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Interview with Ray Barros

"I had been a successful tertiary student, and run a successful legal practice, so I reasoned trading would be a snap. Of course, my success in other areas would not ensure success in trading."

**** Background Info / Introduction ****

Q. Can you please start by making a few comments about yourself to include your trading style and what products you trade, your experience in years, and what other things of a trading nature take your time on a regular basis (e.g. writing trading books/contributing to forums/coaching/speaking engagements)?

I have a discretionary trading style using Barros Swings, the Ray Wave, and Market Profile. In a sense the tools are an evolution of Richard Wyckoff's ideas – they provide structure by which to assess present tense information to assess whether the market is likely to continue or change its current line of least resistance.

I graduated from the Law Faculty, Uni of Sydney 1960 and practiced as a sole practitioner to 1982. I placed my first trade in the mid-1970 but began trading on a regular basis in 1977. Consistent success on an annual basis did not come until 1986.

I trade stocks, FX and Futures (E-minis, Gold, T-Bonds and Soybeans).

Other activities: I write articles, have written a couple of books (The Nature of Trends and the Ray Wave) and run trading seminars (personal and webinars) in mainly S-E Asia.

I have 4 seminars: a) Basic – BarroMetrics b) Barros Swings c) The Ray Wave and d) Market Profile.

I also run a mentor program for a maximum of 5 students at any one time.

Q. It is fair to say that most people are initially attracted to trading by money. Is this what initially attracted you or was it something else?

I was attracted by the freedom that trading provides and the fact that with trading, success or failure lies squarely on our own shoulders.

Q. What are some of your good and bad memories of your early trading days?

Good – an unfortunate start where I made enough money in 2 weeks of day-trading to buy my wife a fur coat.

I say 'unfortunate' because I learnt in that period that success was based on 'holding on to losing trades', 'that win rate was the most important factor in successful trading' and many other limiting beliefs. In short I confused luck for skill.

All other 'bad memories' were a result of the limiting beliefs. Some time after my initial experience. I had a week trading Gold where everything I touched was gold: not a single losing trade! Day-trading one contract, I made US$25k.

The following week, I gave it all back and more!

Q. How would you describe a couple of your biggest mistakes in your early trading days?

Hubris would top the list. I had been a successful tertiary student, and run a successful legal practice, so I reasoned trading would be a snap. Of course, my success in other areas would not ensure success in trading.

Q. Looking back to the beginning, in the face of the usual challenges, what motivated or inspired you to learn to trade well?

Self-belief. I had always been able to achieve my goals once I had set them – I had always been prepared to pay the necessary cost.

But trading needed the support of my wife who not only provided emotional support but the necessary financial support to see me through the tough years.

Q. On reflection, was there a single moment in time or situation that ultimately had the greatest influence on your trading?

The day I said to Chris (my wife), "I want to Chicago. There's a new theory taught by Peter Steidlmayer. I think it may help me".

She said, "yes" – at a time that it meant we'd be living on A$100 a month after the trip had been for.

Pete formed the other part of my success story. He taught me that trading is a probability game – the aim is to make money over a series of trades; the aim is not have a high rate, to hit a home run on each trade, or to take all the market has to offer for any one trade.

In essence he taught me that:

- The single most important equation must be positive over a large samples size and he taught me that the equation is

- (Average $ Win x Win Rate) – (Average $ Loss x Loss Rate) = Net positive

This equation is important because it emphasizes a number of important truths:

Speaking about averages underlies the importance of results over time.

The equation places the emphasis on what we can control: the relationship between our entries and exits. Given that the market is a probability game, the Win Rate is far less under our control than the difference between the Avg$Win and Avg$Loss.

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