

PRODUCT REVIEW

Applied Reality Trading

TRADERSCOACH.COM

10755-F Scripps Poway Parkway,
#477

San Diego, CA 92131-1027

Phone: 800 695-6188 (USA/Canada);

858 695-0592 (overseas)

Fax: 858 695-1397

Email: info@TradersCoach.com

Internet: www.TradersCoach.com

Product: ART Home-Study Course

Requirements: Windows 2000/XP, 2.6 GHz Pentium 4 or compatible monitor(s) with 1024x768 resolution 1 GB RAM (512K RAM can be used but not with multiple charts or programs open at the same time), 40 MB available hard disk space, DSL/cable modem/ISDN/T1 or T3 Internet connectivity, Internet Explorer 6.0

Price: Home-Study Course \$2,998; real-time and end-of-day charting software, \$99/month



FIGURE 1: APPLIED REALITY TRADING HOME-STUDY COURSE

by *Jayanthi Gopalakrishnan*

Study manuals, DVDs, videos, workbook, charting software, trading journal: Yes, this is a comprehensive home-study trading course. Needless to say, I was quite overwhelmed when I opened up the box that this course came in, forgetting that I probably had a similar reaction when I opened up a similar box a few years ago to do a review on a previous version.

When you're staring at a wealth of educational material like this, you need to figure out where to start. The ART Welcome Kit outlines how to study the course and it tells you to begin with the study manual. It was obvious this was a four-week course with five study sessions per week. Each session is followed by a list of homework assignments. Besides reading the session in the study manual, this typically involves viewing the video series, completing the corresponding session in the workbook, writing in your trading journal, and other assignments here and there.

COURSE CONTENTS

The course focuses on applying the ART system, which displays trading signals for entries and exits. These signals are based on "ART Reversal Bars" as well as the "Pyramid Trading Point," which is a proprietary indicator similar to pivot points. Essentially, it is a trend indicator that can be used with eSignal or TradeStation platforms. Since my last review of this trading course, the ART Software is the most significant new feature.

The course is targeted toward all levels of traders and the techniques can be applied to stocks, bonds, futures, mutual funds, and foreign exchange. Depending on your level and trading frequency, there is a recommended set of trading signals you could use. The sessions cover each of the different trading signals in detail. You essentially learn how to use these various signals so you can build your own trading system.

With the new ART charting software — as long as you have TradeStation or eSignal — you don't have to identify the reversal bars or the pyramid trading

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points. The manual gives you an overview of what these trading signals look like, but the software identifies it all for you. This certainly makes things much easier, but what do you do after these signals have been identified?

There are rules for specific trading signals, which are spelled out in the manual. For example, you'll know where your entry should be, you'll know where your initial stop-loss should be, what your trade size should be, when you should scale out of your position, what to do if your initial stop-loss is never hit, and when to close your positions. There are several examples presented and looking through the videos and the manual, it seems that the examples are presented clearly. They are easy to follow and understand.

There are sections applicable only to traders who are advanced or trade frequently. For example, for those who

daytrade, there's a section on using multi-time frame charts. There's also a section on advanced trading techniques that covers Elliott waves, trend channels, Fibonacci retracements and zones, and other indicators that may be used as confirmation tools.

A lot of emphasis is placed on money management techniques and trading psychology. In fact, the instructor and creator of ART, Bennett McDowell, strongly believes that proper money management is your key to success.



PRACTICE MAKES PERFECT

Although I didn't go through the actual course, I would imagine that once you view the videos, complete the workbook, and write in your journal entries,

you will get a firm grasp of trading the ART system. But it will take discipline and dedication. If you go through every example and do all your assignments, knowing how to position your trades will become second nature. And with this ability, you should be able to adapt

the system to your trading needs. Fortunately, there is enough information for you on the website to make your own judgment if ART is right for you.

Jayanthi Gopalakrishnan is Editor of STOCKS & COMMODITIES.

