

Title:

Advantages of Floor Traders - and How to Get Them

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333

Summary:

Traders who make their living on the floor of an exchange have some things that I think are advantages. You see floor traders can

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Article Body:

Traders who make their living on the floor of an exchange have some things that I think are advantages. You see floor traders can draw from their senses. What I mean by this is they can use sight, sound, and speech. These are advantages that they add to their arsenal when trading. The pit on a trading floor looks very chaotic but there is a simplistic ebb and flow to what is going on there. I will explain how this is an advantage.

When you trade on a computer you are only watching the price movements on a chart and you base your trading decisions accordingly. On the floor the action of people moving around can often tip traders to which markets are about to go higher. Just like all people, traders will gravitate to where the action is happening.

Trading on a computer does not allow for the noise of the action to influence you. Traders who are on the floor can hear the crowd noise rise and fall. This is much like a football game. If you were busy and not watching the game you could still have an idea of how it is going by listening to others in the crowd who are cheering or not according to the action on the field. This is particularly an advantage if you are in a position and looking for a good place to exit. You can judge momentum of the current market direction and get a feel for when to exit.

The advantage of speech is obvious. You are spending your day surrounded by others that make a living in the same business. Information and strategy can be discussed with peers and better understood. When breaking news hits you will hear first hand what other market movers think about it.

These are a few of the advantages that I feel the floor trader has on his side.

some of these can be replicated and taken advantage of by traders based at home.