

Title:

Five Simple Tools For Trading

Word Count:

919

Summary:

Trading vendors will often try and sell beginners as well as professionals all types of new indicators, trading systems, or expensive seminars but the truth is that there are simple tools out there that anyone can take advantage of to further their trading skills.

Keywords:

online stock trading, stock trading, option trading, stock market, option trader

Article Body:

Copyright 2006 Billy Williams

In this day and age of trading, traders and investors have enormous resources at their disposal. You have real time data feed that can pull and current future contract on any exchange at the tips of their fingers, you can determine at a glance the bid and ask price on any publicly traded company, and you can immediately pull up the delta reading on any option being currently traded. Yet, thought you live in this "Golden Age of Trading" you might also realize that traders today struggle to be a consistent winner just as hard as aspiring traders did a century ago. Technology is an incredible asset but the greatest edge that you have as a trader lays within your own mental and emotional resources as well some simple tools to help you reach the success you want.

The first thing any trader should do is go out a buy two simple manual with blank pages to serve as trading diaries. The first diary is to record all of your trades on this diary and review it every week, month, and year to look for any patterns that occur within your trading. One time, I took a quarterly review of my trading diary and discovered that some of my biggest losses occurred when I was daytrading e-mini futures on option expiration day. After noticing that I decided to avoid trading on that day and take note of my results at the next quarterly review and when I did I noticed that I avoided being whipsawed in the poor price action that occurs on such days and my bottom line improved another 12% each month.

The second diary should be to record all your thoughts and feelings leading up

to each trade. I started doing this when I was reaching a plateau in my intermediate to long term stock strategies and discovered that just before I would take a string of losses I would experience a type of euphoria because I had just closed out a big winning trade. After feeling overjoyed at the huge gain I would want to immediately find another stock to invest in to keep that good feeling going and my selection process would not be as strict and my bottom line would suffer. Fortunately, I had been keeping track of the mental and emotional states/biases I had leading up to these trades so that I could review to discover and patterns that could be improved upon and, as a result, I could make the necessary corrections.

The third tool I would recommend to you is to find a blog that discusses the trading. Most trading bloggers are experienced in their field and find that by having a format to put their trading ideas on the line as well as interact with other traders of all levels helps them to learn perfect their trading even more. Make sure that you find a format that covers the subject you are interested in whether it's trading futures, mutual funds, real estate investment, trading stocks, option trading, etc. Also, make sure that the author trades in a time frame that you are interested in whether it's long-term swing trading, or day trading. The fourth tool is to participate in a forum where you can interact with other like minded people who are interested in the subject. Forums are a great way for traders of all levels to get together and form a kind of "Master Mind" group. Master Mind groups were originally written in one of the great self-help books of all time in "Think And Grow Rich" by Napoleon Hill. Hill wrote that it was productive to form groups with motivated individuals to help brainstorm for new ideas and support one another's progress. Undertaking an activity like trading can be a little confusing as to what first steps to take and how to put together a trading plan that makes sense and is effective. The opportunity to interact with all levels of traders whether beginning or professional will build your experience and confidence as well as help you avoid costly mistakes.

The fifth tool, and in my opinion the most important, is to find a mentor/coach to help you with your trading. I once talked to a floor trader on the CBOE that only had a high school education in an environment where everyone had the minimum of a business degree from one of the Ivy League schools who told me the reason he was so successful on the floor was because he had a veteran trader coach him. All the other floor traders had to have an advanced degree in business just to get an interview with a firm to possibly trade on the floor for them but he had a mentor that actually took him under his wing and taught him how to trade and as a result he became a very successful floor trader for a major options firm.

Trading vendors will often try and sell beginners as well as professionals all

types of new indicators, trading systems, or expensive seminars but the truth is that there are simple tools out there that anyone can take advantage of to further their trading skills. Consider taking advantage of these five simple tools here to help further your trading education and skills and soon you may find that your trading will improve just as well if not better than buying all the new toys that the industry pushes on traders.