

Wiley Trading Series

HIT and RUN **TRADING**

*The Short-Term
Stock Traders Bible*

JEFF COOPER

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HIT AND RUN TRADING

The Short-Term Stock Traders' Bible
Updated

Jeff Cooper

Foreword by James J. Cramer



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*To my wife Suzie, my father Jack,
and in memory of my mother Josephine.*

“I have taken more courses and attended more stock trading seminars than I can remember. I used to originate my own setups using the usual programs that are available in the marketplace—barely achieving mixed results. Your Hit and Run Trading approach has kept my trading solidly profitable, with minimal risk. I cannot say that about any other strategy or service I have ever used. Trade setups using your patterns have the highest success of any I have seen. My trading results have improved dramatically since I began using the Hit and Run Trading Methodology.”

— Jim Trockman, Active Trader

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FOREWORD

Making money in a great bull market can be fairly easy. You buy momentum; you make money. You buy value; you make money. You select midcaps, they work; you buy big caps down a few from their highs and you ring the register a few weeks later for nice gains.

Everything changes though in a tough market. In a tough market, almost everybody looks stupid, bereft of ideas, unable to comprehend the larger picture or the short-term.

Everybody except Jeff Cooper. I've been hearing about Jeff Cooper's market analysis and strategies ever since my wife, Karen Cramer, the Trading Goddess, left Steinhardt Partners, one of the greatest of all hedge funds, to come to work with me as the head trader of our aggressive hedge fund in 1987.

I was a fundamentalist, freshly minted from four years in brokerage at Goldman Sachs, trying to find high quality ideas that I could ride for glory. Karen could care less about "high-quality" ideas. She said that we had to make money in good times and bad and we needed weapons; weapons that didn't need a rising tape. She said we needed Cooper. We had promised our investors good returns regardless of the direction of the market, but without a constant generation of potential shorts and longs from Jeff Cooper, she said, we wouldn't be on our game. At the time, I didn't know him from Adam. "Sure lets hire Cooper," I said.

"No," she explained. "Jeff Cooper is this legendary secretive guru out west, you take his service, you read his books, you understand his method of going in and out without dogma, without religion, and you run with it."

And so we did. At first, I professed bafflement. Lots of argot; lots of mystery. But the ideas worked, right from the

get go. I would come to love the missives, still do, as Cooper's worldview turned out to be totally in synch with the market's incredibly idiosyncratic ways. For Karen, it was non-stop Cooper. She began the day with the list of short ideas he generated—they were voluminous then, and voluminous now—and said, “meld your fundamental look with the ones he says are golden and we'll be ready for rough times.” But, just as quickly, she would add that if we could make some calls on Cooper's longs to get some conviction we could profit from the spikes that we got that year. As someone who loves options, too, I found that when Jeff's conviction was highest and I felt strongly about a name, we could hit 'em even harder with calls or puts to augment the trades. The result? Cooper helped us deliver consistent 24% returns after all fees year-after-year, including a couple of down years that would take your breath away.

It was only later, after I retired from the day-to-day grind that I actually got a chance to speak to the master. Not that it matters, because this is money, but it turns out the secretive master is an incredibly nice, good man who wants you to win, who senses the good that he does by helping those of us who need input to generate the good ideas day in and day out. Fair, honest, with none of the pretensions or biases that clutter the thinking of so many who work side-by-side with me on Wall Street, Cooper delivers a clearheaded vision of the market everyday.

He does so, he can be that consistent, because of the grounding contained in this book that was first published several years ago, now recently updated. When you read it, you will see why it doesn't matter what kind of market we have; Cooper's vision will pay off.

I know a lot of belly-achers who think that without a clear trend like we had in place for so much of the 1990s, it is “impossible” to make money. People throw up their hands

with despair at a sideways market as if somehow a sideways market wears all traders down and produces only losses from any side you chose to engage in.

That's wrong as you will find here. In fact, I would say that the single most rewarding markets to use Jeff's methods in are the ones that seem the most futile to those who are less nimble or so orthodox that they can't see that something one day can be long and then a week later can be short. Dogma-free, open-minded, aware of EVERY pattern that has ever held up under scrutiny to be a winner, Cooper can help you navigate this market or any other.

I never got to meet Jeff Cooper during all of the years that Karen and I regarded his passages as manna from the trading gods to feed our multi-million dollar maw. But I loved—and still love—the quirky way this legend has ingratiated himself into our existence. There's still moments where I scratch my head and simply confess I am not smart enough to understand every bit of Cooper's wisdom, yet I know that with a rereading of this classic, I will come even closer to mastering this legend's trading philosophy.

—James J. Cramer