

## To practice discipline in trading, two things are most important.

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Trading System You have to regularly monitor your trading systems with the changes in the market and also your style of trading. If there were changes in the products that you trade, i.e. for example if you were trading stocks, then the system you may have used will not be relevant for the Forex market, because the behaviour, patterns, volume etc are totally different in a Forex market, so your trading system should reflect what products you are trading. In order to devise a trading system, you have to make plans and have patience, to go through all areas of trading. Having designed a system you must ensure that you implement it. Many traders fail to implement the system, mostly due to fear. Fear of profit or fear of loss, fear is also the most important aspect in the psychology of trading and I have written a full chapter on fear as it relates to trading.

Money Management - Must have discipline to follow sound money management. So for example a trader who has 70% of winning trades, yet overall loses more on the 30% of trades is a loser. The bottom line is what you take home! Small losses should not turn into large losses, and equally important you should not snatch your profits. Once again here, if you implement your trading system, then large losses can be contained the ability to do this is discipline! As part of my trading system, as soon as I pull the trigger to open a new position, I immediately put a stop loss. Once the position is in profit, often I will start closing some of the positions gradually. Depending on the market conditions, I would close at least 25% of my position for a profit of 20 to 50 pips, then another 25% for 75 pips+, thereafter I would be using trailing stops for the rest of the position, using the moving averages and other indicators to keep me in the trade. Using this method I have been able to pocket several hundred pips from the final trade! As I keep saying currencies trend very well so ride the trend. One Forex trader I am mentoring never closes any of his positions he uses trailing stops and all his trades get stopped. Looking at his trade record for the past 3 months, he has 70% of his trades being stopped out between a loss of 50 pips to gain of 50 pips. He starts with a 50-pip stop loss then will gradually have a trailing stop. Overall, this 70% of trades has averaged a loss of 10 pips per trade, so for 7 trades that would be 70 pips. However, for the 30% of winning trades he has averaged a profit of 180 pips per trade, so for 3 trades that is a profit of 540 pips. Therefore, that would be a net gain of 470 pips for 10 trades. Once again, this illustrates the power of letting your profits run. I discuss some of these strategies in my weekly Forex newsletter, the bottom line is not how many losing trades you have, but how much you take home, i.e. to what extent your capital is increasing.

Easy Forex Trading Strategies

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