



Market Ideas: Fact or Fiction?

Always remember to;
#1. Welcome all ideas in trading, and
#2 Reserve your opinion until you have independently validated the idea!

Working Paper: When is it Right to Break the Rules? My Natural Gas trade

Published in my Trading Update on Thursday 15th November, 2018.

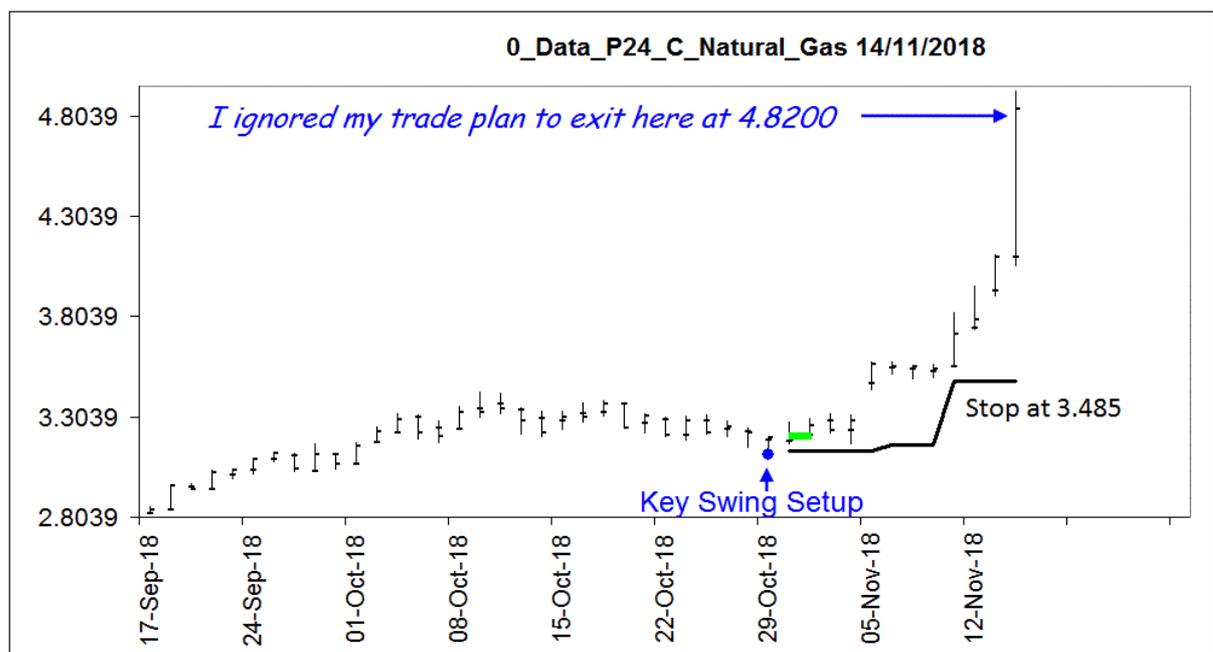
This morning I exited a [Key Swing](#) long position in Natural Gas.

Here's my exit from Interactive Brokers this morning;

Activity	Orders	Trades	Summary	Orders	Trades	Trades	Orders	+
+/-	Time	Fin Instrument	Action	Quantity	Price	Exch.		
	08:06:16	NG Dec'18 @NYMEX	SLD	1	4.820	NYMEX		

I entered the [Key Swing](#) trade on the 30th October, 2018.

Here's the setup.



My trade plan had me working a stop at 3.485, not exiting at 4.8200.

As a systematic or mechanical trader the cardinal rule is to follow the rules! But I didn't.

The question is why? And was I right?

Emmm.



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The reason why I did it was two fold.

Firstly, it looked like a blow off top where the majority of traders were either caught short, or under exposed. It wasn't a normal trading range being 7 times larger than the 10day ATR.

So I didn't think the move was sustainable.

The other reason is that often when I see an unusual bump in my daily profit & loss, it becomes "unusual", as the bump disappears the next day as the market in question mean reverts restoring my profit & loss to its normal trajectory.

So, this morning I decided to break my rules and exit. Not wait for the market to exit my position at my trailing stop.

Was I right to ignore my trade plan?

I don't know and it's not something I would recommend anyone doing.

For myself, only time will prove whether I was rash or insightful but I feel ok about not following my trade plan in this instance. I think I was right to do it, but knowing the market's Maximum Adversity, Natural Gas will no doubt rally to 10.000!

If you'd like to learn more about [Key Swing](#) please click on the following link;

<https://indextrader.com.au/key-swing-2/>

Good validating, good money management and good risk management.

Brent Penfold

Helping traders since 2001

Sydney, Australia

September 2017



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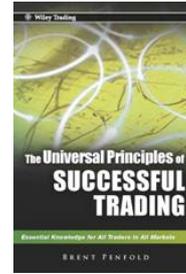
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Brent Penfold

Trader, Advisor, Author and Educator



Brent Penfold
Helping traders since 2001.



Brent Penfold is a 30-year veteran trader having begun his career in 1983 as an institutional trader with Bank America. In addition to being a professional trader Brent is an advisor, author and educator. Today Brent trades a diversified global portfolio of markets including indices, currencies, interest rates, energies, metals, grains, softs and meats.

He is the author of two books;

- ***Trading the SPI*** (Wiley 2005) and
- ***The Universal Principles of Successful Trading*** (Wiley 2010).

The *Universal Principles of Successful Trading* has become an international best seller that has now been translated into Polish, German, Korean, Japanese and simplified and orthodox Chinese.

Brent has a third book coming out in 2018;

- ***The Universal Tactics of Successful Trading*** (Wiley 2019).

Brent publishes daily newsletters for active index, currency and commodity traders and is a popular and sought after international speaker who has presented to traders throughout the Asia Pacific region including Australia, New Zealand, Malaysia, Singapore, Hong Kong, Vietnam, Thailand, India and China.

Brent holds a Master of Commerce (Finance) degree. To learn more about Brent Penfold and his services you can visit his web site:

www.IndexTrader.com.au

Please read the following Warning on the next page.



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Warning – Please read

This Working Paper does not contain any trading advice, personal advice or general advice.

This Working Paper is educational only and is designed to encourage traders to independently verify trading ideas before they consider using them in the market.

When researching certain trading ideas this Working Paper does not take into account individual trader needs, their individual financial situation or their individual investment objectives.

If you wish to further explore the ideas shared in this Working Paper you will need to, with or without the assistance of a licensed financial adviser, determine whether the particular trading idea is appropriate in light of your particular needs, financial situation and investment objectives.

You need to understand there is risk of loss in trading and that this Working Paper does not indicate future trading success.

By receiving this Working Paper you acknowledge that you understand and accept these warnings.