

BIDDLES GROUP · CHARTWORK
BUILDING WEALTH. SECURING FUTURES.

SWING TRADER SERIES
VOLUME 01

— A SWING TRADER'S COMPLETE RULEBOOK

THE CHARTWORK TRADING BLUEPRINT

Most traders don't lose because of bad charts.
They lose because they have no rules.
This changes today.

STRATEGIC FOUNDATION

TRADE EXECUTION

EMOTIONAL AUDIT

OPTIONS CHECKLIST

PSYCHOLOGY MASTERY

1:3

MIN RISK/REWARD

2%

MAX RISK PER TRADE

4

CORE FRAMEWORKS



THE #1 REASON TRADERS BLOW UP THEIR ACCOUNTS

It's not the market. It's not bad luck. It's **trading without a plan**. The traders who consistently build wealth don't have a crystal ball — they have a rulebook they follow every single time. This is yours.

01 STRATEGIC FOUNDATION

BEFORE YOU PLACE A SINGLE TRADE



GOAL SETTING & PREPARATION

- Set realistic goals** based on your time, capital, and risk tolerance — not someone else's results
- Define your **market thesis**: Are you bullish, bearish, or is cash your position right now?
- Know your **"why"** behind every trade before you enter — not after
- Accept that **missing a trade is not a loss**. Protecting capital is the priority



MARKET RESEARCH

- Confirm the overall trend: **SPY, QQQ, IWM** — the tide moves all boats
- VIX falling** → Momentum names, speculative growth plays
- VIX rising** → Fundamentals, defensive plays only
- Multi-timeframe analysis: **Monthly** → **Weekly** → **Daily** (intraday only for day trades)
- Check **sector correlations** — don't fight the rotation



RISK MANAGEMENT RULES

THE RULES THAT KEEP YOU IN THE GAME

01

1:3 MINIMUM R/R

Risk \$1 to make \$3. No exceptions. If the setup doesn't offer at least a **3:1 reward-to-risk ratio**, skip it. There will always be another trade.

02

2% CAPITAL RULE

Never risk more than 2% of your total capital on a single trade. This is what keeps a bad week from becoming a blown account.

03

ALWAYS USE STOPS

A stop-loss is not optional. **Set it before entry, not during panic**. The market doesn't care about your feelings — your stop does.

04

SCALE IN GRADUALLY

05

NO REVENGE TRADING

06

LEVERAGE = CAUTION

Start with $\frac{1}{4}$ to $\frac{1}{2}$ position. **Example:**
\$4,000 full size → enter at \$1,000–
\$2,000 first. Add only when price
confirms your thesis.

Lost a trade? **Stop. Step away.**
Revenge trading – trying to win it
back fast – is the #1 account
destroyer. Loss is a tuition fee. Learn
it.

Leverage amplifies *both* wins and
losses. **Use it sparingly** and only when
conviction and setup quality are both
high.

"The goal of a successful trader is to make the best trades. Money is secondary."

– Alexander Elder, *Trading for a Living*

**DISCIPLINE IS THE EDGE. NOT THE INDICATOR.**

Every trader has access to the same charts. **What separates profitable traders is execution discipline.** FOMO kills accounts. Patience builds them. This page is your execution standard.

02 TRADE EXECUTION RULES

FROM PLAN TO POSITION — WITH PRECISION

**PLAN IT**

Document your trade before entry

**ENTER**

Scale in $\frac{1}{4}$ – $\frac{1}{2}$ at pullbacks

**MANAGE**

Adjust stops to ATR/volatility

**SCALE OUT**

Take profits at targets

**JOURNAL**

Record & review every trade

**PLANNING & DISCIPLINE**

- Document: **Market environment, setup type, size, risk, entry, exit** — before you place the order
- Do not improvise** once inside a trade. The plan was made with a clear head. Trust it.
- Keep a **trading journal** — your edge lives in the data you collect on yourself
- Have a strategy for each condition: **uptrend, downtrend, sideways**
- New to a setup? Use the **1-share method** — learn with real money, not fake conviction

**ENTRY RULES**

- Scale in using **$\frac{1}{4}$ to $\frac{1}{2}$ positions** at pullbacks for value entries
- Add to strength** — never on gap-ups. Chasing gaps is greed in disguise
- Use **weekly low-limit orders** for more favorable entries
- Avoid earnings unless intentional** — earnings are a coin flip, not a setup
- If you missed the entry, **let it go**. The market will give you another door

**IN-TRADE MANAGEMENT — WHAT TO DO WHILE YOU'RE IN A POSITION**

MONITOR

- Market events & earnings calendar
- Sector rotation shifts
- Macro news that could change the thesis

ADJUST

- Move stops to ATR or daily volatility
- Swing trades: review charts **daily**
- Long-term trades: review **weekly**

EXIT

- Scale out at profit targets — **take the money**
- Exit **immediately** if pattern breaks
- Never hold a broken setup on hope

⚠ THE 5 COSTLIEST TRADE MISTAKES — AND HOW TO AVOID THEM

- **Chasing gap-ups** — You're buying someone else's profit. Wait for the pullback.
- **No documented plan** — If it's not written down, it's not a plan. It's a guess.
- **Holding through broken setups** — When the chart says "no," believe it. Exit immediately.
- **Ignoring earnings dates** — One binary event can erase weeks of gains. Always check the calendar.
- **Full position from the start** — Scale in. Give yourself room to be wrong and still survive.



YOUR BRAIN IS WIRED TO LOSE MONEY IN THE MARKETS

Neuroscience is clear: the brain's loss-aversion wiring **causes more pain from a \$500 loss than joy from a \$500 gain**. This makes you hold losers too long and cut winners too short. Awareness is your antidote. Use this page before and after every trade.

03 THE 4 PSYCHOLOGICAL TRAPS

RECOGNIZE THEM BEFORE THEY COST YOU



FEAR

Hesitation, panic selling, skipping good setups. Fear makes you exit trades that would have been winners.

Fix: Trust your plan. Pre-set stops so fear has nothing to decide.



GREED

Holding winners too long, overtrading, ignoring stop-losses. "Just a little more" is how profits become losses.

Fix: Set profit targets before entry. Honor them.



FOMO

Jumping into trades because others are winning. You see a big green candle and feel like you're missing out.

Fix: If you missed it, you missed it. Next setup.



REVENGE

Trading to "win back" losses fast. This is emotional, not strategic — and almost always makes it worse.

Fix: After a loss, stop trading for the day. Reset.

? POST-TRADE AUDIT: WHY DIDN'T IT WORK?

- Earnings?** Did you check the calendar before entry?
- Emotions?** Were you hopeful, fearful, or greedy at entry?
- Price?** Could you have gotten a better entry or exit?
- Chart?** Did you read the technicals correctly?
- Sector?** Was the sector showing strength or rolling over?

🧠 PRE-TRADE EMOTIONAL CHECK

- Am I **chasing** or trying to make back a loss?
- Did I **skip any steps** in my checklist?
- Am I overriding my system with **instinct or ego**?
- Am I acting from **anxiety, FOMO, or frustration**?
- Is this a **high-conviction setup** or am I just bored?
- Would I take this trade **if I had no P&L showing**?

Trend? Were you fighting the broader market direction?



WINNING MINDSET VS. LOSING MINDSET

THE MENTAL SHIFT THAT CHANGES EVERYTHING

ON LOSSES

- ✗ "I need to win this back NOW."
- ✓ "A loss is data. What did I learn?"

ON MISSED TRADES

- ✗ "I can't believe I missed that move."
- ✓ "There are always more setups."

ON WINNING TRADES

- ✗ "I'll hold just a bit longer for more."
- ✓ "My target was hit. I take the profit."

ON BAD DAYS

- ✗ "One more trade to turn this around."
- ✓ "I step away. Tomorrow is a fresh chart."

ON UNCERTAINTY

- ✗ "I feel like this one is going to run."
- ✓ "Does the chart confirm this? Yes or no."

ON EXITS

- ✗ "Maybe it'll bounce back if I wait."
- ✓ "The setup broke. I exit. No debate."

EXIT TRIGGER	SIGNAL	ACTION	WHY IT MATTERS
Profit Target Hit	Take It	Scale out or full exit	Market is unforgiving — a profit today can be a loss tomorrow
Pattern Breaks	Exit Now	Exit immediately	Your thesis is invalid. Hope is not a strategy
Earnings Approaching	Caution	Reduce or exit position	Binary event — coin flip risk, not a setup
Stop-Loss Reached	Honor It	Execute stop, no exceptions	This is the price you agreed to be wrong at
Thesis Invalidated	Reassess	Exit or drastically reduce	New information changes the picture — update accordingly

**OPTIONS GIVE YOU LEVERAGE. THE GREEKS TELL YOU THE PRICE OF THAT LEVERAGE.**

Most retail traders buy options without understanding what they're actually paying for. **Every dollar of premium decays. Every volatility spike changes your position's value.** Know the Greeks before you trade options — or you're gambling with a sophisticated instrument.

04 THE OPTIONS GREEKS — SIMPLIFIED

KNOW WHAT YOU'RE BUYING BEFORE YOU BUY IT

**DELTA**

How much your option moves for every \$1 move in the stock. Delta 0.50 = option moves \$0.50 per \$1 stock move.

→ Higher delta = more directional exposure

**GAMMA**

The rate of change of Delta. High Gamma near expiry means your position can shift dramatically with small moves.

→ Watch Gamma when close to expiry

**THETA**

Time decay. How much value your option loses each day just by sitting still. The clock is always working against buyers.

→ Buyers lose Theta daily. Sellers collect it.

**VEGA**

Sensitivity to changes in implied volatility. High IV inflates premiums — buying into earnings IV can be costly.

→ Buy low IV, sell high IV when possible



OPTIONS TRADE READINESS CHECKLIST

RUN THIS BEFORE EVERY OPTIONS TRADE

**PRE-TRADE CHECKLIST**

- Spread Check:** Is the bid-ask spread tight? Avoid illiquid options — wide spreads eat your profit before you start
- IV / IV Rank:** Is IV high (sell premium) or low (buy premium)? Compare to historical IV for edge
- Theta Exposure:** How fast is time decay working against you? Know your daily cost of holding

**RISK & POSITION SIZING**

- Calculate break-even:** Know the exact price your stock needs to reach for you to profit
- Max risk defined:** With options, max risk = premium paid. Confirm it fits your 2% rule
- Know all Greeks:** Delta, Gamma, Theta, Vega — understand your full exposure before entering

Vega Risk: Are you exposed to IV changes? Be cautious entering before earnings or macro events

Strategy Fit: Bullish = calls/spreads. Bearish = puts/spreads. Does your structure match your thesis?

Market conditions: Earnings dates, Fed meetings, CPI – these events move IV dramatically

Trend alignment: Is the overall market thesis supporting your directional bet?

MARKET OUTLOOK	IV ENVIRONMENT	PREFERRED STRATEGY	WHAT TO WATCH
Bullish	Low IV	Buy calls / Bull call spreads	Delta, Theta decay, break-even price
Bearish	Low IV	Buy puts / Bear put spreads	Delta, time until catalyst
Neutral / Sideways	High IV	Sell premium (covered calls, credit spreads)	Vega exposure, Theta collection rate
Pre-Earnings	High IV	Avoid buying premium – consider spreads only	IV crush post-earnings, binary risk
Post-Earnings	IV Drop	Watch for directional breakout setup	New trend direction, volume confirmation

THE CHARTWORK MANTRA

FLOW AND FOCUS

"There are always opportunities. Be patient. Stay prepared. Strike with confidence."

The market rewards the prepared and punishes the reactive. Every rule in this guide exists for one reason: to keep you **in the game long enough to win.**

1:3 MINIMUM R/R

2% MAX RISK

ALWAYS USE STOPS

JOURNAL EVERY TRADE

CONTROL EMOTIONS

FLOW & FOCUS

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Framework developed by Biddles Group | ChartWork - Behavioral references: Elder (Trading for a Living), Kahneman (Thinking Fast & Slow), Damasio (Descartes' Error) - © Biddles Group