

ReadySetCrypto Futures Masterclass



Module Four: Defining Your Trading Niche

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Defining Your Trading Niche

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Introduction - What is a Trading Niche?

I'm going to start this module with a little story about yours truly which might help you frame the purpose for this "trading niche" topic.

It was 2004, and I had found my passion - trading financial instruments. I wanted more than ANYTHING to create the ability to earn income and make a living from it. I still worked a full-time job with two hours of round-trip commute time and nine hours in an office, so I would try to catch up on my "trading" study at nights and weekends. I'd come home at 7pm, grab dinner, and hit the books until midnight, and then start the next day at 6am for my one-hour commute.

It was a grind but I was DRIVEN. I would go on bike rides on the weekend and be immersed in thought on how different strategies worked. I was obviously obsessed with this new venture, but my family sensed the potential and gave me enough space to grow.

I did everything in my power to ascend. I organized discussion groups. I met couples for coffee who were getting into the field. I attended discussion groups in other states, hundreds of miles away. I had such passion for the field that I wanted to learn and to help anyone I could, and in doing so indirectly helped myself gain just a little more understanding. (if you really want to learn something, teach it to others!)

And oh yes, I was TRADING. Live positions in several different accounts. I had converted all of my former "managed" accounts to self-directed online broker accounts. At any given time I might have had up to thirty positions in play.

Yet with ALL of this energy, drive, and activity...***I was still at best a break-even trader, slowly grinding my account balances down due to massive commission fees.***

I'm sure that some of you reading this have gone through a similar dilemma...you pour your heart and soul into something, you give it everything that you've got...and still, you are short of the summit. Like Sisyphus in Greek lore, I was condemned to roll the stone up the hill again and again, only to watch it roll back down every time.

It was at about this point that I knew something had to change. It's fair to say that I was pretty pissed-off and frustrated. If you've ever seen one of those scenes in a movie where the lead character takes an arm and sweeps everything off the desk in one furious move, that's metaphorically what I had to do one day.

After all of my effort and activity, I had to Start. All. Over. Again.

Starting Over

There's something liberating about starting with a blank sheet of paper and asking yourself a series of questions, like:

- **What is it that I'm trying to accomplish?**
- **What strategies do I enjoy trading?**
- **What fascinates me?**
- **What makes SENSE to me?**
- **How many trades per day? Per Week? Month?**
- **What timeframes "speak" to me?**

I made a pact with myself that I would only trade ONE asset with ONE strategy until I was successful. I would become the tip of the spear and focus my efforts down to ONE SINGULAR THING. I would become an EXPERT in that one thing.

(And if you're not yet acquainted with the field of Options yet, there are literally DOZENS of potential strategies that you can trade, so this took quite an effort to pare down the list.)

About five months after this point, I turned in my two-week notice to quit my job.

Defining your niche, defining your ONE THING....is an extremely powerful concept when applied correctly. Let's start that journey.

Defining Your “One Thing”

By far this was the most important thing that I did at the beginning of this “re-invention” process. Most people in a similar situation will try to fix everything at once, or spend a little time patching this strategy, jumping over to another one and fixing that one for a bit, with very little to show for the distributed efforts.

Like the famous Bruce Lee “One-Inch Punch,” all of your efforts must be focused into a very small, defined area for this to have any impact.

Perhaps I was lucky to have intuited this method, because in all of the reading I’ve done since that point, this is exactly the advice that famous trading psychology coaches give out. Brett Steenbarger puts it best, “find your rage to master.”

You must identify your “one thing” that gives you a “rage to master” the topic. Ever felt like this before? Surely, in something, *everyone* has gone into this zone at one point in their lives. You become almost possessed, locked in on learning or mastering this “one thing” until you conquer it.

Now you might not be at the point in your trading career where you can truly identify your “one thing” just yet. It does take some exposure to many different techniques and methods of trading before your eyes light up and you proclaim, “that’s IT!”

Not sure what your “one thing” is yet? This is where it’s helpful to get exposure to different methods and skills that one can put to bear in trading...but WITHOUT risking a great deal of capital in doing so. Please use extremely small positions during this period of self-discovery. You’re NOT trying to make money during this period; instead, you’re trying to find what works for you, your “one thing.”

Find your “one thing.” It will be different for everyone. Keep working until you find that one style of trading that gives you the “rage to master” it.

Your Trading Niche Criteria

Once you find that “one thing” then you need to work to refine it as much as possible. This is where we start to layer some detail on your “one thing” by defining the specific criteria. This list is not exhaustive but will give you enough to think about.

What Instrument Will You Trade?

I highly advise that you consider trading only ONE asset (token, currency pair, stock, futures contract, etc) and putting the rest to the side for now. You can always expand later on. Get to know it like the back of your hand.

What Strategy Will You Use?

Let’s assume that you have decided to lock in on trading futures for now. Are you going to entertain both sides of the market, i.e. short and long? Or will you focus on one direction only? What system for entry and exit will you use? (you might not know this just yet) Again, the point here is to continue refining your approach so that you have a very tight answer to this with no wiggle room.

What Timeframe(s) Will You Use?

Again, you might not know this just yet, but will you trade off of ONE timeframe or MULTIPLE timeframes? And if you trade off of multiple timeframes, what is their relationship?

The “timeframe” decision is, of course, a highly personal one because no two traders have the same internal “clock” nor the same trading environment. Generally, a faster timeframe benefits the trader that can process data faster, as well as one that has fewer distractions. Traders should learn strategies on slower timeframes and then gradually speed them up as their “eye” improves.

What Broker Will You Use?

This can have a bigger impact to your niche than you might imagine. Different brokers will serve your niche differently, so it’s up to you to determine what broker(s) will service your needs the best.

When Will You Trade?

You need to define not only your timeframe, but also what time of day you will trade.

Summary - Your Trading Niche

This is a very simple, yet powerful concept. I want you to take the time to really think about what you want to accomplish; the better that you're able to be honest with yourself and truly define what it is that you want to accomplish and HOW you want to accomplish it, the faster the progress that you'll make.

The list that I've included above for you to think about is by no means exhaustive. Continue to refine your search until you can define exactly what you do in an elevator conversation.

And just a footnote to my own story...what really surprised me was how fast things came together for me once I DECIDED. Taking action and creating an assertive plan going forward gave me renewed purpose and energy that shook off the "blahs" and gave me a mission.

You would be surprised how quickly that you can progress and become an expert in something once you strip away all of the wasted time spent on other, unproductive pursuits. When you go "vertical" on your niche, you can make very rapid progress because your variables have been reduced to the absolute minimum.

Find your niche and define it before you trade any more live capital in the markets.

Homework and Next Steps

Please complete the following tasks before moving to the next module:

- ☐ Watch the associated video for this module.
- ☐ Take the module quiz
- ☐ What style of trading absolutely fascinates you?
- ☐ Is it possible for you to define your desired form of trading down to “one thing?”