



More ▾

Create blog Sign In



This image is no longer available.
Visit tinypic.com for more information.

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

Wednesday, February 15, 2012

Trading for a Living

Is it possible for me to trade for a living ?

Statistics says very few can do it. Derivatives are weapons of mass destruction and 95% of the people erode their capital and go broke within a few months. Can I survive in this jungle ?

Before deciding to make such a move. I have to think about my current financial status. Where do I stand now and what are the chances of my survival.

Both of us , me and my wife. are working and our monthly income is around Rs 80000/- . Both of us contributing almost equally. . I have completed the required service for VRS and expect to get a pension of Rs 20000/- per month.

We have built our own house and do not have much debt on it. Major expense in the near future is for my daughters education and marriage which I have to provide irrespective of my profession,.

So survival is not a problem at all. Even if I don't make any income trading for another year nothing will happen. Only thing I have to do is to protect my capital during the learning curve.

I will be happy If I can make Rs 40000/- per month which I am currently getting as salary, I want to concentrate on a single market, Single Instrument and a single time frame. ie 3 minute charts of Nifty Futures.

In order to prevent over trading and limit my trades to quality swing able setups I have limited my maximum trades as 4. Maximum loss per day allowed is 2R (R=Risk)

Let us do some calculation

No trading days in a month =20

Average Profit per day = 40000/20=2000

I plan to take position with 4 nifty lots ie 200 nos

Net Points to be captured a day 2000/200=10

Generally My entry is within 10 points of risk , so Risk =200*10=2000 on a trade.

Never want to risk more than half a % of my capital.

So I may need 2000*200= Rs 400000/-

Maximum Loss a day is 4000 ie 1% of capital

I need to capture 10 nifty points a day to live

Can I do this ?

Let me shout

YES, I CAN

Posted by [SMART Trader](#) at 5:52 PM



7 comments:



Vinod March 15, 2012 at 10:25 PM

Dear ST, I have been very impressed by your writing. A unique style not seen earlier. I am also a novice full time trader who has recently(Nov. 2010) taken retirement as Head R&D from a MNC pharma company & doing trading for a living. Its been 15 months since I started but still struggling. The losses have been matching the wins. Regards,

Reply



SMART Trader March 16, 2012 at 3:48 PM

Vinodji

Slow down. You can do it. Focus on the right things and not on money.

Develop your skill to capture 10 nifty point a day.Profit in money terms is a function of your position size and not the number of trades. You can scale up to any extend.

Survival is the first priority in Markets.Trick is not to lose big and survive the learning curve.

ST
Reply



Raghu R Bhat July 23, 2012 at 8:35 PM

Dear ST - we had emailed briefly in our traderji days.

Good to locate you again through this blog. The blog itself is illuminating and focused.

BTW the last but one line should read "Maximum loss.." as risk and loss are different as defined earlier. Sorry to nitpick...

regards
rrb
Reply



Raghu R Bhat July 23, 2012 at 8:49 PM

Dear ST - we have exchanged views earlier during traderji days. Lost track thereafter, even though I was briefly with saints forum

Your blog is illuminating and succinct - Have moved from trading indicators to levels some time ago while only using a subset mentioned in your glossary.

Am glad to have found this blog - regards and best wishes
rrb
Reply



SMART Trader July 23, 2012 at 9:23 PM

RRB

Nice to meet you again

Corrected the post. Thanks for pointing out.

Please do visit and share your observations so that all of us can learn together. The very purpose of this blog is to network with likely minded people and improve upon the methods.

ST

Reply

Anonymous December 27, 2013 at 2:14 PM

Risk : Reward is 2:1? are you risking 20 points for 10 points reward?

Reply



SMART Trader December 28, 2013 at 9:24 AM

Anon

I am risking max 10 points to capture 20 points

ST
Reply

Add comment

Note: Only a member of this blog may post a comment.

Enter your comment...



Comment as: Google Account ▼

Publish

Preview

[Newer Post](#) • • • • • [Home](#) • • • • • [Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

- [Disclaimer](#)
- [Glossary](#)
- [Rants 'n Raves](#)
- [Structure and Patterns](#)

Download E-Books

- [Decision Points](#)
- [Structure and Patterns](#)
- [Rants N Raves](#)
- [TRADE-SCORE](#)
- [Video Promo](#)

[Statcounter](#)

- [Lance Beggs @ YTC](#)
- [URD @ charttechnicals](#)
- [KPL @ vfmindirect](#)

Blog Archive

- [2015](#) (100)
- [2014](#) (274)
- [2013](#) (299)
- ▼ [2012](#) (338)
 - [December](#) (23)
 - [November](#) (28)
 - [October](#) (28)
 - [September](#) (27)
 - [August](#) (30)
 - [July](#) (33)
 - [June](#) (33)
 - [May](#) (33)
 - [April](#) (27)
 - [March](#) (31)
 - ▼ [February](#) (42)
 - [Absorption](#)
 - [29022012](#)
 - [Aya Ram Gaya Ram](#)
 - [28022012](#)
 - [27022012](#)
 - [The Chinese Bamboo](#)
 - [Self Evident Truths](#)
 - [24022012](#)
 - [23022012](#)
 - [22022012](#)
 - [Chicken Sexing](#)
 - [21022012](#)
 - [How to Learn Day Trading](#)
 - [Food For Thought](#)
 - [Clash of the Titans](#)
 - [17022012](#)
 - [Data Packets](#)
 - [16022012](#)
 - [Trading for a Living](#)
 - [15022012](#)
 - [Bucking the Trend](#)
 - [Waypoints](#)
 - [14022012](#)
 - [13022012](#)
 - [Execution](#)
 - [Opening Price](#)
 - [Trading and Investing](#)
 - [10022012](#)
 - [09022012](#)
 - [08022012](#)
 - [Rants 'n Raves](#)
 - [Structure And Patterns](#)
 - [07022012](#)
 - [Trends and Ranges](#)
 - [06022012](#)
 - [Inside and Outside Days](#)
 - [Daily Trading Patterns](#)
 - [Basic Structure](#)
 - [03022012](#)
 - [02022012](#)
 - [Disclaimer](#)
 - [01022012](#)
- [January](#) (3)

