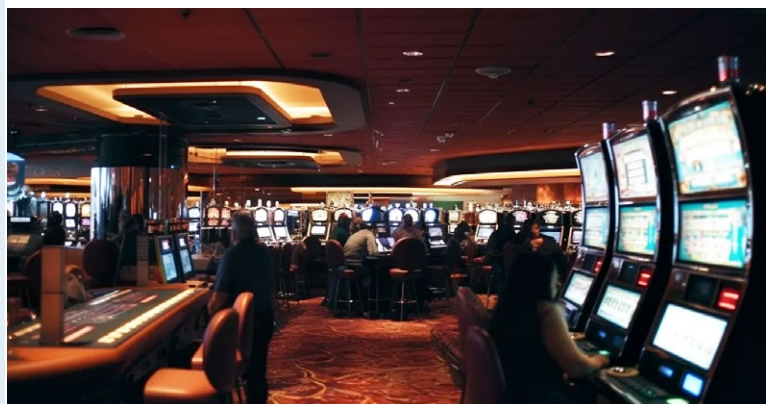
A. The House Edge

1. Definition And Examples

The house edge refers to casinos' mathematical advantage over their players. It ensures that the casino will profit over time, as the odds are always in their favor. For example, the casino's edge comes from the green zero slots in a roulette game. While players have a 48.6% chance of winning by betting on red or black, the green slot reduces their odds and increases the casino's advantage.

2. How Casinos Maintain A Positive Expectancy

Casinos maintain a positive expectancy by offering games with a built-in house edge. Over many games, the casino's edge ensures they will make more money than they lose. They also use risk and bankroll management techniques to control their losses and ensure long-term profitability.



B. Risk Management And Bankroll Management

1. Importance Of Controlling Losses

Casinos understand that to stay profitable; they must manage their losses effectively. They employ various strategies to limit their risk, such as setting betting limits and using surveillance to prevent cheating. Casinos can protect their profits by controlling losses and maintaining a positive expectancy.

2. Examples From Casinos

Casinos use several techniques to manage their bankroll. For instance, they set betting limits for each game and table to prevent players from winning too much in a single session. They also diversify their offerings by providing a wide range of games, which helps to spread the risk.

III. Positive Expectancy In Trading

A. Definition And Importance

Positive expectancy in trading refers to the average amount a trader can expect to win or lose per trade over a series of trades. It's a critical concept for traders, as it helps determine a trading strategy's long-term profitability. A positive expectancy means that, on average, a trader will make more money than they lose, ensuring consistent profits over time. Meaning the average win is bigger than the average loss to add up to making more money than is lost.

B. Components Of Positive Expectancy

1. Win Rate

The win rate represents the percentage of trades that result in a profit. A high win rate can contribute to a positive expectancy, but it's also essential to consider the risk-reward ratio.

2. Risk-Reward Ratio

The risk-reward ratio compares the potential profit of a trade to the potential loss. A favorable risk-reward ratio means the potential gains outweigh the potential losses, contributing to a positive expectancy.

C. Calculating And Evaluating Expectancy

To calculate expectancy, multiply the win rate by the average winning trade amount and subtract the product of the loss rate and the average losing trade amount. A positive result indicates a positive expectancy, which is crucial for long-term profitability.

IV. Developing A Trading Edge

A. Importance Of Having A Trading Edge

A trading edge is a trader's advantage over the market, allowing them to make consistent profits. Without an edge, trading becomes a game of chance, making it challenging to achieve long-term success.

B. Ways To Develop A Trading Edge

1. Technical Analysis

Technical analysis involves studying historical price charts and using various indicators to identify patterns and trends that can increase the odds of capturing future price movements. By mastering technical analysis, traders can develop a trading edge based on data-driven insights.

2. Fundamental Analysis

Fundamental analysis involves assessing a company's financial health, industry position, and overall market conditions to determine its intrinsic value. By identifying undervalued or overvalued assets, traders can develop an edge in the market and make informed trading decisions. There are strategies where position traders take long trades in undervalued securities, or a short position is overvalued securities for long-term mean version back to fundamental value.

3. Quantitative models

Quantitative models use mathematical and statistical techniques to analyze historical data and identify patterns that can calculate the odds of future price movements. Developing a trading edge using quantitative models requires a strong understanding of market data and [creating algorithms](#) that can effectively identify profitable opportunities.

V. Risk Management In Trading

A. Position Sizing

1. Definition And Importance

Position sizing refers to determining the number of shares or contracts to trade based on the trader's risk tolerance and account size. Proper position sizing is essential for managing risk and preserving trading capital.

2. Techniques For Calculating Position Size

There are several methods for calculating position sizes, such as the fixed-percentage method, which allocates a fixed percentage of the trading account to each trade, or the fixed-dollar method, which allocates a fixed dollar amount to each trade.

B. Stop-Loss Orders

1. Importance Of Limiting Losses

Stop-loss orders are critical for risk management, as they automatically close a trade if the price reaches a predefined level, limiting the trader's losses. They help traders stick to their risk management plan and prevent emotion-driven decisions.

2. Types Of Stop-Loss Orders

There are various stop-loss orders, including market stop orders, which close the trade at the next available price and limit stop orders, which close the trade at a specific price or better.

C. Diversification

1. Benefits Of Diversification In Trading

Diversification involves spreading risk across various assets, sectors, or trading strategies, reducing the impact of a single poor-performing strategy or security on the overall portfolio. This risk management technique can help traders maintain more consistent performance and protect their trading capital. Casinos diversify their risk across different games, gamblers, and bets.

2. Techniques For Diversification

Traders can diversify their portfolios by investing in different asset classes, such as stocks, bonds, commodities, and currencies, or by using various trading strategies, such as trend-following, mean reversion, and breakout trading.

VI. Bankroll Management In Trading

A. Importance Of Protecting Trading Capital

Protecting trading capital is crucial for long-term success, ensuring traders have enough funds to continue trading and recover from losses. Traders like casinos must manage position sizing, stop losses, and volatility to avoid the risk of ruin.

B. Techniques For Bankroll Management

1. Fixed-Fractional Position Sizing

Fixed-fractional position sizing involves allocating a fixed percentage of the trading account to each trade, ensuring the risk is proportional to the account size.

2. Fixed-Dollar Position Sizing

Fixed-dollar position sizing allocates a fixed dollar amount to each trade, regardless of the account size. This method is more straightforward but can result in a disproportionate risk if the account size changes significantly.

3. Kelly Criterion

The [Kelly criterion](#) is a mathematical formula that calculates the optimal position size based on the trader's win rate, risk-reward ratio, and account size. It aims to maximize the trader's long-term growth rate while minimizing the risk of ruin.

VII. Evaluating And Adjusting Your Trading Strategy

A. Importance Of Regular Evaluation

Regular evaluation of trading performance is crucial for identifying areas of improvement and making necessary adjustments to maintain a positive expectancy and consistent profits.

B. Techniques For Evaluating Trading Performance

1. Expectancy Ratio

The expectancy ratio compares the average profit per trade to the average loss per trade, providing an overall measure of the trading strategy's effectiveness.

2. Profit Factor

The profit factor calculates the ratio of gross profits to gross losses, indicating the overall profitability of a trading strategy.

3. Maximum Drawdown

Maximum drawdown measures the most significant decline in the trading account's value from its peak to its lowest point. It helps traders evaluate the risk associated with their trading strategy and determine if adjustments are needed. This can be seen in the backtesting of signals and real trading results.

C. Adjusting And Refining Trading Strategies

Based on the evaluation of trading performance, traders may need to adjust their strategies to maintain a positive expectancy. This may involve refining entry and exit signals, modifying risk management techniques, or diversifying the systems further.

Key Takeaways

1. Emulate the casino model: Apply the principles of the casino model, such as maintaining a positive expectancy, risk management, and bankroll management, to your trading approach.
2. Develop a trading edge: Utilize technical analysis, fundamental analysis, or quantitative models to create a data-driven advantage in the market.
3. Manage risk effectively: Implement proper position sizing, stop-loss orders, and diversification to protect trading capital and ensure consistent performance.
4. Continuously evaluate and adjust: Regularly assess your trading strategy and make necessary adjustments to maintain long-term profitability.

IX. Conclusion

The casino model offers valuable lessons for traders seeking profitability. Traders can emulate casinos' successful business strategies with a non-emotional math-based approach. As with casinos, the key to long-term success in trading lies in developing and maintaining a disciplined approach. By continuously evaluating and adjusting trading strategies, traders can stay ahead of the market and achieve consistent profits

By: Steve Burns

“If you can't sleep at night because of your stock market position, then you have gone too far.”

- Jesse Livermore

“Value Stocks are about as exciting as watching grass grow. But have you ever noticed how much your grass grows in a week?”

- Christopher Browne

ORDER TYPES


Buy LIMIT
Order is placed below current price

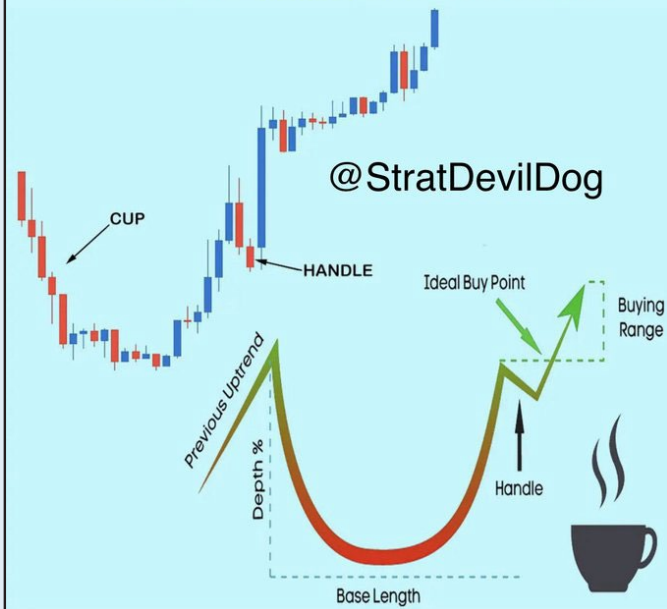

Buy STOP
Order is placed above current price


Sell LIMIT
Order is placed above current price

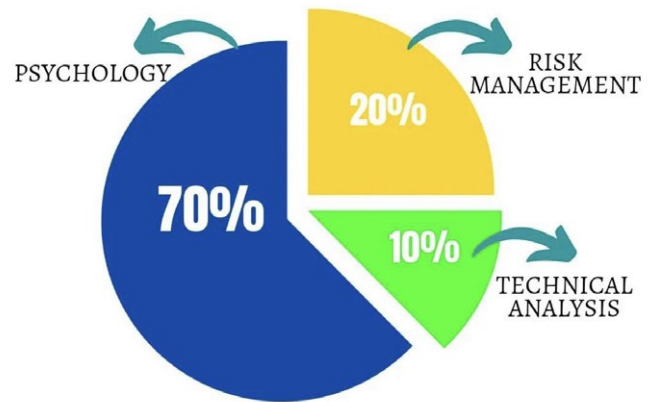

Sell STOP
Order is placed below current price

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A COMPETITIVE ADVANTAGE IN TRADING CAN'T BE BOUGHT

BY: CORY MITCHELLS

SEPTEMBER 14, 2023

TRADETHATSWING.COM

A competitive advantage is not a strategy but rather an ability to confidently overcome, adapt, and strategize. It is adaptive tenacity; a personal trait that can't be bought.

Most people think of a competitive advantage as a strategy. "If I learn this price pattern or indicator I will be rich."

That isn't quite true.

Things change, in our lives and in the markets, so a competitive advantage needs to be able to carry us through those changes. A competitive advantage is an ability to adapt to what comes. A strategy helps us do that, but strategies can also stop working. A trader's career doesn't just because something stops working, they keep working and pushing forward...

Competitive Advantage in Trading is Not a Strategy

In trading, you need a competitive advantage. You are trading against others. Every time you buy someone is selling to you, thinking they are smarter, and vice versa. And most of the market is composed of people/companies (hedge funds, mutual funds, companies running algorithms, full-time traders, etc) who trade for a living and who are very good. They have a competitive advantage over you for the first years of your trading journey; [this is why most traders lose](#) early on.

Strategies change, or become better or tougher to trade in some environments. So a strategy isn't a competitive advantage in and of itself.

When I started out [day trading stocks](#) I pulled several hundred thousand out of the markets using a particular strategy. It worked for a few years, and then it totally died. The profit potential was gone. I had to come up with something else. It was a hiccup, but not the end of the road. I just altered my method to suit the new conditions.

Therefore, a competitive advantage isn't the strategy, because a very profitable method can disappear. Here are some ways that could happen:

- Market conditions change
- Regulations change or market access is restricted or changed
- Broker costs make a certain way of trading impossible
- Leverage gets cut, eliminating a way of trading that used to be viable (recent occurrences in forex).
- Restrictions or account minimums are placed on certain types of trading

- New taxes are introduced that eliminate the edge of a strategy
- A company goes out of business and you no longer have access to data that your strategy was reliant on
- How data is disseminated changes
- Accounting guidelines change making it harder for fundamental traders to analyze stocks

These things all happen. I have traded through many such changes since 2005, and expect a lot more in the future—events or changes that alter how I trade.

Or the change may be in your own life:

- You have a baby and can't trade at the same time
- You get a different job that changes your schedule
- Move cities or countries which changes the time or market you trade

The list goes on. THINGS CHANGE!

It is the trader's [ability to adapt to changing market conditions](#), and to alter their strategies (or know [when not to trade](#)) to those conditions, that gives them a competitive advantage. Competitive advantage is a personal trait...learned and forged within. Despite what the marketers would have you believe, competitive advantage can't be bought.

That is why some traders may thrive for a year or two, but then blow up. They fail to adapt. Some programs or strategies you buy will work amazingly well, but usually, it is created by someone who hasn't traded very long (less than five years) and so they have no idea how to adapt the strategy/program when conditions change. They have no idea how things could change. It quickly goes from working great to losing all your money.

A Competitive Advantage in Trading is the Ability to Confidently Adapt

Having traded as a career since 2005, I still know there are tough market conditions I have not lived through. Yet, I am always thinking about ways to trade in these tougher environments in case they arrive, and attempt to build those ideas into my strategies/risk management.

That's my competitive advantage...knowing that what works today may not work a month from now, and planning for that.

[Building and improving discipline](#) is another competitive advantage. It doesn't matter how well we trade if we can't control ourselves and end up losing it all in a fit of rage.

Discipline is a competitive advantage forged within; no one else can do it for us.

I also try to create strategies that work well in different market conditions. For example, [double consolidations](#) occur after a pullback and mark a potential turning point, a [cup and handle](#) occurs later, contraction patterns occur after that, and when the ascent is less vertical we tend to get [trend channels](#).

Different strategies for different conditions, but all share similar characteristics, like only trading strong stocks, and [only swing trading stocks when conditions are favorable](#) for doing so.

In itself, strategy is a good thing, and along with discipline, it forms a solid foundation for trading. ...the system may work, although it would be difficult to predict for how long and to what scale. To win big, there needs to be more: a certainty that allows a trader to trade with a winning confidence. That certainty is a competitive advantage.
— *Currency Kings*

Confidence comes from overcoming things that are tough, and putting in the work to know that what we are doing works. I try to [help my students](#) with this, by getting them comfortable with their strategies (whether based on my strategies or their own), and executing those strategies well.

This speeds up the process, even though it still takes time. Yet, ultimately, if they never trust a method, they won't trade it well. Maybe they need to vary it slightly so it suits their beliefs of what a great strategy is.

The nice thing is that confidence doesn't have to be there initially. And it probably shouldn't be when starting out. Misplaced confidence can be a very dangerous thing in the markets! By taking proper steps and seeing ourselves do something well, confidence will come.

Think about an area of your life you are confident in, because you have worked at it diligently. You don't question yourself much in that area of your life, you just know you can handle what comes. Maybe you're really good at your job. Things change every day, and there are always different situations to handle, and yet you do it. You adapt and use your strengths and confidence to get it done. That's a competitive advantage, and that is where we want to get to with our trading. [Our strategies and our psychology align](#) so that we feel prepared for anything.

Each person needs to agree with themselves that they will do the work to become confident (and stay confident) in that method and that they will build the discipline to execute it well, always.

Most people never make this agreement. They just hop from system to system, never becoming confident or good at trading them. They are constantly questioning themselves, instead of looking to the charts for answers and data that will help them build the confidence they need and alter the strategy to something that works for them.

At some point, you have to say to yourself "I have put in the work. I GOT THIS!" and trust yourself to execute...on your own. If you need other people's assurance for a trade, you aren't trading confidently, so you probably won't trade well. If you don't know when a strategy should or shouldn't be used, or how it adapts...find out, ask questions, look through charts to find out.

Asking someone definitely speeds up on the process...but confidence won't come till you start doing your own verification and homework. Studying charts and writing down what you find WILL build confidence because you see with your own eyes how things work.

Building and Keeping a Competitive Advantage

A few of my favorite books on building and keeping a competitive advantage are:

- [Trading in the Zone](#) by Mark Douglas
- [Think and Trade Like a Champion](#) by Mark Minervini
- [The Art of Thinking Clearly](#) by Rolf Dobelli
- [Van Tharp has many great courses and books](#) on working on the internal aspect of trading, which will help with building and keeping a competitive advantage.

After trading for some time, many people notice that when everything else in life is going well, so is trading. Trading results often reflect what is happening inside of us.

Hit the gym, eat well, [meditate](#), get some coaching, or attend positive/helpful workshops, sit and just think, take breaks from social media and technology, and/or spend time outside.

All of these things help us feel better. They make us more mentally nimble and responsive to act on our knowledge which we should be expanding to learn about how conditions may change (researching history is a good start) and how we can adapt to changing conditions. This is a constant task, and successful traders adapt well because they expect and plan for change.

Interested in learning how to crush the EURUSD in two or less a day (can also trade longer)? The [EURUSD Day Trading Course](#) has strategies, tactics, exercises, and mental work to get you trading in top form...but as discussed in the article, you need to put in the work to get confident in the methods and your own ability to trade.

By Cory Mitchell, CMT.

Disclaimer: Nothing in this article is personal investment advice, or advice to buy or sell anything. Trading is risky and can result in substantial losses, even more than deposited if using leverage.

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Links

Tradingview

Tradingview is an excellent online charting platform as well as a social network for traders and investors to exchange ideas.

Glossary

Diamond Hands

Slang term for an investor who is ready to hold a position for the end goal, despite the potential risk, headwinds and losses.

Doji Candle

Doji Candles look like a cross because the financial instrument's open and close for the time period are close to equal.

Fibonacci Retracement (Fib)

These are levels in the chart where support and resistance are likely to occur. The levels are 23.6%, 38.2%, 61.8%, and 78.6%. 50% is often added but is not an official level. The levels are calculated from two points chosen by the user, usually an extreme low and an extreme high.

FLEM & DHEM

Fixed Loop Electromagnetic and Down Hole Electromagnetic Surveys

FOMC

The Federal Open Market Committee consists of 12 members and is the U.S. Fed's monetary policy making body. It is responsible for formulation of a policy designed to promote stable prices and economic growth.

FOMO

Fear Of Missing Out

Naked Shorting

It is the illegal practice of shorting stock that is not borrowed.

Nonfarm Payrolls

Is an official statistic released by the U.S. department of labor, usually on the first Friday of the month. It is a measure of the number of workers in the U.S. excluding farm workers and those employed in private households or non-profit organisations.

Shorting

Borrowing stock, selling it in the market to hopefully buy it back at a lower price, making profit from the difference in price, and then returning the borrowed stock.

Short Squeeze

When a company's stock starts to quickly rise because people shorting the stock are trying to cover their losing positions to prevent further loss.

YOLO

You Only Live Once