

Title:

Believing these Six Myths will Slash Your Currency Trading Profits

Word Count:

677

Summary:

Below you will find the six common beliefs followed by the bulk of traders - and if you believe these myths as well, then they will restrict your chances of making significant currency trading profits.

Ninety percent of currency traders believe at least one or more of these myths - which explains why ninety percent of traders don't make much profit by trading currencies!

Keywords:

currency trading myths

Article Body:

Below you will find the six common beliefs followed by the bulk of traders - and if you believe these myths as well, then they will restrict your chances of making significant currency trading profits.

Ninety percent of currency traders believe at least one or more of these myths - which explains why ninety percent of traders don't make much profit by trading currencies!

### 1. You should always be in the Market in Case you Miss a Move

Traders love excitement, and their view is, if they are in the market they may catch the big move. Well they may - but chances are they won't.

The big trends only come a few times a year in each currency - and you should stay out the market until they come, otherwise you will take losses, and run up commissions that will deplete your account.

Wait for the big trades - patience is a virtue in trading.

### 2. Diversification Reduces Risk, and Increases Profit Potential

Diversification simply dilutes your profits.

You hit a big move, and your other trades that lose, or give you only marginal profits, eat up all your currency-trading profits.

You need to have confidence to go for the big moves, when they occur, and load up these trades.

Currency trading is about calculated risks - if the trade looks good, hit it hard for big profits.

### 3. Day Trading is Better than Long Term Trend Following, as it's Less Risky.

Many brokers spread this myth - and why not? - They make more commission if you believe it!

You will end up having more losses than profits in your trading. You will never make enough money in a day to cover your inevitable losses. When you add in commission and slippage, it's inevitable that you will lose.

You need to hold longer-term trends, as these yield the big profits to cover your smaller losses.

### 4. Timing the Market is the Correct Way to Make Profits

Timing the market means you are trying to PREDICT where prices are going to top and bottom - this is not a good way to trade and the odds are against you.

A better way to trade is to wait for the market to CONFIRM a trend is under way, and jump on board. You may not buy the bottom or sell the high, but you can catch the major chunk in between - and with currency trends lasting for many months or years, you can still get plenty of profits from the trend.

### 5. Markets are the Same Today as they Were Hundreds of Years Ago

Rubbish! Trends now are much more volatile than they were even 50 years ago. Why? Today, with the Internet, price information reaches every corner of the globe in a split second. This increases volatility as everyone has the same information at once - and everyone tries to enter the market at the same time.

This was not the case even 50 years ago - the trends are still there, but volatility is much higher - traders get the direction of the trend right, but they find themselves stopped out by the volatility. How often has this happened to you? - It happens to all traders. Look at using options to give you staying

power.

#### 6. You can use a Black Box System to Make Money

You can buy a system from a vendor for a few thousand dollars - and it can make 50 to 100% profit per annum.

These systems normally have a hypothetical track record - and use price information where the results are already known, and of course, the logic of the system remains hidden from you - as it's unlikely to have a sound basis.

Have you ever wondered why these vendors sell systems, when they could simply get a bank loan and trade their own systems?

Enough said on this one!

How about some Positive Advice?

If you want to make big currency trading profits, you need to do it for yourself.

Get a plan you have confidence in, and execute the plan with discipline - and have the courage to trade for large gains when they occur.

Good luck!