YUSUF GADELRAB · FULL COURSE EDITION · SECOND EDITION · V2.0

FREE SAMPLE — PART I: FOUNDATIONS

TRADING MASTER PLAYBOOK

From **“what is a market”** to auction theory, options Greeks, and risk math — the complete framework I trade with, taught with checkpoints, scenario drills, and worksheets. The algorithms are explained at the level of ideas, never internals.

STOCKS | ETFS | OPTIONS | FUTURES | FOREX

Part I, complete
of the 245-page full edition

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READ THIS FIRST

Important Disclaimer

EDUCATIONAL MATERIAL ONLY

This playbook exists to teach vocabulary, mental models, and a discipline framework for studying markets. It is **not financial, investment, legal, or tax advice**, and nothing in it is a recommendation or solicitation to buy, sell, or hold any security, option, future, currency, or other instrument.

NO ADVISORY RELATIONSHIP

The author is a student and independent developer — not a registered investment adviser, broker-dealer, or financial planner, and is not licensed to give personalized investment advice. Reading this book does not create any advisory or fiduciary relationship.

RISK OF LOSS

Trading involves substantial risk of loss and is not suitable for everyone. Options, futures, forex, and leveraged products can lose more than your initial investment. Most short-term traders lose money. Never trade with funds you cannot afford to lose.

HYPOTHETICAL EXAMPLES

Every dollar figure, account size, and worked example in this book (e.g. "a $10,000 account risking 1%") is hypothetical and exists purely to illustrate arithmetic. They are not records of real accounts and imply no past or future performance. Past performance of any method never guarantees future results.

DO YOUR OWN RESEARCH

Markets, regulations (including PDT, margin, and tax rules), and products change. Verify anything that matters against primary sources, and consult a licensed professional before making financial decisions.

HOW TO USE THIS PLAYBOOK

- **Read in order the first time.** Part I builds the foundation everything else stands on; Parts II–IV assume it.
- **Checkpoints:** every section ends with a short quiz. In the **interactive HTML version** (same document, opened in a browser), tap **Reveal answer** to check yourself instantly. In this PDF, all answers live in the **Answer Key (page 19)** – write your answer down *before* looking. The writing is the learning.
- **Scenario drills:** "you're in the trade – what do you do?" boxes. There's rarely one right answer; the drill is forcing a decision *with a reason* before reading mine.
- **Worksheets (page 16):** the trade-plan template, journal template, and premarket checklist are meant to be copied and used, not admired.
- **The contents below are clickable** – both in a browser and in most PDF readers.

CONTENTS

> **Who this is for:** anyone who wants to genuinely understand how I approach markets – from zero. The goal isn't to hand you my trades; it's to hand you the vocabulary, the mental models, and the discipline framework, so you can build your own. The parts I keep private are the algorithm internals; everything conceptual is on the table.

PART I — MARKETS 101: THE ARENA & THE PLAYERS

What a market actually is

A market is a continuous **auction**: buyers post the highest price they'll pay (the **bid**), sellers post the lowest they'll accept (the **ask**), and trades print where they meet. Price isn't a fact about a company — it's the live score of a negotiation. When you internalize that, charts stop being squiggles and become crowd psychology with timestamps.

Why prices move

- **Imbalance, not opinion.** Price moves when one side wants in *more urgently* than the other side will accommodate. News, earnings, and Fed decisions matter only because they change urgency.
- **Discounting:** markets price the *future*, not the present — "buy the rumor, sell the news" exists because by the time news is official, urgent money already moved.
- **Reflexivity:** price moves cause reactions (stops triggering, funds rebalancing, options dealers hedging) that cause more price moves. Big moves are chain reactions, not single decisions.

The players — know who's across the table

PLAYER	WHAT THEY'RE DOING (AND WHY YOU CARE)
Retail traders	Individuals — you and me. Fast, small, emotional, and predictable in aggregate: their stops cluster at obvious levels, which is exactly why obvious levels get swept.
Institutions	Mutual funds, pensions, hedge funds moving positions too large to fill at once. They accumulate over days/weeks — leaving footprints: volume shelves, VWAP magnetism, repeated defenses of a zone. Most of technical analysis is just tracking their footprints.
Market makers	Firms quoting both bid and ask, earning the spread thousands of times a day. They're not villains; they're the plumbing — but their inventory management explains a lot of intraday chop.
HFT / algos	Machines trading in microseconds. You cannot out-speed them — so don't compete on speed; compete on timeframe and patience, where they have no edge.
Options dealers	The firms on the other side of options flow. Their mechanical hedging (**gamma hedging**) can pin prices to strikes near expiry or accelerate breakouts — an invisible hand worth knowing exists.

Where trading happens

Exchanges (NYSE, Nasdaq, CME) match orders centrally. Your **broker** is your gateway to them — modern brokers charge zero commission on stocks and make money on spreads, order flow, and margin lending. Nothing is free; know how your counterparty eats.

✦ CHECKPOINT 1

Q1. Price just broke below an "obvious" support level everyone was watching, then instantly reversed higher. Which player dynamic most likely explains this?

→ Answer key (back of book)

Q2. Why can a company report record profits and its stock still drop the same day?

→ Answer key (back of book)

Q3. What's the one competition you should never enter against HFT firms — and what's your edge instead?

→ Answer key (back of book)

MARKETS 101: THE MECHANICS — ORDERS, SPREADS, ACCOUNTS

The spread — your first, invisible cost

The gap between bid and ask is the **spread**. Cross it carelessly and you start every trade slightly down. **Slippage** — filling at a worse price than expected — is the spread's big brother, and it grows with order size, speed, and illiquidity. Liquid instruments and patient orders are how you keep both small.

Order types — your actual control panel

ORDER	WHAT IT DOES · WHEN TO USE IT
Market order	"Fill me now at any price." Instant, but you pay the spread and any slippage. Acceptable only in deeply liquid names.
Limit order	"Fill me at this price or better." You control price, not certainty — the trade might run without you. The default for entries.
Stop order	"When price hits X, fire a market order." The standard stop-loss — guaranteed exit trigger, not a guaranteed exit *price* (gaps blow through stops).
Stop-limit	"At X, fire a *limit* at Y." Protects fill price but can fail to fill in a crash — protection that can abandon you exactly when you need it. Understand the tradeoff before using.
Trailing stop	A stop that follows price by a fixed distance — mechanical profit protection for trend rides.
OCO / bracket	Stop + target attached to the entry; one filling cancels the other. The playbook's default: the exit exists before emotion does.

Accounts, margin, and the rules that bite

- **Cash account:** trade only settled cash. Slower (settlement takes a day), but immune to the PDT rule and to margin calls. Where beginners belong.
- **Margin account:** the broker lends against your positions. **Leverage** multiplies both directions, and a **margin call** forcibly liquidates you at the worst possible moment — margin is a tool for flexibility, never for size.
- **PDT rule:** under $25k equity in a margin account, you're capped at 3 day-trades per rolling 5 days. Small accounts route around it: cash accounts, futures, or simply swing timeframes.
- **Short selling:** borrow shares, sell them, buy back cheaper — profiting from declines. Losses are theoretically unlimited (price has no ceiling), borrow fees accrue, and crowded shorts fuel **short squeezes**. Respect it before touching it.
- **Sessions:** regular hours plus thin, wide-spread **pre/post-market** where earnings reactions actually happen. Overnight risk — the gap between close and open — is the reason day traders go flat and swing traders size smaller.
- **Taxes (US, in one line):** positions held under a year pay your full income rate; over a year, the lower long-term rate; and **wash-sale** rules disallow loss harvesting if you rebuy within 30 days. Track everything.

✦ CHECKPOINT 2

Q4. You place a stop-loss at $50. The company reports terrible news overnight and opens at $44. Where did you sell, and what order type "protected" you?

→ Answer key (back of book)

Q5. Why is a stop-limit order dangerous in a fast crash?

→ Answer key (back of book)

Q6. You have $5k and want to trade actively. Name two legitimate routes around the PDT rule.

→ Answer key (back of book)

THE ASSET-CLASS TOUR — WHAT YOU CAN ACTUALLY TRADE

ASSET	WHAT IT IS · PERSONALITY · WHO IT SUITS
Stocks	Ownership slices of companies. Personality ranges from sleepy dividend payers to low-float rockets. The core arena for both day and swing playbooks. **Dividends** pay you to hold; **splits** change the share math but not the value.
ETFs	Baskets trading as one ticker — an index (SPY/QQQ), a sector (XLF, SMH), a country, a commodity. Instant diversification, deep liquidity. Sector ETFs are also the rotation-reading instrument even when trading single names.
Leveraged ETFs	2x/3x daily-reset versions. **Volatility decay** grinds them down in chop — powerful for short high-conviction windows, poison as buy-and-hold.
Options	Contracts on stocks — leverage, defined risk, income, and hedging in one instrument (full chapter, page 13). The most flexible tool and the fastest way for the unprepared to donate money.
Futures	Standardized contracts on indexes, commodities, rates. Near-24h sessions, structural leverage, exact tick math (page 14). The professional's day-trading arena.
Forex	Currency pairs — the world's largest market, macro-driven, session-structured (page 14).
Bonds	Loans to governments/companies. Yields move inverse to prices, set the "risk-free rate" every asset competes against, and the **yield curve** is the macro layer's crystal ball. Trade them via ETFs or futures — but *read* them regardless.
Crypto	24/7, no circuit breakers, sentiment-driven, violently cyclical. Technicals work *because* everyone uses them. Bitcoin doubles as the risk-on/risk-off thermometer. If touched at all: small, and never with rent money.

Investing vs. trading — two different jobs

- **Investing:** buying productive assets to compound for years. **Dollar-cost averaging** into broad index funds is the highest-probability wealth path known — boring on purpose. This is the foundation layer everyone should run *first*.
- **Trading:** exploiting shorter-term price movement for income — a skill business with tuition, drawdowns, and no salary. It sits *on top of* the investing foundation, never instead of it.
- **The compounding math that makes both work:** money growing at rate r doubles roughly every **72 ÷ r** years (the Rule of 72). At 10%, ~7 years. Start-age matters more than brilliance — which is exactly why a 20-year-old building systems now is playing the easiest version of the game that will ever exist.

✦ CHECKPOINT 3

Q7. A 3x leveraged ETF tracks an index that goes +10% then −10% over two days (index ends −1%). Why is the ETF down much more than 3%?

→ Answer key (back of book)

Q8. Why should you watch bond yields even if you only trade tech stocks?

→ Answer key (back of book)

Q9. Using the Rule of 72: at 8% annual growth, how long to double — and roughly how many doublings does a 20-year-old get by 65?

→ Answer key (back of book)

THE TRADING MASTER PLAYBOOK

SECOND EDITION SUPPLEMENT

The Visual Chart Atlas

39 original plates: market structure, candles, patterns, gaps, indicators, anchored VWAP, setups, management, risk math, options payoffs, regime and process — every concept in the playbook, drawn.

Yusuf Gadelrab
APPLIED MATH + CS · SJSU · FULLY ILLUSTRATED
SECOND EDITION

Support & Resistance Are Zones, Not Lines

Price respects areas of prior business, not exact ticks — draw rectangles, not hairlines

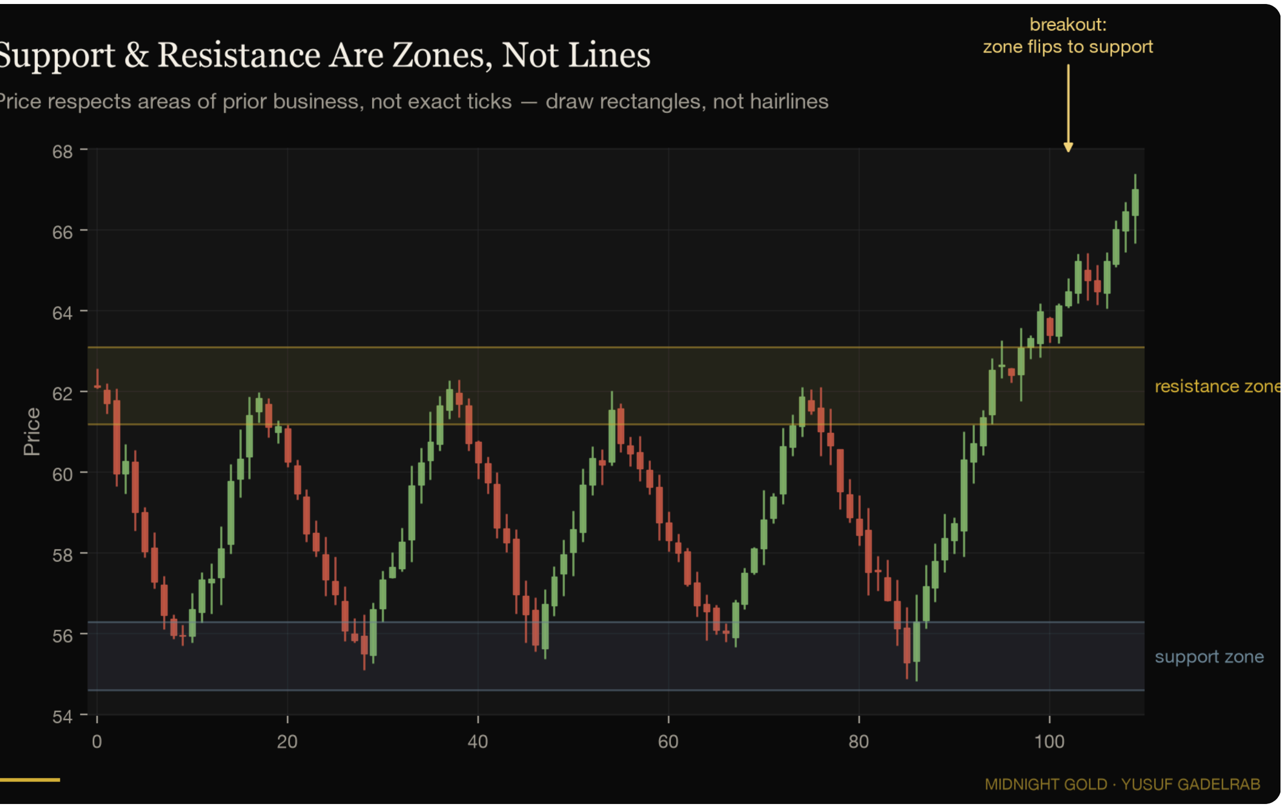

Plate 02 — Support and resistance are zones of prior business, not exact ticks.

MARKET STRUCTURE

The Moving-Average Dashboard

Stacked & rising = healthy trend. MAs describe the trend — they are not buy signals

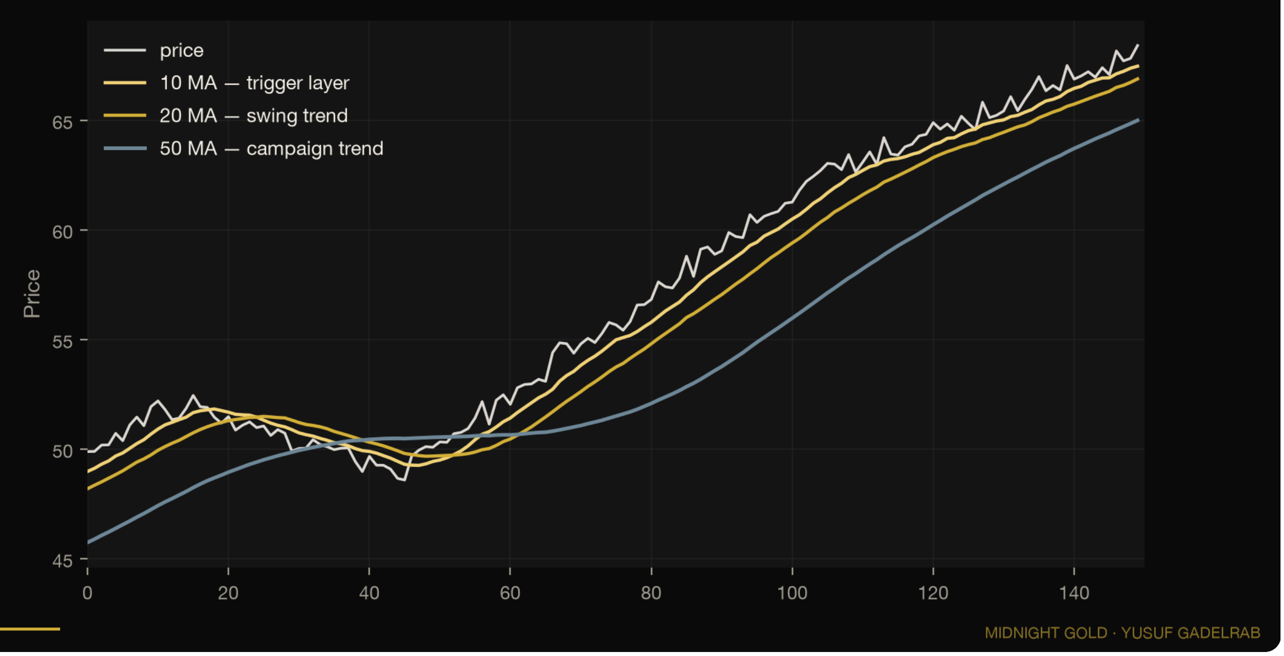

Plate 03 — The moving-average dashboard: three lookbacks, one glance.

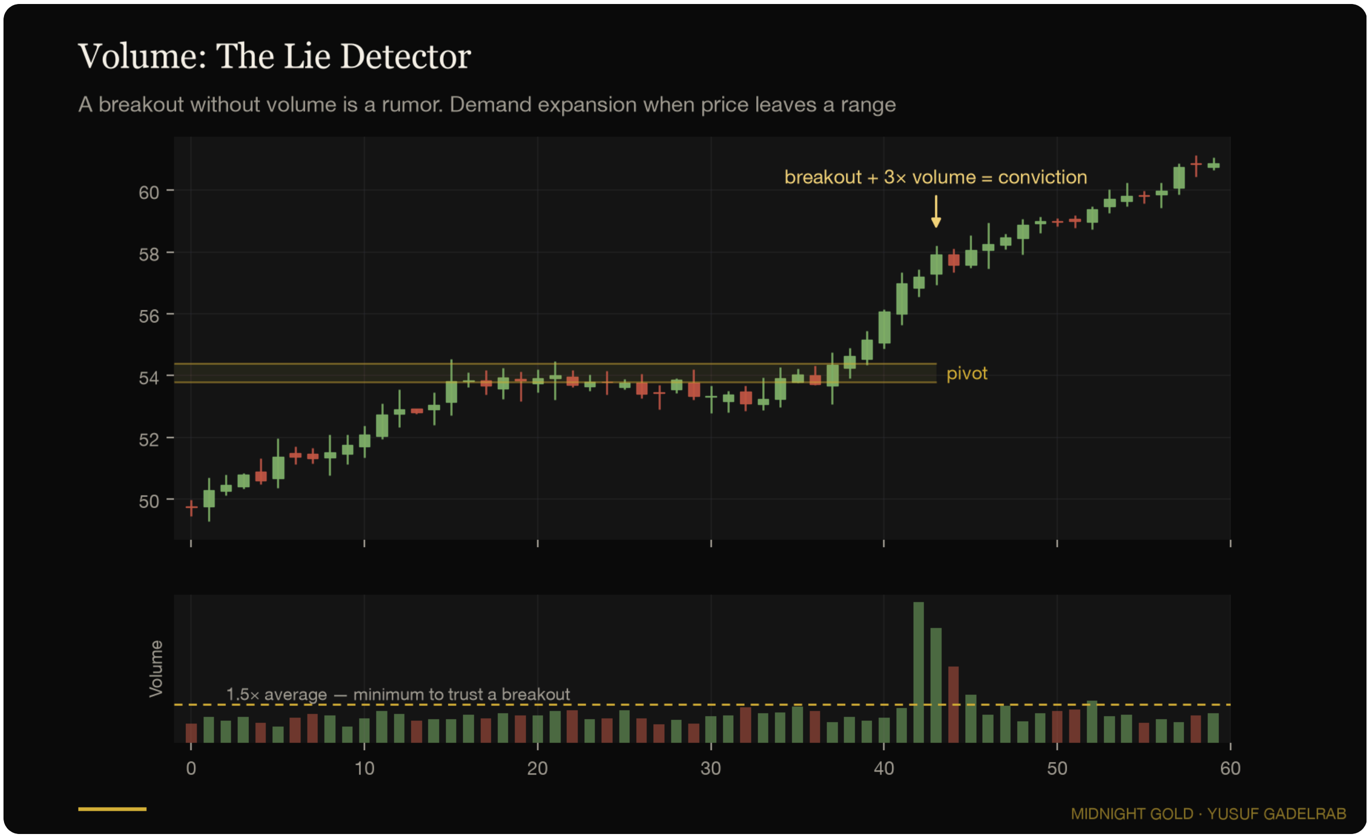

Plate 04 — Volume is the lie detector — breakouts without it are rumors.

THAT WAS PART I — THE FOUNDATION

The other 198 pages are the craft.

The full edition continues with the method, the playbooks, and the deep-dive reference modules:

- ✓ The seven-step method & market structure
- ✓ Day trading & swing trading playbooks
- ✓ The Wheel, earnings, 0DTE, rolling & repair
- ✓ Wyckoff, gaps, Fibonacci, multi-timeframe
- ✓ Position sizing, expectancy & drawdown math
- ✓ Journaling analytics & system design
- ✓ The Fed, macro & four crash case studies
- ✓ Prop firms, the professional's day
- ✓ Candlestick + chart-pattern catalogs
- ✓ Options — Greeks + 13 structure catalogs
- ✓ VWAP playbook & volume analysis
- ✓ Growth-stock swing systems (VCP, bases)
- ✓ Backtesting method + statistics traps
- ✓ Futures specs, forex, crypto structure
- ✓ Behavioral finance & the tilt protocol
- ✓ Worksheets, full answer key, glossary