

Extinguish these 10 Profit-Burning trading habits today!



When your trading just continues to print losses in your account the first and most urgent step is to "stop burning through your funds". There is no point continuing to flog a dead horse because it aint ever gonna get up and win the race.

Bottom Line: You need to regain control, a new mindset and a new system of trading.

When you enter the enticing world of trading you have got to realize that there are highly professional traders in the market, whose primary focus is to shred your account and move your hard earned money into the hands of their clients or those of the [prop firm](#).

Contrary to what the Gurus preach, trading is no easy task and yet its super easy to be overcome with the powerful emotions of fear, greed and confusion. Most traders have been down this slippery slope but the sooner that we rid ourselves of these emotions and trade like cold hearted robots, the sooner we can start making more rational decisions in

our trading day. I am by no means attempting to trivialize trading, but emotions have no place in the winning side of trading.

Here are the ten key habits which need to be ditched right away, to be replaced by ten others if we hope to break the losing mold and start shaping a new profitable mold for the new improved you:

Habit # 1 - Stop trading the open.

Most inexperienced traders have seen the huge gains that are possible from the opening bell and thus jump into a trade hoping for it make them a small fortune. The stock market is an efficient machine that is very capable of parting you from your hard earned money. Just like the croupier in Blackjack or Roulette. Successful



gamblers study the tables and know when to get in and when to fold 'em. So why then do traders think that they can win in the markets without knowing the ins and outs of the game and more importantly when to enter the game with the least amount of risk.

New Habit - give the market time to settle down from the open and for trades to start showing their true direction. A good strong trade will provide a number of good entries during the trading day. Many Prop firms do not allow their traders to trade the first 10 minutes in the trading day for this exact reason.

From hereon in give the trade at least 10-15 minutes to settle down and only enter a trade once an "A-Grade" trade starts setting up.

Habit # 2 - Never Chase Trades again.

Following on from Habit # 1, do not chase trades for the fear of missing out. Goods trades will provide you more than one entry. If the trade runs up let it go. If you chase it, how will you know where to set your stop. Many times you may not even have the time to set your stop before the trades plummets back to earth and you've lost 20+% of your funds.

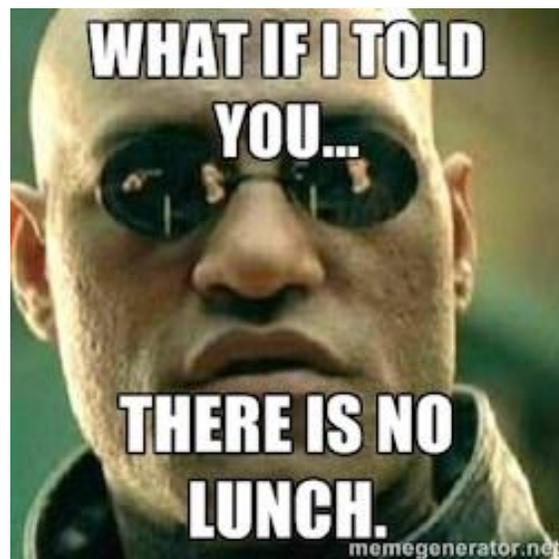


New Habit - Once the trade pulls back, plot areas of solid support & resistance, using previous highs, lows and moving averages. Volume is a huge indicator of what the trade is likely to do and equally so is the time of day. Let the trades come to you! Don't chase them!

Habit # 3 - Never trade during lunch.

Many stocks that move up during the morning and during lunch seem to be notorious for failing as after lunch trading begins. This is usually due to retail traders pushing the price higher with little volume to support the price. Once the market makers return from lunch the real trading begins and reversals are more probable.

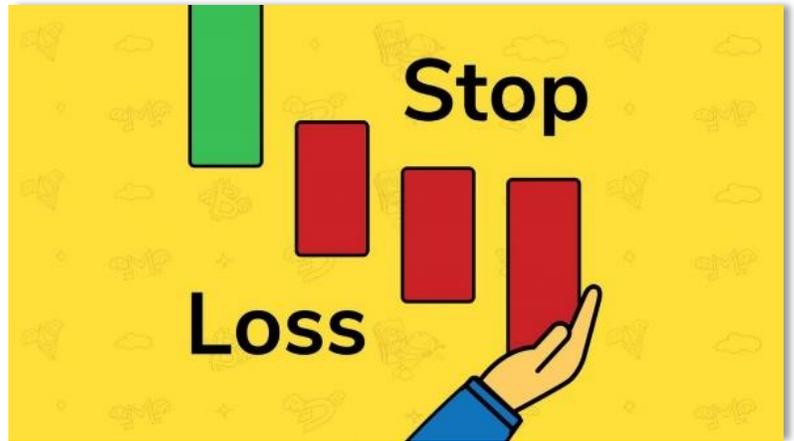
New Habit - Look for sideways or slightly lower pricing during the lunchtime hours with slowing to little volume. Quiet stocks that were robust in the morning session can break out heavily in the afternoon and with more insight into the way the stock has traded you can make a much more informed trade with far less risk. I have found after lunch trading to produce some of my biggest wins in the market. Look for a wedge



pattern breakout on much higher volume and your trade should deliver promising results.

Habit # 4 - Never trade without stops

Trading without stops is an open invitation to lose money. Much more money than you are comfortable with losing. When day trades go wrong they often do so with conviction and the price drops are sudden and many times severe. Fake outs are planned traps to catch

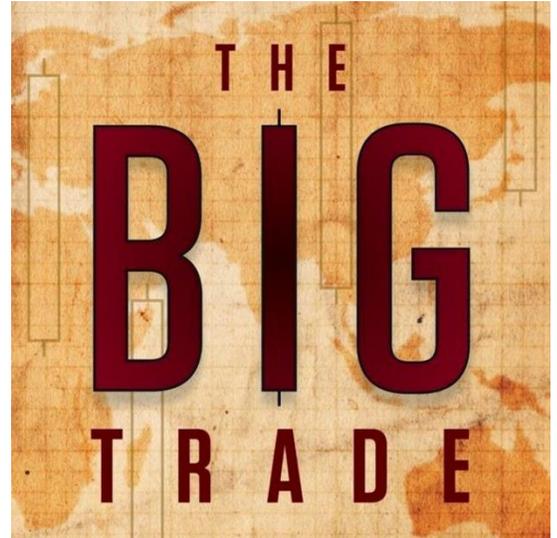


traders off guard and on the wrong side of the trade. Determining a trades direction is never more than probability. All trading is none more than probability. If the setup fails, your stop will get you out of the trade safely. Lets imagine if you were planning to cross a very old suspension bridge and before you cross you figure out that should the bridge sway too much or you see that the floor planks are way more rotten than you had imagined, or that the ropes are frayed and beginning to break, would you carry on crossing the bridge and face probable death or would you retreat back to the safety of the land. I guess the answer is pretty obvious. So why would you stay in a trade that is failing with the hope that it may come right and make you a profit?

New Habit - Before entering the trade you will determine where the trade will be considered as failed and this is where your stop loss will be positioned. Using the correct entry before the post lunch breakout, your stop will be less costly as it will now be just a couple points below the moving averages.

Habit #5 - Never trade with oversized positions

Especially after a series of losing trades it is extremely enticing when you spot a possible good trade and you pile everything you can afford into the trade. You then spend countless minutes with your heart in your throat praying that the trade moves in your desired direction. Just by judging your level of stress is a perfect indicator to know whether or not you have overextended yourself in the trade. Using the suspension bridge analogy again. If you were crossing and knew that the condition of the bridge is poor, you'd be ill advised to carry a heavy load with you across the bridge. Instead you'd make



several trips carrying a smaller load each time. This way you would not be placing an unnecessary strain on the aging structure. The same goes for your dwindling account size.

New Habit. Use correct position sizes and plan to make more profitable trades more often. Decide your maximum loss that you can honestly accommodate on any one trade and stick to it. This should never be more than 1-2% of your account size. eg If your account size is more than \$3750 and you have \$1000 available for a trade with the stocks price at \$5 and you're comfortable risking \$75 then your correct position size will be as follows:

$$1000 - 75 = 925 / 5 = 185 \text{ shares.}$$



Habit #6 - Never try to call the market top or bottoms

Calling tops and bottoms is really hard to do and really of little value. It is tantamount to random guessing. You may get it right from time to time but calling tops and bottoms is just added risk.

Risk of getting in too soon or getting out too early.

New Habit - Scale out of your trade as the price moves up. This may sound counterintuitive at first but this is a surefire way to make sure that you bank profits. Depending on areas of resistance you may choose to scale out 1/3 at the 10% profit level, another 1/3 at the days previous high and leave the remaining 1/3 of the trade to sell if it breaks the moving average or just before the close of the markets. At this stage we are not interested in holding winning trades overnite. We can always re-enter the trade the next day if the stock moves again.

Habit # 7 - Stop playing earnings

Earnings at best is a crap shoot. Not even the big players can call earnings consistently correct. Negative and positive earnings can send a stock into a wild tailspin - downwards. Earnings confidence relies on 3 main criteria: EPS Actual vs Forecast, Sales Revenue vs prior year and last quarter and market outlook for the next 12 months.



New Habit. Only enter trades that have at least 2 weeks until earnings - preferably longer. Exit your trades regardless of your profit position before the close. If you really are convinced that the stock will be an earnings beat, you may decide to leave 1/3rd of the trade in place. That way if the trade does move against you, you will only stand to lose 1/3rd of what you would have if you remained all in. Ultimately there are many other setups knocking on your door so best advice is to close your trades before earnings. Staying in is gambling mentality.

Habit # 8 - Maintain a trading Journal

This may seem like a waste of time but especially important for traders who are not able to build on consistently profitable trades this is an absolute must. Winning trades and losing trades can very often follow patterns, that when journaled or tracked, can help

identify problem trades. This may be in the form of a handwritten journal, an excel spreadsheet journal or through using a trading Journal App like [TraderVue](#).

The screenshot displays the TraderVue app interface. At the top, there is a navigation menu with six categories: Journal, Trades, Reports, New Trade, Import Trades, and Settings. Below this, there are several sections: a 'Refer a Friend!' button, a 'Recent Performance (gross)' bar chart showing trading results from June 15 to April 11, and a 'Your Recent Shared Trades' section listing trades for MPC and EBAY with their respective dates and times.

New Habit - [TraderVue](#) is super easy to use, offers a free trial and is pretty good value for the powerful way by which it analyzes your uploaded trading information. There are other Trading Journal Apps but over the years I found [TraderVue](#) to be the best by far. Make this your daily ritual and you'll be surprised what the data says about your trades.

Habit # 9 - Stop trading OTC or pink sheet stocks

OTC & Pink Sheet stocks are those companies that are not listed on a formal exchange or have not qualified to trade on the Dow, Nasdaq, Spy or Russell. The greatest attraction to these micro penny stocks is that they have the propensity to have large moves. Both up and down. The biggest problems with trading these stocks is that they have small share floats, which presents a problem when trying to exit the stock in a hurry, and also that you cannot set stops with OTC stocks.

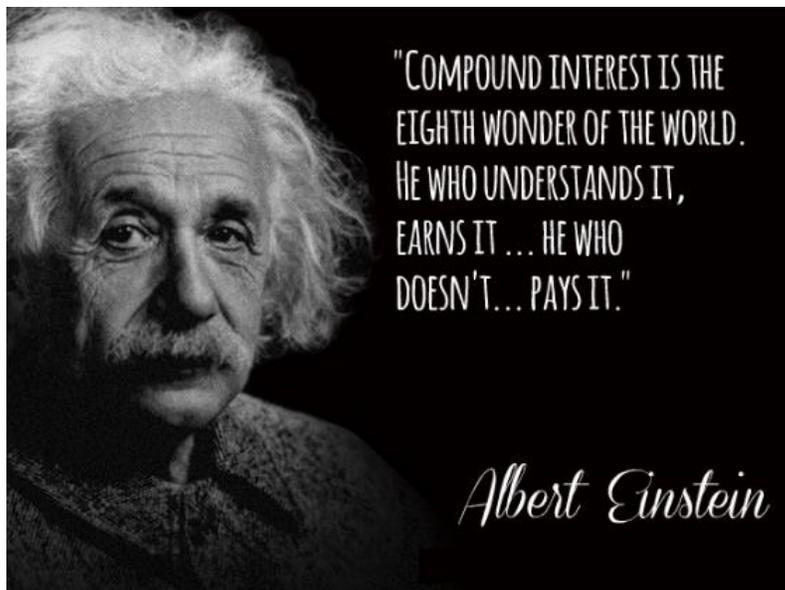


New Habit - Completely ignore OTC and Pink Sheet stocks as they are synonymous for wrecking accounts. The probably for massive gains is the trigger for the greed demon in all of us. Select stocks that have liquidity, have small range of Bid/Ask prices and stocks that can accommodate stops.

Habit # 10 - Never stop learning how to move from Red to Green.

Many top traders have been down the same road of blowing up accounts time and time again and continue to learn new tactics, remove old tactics that don't work, until they discover a trading system that begins to develop positive results.

New Habit - Trade in a way that shows positive results no matter how small the gain. Once you can start showing consistent results you can scale up your system and start taking trades with larger size. Albert Einstein is famous for many savvy quotes but I reckon his best was, 'Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it.' When it comes to trading, once you iron out the small tweaks and it starts to deliver positive results it will continue to compound as long as you stick to your new improved system.



Start applying these 10 New Habits today and start realizing rapid turn-around in your trading profitability.

HAPPY TRADING 😊

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