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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

Sunday, June 21, 2015

Scaling Up

I consider trading as a skill. Like any other skill, time is an important factor in trader development. It is very important to focus on skill rather than money during the initial stages even though the ultimate aim is to make money trading. If we cannot make consistent money with a single lot of Nifty, why trade big and lose more? First build the foundation. **Fast growth is overrated.**

If you have been trading for a few months and the results are quite positive, you can think about scaling up. This has to be done slowly and steadily without affecting the psychology. Recently a reader wrote to me about this and we prepared a detailed plan. Here is it. Use this as a template to create your own plan

Initial Capital 66000/- (3 Months) Position 1 Lot.

Risk Per Trade 0.50% inclusive of commission $66000 \times .50/100 = 330/-$ (66000)

Maximum Risk cap for the day 3 losing trades $1.50\% = 990/-$

Maximum allowed loss in a week $= 5\% = \text{Rs } 3300/-$

Maximum allowed loss per month $= 10\% = \text{Rs } 6600/-$ per month

Earn at least 200 points per month for 3 months continuously

Profit accumulated should be $200 \times 3 \times 25 = 15000/-$. Make capital to 132000/- (Add 51000)

Position 50. Risk per trade 660/- Loss per day 1980/-

Weekly Loss $5\% @ 6600/-$. Monthly Loss 13200/-

Earn 200 points per month for 3 months continuously

Profit accumulated $200 \times 3 \times 50 = 30000/-$. Make capital to 198000/- (Add 36000)

Position 75. Risk per trade 990/- Loss per day 2970/-

Weekly Loss $5\% @ 9900/-$. Monthly Loss 19800/-

Earn 200 points per month for 3 months continuously

Profit accumulated $200 \times 3 \times 75 = 45000/-$. Make capital to 264000/- (Add 21000)

Position 100. Risk per trade 1320/- Loss per day 2970/-

Weekly Loss $5\% @ 13200/-$. Monthly Loss 26400/-

Earn 200 points per month for 3 months continuously

Profit accumulated $200 \times 3 \times 100 = 60000/-$. Make capital to 330000/- (Add 6000)

Position 125. Risk per trade 1650/- Loss per day 4950/-

Weekly Loss $5\% @ 16500/-$. Monthly Loss 33000/-

Go on adding an additional lot for every Rs 66000 of capital addition. If profit is less than 200 point a month do not count that month for adding lots. If makes a loss in a month reduce position size to half for the next month. Roll back to old volume only after earning 200+ points that month

Total capital to be brought in is Rs 180000/- if everything works well. After a while out of every 66000/- addition in capital, one third goes as Income Tax. Add another one third to the capital account and spend the rest.

Your suggestions and inputs are always welcome

Posted by [SMART Trader](#) at 2:15 PM



16 comments:



Deepak June 21, 2015 at 10:25 PM

Sir, Great concept. Thanks

Reply



Deepak June 21, 2015 at 10:27 PM

Sir, Can you please explain touch n trade concept in your post. Thanks.

Reply

▼ Replies



SMART Trader June 29, 2015 at 3:59 PM

Will do

ST



Deepak June 29, 2015 at 8:09 PM

thanks

Reply



Trekkiie June 21, 2015 at 11:11 PM

Hi ST,
Thank you ST. Nice plan/goal.

Reply



sentu shil June 22, 2015 at 7:51 AM

sir,
Thank u honestly...BIG THANK U...i'm waiting for ur reply eagerly...as always u helped me this time also,as u helped me first time two and half years back with my trade entry and stop loss problem.thank u and big hug to u.

sentu

Reply



xrtrader1 June 22, 2015 at 8:58 AM

Nice post ST. I called up broker and asked him to disable BO/CO (cover orders) from my account. Personally feel these are destructive tools in hands of learner.

Reply



Unknown June 22, 2015 at 10:50 AM

Thanks ST.

Reply



Trekkiie June 22, 2015 at 3:42 PM

Hi ST,
If we reach the loss limit for the week or the month, what should we do? Should we stop trading for that week or month?

Reply

▼ Replies



SMART Trader June 29, 2015 at 4:03 PM

Yes. It means you are not in sync with market
Take a break.

ST

Reply



Arvind June 22, 2015 at 3:49 PM

Sir,
Thanks a lot.

Reply



Unknown June 23, 2015 at 8:04 PM

Thanks ST for the step by step plan to scale up. It will definately help traders to put their results in perspective.

TBP

Reply



Unknown June 24, 2015 at 10:14 PM

Sir,

In your earlier post you said you use ichart web charts. Are they free? Can you please share the link?

Warm Regards

Kiran Desai

Reply

▼ Replies



SMART Trader June 29, 2015 at 4:04 PM

It is not free. Around Rs 800/- per month

ST

Reply



PA-Trader June 27, 2015 at 9:57 PM

Hi,

You must have some important work to do. When do you plan to come back?

Tnx,
Sakthi

Reply

▼ Replies



SMART Trader June 29, 2015 at 4:05 PM

A family member was sick. Now discharged from hospital
Will resume trading and posting now. May not be regular for few more days

ST

Reply

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