Trade Nation

MAXIMISING YOUR TRADING POTENTIAL

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Whether you're just getting started, or already trading – here are some handy hints to help you maximise your trading potential.

1. Basic research

To make the best of your trading potential, it's important to start off with some basic research. Time spent researching and building up an under-standing of the challenges ahead will increase the likelihood of your success.

2. Which markets?

So where to start? Think about the type of market you're most interested in. Foreign exchange, stock indices and commodities are the most actively traded around the world. This means there is a huge volume of news about them, together with guidance from trading experts about how to trade them.

3. Understand your market

It's vitally important to understand the market you're trading. Financial markets aren't all the same. Some are more volatile than others. For example, a trade of £1 per point on the UK FTSE has a very different risk profile from a £1 per point trade on the US Dow Jones. Don't apply a one size fits all staking plan to your trading. Make sure you appreciate the potential volatility of the market and adjust how much you are prepared to risk accordingly. Also, it's important to be aware of the factors that may influence the price and to be aware when information is released that could dramatically increase trading activity.

4. Trading types

Before you get started, spend some time thinking through what type of trading would suit you best. Have you got the time to be a day-trader? Or would you be better suited to taking a longer-term approach with swing or trend trading? Thinking this through will also help you work out if trading is right for you.

5. Have a plan

We'll all have losing trades. It isn't possible to get every trade right. But how we deal with these losing trades is key. This is why it's vitally important to have a trading plan. Every time you enter a new position you should have a target entry price, a target to take a profit if the trade is successful and a stop loss - the level we will close the trade if it is losing us too much money. These are all essential elements of a good trading plan.

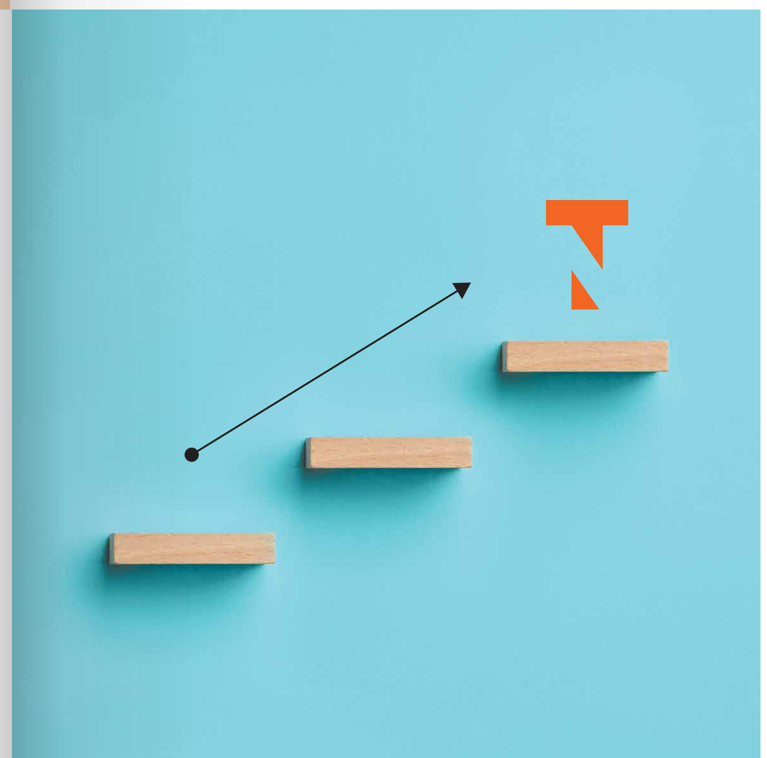
6. Keep losses manageable

Nobody opens a trading account with the aim of losing money. But sometimes our trades don't work out the way we'd like, even when we have a solid plan. When this happens it's important to accept the fact quickly, close the trade, see where things went wrong and learn from it for next time. The trick is to keep losses small and manageable. So even if you do have a

Research,
building up an
understanding

Understand,
Financial markets aren't
all the same

Plan,
target to take a profit
if the trade is successful
and a stop loss



few losing trades, you'll still have funds available to carry on trading.

7. Dealing with emotions

Think about your attitude to risk. How do you react to losing money? Bear in mind that even the best traders can't be right all the time. But getting angry or emotional if you lose money will put you in a bad mental state when you trade. Once again, a trading plan is important and can certainly help with this. A good plan will mean that you know what your potential loss is ahead of placing a trade and this helps to take the emotion out of trading. Also, don't bury your head in the sand when you lose money. Take a hard look at what you did and where you may have gone wrong. This can be difficult to do, but it's the only way to improve.

8. Look at your winners too

On the flip side, examine your winning trades as well. See what you did right and try to do more of it. Also, consider what happens when you make money. Do you become more reckless and take unnecessary risks with your next trade? Do you look to speculate on markets that you wouldn't have previously considered? Keep in mind that your trading profits are hard-earned, and you should treat them as such. Also, don't keep pushing for that big win. Look to supplement your income but keep your objectives realistic.

9. Trading costs

Every time you trade, you have to overcome the spread, that is, the

Trade Costs,
spread is the difference between selling and buying price

Emotions,
consider what and where you may have gone wrong, it is the only way to improve

Fixed Spreads,
your trading costs won't suddenly increase

difference between the selling price and buying price. The narrower the spread, the cheaper it is to deal. This means that finding a provider with narrow spreads will help maximise your profitability. But not all providers are the same. There are those whose spreads look attractively narrow but will widen dramatically when markets get volatile. These spreads are variable. The alternative is to find a fixed spread provider, like Trade Nation.

10. What's so good about fixed spreads?

Fixed spreads give you the certainty that your trading costs won't suddenly increase just because markets get volatile. This means that there are no nasty surprises when you're looking to trade, even when markets are swinging about wildly. With fixed spreads, it doesn't matter how wide the spreads are in the underlying markets, yours are fixed and may often be tighter. Certainty over the spread means certainty over your dealing costs.

In conclusion

Maximising your profitability means undertaking some research. Understand the markets you want to trade and decide what type of trading would suit you best. Make sure you have a trading plan. This will help you to minimise any potential losses while keeping your emotions in check. Study your trades to see where you went wrong, and where you went right. And last but not least: keep your trading costs down by finding a reliable provider offering fixed spreads.

Trade Nation

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