

Guide #8: Rapid-Terms Cheat Sheet & Quick Start

AI Trading Futures

www.aitradingfutures.com

Jim Daniels, Human Button Pusher (HBP)

RAPID-TERMS CHEAT SHEET (RTC) AND QUICK START GUIDE

Purpose

To give you a fast, plain-English glossary of key trading terms plus a simple quick start roadmap. Perfect for new traders or anyone joining the AI Trading Futures community and feeling overwhelmed.

Rapid-Terms Cheat Sheet (RTC)

EMA (Exponential Moving Average)

- A moving average that gives more weight to recent prices.
- Used to identify trend direction and strength.

VWAP (Volume-Weighted Average Price)

- The average price of a market, weighted by traded volume.
- Acts as "fair value" for intraday trading.

ORB (Opening Range Breakout)

- A strategy using the high and low from the first minutes after market open.
- Traders look for breakouts above/below this range.

Flag (Flag Pattern)

- A pause in a strong trend that forms a small channel or consolidation.
- Often leads to continuation in the direction of the prior move.

Doji

- A candle where open and close are very close.
- Indicates indecision; can hint at a possible reversal when at extremes.

Tail / Wick

- The thin lines above and below a candle's body.
- Long wicks show rejection of those price levels.

Runner

- A portion of a position left open after taking partial profits.
- Used to capture bigger moves while reducing risk.

Scale Out

- Taking profits in parts instead of closing the full position at once.
- Example: Close 50% at 2R, leave 50% to run.

Mag Seven

- The major mega-cap tech stocks often used for options:
 - Nvidia, Microsoft, Apple, Amazon, Meta, Alphabet (Google), Tesla.

Covered Call

- Strategy where you own 100 shares of a stock and sell a call option against it.
- Generates income (premium) and reduces cost basis.

Paper Trade

- Simulated trading without real money.
- Used to practice setups and test strategies.

Slippage

- The difference between expected fill price and actual fill price.
- Common during fast markets or illiquid conditions.

Drawdown

- How much your account has fallen from its peak.
- Example: Account peaks at \$10,000, drops to \$8,500 = \$1,500 drawdown.

Soft Stop

- A mental or alert-based stop level where you evaluate closing the trade.
- Not a hard order in the market, but a rule you intend to follow.

Swing Trade

- Trade held longer than intraday scalps—typically overnight to several days.

Backtest

- Testing a strategy on past price data to estimate performance and edge.

Quick Start Guide

Step 1: Build/Verify Your Trading Rig

- Ensure you have:
 - Reliable computer and internet (with backup).
 - At least two monitors (three preferred).

- Trading platforms installed (TradingView, NinjaTrader/Tradovate).
- OBS and audio/video if you plan to stream or record.

Step 2: Learn and Commit to Four Core Setups

- EMA Trend & Pullback.
- VWAP Reversion/Break.
- Opening Range Breakout (ORB).
- Flag/Continuation pattern.

Your rule: Trade only these setups until you are consistently profitable or at least consistent in execution.

Step 3: Choose Your Markets

- Recommended futures:
 - NQ: Nasdaq futures.
 - ES: S&P 500 futures.
 - CL: Crude oil futures.
 - GC: Gold futures.
- Start with one or two to reduce complexity.

Step 4: Start in Simulation (Paper Trading)

- Use your core setups in sim mode.
- Focus on:
 - Executing rules.
 - Logging trades.
 - Reviewing behavior—not on making fake money.

Step 5: Set Basic Risk Rules

- Per trade risk: 0.25–0.5% of account.
- Daily loss limit: For example, 1–2% of account.
- Max trades per day: For example, 3–5 quality trades.

Step 6: Create Your Journal

- Use Google Sheets or Excel.
- Log:
 - Date and time.
 - Instrument and setup.
 - Entry, stop, and target.
 - Result in R and dollars.

- Screenshot link.
- Notes and emotion.

Step 7: Use AI for Feedback

- Upload logs and screenshots to your AI assistants.
- Ask:
 - “Which setups are working best for me?”
 - “Where am I breaking my rules?”
 - “What should I focus on improving next week?”

Step 8: Add Swing and Options Only When Ready

- When you are comfortable with intraday setups and journaling:
 - Add conservative swing trades.
 - Introduce covered calls on Mag Seven stocks for income.

Step 9: Consider Prop Firm Challenges (Advanced)

- Once you have:
 - A solid journal.
 - Consistent execution.
 - At least several weeks or months of data.
- Then learn the specific rules of your prop firm and follow the Prop Firm Success Guide.

Step 10: Keep Psychology Front and Center

- Use the Psychology & Performance Guide to:
 - Run pre-market routines.
 - Track emotions and tilt.
 - Build daily and weekly review habits.

New Trader Starter Checklist

- I have:
 - A stable rig and internet.
 - At least one platform (TradingView or NinjaTrader) ready.
- I know:
 - My four core setups.
 - My daily loss limit and per-trade risk.
- I commit to:
 - Starting in simulation.
 - Logging every trade.
 - Reviewing at least once per week with AI help.

Summary

The Rapid-Terms Cheat Sheet and Quick Start Guide are your map for entering trading without drowning in jargon or random strategies. Start simple:

- One or two markets.
- A handful of setups.
- Strong risk rules.
- Consistent journaling and review.

Let the advanced stuff come later. Build your base the right way.

Welcome to AI Trading Futures.