

ACTIVE Trader[®]

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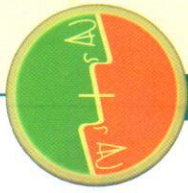
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Scalpels and scalping

BY ACTIVE TRADER STAFF



Name: Greg Orlando

Age: 39

Lives and works in: Clinton, N.Y.

The lure of freedom attracted plastic surgeon Greg Orlando to trading. Although he began trading part-time in 1999 while working at his private reconstructive and aesthetic surgery practice, Orlando recently stepped up the pace and now devotes one day a week entirely to trading. A year from now, Orlando hopes to set aside two days per week to trade full time.

Orlando became interested in the financial markets while working at his first job after completing medical school and his residency. He initially sought out a money manager to handle his investments.

"After six months, I had some disposable income," he says. "I thought that since I was giving this guy money, I better learn a little about the stock market." At the time, Orlando says he knew nothing about charts or fundamentals and simply was checking stock prices on Quicken.

Orlando followed the manager's purchases and remembered watching a stock called Performance Technologies (PTIX). They bought the stock at roughly \$20 in late 1998 and Orlando watched it quickly move up around \$40.

"I thought 'Boy, this is great.' But, then one day it went down to \$10. I thought it was a mistake on the computer. We bought more, making the mistake of averaging down."

From that point on, Orlando wanted to learn to make some decisions for himself. He began reading *Investors Business Daily* and opened an online account in 1999. He started reading all the trading materials he could find and attended the Online Trading Expo in an attempt to learn more.

"I'm like most surgeons, who are extremely driven and need results. I didn't want to park my money somewhere and let it rot," he says.

Now, Orlando believes trading is "very similar to surgery. It's both an art and a science. The science is knowing price, time, volume and velocity. Those are hard facts. But, it doesn't mean you can plug it into a computer program. The art of technical analysis is actually deciding when to enter and where you think support and resistance is."

Orlando sees a connection between surgery, trading and sports. "For me, surgery is like a sport. You put on a uniform. You go into the field or in my case the operating room and then you shower when it's over. Just like trading, in surgery you know when everything went perfectly, without a flaw," he says.

"People talk about that sixth sense in trading. It just feels good when you have one of those trades and say 'Yeah, I hit that right

on the head.' It's the same thing in surgery," Orlando adds.

Trading methodology: Despite working 70 to 80 hours per week at his practice, Orlando creates space in his schedule for 10 to 15 trades per week, sometimes putting on short-term trades on his laptop between seeing patients. He trades equities from the long side, the QQQs from the short side and he also places basic option trades.

He primarily trades Nasdaq stocks because of their volatility, shying away from anything trading less than 500,000 shares per day. He places both intraday and several day swing trades, in a discretionary manner.

Orlando identifies his entry point, stop-loss point and where to start taking profits before he gets into a trade. His trading decisions are based 95 percent on technicals and he always identifies the cycle or stage the market is in before trading. These stages include the accumulation, mark-up, distribution and decline periods.

One example of his research process would be to study the daily chart to identify which stage the market is in, relying on the 50-, 20- and 10-day moving averages. Then, he drops to the 60-minute chart to find support and resistance and then down to the 10-minute chart to identify entry and exit points. Ideally, for a long position, he looks for a stock breaking out of "stage one" into a "stage-two" uptrend, which occurs when the 10-day moving average crosses above the 20-day, which crosses above the 50-day.

He uses discretion and for a long trade looks to buy on a retracement to a support level during a stage-two advance, with a pick-up in volume as a confirming signal. He always uses a trailing stop and relies on a 3:1 reward/risk ratio. To identify potential profit points, Orlando identifies support and resistance levels, and he scales out of profitable trades.


Became profitable when: he learned to do his homework. "If I don't do the research, it's basically gambling," he says.

Orlando has taken courses from David Nassar and Brian Shannon at MarketWise University, and counts them both as trading mentors.

"Like medicine, when you go through a residency and your medical career, you find someone to emulate," he says. "It's the same thing in trading."

Worst trading experiences: Orlando calls "letting a profitable trade become a losing trade because of greed" one of his worst trades. Also, he says "not learning from a losing trade" is a bad trade. He keeps a daily trading journal and reviews how he could have handled each trade in a better fashion.

When not trading: Orlando spends time with his two young children, entertains family and friends, collects and enjoys wine. He also spends time starting up businesses, such as real estate, which can provide passive income.

Best trading resources: Marketwise.com, Innerworth.com, Wise Idea newsletter, Briefing.com, Nasdaq.com, *Market Evaluation and Analysis for Swing Trading* by David Nassar. 

Trading setup

Hardware: Custom-made computer setup from Xview consisting of a Pentium 4.2 Ghz processor PC with 1 GB RAM and four 17-inch flat-panel monitors. He also has an electronic recovery system and a wireless mouse and keyboard.

Software: RealTick

Internet access: Cable modem with DSL for back-up.

Brokerage: Terra Nova (direct access)