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THE YEAR

Page 06

COMPETITION

Page 04



SUMMER READING

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2011: THE YEAR IN REVIEW



by the book



Trading Plans Made Simple

By Jacqueline and Davin Clarke

Wrightbooks

“Failing to plan means planning to fail”. Sure, this might be the gazillionth time you have heard or read this statement, but it remains one of the great untaught areas of trading. It’s such an easy thing to tell people to create a trading plan – it comes in at about slide three of the presentation at a seminar, usually – and yet there is very little out there which will walk you through the basics of a good trading plan. The Clarkes have adopted a holistic approach to the subject and it works well, with everything from the psychology of trading to the empirical methodology needed to refine the plan covered in detail.

In fact, this is the sort of book that experienced traders could also benefit from flicking through to get some ideas for different metrics or extra elements to add to their existing plan.

Market appeal: Novice-Advanced

Verdict: Unfortunately the phrase that opened this review is a cliché because it is true. If you want to develop your plan from scratch or improve your existing strategy, then plan to buy this book.



CFDs Made Simple

By Jeff Cartridge and Ashley Jessen

Wrightbooks

Another in the series of “Made Simple” books by Wrightbooks (the others covering forex, trading plans and shares), CFDs Made Simple is probably the one with the biggest demand.

Most traders understand the concept of CFDs, but few have a full grasp of the complexities of its trading paradigm or the full range of opportunities available to CFD traders – even if they have been trading other instruments for years. Unlike some of the other titles which assume a certain level of naivete in their audience, CFDs Made Simple has a more savvy clientele in mind. The result is more engaging, allowing the reader to draw their knowledge from other areas of trading and apply it to the world of CFDs.

Market appeal: Intermediate-Advanced

Verdict: Like the “for dummies” series, this falls into the everything you wanted to know but were afraid to ask section of the bookshelf. But does that mean you should get it for the same reason you should eat your vegetables – more because someone else said so rather than the goodness of the deed? Not at all. You should get it because you will become a better trader.



Investing in Collectables

By Charles Beelaerts with Kevin Forde

Wrightbooks

When I was younger I can remember poring over my grandmother’s collection of stamps and being told to be careful, because one day they could be worth a lot of money. Of course they were beautiful too, old relics of the British- Empire years gone by.

This is, for some, the inherent brilliance of investing in collectibles – the intangible rewards of indulging in a hobby or passion combined with the tangible returns on collecting well.

Some of these investments have come under fire lately – for example with the Cooper Review’s recommendation on exotic investment – but there is still a lot of merit in fully understanding the opportunities available. Beelaerts and Forde do an excellent job to digest the options across a wide subject matter (for every art dealer there is a coin collector and so on) in a book that is entertaining and quirky. For example, did you know that an invitation to attend the opening of Australia’s first parliament could be worth around \$1000?

Market appeal: Beginner

Verdict: Add it to the collection.



A sharebuyer's guide to investing in the Australian Mining Boom

By Allan Trench

Major Street Publishing

It's often been said that the greatest works of art are ultimately labours of love, where the artist has poured their passion and skill into a project which becomes a masterpiece.

When it comes to writing trading books it seems like there are many authors who are content to go through the motions. They might not have anything original to share so they revisit the tired old areas of explaining various indicators or revealing the 'secret' to fundamental trading.

The result is trading book after trading book that are simple variations of a common theme.

This book is different. Dr Allan Trench is an academic with serious real-world experience in the field of mining and mining exploration and he knows his subject comprehensively.

And let's face it, mining is an area most of us don't know nearly enough about. We are bombarded with messages trumpeting the mining boom but the people striking it rich tend to be the miners themselves, not the investors trying to pick a winner (often from the other side of the country).

Trench's book fills in many holes (pardon the pun) covering everything from how mines are run, the taxation framework affecting the mining landscape, and strategies to pick suitable investments. There's even an outlining of various commodities and their associated price triggers – certainly useful given the latest strong moves in prices in recent months.

Trench's writing is sometimes clunky but the message is strong enough to transcend that (indeed it becomes an endearing feature after a while).

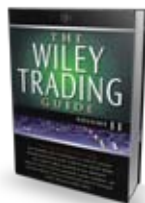
Warren Buffett famously sat on the sidelines during the dotcom boom of the 1990s, saying he refused to invest in something he didn't understand and he couldn't understand why others were being so foolish with their investments.

He makes a fair point, and Trench's book is certainly an antidote to those sitting on the sidelines of one of Australia's biggest ever booms, unwilling to get in too far because of their own lack of knowledge.

At 450 pages it's a big read, but it's all high-grade and worthy of investment.

Market: Beginner – Intermediate

Verdict: Get it if you want (or already have) any exposure to Australia's mining boom, and you're not already someone who knows a lot about rocks or metals and how to find the right kind of either.



The Wiley Trading Guide Volume II

Edited by Kristen Hammond

John Wiley & Sons

At a recent investor outlook session the speaker explained the position Amazon has achieved in the online retail market space.

"Look, they're so big that anyone else thinking of entering the market just wouldn't bother," he said.

There are several market leaders that have achieved a similar status – they are so good at what they do that it makes it hard for competitors to enter.

In terms of trading literature in
Australia,

John Wiley & Sons occupies that position. They have such a range of titles and experts that when it comes to compiling a dream team for their trading guide the results are awesome.

The usual suspects are all there: Colin Nicholson has contributed a chapter on planning, David Hunt gives a guide to identifying small caps with potential, and Roger Kinsky offers a how-to on band trading, joining other luminaries such as Keith Nielsen, Ray Barros, John Person and Jacob Bernstein.

From forex to commodities, strategies to mindsets, The Wiley Trading Guide Volume II picks up where the first volume left off: great insights delivered by powerful minds on subjects where there is a strong degree of both passion and knowledge.

It's a worthy addition to any self-respecting trading library, or a valuable starting point for anyone dipping a toe in the water.

Market: Beginner – Advanced

Verdict: Grab your copy, get out your highlighter and a copy of your trading plan and make sure to check you're on the right path. Or, start over again. **T+**

