

## Title:

5 Tips For Successful Trading

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## Summary:

It is the focus of this article to give you direction on what areas to focus your efforts into in order to improve and trade successfully.

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## Article Body:

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There are lots of people who aspire to become profitable traders in today's market environment. Many people who come to trade stocks, options, and other securities are attracted to the potential of making a lot of money but, often, aren't aware of what it takes to be able to make money consistently, position yourself to make windfall profits, and all the while doing this while protecting your account from excessive and/or unnecessary losses.

The good news is that there is a wealth of resources to help you but the bad news is that often a beginning trader doesn't know where to start. It is the focus of this article to give you direction on what areas to focus your efforts into in order to improve and trade successfully.

The first step is to focus on is learning the language of the industry. Learn what a stop limit order is or what a "handle" means and how they relate to your trading. If you run into a term that you don't understand, just "google" it, then study the meaning. It is extremely hard for you to know what an article is saying or a veteran trader is talking about if you don't know the basic terms of stock orders, option definitions, or how the futures market works if you ever hope to trade them.

The second step is to learn is how to read price action. Price action is basically the language of a stock or a given market. It tells you what the stock or market has done and is likely to do again. Know how to read trends on a chart. Is the stock in a long term bullish trend? Are oil prices in an intermediate bear market? Is there evidence of a possible trend change in oil

futures from an intermediate bear market to a long term bull market? Learn how to read price action and it will make you rich.

The third step to successful trading is learning how to control your risk. Almost every successful trader that has survived long term and made money long term knows how to control his risk to the markets. I personally know a professional hedge fund manager that was short the German mark when the Berlin Wall came down but survived to make record returns on his funds that year. The same trader was long the Dow futures when the 9-11 terrorist attacks happened and went on to beat the returns on the S&P 500 that year. I was personally long a lot of oil and refinery stocks when Hurricane Rita hit Texas but I still made money as those stocks plummeted because I know how to manage my trades. Learn how to assess and control risk and you will increase your odds in becoming a master trader.

The fourth step is having an "edge" when you trade. An edge in trading is anything that gives you an advantage in trading. The more edges you can have, the better chances you have to make outstanding profits. An edge can be superior chart reading skills, successful stock selection, money management, etc. I know of a very famous and successful stock trader that use the 3 edges I just wrote to take an \$11,000 stock account and made \$48,000,000 in 23 months! He has been interviewed in almost all major financial publications and has set a world record in the greatest returns in the briefest time category. Study the great traders and you will get a glimpse of the edges they use to become trading legends.

The fifth step is having mental discipline and emotional balance. Most of trading is mental. You can give two traders the same exact trading system for stocks, futures, or options but, invariably, they will end up with different results. Why? Their mental and emotional states may not support them in being successful with system they were given. One trader may experience nervousness and anxiety which causes him to exit his trades too early, hesitate in taking entry signals, or taking profits too early and missing the big moves. The other trader may have the discipline and control to take each trade as it comes with no other focus other than to follow the system as it should knowing that the losses he may experience are just part of the game and that he will make his greatest profits over time using this system. In my opinion, learn how to use your mental discipline and emotional control to support you in becoming a successful trader and not work against you.

These five steps that have been outlined will go a long way in helping you become more skillful and profitable. In time, you may want to come back and begin with the "basics" of this lesson to keep your focus and help you stay on

the path of being the best trader that you can be.

Good trading.