

General Trading Guidelines**

Plan your trade and trade your plan

You must have a trading plan to succeed. A trading plan should consist of a position, why you enter, stop loss point, profit taking level, plus a sound money management strategy. A good plan removes all the emotions from your trades.

The trend is your friend

Do not buck the trend. When the market is bullish, go long. On the reverse, if the market is bearish, you short. Never go against the trend.

Focus on capital preservation

This is the most important step that you must take when you deal with your trading capital. Your main goal is to preserve the capital. Do not trade more than 10% of your deposit in a single trade. For example, if your total deposit is \$10,000, every trade should limit to \$1,000. If you don't do this, you'll be out of the market very soon.

Know when to cut loss

If a trade goes against you, sell it and let go. Do not hold on to a bad trade hoping that the price will go up. Most likely, you end up losing more money. Before you enter a trade, decide your stop loss price, a price where you must sell when the trade turns sour. It depends on your risk profile as of how much you should set for the stop loss.

Take profit when the trade is good

Before entering a trade, decide how much profit you are willing to take. When a trade turns out to be good, take the profit. You can take profit all at one go, or take profit in stages. When you've recovered your trading cost, you have nothing to lose. Sit tight and watch the profit run.

Be emotionless

The two biggest emotions in trading are greed and fear. Do not let greed and fear influence your trade. Trading is a mechanical process and it's not for the emotional ones. As Dr. Alexander Elder said in his book "Trading For A Living", if you sit next to a successful trader and observe him or her, you might not be able to tell whether he or she is making or losing money. That's how emotionally stable a successful trader is.

** This material is copyrighted product of **Marketiva.com**. It is used here solely for the purpose of informing and educating. Any editing done is to be readable in Microsoft Word program format before conversion to PDF. Any subsequent use of the material outside this text must give due acknowledgement of the copyright owners.

Be your own informer

Do not trade based on tips from other people. Trade only when you have done your own research. Be an informed trader.

Keep a trading journal

When you buy a market instrument, write down the reasons why you buy, and your feelings at that time. You do same when you sell. Analyze and write down the mistakes you've made, as well as things that you've done right. By referring to your trading journal, you learn from your past mistakes. Improve on your mistakes, keep learning and keep improving.

When in doubt, stay out

When you have doubt and not sure where the market is going, stay on the sidelines. Sometimes, doing nothing is the best thing to do.

Do not overtrade

Ideally, you should have 3-5 positions at a time. No more than that. If you have too many positions, you tend to be out of control and make emotional decisions when there is a change in market. Do not trade for the sake of trading.