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# INTERVIEW WITH JEFF PIERCE

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Trading perspectives from Zentrader and Blogger Jeff Pierce



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THE TRADING EDGE  
[info@thetradingedge.org](mailto:info@thetradingedge.org)

**Houston**

So, why don't we kick things off here? So, Jeff, you know, I've been following you for a long time, in terms of your blog, so may you can just start by sharing your background with the audience. So how did you get started with trading? And, you know, how long have you been trading now?

**Jeff**

Well, I got started in, I want to say, late '98. Like, November of '98, I think. I think that's when I started. Either that or '99. It's been so long now. But I'm pretty sure it's late '98. And I just kind of started watching the markets. I've always been entrepreneurial and I was trying to figure out, you know, how I can I, you know, take some of the savings that I had and do something with it? And so I just kind of started following the markets on Bloomberg and Investor's Business Daily, and I read a lot of, I got a subscription to their things, their magazine, their newspaper, and I really watched the markets. And, you know, given the timeframe, anybody could have pretty much picked a stock. I remember my first trade was iOmega, and –

**Houston**

The guys who made the hard drives devices, right?

## Jeff

Yeah, and in-and-out in 90 minutes and I made 350 dollars, and I was like, 'Oh my god. This is for me.' But as I said, you know, the market made everyone look like geniuses and really, over the next couple years, it was, you know, making money and then giving the majority of that back in the boom and the bust. And then, really, I had to decide, and do some studying, determining what sort of style I wanted to kind of follow. And it was really between, do I want to follow fundamentals, or technicals, and I remember I had gotten some subscription services back there, and I kind of followed, you know, one was fundamental and one was technical, and I found that, every time I was placed in these trades based on fundamentals, it was like, they would just blow up in my face, like Waste Management was one I - Waste Management and Rite-Aid were two stocks that, they, for different reasons, they had massive stock collapses, and I remember doing the research and determining that these were undervalued, and then I bought them, and then they went down more. And then, my momentum trading was like, I was buying stocks that were these technology stocks that were breaking out and they were doing well. So, just through that trial and error, I kind of determined what I was comfortable with, and since then I've developed different, I have my strategy for buying stocks, and I've developed this market-timing signal that tells me when to be long, when to be short. And also, in regards to shorting, I have found, for me personally, that I generally don't short individual stocks. I generally, I generally short indexes because you just don't want to be in a stock short, and news is released, and so my preference is momentum trading, but also

timing the markets, but then, you know, when the markets are not conducive for trading, and they're bearish, then I short the indexes and just, and then, like we're in right now, we're in a trendless market, I'm not really doing much of anything.

### **Houston**

And so who taught you to – Did you find a mentor to start trading? Like, how did you pick up trading? Like, did you just pick up a bunch of books? Or how did you begin to put your system together?

### **Jeff**

Self-taught through, just, observation of the markets, finding indicators that resonate with me. I'm an RSI guy, ADX, and so, you know, there's so many indicators out there that you really need to just study and watch and pick the ones that resonate with you. And so, over time, everything has just kind of devolved, and I've been self-taught through books.

### **Houston**

Wow. And so what was the turning point for you? Can you – Do you have a, do you have like some sort of memory of when you said, 'Alright, I can actually do this as a career, and not just, maybe, a hobby?' Did you have that turning-point moment, or was it more long-winded than that?

### **Jeff**

Well, okay, so I was a part-time trader for many years, in fact, just now thinking about this, when I first started trading, I didn't even have a computer. I had to go to the public library back in Pennsylvania, do my research in the evenings. I would check my stock quotes in a 20-minute delayed newspaper telephone number. Isn't that crazy, when you think about technology now? So, I was a part-time trader for the longest time when I lived in Pennsylvania. And then when I moved here, to be with my wife, that was a bit of a learning curve as well, going from part-time to full-time. So, when I was part-time, I was doing well, but I was doing it just part-time, in terms of the amount of time that I was putting into it. But my return was pretty good. But when I moved and I was full-time, I tended to over-manage. And it was more, there was some stress for, like, the first year relying on that profit for income. And so, I guess the turning point probably would have been in 2005. After I gave myself some time to adjust to being a full time trader, and around that time I had really honed in on the type of setups that I look for, and my timing signal had really come together there in terms of – Because it's not good enough to just be a good stock-picker, you need to be on the right side of the market as well. So I would say 2005 is when everything kind of came together, and that was, you know, that's after five years of part time and then the one year full-time kind of observing the markets. It does take time to, you know, you need to see different markets. And after that, I had seen the late 90's tech bubble, I had seen what really bullish markets looked like. And then when the markets hit and really came down, and then in 2007 I saw what, how

things, how bad they can get. So I've really seen all kinds of markets in terms of, extremely euphoric and extremely bearish.

### **Houston**

Interesting. So what was that, so when it coalesced together and you said, "Alright, I can do this as my profession, as my career," was it more of a mindset thing that changed for you, or was it picking up an extra set of skills? What do you think that last little bit was that took you over the finish line, or took you to the place where you felt comfortable?

### **Jeff**

I think it was just the confidence in my system, in terms of what I looked for, for a strong edge in a trade, and what I looked for in terms of what the market are actually telling us. So right now, right now the markets aren't telling us much of anything. What we have is, the markets for most of this year have kind of flatlined, especially when you look at the Dow. The NASDAQ has crept up a bit. But right now I think the markets are trying to, there's two scenarios I think, that are happening right now -

### **Houston**

And just for the readers right now, just for the readers and listeners, today's June the 30<sup>th</sup>, and I think right now we have a bunch of news in the headlines about Greece, just to give folks a backdrop. So, sorry, if you want to -

**Jeff**

No, that's actually quite good. So, I think the markets are in a long-term topping process, and so the markets are going to have a – Like, so we saw yesterday, there was a big 350 point drop on the Dow. Or, the markets are consolidating the gains from the last couple years, and we're going to go up. But the markets aren't telling us anything right now, in terms of which way it's going to go. So you can't really position yourself either way, because if it goes the opposite way, you're going to get, your portfolio is going to be extremely damaged. And trying to have a few longs and a few shorts can be tough too because you could get talked up there, you could lose your confidence, and so, as frustrating as it can be for a trader, just like Jessie Livermore says, sometimes you've just to get away from the markets because there's just no point in trading them.

**Houston**

So you talked about an edge, earlier, your edge. So, is that part of it? Is know when to, you know, when to get involved? What does your edge look like? So when people talk about edge, how do you define that?

**Jeff**

For me, it's a chart pattern, combined with what the general market is telling you. That's, simply put, it's looking for stocks, so when the markets are long, sorry, bullish, it's looking for stocks that are breaking out on some sort of news, some sort of earnings, product release, something, a catalyst, like a game-changing

catalyst. But the stock has to be breaking out of a base of some sort, and so that catalyst is like, it's like a game-changer for that stock, and it's going to continue to go up. So those are the kinds of chart patterns that I look for. You know, I use the ADX and the RSI to gauge how strong it is, and then I look in the news, and then, obviously, you look at what the markets are doing. But right now, even when the NASDAQ, or like a couple months ago, when the markets looked a little more bullish, they looked more, like the NASDAQ was hitting highs, even at that point, my scans weren't confirming the move, it wasn't really producing new leadership in the markets. And that's one of the reasons that I've been so cautious about – I guess I should say, I haven't been as bullish as some people have been, because we don't have that new leadership, that new technology that drives the markets higher. All I have to do is look at my scans that I run every day, and I can see the stocks. And we're just not getting that new leadership, that new blood, that's going to drive those markets higher, in my opinion.

## **Houston**

So what's your approach then, let's get a little deeper. So what's your approach then to trading stocks? It sounds like you have a universe of stocks that you scan on a regular basis. Maybe you can share what are the timeframes you trade on, as well as the universe of instruments or stocks that you look at?

## **Jeff**

Well, I run, I've got a couple different, like I use stock charts, I use one of the tools between TD Ameritrade, it's called Strategy Desk, and I use FinBiz. And I just have some scans, parameters for scans that I run, and generally it yields a couple hundred results, but then I have another scan that I run, and I'll get anywhere from about 20 to 50 each night. And I go through them and see what stocks are appealing to me, in terms of, technically. So wait, were there two questions there?

### **Houston**

Yeah, so I was just thinking, it sounds like you have a basket of stocks that you look at. Is it mostly, is it all NASDAQ, or –

### **Jeff**

Yeah, so actually NASDAQ and Dow. I'm not limited to either.

### **Houston**

Yeah. Do you trade penny stocks at all, or do you keep yourself within a small, mid, large cap?

### **Jeff**

I do have a minimum volume requirement of a half a million shares. And I generally don't, I hardly ever trade anything a dollar, and I really don't like to trade anything under four. And I'm not a big fan of over the counter stocks either.

**Houston**

Why is that?

**Jeff**

They're not as stable, I guess. They're more prone to releasing some news and the stock could be down 20, 25 percent. Why expose your portfolio to that kind of risk? We're not really traders, we're risk managers, and I think that's an important concept.

**Houston**

And then, so your approach then, is it more like swing trading, are you holding longer-term positions? How would you characterize your trading?

**Jeff**

Well I'm definitely not a d-trader. And I've been, it seems like the older I get, the longer my timeframe tends to be. And when I say longer, it's actually not quite that long. But before it would be like a week. Now it's anywhere, I would say ideally it's anywhere from three to six months, because when I was speaking about this catalyst, this game-changing event, oftentimes this is the start of a good, especially if it's an earnings-driven news event, you're generally going to get a couple quarters of this stuff going up. So one quarter is three months, and so anywhere from two to three quarters, you want to take advantage of that,

because mutual funds are piling into these stocks as well, and they're not day-traders, they're not month-traders. But I'm not a long-term investor by any stretch. I don't think that's the way to go either. I think you need to be nimble, you need to not be too greedy, you want to have a little patience with these trades and let them work themselves out.

### **Houston**

And then how many positions would you have at any given time if the market positions were right?

### **Jeff**

Ideally, for me, anywhere between 8 and 12. Because, again, that spreads your risk out. But you don't have a ton of positions either, that you're not able to keep an eye on them.

### **Houston**

And so trading is interesting because when you take those longer term positions, I know day-traders like that approach because they get to make money every day, or they have the potential to make money every day. Most day traders aren't profitable so, you have the potential. As you get further out, obviously your opportunity for ringing the cash register is less frequent. Kind of more feast and famine, right?

### **Jeff**

I just thought of the part of your previous question that I didn't get a chance to answer. You were talking about timeframes. So, sometimes, and a lot of times, when the markets are bullish, I'll have – So I trade off of four timeframes – And some of these are specific for entries, the fifteen, the sixty, the four-hour and the daily, and then my longer-term, I'll actually use the weekly. But a lot of the time when the markets are bullish, and you're getting into these stocks, they'll have a tendency to really shoot up quick. And so sometimes I do take profits and then buy back into that stock. So that's one of the ways that I will, for your phrase, ring the cash register. So I have these position and I use Bollinger bands on different time frames to kind of watch for over-extended, where I think a stock has kind of gone too far too fast. And so I will take profits and then look to buy back. So if I'm taking profits on stock on say, a four-hour, I'll then watch the daily to buy back in on it. So I kind of have this system of kind of having my watchlist, having my portfolio. So the watch list I'm looking for entries. The portfolio I'm looking for exits. I use think-or-swim for alerts. And so even though I'm saying you want to hold a position for a couple quarters, I'm not necessarily holding it for those, I'll be trading in and out. So I'm not trading in and out of like a ton of stocks, I'm just trading in and out of the stocks that I'm watching.

## **Houston**

Gotcha. And you know, I've been following your blog for a long time, and you know, your charts that you share are super clean, so maybe, can you share, maybe one setup? Like what's one of your favorite setups? What does that look like?

### **Jeff**

I wish I had a chart right now of a good setup but they're just not out there. I like really strong RSI. Like, I like the stock to break out on massive volume relative to what it's average trading is. On a catalyst. I want that RSI high. I want that, and I'm talking, like, over 70. The stronger the better. ADX, a strong, I don't know if you're familiar, do you use the ADX? You want that green indicator, like straight up. You want that black line going up. You know I just don't have a good setup. It's been so long since I've seen a really good setup. Let me keep looking as our interview goes on and I'll see if I can find something.

### **Houston**

Sure. So you're looking for a setup that actually looks like it's overbought already, you're looking for ADX that's kind of shooting up, that's in a good kind of trend type of move. And then you're looking to buy, like, on a pull back of some sort? Like how do you get into the position?

### **Jeff**

Yeah, I just, I'll use the different timeframes and I'll buy, I generally want to see a two-to-three day pullback on lower volume. And on sink-or-swim I have those

timeframes already plugged in, and I'll just kind of watch to see how it comes in. Simple pull back down to maybe the fifty day moving average, depending on which timeframe I'm watching, either the sixty or the four-hour. Those can be really good entry points as well. Another really good strategy that I've talked about on my blog a ton of times, this is regarding the RSI. So, the RSI tends to oscillate between, and this is more of a longer-term pullback buy, but it works a lot of the time. So a bullish trend, the RSI will oscillate between 80 and 40. So if you have a stock that breaks out on some sort of earnings move, and it's really strong, and during that breakout it goes to say, 75, watch that stock over the next couple of months. As it pulls back, it'll find a bottom down near 40. And then that will generally be a decent swing trading opportunity. And then on the flipside, bearish trends oscillate between 60 and 20, so when the stock breaks down and it sells off really hard, the RSI will go down to like 20, and then over the next couple months, as that stock has a bit of a dead cap balance, it'll generally peak at about 60.

### **Houston**

Interesting, okay. And maybe use, like you said, the four-hour or maybe the one-hour, and look for that 50 period. Pullback from that 50 period for maybe a good entry. And so I have to ask, we're talking about your blog, [zentrader.ca](http://zentrader.ca), where did you come up with that name?

### **Jeff**

My wife helped me come up with that tagline. I was trying to think of a way – Because when you think of finance, you think of stress. When you think of Wall Street, you think of these guys in suits, you know, drinking and smoking and being stressed out, and I was trying to think of, what's the complete opposite of that? Right, and you know, having this detached-ness, being detached from the markets and trying to look at it without biases, part of that comes from creating a system that you can rely on, and so you can rely – You know, I don't watch the markets like every minute. I only have one desktop and one laptop, and I basically only use one screen when I'm trading, and lots of times when I'm traveling, I'll just have my laptop. I'm not one of those guys who has like 12 screens in his room. That's not me. And so for Zentrader I was kind of looking for the complete opposite of what people think of when they think of wall street and traders.

## **Houston**

Yeah. And how long has your blog been up now? Because I've been following you for a long time, and you've had that Zentrader name. It always stuck out to me, it really stuck out to me. So how long has your blog been around?

## **Jeff**

I want to say since 2006, but it was either 2006 or 2008. And I apologize for anyone who is a follower who is listening to this. I know I've taken a bit of an extended break from my blog, but I do plan on getting back. But see, I've been doing it for so long, and I figured I would use this time that I'm, you know, kind of like, watching the markets but not hardcore involved, to kind of take a break

from that, so when I do come back, I'll be more refreshed. Tell the markets to make it interesting again!

## **Houston**

Jeff, come back to blogging. So you brought up an interesting point before, about the perceptions of trading, about it being a stressful type of occupation. So what's your perspective on managing emotions or stress while trading? How do you do it?

## **Jeff**

Well, I try to not over-leverage myself. If I'm feeling like I'm getting over-leveraged, or if I'm feeling at a low point, that's a valid rule. That's good advice. I mean, don't get me wrong. I've had stressful periods. I remember one time, when – I don't even remember when this was. Something happened in the Asian markets and I was really leveraged and the markets were really bullish, and this is one of the lessons that I had learned. The markets gapped down, and it was just one of those days, and I lost more money in that day than I had ever lost in one single day. I was really leveraged, and I was like, 'This is never going to happen again.' And I don't use margin a lot, but I do use it when it's applicable. But a lot of the times, as a trader this is a really good rule, if you do use margins and you're really, really heavy on margins, a lot of the times you'll step back and say, "Okay, do I need to sell some of these positions or do I need to trim some of these positions?" Because a lot of the time, we all get caught up in whatever's

happening in that point in time, and it's really easy to just buy more, or hold on to other positions. It's easy to get greedy, and you really need to be banking profits. If you're as bullish on the markets as your portfolio is telling you, then the markets are probably, they're going to continue to go higher, but it's still a good idea to take some of that money off, that way you're not exposing yourself.

### **Houston**

Yeah, that makes a lot of sense. You know, margins cut both ways. You know, when it's in your favor, it's good, when it's not, it's not pretty. And so, we were talking right before, you had mentioned that you're going to go for a run today. And I think that's one of the, sounds like, is that one of the ways that you let off steam, or just trying to keep your head on straight?

### **Jeff**

Well I think it is. Trading is just, you're sitting at your desk and you've got to do something to maintain your health. And I've got a chocolate lab that, he's my running and trading partner, he's my foot warmer, so it's just, for me – And I've not been a runner all my life. I actually had asthma for the longest time, and right around the Olympics, or a little after the Olympics, my asthma cleared up. And I don't know how or why, and I'm very thankful, so my wife, she's a runner, and she got me, she was like 'Just come on. Just come running with me.' And I remember telling her, "I am not a runner." Because she always had this image of us running together, and I'm like, "I don't think that's probably ever going to

happen. And sure enough, you know, I started out slow, and eventually I became, I really enjoy it. For me, I think it does a lot, like sitting in a chair, that running, I think it helps realign their back. Like, a lot of people, their posture is not that good, and so running, or just doing something. And in Vancouver, it's so easy. It's such an active city, right.

### **Houston**

Have you found that any of the benefits of running, have they extended to trading? Do you find there is something there?

### **Jeff**

Well, I think, I can't really put my finger on any benefit other than that I just feel better, and you can't put a price on that.

### **Houston**

Yeah. Well, my attitude is, if you feel better, you're probably going to trade better.

### **Jeff**

Yeah. You're going to sleep better at night, you're going to be able to get up and not oversleep, and how many times, I don't know how many times in the past I've overslept and missed out on a trade.

**Houston**

I know when I used to live in Vancouver, and I'd try to trade, all of the markets are open at 6:00, 6:30. You know, you get a good night's sleep and show up at the trading desk at 6:30 in the morning, or earlier than that because you want to get ready a bit, waking up around 5-ish, it's an early start.

**Jeff**

Well as soon as I said that, about oversleeping, it dawned on me, when you live on the east coast, it's not so much a big deal, but here, like you said, that was a bit of an adjustment, because I'm a night owl, believe it or not. To be done at 1 in the day, is awesome.

**Houston**

Yeah, I love that, because that's part of the trading lifestyle. So tell me more about what your typical day looks like. What time do you get up in the morning? What time are you usually done?

**Jeff**

Well, for me, I – I'm up at about 6:15. I'm not one of those guys who needs a lot of time in the morning. Because I do all of my research the night before, set my alerts. I don't have huge watch lists that I'm watching. Right now I hardly have anything that I'm watching, but I am watching a few. I'll get myself some coffee, kinda watch the open, see if – Because you know, the open and the close, for me,

are the two most important days, because, and the open, I'm watching for two things, I'm watching for quick pullbacks on stocks I want to buy, and stocks that I currently own that I want to sell to take some profits. There's just weird strange moves that happen in the first couple minutes. So I focus my attention on that, and then I have my alerts for my other stocks that I'm watching where I have pullbacks. And then after, after about the first half an hour, hour, it's, you know, I kind of just do whatever. And then I, I have one eye on the markets, but like I said, I'm not, I'll spend some time with my wife in the morning before she goes to work, and then around nine, I typically run around nine, because on the East Coast that's around lunch time. And so, and then at the end of the day, I'll watch for the last hour, is when I'll be looking. You know, are there stocks that I'm in that had nice runs and are, you know, do I want to sell, and then I'll be looking for other stocks that I may potentially want to buy. And then you know, I'll also, when the market, this is all on a normal day when the markets are much more conducive to trading. During the day I'll be doing blogging stuff, or you know, maybe catching up with some of my trader friends on skype, or on Twitter, whatever.

## **Houston**

And so, you're usually done by, you're done by 1:00? So that's it? When do you do your research, like later in the evening or do you do it right then and there?

## **Jeff**

I don't really have a set time, it depends on what my wife has planned. If she has something that she wants to do in the evening, I'll generally try to knock out what I need to do right after the market closes so I have my evenings free, or if I'm going to go do something in the afternoon, I'll do it at night. There's really no set schedule there.

### **Houston**

I do miss those trading hours living on the West Coast hours, because being done at 1:00 in the afternoon is a pretty good feeling. It's a pretty good feeling to have the rest of the day open.

### **Jeff**

It gives you a few more options on how you spend your time, or when you do what you need to get done. Waking up early is not the greatest. You need to have a good work ethic. The trader, we do everything on our own time, so you just want to make sure that, because working on your own, or working by yourself is not forever. Not everyone has the discipline.

### **Houston**

Yeah, so talk about that. Because that's a thing that people don't think about a lot, is, I mean a lot of people would like to be a full-time trader, but they don't think through all of those different things. So what have you found to be the

hardest part about maintaining this trading career, and is it different from what you thought it would be like all those many, many years ago?

## **Jeff**

Well honestly, I didn't really know what to expect. Like I said, it was all, I didn't know anything about the stock market when I first started trading. So I didn't really have an explanation. And maybe that's the best thing, is to just let each person's own trading career or lifestyle evolve organically on its own. What's best for me is not going to be best for you, and what's best for you is not going to be best for Joe Trader. So, I think there's certain traits, character traits, that you need to have, like self-discipline being one of them, because if you don't budget your time to put the hours in, your trading, your preparation, it's going to make your success a little more difficult. Like, my wife, she would not be a good trader, because she's a people person, you know. She likes to be around people. Unless she worked at a desk, you know. But I don't think she would make a good home trader, because, like I said, she likes to be around people. The other thing is, in this day and age, having access to other traders is, we've never had another period in time like this with Twitter, with Facebook, it's easier than ever. It's still not the same as being with people as well, if you're that kind of person. I'm an introvert, so.

## **Houston**

And so, has it been as – I guess, you hear a lot about this 10,000 hour rule. Do you give that credence? Does it take you that long, does it take you 10,000 hours, would you tell people it takes that long before you get the self-discipline, before you get good?

### **Jeff**

I think for trading, and this is just trading, because I think that most, a lot of jobs and skills and things you want to learn, I think it does require that much time, but I think in trading, I think you need to see different markets, and I think that could take ten years or it could take five years or it could take fifteen years, because the way people are is, if they've only seen one or two kinds of markets, and they've been killing it in those markets, the moment they think they know everything they'll go heavy. And then once a new kind of market shows up, they have the potential to lose it all. So, you know, I think that you need to be a risk manager all the time. All the time. There needs to be a considerable amount of time for you to develop your style that you're comfortable with and to see the different kinds of markets. Like, I'm not a big fan of back-testing strategies because it doesn't account for the emotional – No matter how detached we can be with trading, there's still always a little bit of an emotional attachment because you're dealing with money. So I think that, I don't believe in back-testing. I believe in forward-testing in the moment. So, if you have a strategy, the best thing that you can do is, instead of simulating it in a program, is just trade it, in real time, with a small amount of money. That way you have some amount of

money, there's still some attachment. And that takes time, you know. It could take six weeks just to test one strategy. So, I remember back in the day, I would have lots of different strategies going to figure out which one worked, which one I felt comfortable with. So yeah, it does require a lot of time. Ten thousand hours? I don't know if that's the right amount, but I would say anywhere from 75 to 12,005 hours is a better estimate.

### **Houston**

Yeah, and so, in your opinion, do you ever really get good at the game? So, is it one of those things where you've got to just keep at it? Do you find yourself feeling that you're losing touch with the markets if you're not constantly active? What's your feeling around that?

### **Jeff**

I would say yeah. I would say definitely. Because things are always changing, and I would say that's the scariest thing for me, is, "What if my edge never starts working again, or what if we stay in a trendless market for two years?" Because after two months – Like I said, most of 2015 has just been, it's been a horrible trading year for me, because there just haven't been that many edges present. And so, after a couple months, it was like, "okay market, let's make up your mind and do something," and every month it goes by, you're like, "okay, we've got to be getting closer to a decent trading market" and it's just like, when is this going to get back? Should I start developing an edge in this sort of market? So for me,

that's probably what I'll, you know, yeah, I'll probably have to figure something out. But as of right now I've kind of been enjoying the break, but the markets have always been exciting to me. I remember when I first started trading, I used to hate the weekends because I couldn't make any money on Saturday and Sunday, and as the years go by, you kind of go, "Oh, I'm glad it's the weekend." But I miss that excitement with the markets, you know. Every day, waking up, and having a lot of positions on, having that potential to make x-amount of dollars. I mean, you were saying, you were – What's your experience been over the last couple months with trading?

### **Houston**

I would say, the past three or four months, it's been very difficult. I mean, for myself it's been about trading the most prime, you know the most prime, pristine setups. And those will still fail 50% of the time. So it's all about just staying in the game, and I get a chance to keep swinging the bat. But you said a bunch of good stuff there around the mindset of trying to keep that edge and focusing on the development of yourself as a trader and saying "I might have to roll my sleeves up a little and try to find something that works," right?

### **Jeff**

Yeah. I mean, obviously I have this amount, this knowledge, or like I have different strategies, you know, I have tons of strategies that I've tested or that I can go back to, and see if things, if I can create an edge in this, but to be honest

with you, I haven't really wanted to do that, because I feel like trendless markets don't generally last forever. It's normally, the markets are bullish or the markets are bearish. So, you know, I feel like I can make money in two out of three markets, and I feel like we're in the one third market that it's pretty crappy.

### **Houston**

Yeah, I agree, and that's, unless maybe, you're an option seller, and you're playing that range, you're selling those ranges – I've talked to a lot of traders who've had success around that recently, but certainly if you're a normal trader or you're looking for direction, then it's not been a good several months or a good year. So going back to that idea about back-testing, it's fascinating that you say that, because I'm, I'm kind of in the same boat too, around forward testing, and, new traders especially, they really struggle with this, because first they struggle with that idea of back-testing and how to do it properly, and then I've seen a lot of traders struggle a lot with compliance, meaning, they'll see the signals but they won't take them. So what they end up getting is a mish-mash of results. So yes they end up getting one, but they won't take all of them because they don't have all of the results.

### **Jeff**

And the ones they don't take are the ones that actually work! So what exactly is the question now?

### **Houston**

So I guess the funny part is, the perspective that I'd like to hear that you share is, so for those new traders out there, it seems like new traders are always searching for that Holy Grail, where they can just say, "alright, I'm just going to feel comfortable, it'll be right 100% of the time, I can just find that thing, and I don't have to be so picky about my setups because I'll just take them all." So what's your perspective on that, on new traders searching for that Holy Grail? Does it exist? What's your perspective on that?

### **Jeff**

Well, it doesn't exist. It 100% does not exist, and so everybody should get that out of their head right away. And it doesn't have to exist. You don't have to be right 100% of the time. It's funny, because as you were talking about, I remember running back-test and taking that same strategy and applying it, and I would always have horrible results, because you don't account for the emotional aspect of it. But I think the important thing to look for here is, if traders aren't taking a trade, then they need to figure out why they didn't take that trade. You need to quantify, what is it about that setup that caused me to hesitate and pass on the trade, and then you need to factor that into your strategy and remove those results. So eventually, you'll have a system that will have a flow chart. If this happens, then I do this.

### **Houston**

I love that approach, with a flow chart, making it really concrete, right?

**Jeff**

And I mean, here's another important concept that traders need to consider, is when you're making a strategy, you want to have just enough results that you actually can take all the trades, because sometimes traders have too many results, and then they have to pick and choose, and then inevitably the ones that they don't pick kill it. And they cause you to be frustrated, and you're like "Aww, I know that was going to happen but I didn't buy that stock." So, you need to have enough results, or have enough cash, or structure your position size so that you can take these trades.

**Houston**

Otherwise it just sounds like a losing game, like I've seen it so many times in the past, and I've been guilty of it myself when I was a new trader, subscribing to someone's stock-picking service, and then trying to cherry-pick their trades, right?

**Jeff**

It doesn't really work. I just wanted to mention that my phone is starting to act up, but we are right on the hour. We don't have to get off right now, but I wanted to kind of start closing it up.

**Houston**

Sure, sounds good Jeff, we'll wrap things up. So, just a couple more questions before your phone dies out, so, two things: number one, what kind of advice would you give to a trader right now who's struggling with these markets? What would you tell him or her?

### **Jeff**

Well, I would tell them exactly what I'm doing right now, is, now's the time to step away from the markets, because you don't want to, you don't want to try to trade these choppy markets, because – And this is my style. Other traders have things that are working, and keep going, but for me, I'm not trading them because I don't want to lose my confidence, I don't want to lose my trading account, and you know what? It actually, kind of, is refreshing to take your mind away from the markets. We need to recharge. So when the markets are conducive and they are, they do require a lot of time and research, then we'll be refreshed to do that.

### **Houston**

And, last question. So, if you were to do it again today, do this whole thing again? Would you do it the same way, or would you change anything?

### **Jeff**

That's a good question. I think – Well, I mean my own journey feels, I'm pretty happy with how it's happened. Obviously there's things that probably could have happened that would have facilitated, maybe I would have better prepared myself

for when I went full-time. Maybe I was – That's a tough question. I don't really have a great answer right now for that.

### **Houston**

No problem. Yeah, I'm always curious to hear about that, because, you know, you've been trading a long time, Jeff, and you've seen every type of market, so I was just curious. Anyway, so, one last question. Where can people find out more about you, is there anywhere people can go on the internet? And is there anything else you'd like to tell the audience?

### **Jeff**

Well, you can go to [zentrader.ca](http://zentrader.ca). My email is [tradewithzen@gmail.com](mailto:tradewithzen@gmail.com) if anyone would like to email me. Those are the two easiest ways.

### **Houston**

Alright, well Jeff, thank you very much for your time. I really appreciate your perspectives. It was a lot of fun to catch up, man.

### **Jeff**

Alright. Take care, Houston.

### **Houston**

Alright, take care. Talk to you later.