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## **10 Simple Rules Followed by Successful Professional Traders**

Trading requires extreme self-discipline and a continuous pursuit of knowledge. Forex trading offers multiple opportunities for traders. It is an exciting, accessible and immensely active market. Despite all that, not all traders are successful in achieving their profit targets.

To be successful, there are some simple yet effective rules that experienced traders.

### **1. Research and Practice on Demo Accounts**

Successful traders tend to focus on practicing and refining their trading skills continuously. Demo accounts are a good way to build, test and re-test your trading strategies. Many traders practice and back-test strategies with simulated trades, to remain consistent, regardless of market conditions. This not only builds confidence and skill, but also allows you to get accustomed to your trading system.

### **2. Active Fundamental Analysis**

The currency markets are influenced greatly by geo-political developments of the day. So, before you start trading, it is wise to check the economic calendar for any important economic releases that could impact the market. Staying abreast of current happenings around the globe is necessary too. For example, Brexit and discussions on it in the British Parliament affect the movement of the Great British Pound.

### **3. Trading the Initial Hours of Each Trading Session**

Although a 24/5 market, forex trading is not viable at all times of the day. Successful traders consider the first three hours of each trading session useful in determining the trend, retracement and momentum. It also depends on your trading style. For instance, volatility in the initial hours might be useful for short-term strategies like scalping and position trading.

#### **4. Establishing Your Risk-Reward Profile**

Efficient money management is key to success in trading. How much money are you willing to lose to achieve your profit goals? Seasoned traders decide their exit points and profit targets before entering a position. A good trading strategy is to create the right balance of risk and reward. This is much more important than just chasing profits.

#### **5. Having a Plan and Sticking to It**

Follow a set of rules that have worked for you in the past. It is important to plan every step in the market, and then to abide by this strategy without fail. Professional traders prefer following a strategy, rather than being at the market's mercy.

#### **6. Consistency, Efficiency and Objectivity**

Successful trading is all about having a systematic approach. Consistency is essential to track and improve skills. Then comes the aspect of filtering market information efficiently and identifying suitable opportunities. There are lots of tools to help you do so. You must also not let emotions guide your decisions.

#### **7. Do Not be Overly Dependent on Technical Analysis**

Modern trade terminals provide us with a vast range of tools to critically analyze market movements and determine entry and exit positions. However, using multiple tools and depending on them completely can lead to confusion. Instead, have a few solid and time-tested tools at your disposal.

#### **8. Go with the Market Sentiment**

It takes a lot of knowledge and experience to be George Soros, the man who went against the general market sentiment, to short \$10 billion worth of the Pound Sterling in the 1992 market crash. Without significant backing, such a move can cost you a lot, financially and

psychologically. Successful traders follow an established trend, while carefully assessing the downside risk.

## **9. Using Leverage the Smart Way**

Forex trading allows you to trade more than what you can actually afford through leverage. While this can be extremely tempting, only take as much debt as you can easily afford if things go wrong. You want to be able to continue trading the next day.

## **10. Don't Hold on to Losing Positions**

Despite best efforts, there will be times when the market goes against you. And, it is always best to not pursue losing positions in the hopes that the market will soon turn. Instead, put in stop loss and take profit orders when you enter a position and don't change them, regardless of market conditions.

The key to success in forex trading is discipline and control over emotions. But, never enter a trade without first putting in place risk management measures.