

Jack Schwager's Guide to Winning *with* Automated Trading Systems

Course Manual

Jack Schwager

***An Overview of
Trading Systems -
And Why You Should
Use Them***

***The Most Important Lesson
of the Market Wizards***

Benefits of a Mechanical Trading System

Six basic advantages of trading systems:

- Eliminates emotion
- Eliminates need for constant decision making
- Ensures consistency of approach
- Risk control
- Same approach can be applied to many markets
- Approach can be tested for statistical reliability

***Defining and
Illustrating the
Leading Types of
Trading Systems***

DEUTSCHE MARK-Daily

80 Day Breakout System

Close lower than lowest
low during past 80 days

System works very well when
there are sustained trends

DEUTSCHE MARK-Daily



**By definition, a trend-following system
always surrender a significant portion
profits before a reversal signal is rece**

DEUTSCHE MARK-Daily

Trend-following systems will witness strings of whipsaw I
during choppy, trading range type markets

