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*There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits*

Friday, March 28, 2014

## Testing Times

I came across a thread started by a young trader at Traderji forum. He is just 25 years old . He lost more than 35 Lakhs in seven months, trading Crude Oil contracts and had to sell his home to make good the loss. Many such people get wiped out by the market

Remember the first law of holes?.

"If you find yourself in a hole, stop digging"

If we are in such a situation, the best thing to do is to stop trading. Do not think that we can turn around and recover the losses with a different strategy. It will never happen. We will end up losing much more.

The reason is very simple. The key success factor in trading is "Time". In fact time is a big factor in achieving success in any performance activity. You have to remain engaged in the activity long enough to get good at it. Trading is no exception. We will not develop the required knowledge, skill and behaviours required for trading success overnight. We have to survive a long learning curve before entering the earning curve.

Do you have the resources to stay in the game long enough?

Ensure that you have enough capital to trade and funds necessary to meet household expenses till your trading clicks. Supports from your family and friends are equally important. Without these safety nets in place, do not venture into full time trading. It may end up as a misadventure.

Posted by [SMART Trader](#) at 9:10 PM



## 7 comments:

[Anonymous](#) [March 28, 2014 at 10:50 PM](#)

Thats Scary nad so sad..that a lot of money to loose...

if i had that kind of money i would have put 30 as FD in a bank and used 5 as my trading capital.. to be safe..

i wish he had visited this blog or any other which would provide a better and deeper insight into trading...

thanks..  
[tRaDeR\\_B](#)

Reply



[sometimesbullsometimesbear](#) [March 29, 2014 at 10:19 AM](#)

@tRaDeR\_B

He is not alone...There are many many like him...almost 80% of traders....

The sad thing is he has most probably given up.....

Out of this 80%..again 80% give up and never come back to the stock market....(that should make it 64% in 100)....The remaining 20% of the 80% start studying seriously and give another try.....

Again out of this 20% ...again 80% fail...and so on and so forth...the cycle continues in subsets...

It is like a fractal.....

The few that ultimately make it....are the like the ultra refined distillate.....pure maal.....:))

Reply

[Anonymous](#) [March 29, 2014 at 10:45 PM](#)

"If you find yourself in a hole, stop digging" I stopped trading after i read this. Earlier i was not able to stop myself i say myself we catch some points to compensate the previous loss but u loss more. this words changed my view thanks ST.

Regards

Suresh

Reply

Anonymous [March 30, 2014 at 11:53 AM](#)

Sir, read your e-Book. Also commented in tradeji thread thanking you. I am new to your blog and now reading up your articles one by one.

Being a 32y.o, I realize from your own journey that there is a LONG way to go. After trading for 5 yrs now and even imposing a 2yr "stop trading" for being reckless (and was VERY lucky to escape with a decent profit, not my skill at all, but I decided to shut shop because my emotions were not right), now I have started to calm down and ready start from the beginning. 30s are imposing that responsibility on my risk taking nature and the rush of blood has given way to much calmer thinking. From 40 nifty option lots per position, I have now realized even 4 lots are way better if I can make it consistent, rule-based trading approach.

However, I am still in the process of improving my risk management and a system development. Haven't yet found a system that I like but have understood that short-term swing trading is what fits me (day job and smaller positions). And for sure, price action trading over everything else.

Can you please recommend how to go about putting together a system for swing trading? If you could point to some of your writings, that would be fantastic.

Thanks!  
Prashyao  
Reply



**SMART Trader**  [March 30, 2014 at 12:44 PM](#)

Prashyao

Thanks for the visit and comment.  
Swing trading is not my cup of tea  
I am totally focused on day trading.

Read <http://www.stockbee.blogspot.in/>  
This will give you great insights into swing trading

ST  
Reply



**Unknown** [March 31, 2014 at 2:39 PM](#)

hi ST  
wat to do if there are too many DPs with very little space between them. is there any priority arround our DPs  
Reply



**SMART Trader**  [March 31, 2014 at 2:47 PM](#)

Sudarshan

Trade the extremes  
When in doubt stay out. Next opportunity will come soon

ST  
Reply

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