

# A DAY IN THE LIFE OF TWO (MARRIED) STOCK TRADERS

*Find Out How This British Husband-and-Wife Team Make Dough in a Spare Bedroom—in Their Pajamas!*

**I**'m sure some of your readers would be horrified at the thought of seeing their partners 24 hours a day," Anna Coulling tells **MAKING BREAD**. She readily admits that what she and her husband, David, do together for a living would not suit everyone. "As in any business, partnership or marriage, there can be pressure, especially when things go wrong. However, we rarely, if ever, argue. As long as David does as he is told, then everything is fine!" she says, teasing the man she fell in love with at first sight 30 years ago and with whom she now trades U.S. equity options and currency on a daily basis from the comfort of their home in a converted Victorian mental asylum on the outskirts of London. "Most appropriate," says David, laughing about their home's previous tenants.

Then he outlines the advantages of trading from home: "Currency trading is available virtually 24 hours per day. Everything starts in Sydney, then moves to Japan, on to the United States, and finally into Europe before the whole process starts over again." The name for the market on which they trade is Forex ([www.forex.com](http://www.forex.com)).

The Coullings met in 1976 when they were 22 years old. "Being Italian, I was the one who had to make the first move," Anna recalls, "as David was far too shy to come and talk to me." They were married a year later. This former English teacher (she) and civil engineer (he) have since raised a daughter and started two successful businesses. In the late 1990's, they began investing in the U.K. stock market part time, with "mixed success." It was then that they

decided "to research the market, stop listening to other people's opinions, and never again buy, sell or trade any product or instrument that we did not fully understand," recalls David.

"One of the things we learned very quickly is that, to be successful, your trading strategy must suit your individual personality," adds Anna. "It is no good trading highly volatile stocks if you are conservative and risk-averse in your daily life. Finding a good match between who you are and what and how you trade is a big part of being successful in trading," she says.

The two complement one another in their investing styles. "David is very cautious, methodical, never deviates from his trading plan, and gets very upset if he makes a mistake," says Anna, who believes that women make better investors. "I rarely get upset and am much more philosophical about the vagaries of the market. I am also much more willing to take risks."

Their partnership seems to work. "We have about \$60,000 invested in the equity

market at the moment," says David. "This generates an income of approximately \$1,000 per month. Our main source of income is from currency trading, however. We typically look to take, on average, \$400 per day, or \$2,000 per week, from that. We've also built a small property portfolio of rental houses here in the U.K."

The Coullings recently sold their real estate holdings and now rely on trading for their day-to-day income. They plan to reinvest in property in Italy, offering learn-to-trade vacations there, after

launching this business sideline in the U.K. "As you can see, we like to spread our risk, which we would advise all investors to do and to never have more than 10 percent of their total net worth in the stock market at any one time," David cautions.

Below, the Coullings describe a typical trading day at their house. They purposely chose an unprofitable day, because, as David says, "Losses are part of the business. Accepting that is the hardest part of trading."  
—The Editors

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By Anna and David Coulling

**I**t's Friday, April 15, and following a bad week on the U.S. market, everyone is hoping for some good news. So far this week, the Dow Industrial Average has been down more than 200 points, and every stock seems to be heading south. On the currency markets overnight, the dollar has gained against the Japanese yen in Asia trading, taking its cue from the weak Japanese equities market ahead of the G7 meeting in Washington.

For those of you who remember *Pinky and the Brain*, that Warner Bros./Steven Spielberg cartoon series about two lab mice who dream of world domination, this is us—

only we have yet to decide who the genius is and which one of us is insane. Their opening conversation was always:

"What are we doing today, Brains?"

"What we do everyday, Pinky. Try to take over the world."

In the Coulling household, it is 7:30 A.M., and another typical day on the "trading floor" begins:

**Anna:** Oh, dear, what time is it?

**David:** Here—or in Tokyo?

**Anna:** Oh, don't start. You know I'm

not very good with different time zones. We'll have to buy some clocks so that we know what time it is in Japan, New York and Sydney.

**David:** It's 7:30 here and time to go to work. They've just gone to bed in Tokyo and are still asleep in the U.S. In Sydney, they're probably still on the beach! Come on, you know the markets start to move between 8 and 10 in the morning. When we've finished, we'll have breakfast and then see what's going to happen in the market this afternoon.

**Anna:** Whose idea was it to start this trading nonsense and put ourselves through all this?

**David:** Yours, actually. Come on then. I'll go and switch the machines on if you make a cup of tea.

**'We tune in to Bloomberg Radio on the Internet. The news on the manufacturing index is bad. It's going to be another rough day on the markets.'**

**W**e get out of bed, and—still in our

pajamas—stumble into the office next door, which used to be a spare bedroom. It is now stuffed with computer equipment, several screens, two desks, and a high-speed Internet connection. We sit, side by side, watching the screens flickering to life.

**David:** What's happening with the pound/dollar?

**Anna:** Let me check the charts [which track prices at varying time intervals]. The five minute is trading in a very narrow range. Let me check the daily chart. I'm not sure. It's very hard to tell at the moment. I think I'll have to wait and see what happens if it moves out of this range. Are there any major economic announcements due out this morning?

**David:** Why are you asking me? You're supposed to be the currency trader.

**Anna:** Ha, Ha. But you're so much better at detail than I am!

**David:** Let me check, before you rush in and open a position. The jobless claims were released yesterday, and the main U.S. announcement today is the Industrial Production Empire State index. This is due out at 8:30 Eastern, which is 1:30 our time, so we're okay for the next two hours.

**Anna:** Oh, look, it's starting to move. Shall I go in?

**David:** Are you sure, or are you guessing?

**Anna:** No, I'm sure. Look at the 15-minute chart. The price has broken through the support level at 1.8824 and looks as though it is definitely moving up.

**David:** OK, but try to open your position on a down bar, if possible. Are there any resistance levels above?

**Anna:** Yes, but a long way above. It looks as though the price could move up. Oh, look, it's going up fast. I'm going to buy one Lot.

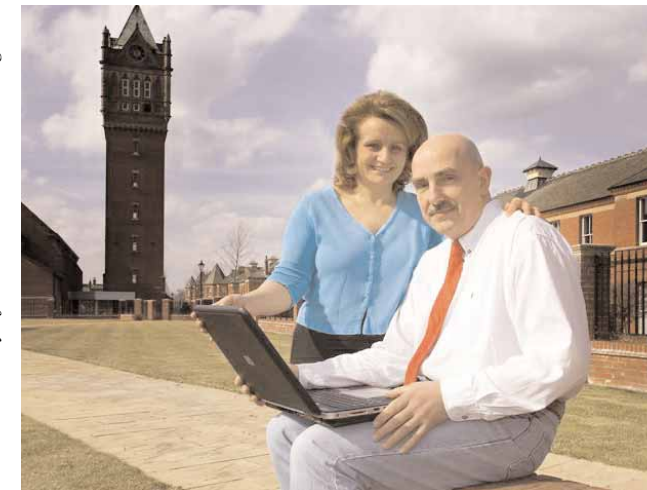
**W**ith one click, the trade is executed online with our Forex broker. One Lot represents \$1,000, which controls \$100,000 in currency. All currency is traded on margin (with at least some of the cost borrowed from your broker, betting that your gains will cover your expense). This represents a 1 percent ratio. Currency movements are measured in pips. One pip is a very small move. A one-pip movement will yield a \$10 profit or loss.

**David:** Have you put a stop on?

**Anna:** No, not yet. Anyway, you know I always like to live dangerously!

**David:** OK, I'll do it, as usual. Better safe than sorry.

**N**ever, ever trade without a stop in any market. When you set a stop loss on an order, you put a limit on how much money you are willing to lose. You can use this method to ensure that your cap-



*'Most appropriate,' says David of their home (right) in a converted Victorian mental asylum.*

ital remains intact. The Forex markets move extremely quickly, so, without a stop, you can lose a great deal of money very quickly. The key to success is to preserve trading capital with good money management.

**Anna:** Oh, dear, it's coming back down again. I'm not sure this was such a good decision.

**David:** It'll be fine. Don't worry. The market never moves in a straight line. As long as we're in an up trend, with higher highs and higher lows, we should be okay, and even if the price goes back down into that resistance area, we'll just close it out at a small loss.

**Anna:** Yes, you're right. We can't win all the time. Oh, good, it's going back up again. Shall we take our profit now?

**David:** Let your profit run for a bit longer. After all, it's only five pips at the moment, and our target is 10. Are there any other trades we can do?

**Anna:** I've had a look at the Swizzy (dollar/swiss pair). It looks as though it's about to fall through a support level. I've been watching it for the last few minutes, and it's not going back into this price area.

**David:** What about the other time scales?

**Anna:** The trend is definitely down. As soon as it passes 1.2100, I'm going short.

**David:** Okay. Just remember to put a stop in above your trade this time.

**T**he trade is entered short. Short selling involves selling the currency in the expectation that the price will fall, and the position is then closed out with a reverse order to buy. The move continues upwards, and we close out for a profit of 11 pips and \$110. We both breathe a sigh of relief and relax. The trade has lasted 17 minutes, and the pressure is off.

**David:** What's happening on your short?

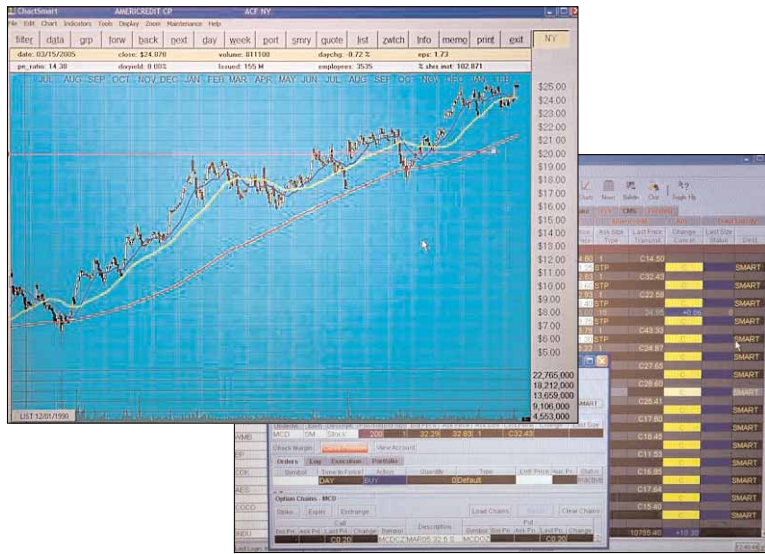
**Anna:** Nothing much at the moment. It seems to be stuck.

**David:** Where are you going?

**Anna:** Off to watch Everyone Loves Raymond and do some exercise.

**David:** You've still got an open position.

**Anna:** I know. Just give me a call if anything happens. Anyway, there is a stop.



Screen Test: Tracking potential profits—and losses.

**B**y 10 A.M., the markets have settled down, and we have a leisurely breakfast together. The market is sluggish, and we leave the short position open, with a

**'Tomorrow's another day. You can't be right all of the time. Anyway, we had a good morning on the currency markets. At least we can afford to eat next week!'**

stop loss and stop limit (a limit on the profits you want to take) order in place. Following breakfast, the move on the Swizzy has stalled, and we close out for a small loss of 3 pips.

The rest of the morning is spent on chores and catching up with e-mails and market news. At 1 P.M., we are back in the office. We listen to the latest news on CBS, and tune in to Bloomberg Radio from the U.S. on the Internet. The news on the manufacturing index is bad.

This is not going to help, given existing fears of inflation and rising interest rates. It's going to be another rough day on the markets. In addition, the April options expire today, so we need to keep an eye on any stock options that could be exercised.

**Anna:** What's happening, Brains?

**David:** Market's not open yet, but it's not going to be good. The market makers are going to have another field day, and rack it down some more to frighten everyone, trading on the bad news. The VIX is now rising rapidly as everyone starts buying protective puts. Everyone is talking about a slowdown in the economy, but personally I think it's all rubbish. Oil prices have fallen again though, so that may have some positive effect.

**M**arket makers create and control the market in equities. Puts are an option that can be bought as insurance against a falling market. The ratio of puts to calls gives an indication of the amount of fear or greed in the market at any one time. This is presented by an indicator called the VIX. This index is an excellent guide to future market direction. It has been extremely low for some time, indicating a sell-off in the market. The motto with this indicator is as follows: "When the VIX is low, it's time to go (sell). When the VIX is high, it's time to buy." In other words, you try to do exactly the opposite of everyone else.

**David:** What's happening in the currency markets?

**Anna:** Nothing at the moment. The news hasn't had any effect.

**David:** Are you hungry?

**Anna:** Need you ask?

**David:** Okay. I'll go and get lunch. I'll give you a call when it's ready.

**A**t 2:30 P.M., the U.S. stock market opens, and immediately the screens turn red as the market moves south.

Photo courtesy of Anna and David Coulling

**Anna:** How are you doing?

**David:** Not good. My stops are in danger after three days of big falls.

**Anna:** What about your options? Don't they expire today?

**David:** Yes, but I'm going to wait and see what happens.

**Anna:** Are you going to get stopped out on anything?

**David:** Probably. Goodyear Tires is too close for comfort, and it's only 60 cents from the stop loss. It's been going downhill ever since it got a downgrade from a stupid brokerage. They probably wanted to drive the price down so they could pick up some cheap stock.

**Anna:** How much is the loss if they take out your stop?

**David:** About \$1,000.

**Anna:** I'm sure it'll be fine, and at least you've taken four months of call premiums to reduce your downside risk. How much were the premiums?

**David:** \$250.

**Anna:** So your actual loss will be reduced to \$750, and don't forget the trade costs with interactive brokers are so low at \$1 per trade.

**David:** True. Not quite so painful.

**Anna:** Anyway, you can't win them all! Just most of them—and I'm sure we do a great deal better than the so-called professional fund managers. Are you doing any trades today?



Have computers, will trade: Anna and David Coulling at work.

**David:** Probably not. It's a day for sitting and watching and taking the pain.

**Anna:** You don't have to be a masochist, you know. You can always switch the screen off and come and watch my charts.

**B**y 6 P.M., the Dow is down nearly 150 points, and Goodyear Tires has been stopped out at 11.25 with a loss of almost \$1,000.

**Anna:** Are you OK?

**David:** I've had better days.

**Anna:** Come here and give us a kiss. Tomorrow's another day. You always take it so personally. You can't be right all of the time, and you can't fight the market. Anyway, we had a good morning on the currency markets. At least we can afford to eat next week!

**David:** Yes, thanks for that, Mrs. Cheerful.

**Anna:** Well, if you going to be grumpy, I'll leave you to it! ☐

Find out more about Anna and David Coulling at [www.letstradeforliving.com](http://www.letstradeforliving.com), where they publish a daily trading diary along with useful advice and guidance on trading options and currency.