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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

Tuesday, May 8, 2012

Reading: Chasing Success

Here is a blog post by Trader X. This post was written in 2006 and influenced my trading a lot

I talk to numerous people through email every week who are struggling to be successful at trading. And, I find two common traits in most of them:

- 1.) They trade too much - most of the people struggling make multiple trades daily, some as many as 10+ round trips.
- 2.) They have a lack of focus.

I will start with #2. I have discussed this in the past - most people jump from indicator to indicator, time frame to time frame, method to method. They will use something for a few days, hit a bump, and move on to something different all together. One day the holy grail is a XX period moving average, the next day it is MACD or an oscillator. One day it is a 30-minute chart, the next day it is a 5-minute chart. One day it is buying the break of the first inside bar, the next day it is a pullback from the high.

I call this "chasing success". The bottom line is the person does not spend enough time on any one method to really understand and execute it properly. They bounce around, and before they know it a lot of time has passed and they are still struggling.

If you pick something and stick to it, you get good at it. Once you get good at it - once you perfect it, THEN you can add something else to your arsenal.

A final thought on #1 - why do you want to make 20-30 (or more!) trades a week when you are losing money? Stop trading so much! And a way to "force" yourself to do that is to FOCUS on one thing. Pick a timeframe. Pick a moving average. Pick a set-up. And wait for it to happen. What do you do while you wait? Study charts!!! And if a day passes and you do not make a trade, so be it. Look at it as a positive - you did not lose any money!

[Click here](#) to read the original blog post

Posted by [SMART Trader](#) at 11:47 PM



5 comments:



[Kranti](#) May 9, 2012 at 11:28 AM

Wonderful post. Thanks..

Reply



[SMART Trader](#) May 9, 2012 at 7:36 PM

Kranti

Our brain takes around 66 days to develop automaticity. will write a separate post on this

ST

Reply



[Ananth](#) May 11, 2012 at 12:15 PM

i have almost achieved automaticity in identifying tops and bottoms.....whenever i enter long that would be a top and whenever i enter short that would turn out to be a bottom.....the skill has been consistently proven over weekly/daily and intraday timeframes.....in this case , as someone once advised, all you need to achieve success is do the reverse of what you intend to do, but that is something like being awake while dreaming !

Reply



[SMART Trader](#) May 11, 2012 at 7:46 PM

Ananth

You are trading the shadows it seems.

<http://niftyinirvana.blogspot.in/2012/04/typical-trader.html>

ST

Reply



Ramesh Ramachandran August 11, 2012 at 8:45 AM

To gain expertise it takes 10,000 hours or 10 years. The problem of Ananth is what i had faced. I used to know intuitively that Nifty Future would move up. Why i could not explain. When the upmove unfolds and i have proof that my intuition was right. The move was close to a First trouble area and started chopping. One needs to act on the intuition of upmove before the move unfolds and exit when NF has strength.

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