iFX BROKERS™

Roadmap to success

IT'S ALL ABOUT TRADING

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There may be disagreement about who said it - but most agree if you fail to plan you plan to fail

Benjamin Franklin

Content

The trading plan

The amateur trader relies on intuition rather than a trading plan, guided by 'feelings' and 'instinct'. This trading process is emotionally motivated and inevitably it results in costly mistakes and financial losses. Obviously, no one can predict the future or the markets. The one thing you can control is your response to these outcomes. Without a regularly updated trading plan, you are almost always guaranteed to lose money.

A trading plan is a comprehensive, personalised financial management scheme that includes your risk tolerance level and your profit goals, your market views and experience. Updated daily, it enables you to objectively track your trading activity and monitor your performance.

It is dangerous to emulate another trader's approach, however successful, because you are different individuals. It is highly unlikely that copying someone else's trading plan will work for you. Regardless of the level of trading expertise in various market conditions, a trading plan is always beneficial. It enables seasoned traders to easily identify new trading options and increase profitability.

In a nutshell, your personalised trading plan is determined by a set of principles that control every aspect of your trading.

Why you should use a trading plan?

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Major financial decisions should never be emotionally driven. Trading is no exception to this rule but when money is at stake, the temptation to act irrationally increases exponentially. The trading plan provides a blueprint to be followed clinically, without allowing emotions to intrude in the decision-making process.

The advantages of a trading plan

- It reduces trading anxiety, stress and impulsive trading
- You can easily identify errors and make informed changes
- It engenders self-control and self-discipline
- It prevents irrational, emotional trading decisions
- A good trading plan achieves consistent profitability
- It counters the likelihood of bad trades

The trading plan. As good as you make it

The length of your trading plan is entirely up to you. It should be a comprehensive document, comprising clearly demarcated sections. It is much easier to amend one section than to redo the entire plan because you omitted something significant in the first place. Initially, the inexperienced trader should have a lengthy document but as s/he gains experience, certain areas become second nature. It is not unusual for the document to range between five and 20 pages. Before you begin writing your trading plan, you need to identify what trading type you are.

Know your trading self

Ask yourself whether intrinsic or perceived value is key to price variables to determine whether you are a fundamental or technical trader. This impacts on how you read the market, the time frame you select and how you mitigate your risk.

Your ability to use stop losses is determined by the degree of certainty in the market, the extent of the loss and whether it can be prevented. Discipline is the key to managing risk, and should underpin all the elements of your system, including triggers, stops, profit margins and position sizing.

Consider what you will trade according to market movement: for example, trend continuation patterns, reversals and ranges. Your interests will determine your strategies, while your setups are guided by a focus on breakouts, bounces or retreats. Your trading personality determines the intricacies of your entries. Would you trade a breakout before it transpires, or wait for the break, retreat and test the support before re-entering when the support is determined to be safe? Whether you are an aggressive or a cautious trader, there are advantages and disadvantages to both.

Know your mind

Ask yourself some questions. Why do you want to become a trader? What are your expectations? If you are motivated by a get-rich-quick mentality or think that trading is uncomplicated and straightforward, you should reconsider your decision. Write down an honest list of reasons why you want to be a trader.

New traders experience euphoria or debilitating fear, depending on their success or failure. Most new traders are unprepared for this psychological assault on their emotions. Seasoned trading professionals achieve an enviable state of calm, irrespective of whether they are making a profit or sustaining a loss. Professionals agree that knowing your own psyche is the single most important factor for success. Knowing your psychological makeup and your responses to winning or losing is crucial. This knowledge enables you to capitalise on your positive characteristics and circumvent the negatives.

ARE YOU A DISCRETIONARY TRADER (WHOSE TRADES ARE BASED ON CURRENT MARKET CONDITIONS) OR A MECHANICAL TRADER (RELYING ON ALGORITHMICALLY GENERATED SYSTEMS)?

The number of hours you devote to your daily trading determines whether you should trade over the long term, medium term or short term, influencing your choice of position trader, swing trader or day trader. For example, day traders remain online for the entire duration of the trade whereas position traders may set aside an hour a week. It is important to identify and list your perceived strengths and weaknesses. If you struggle to do this, paper trading will allow you to investigate each trade. Given time, a pattern will emerge, and you will easily identify your strengths and weaknesses. Write these down to determine how you will use your strengths to overcome your weaknesses.

Fit to trade

Your state of mind is key to your success. Just like an athlete, you should be well rested, healthy, calm and mentally alert. Do not trade if you are tired or distracted – external issues will negatively impact on your decisions.

Income targets

The primary motivation for trading is to make money. This is not determined by some nebulous dream of financial independence, but by clearly defined targets based on back and forward testing strategies. Calculate your income targets and reduce them to manageable daily or weekly activities.

FOR EXAMPLE, YOUR INCOME TARGET MAY BE STRUCTURED AS FOLLOWS:

My income target is to achieve an annual return of (percentage) which translates into (amount) per annum. The maximum drawdown permissible on my account is (percentage). This translates to a monthly income of (amount), the weekly average being (amount), which, calculated daily, means (amount) per day. Therefore, my daily target represents (percentage) of my total equity.

Setting your trading goals

Trading goals play an essential part of a well-constructed trading plan. Trading goals outline where you are going, how you are going to get there and what motivates you. Trading goals should include a focus on becoming a better trader and how you will achieve this. As your trading skills improve, it will be easier to achieve your trading goals. It is important to write, in detail, what you will reward yourself with once you do.

An annual trading goal outlines the knowledge and advanced skills you will acquire in a year. It includes additional training, best trading practices and proven strategies that are constantly monitored and updated. This is broken down to monthly, weekly and daily targets. These are skills based goals, outlining the rewards you will enjoy with every successful step of the way.

Markets, instruments and timeframes

In the first place you need to decide on the market you intend trading, the available instruments and the reasons behind your choice. Experienced traders focus on a restricted number of markets and instruments, whereas new traders are tempted to try everything.

Will you confine your trades to a specific basket of stocks or will you trade across the exchange? For example, as a forex trader, you need to decide how many currency pairs you will trade, and why. The same situation applies when trading futures: how many markets will you trade and why?

Once you have decided on whether you will be an intraday, swing or position trader, you need to hone in on the timeframes of your chosen category. You need to make clear decisions regarding your choice of timeframes and the number. For instance, a day trader might use a one-minute timeframe to enter a trade, a 15-minute timeframe to assess the trend during the trade and a five-minute timeframe to exit.

Financial vehicles

Whichever vehicle you use to trade, you need to be aware of the advantages and disadvantages of spread betting, shares and CFDs. Spread betting is very popular with new traders, although it is virtually impossible to profitably day trade using this method.

Selecting the right broker and trading platform

Your broker and trading platform are critical to your performance. Select a broker that has been recognised by the industry and who has a reputation for excellent customer service. Compare the product offerings, spreads and commissions with other brokers. The financial product you prefer (forex, options, CFDs, spread betting or direct access) will most assuredly influence your choice of broker.

As a novice trader, you probably have limited financial resources to fund your trading account. As such, spread betting is a viable place to start. Bear in mind that there is a limited selection of brokers offering CFDs. Avoid opening an account with a future's broker. Choosing the right instruments and the right broker provides the opportunity to gain confidence and experience without risking all your money.

It is important that the trading platform offered by the broker offers the features you need and that you are comfortable using it. The final consideration concerns the data and software at your disposal. If technical analyses influence your trading decisions, ensure that your data provider and charting platform deliver what you require. If not, you could be billed for features that you do not need and will not use.

Before the market opens

BE PROFESSIONAL. BE PREPARED.

It is essential to establish a daily routine to prepare yourself for the day's trading – and to stick to it. For instance, these should include an analysis of the previous day's trades and an updated review of open positions, targets and stops. Unless your plan specifically includes holding positions overnight it is unwise to do so, unless you are a swing or position trader.

An analysis of the previous day's trades will quickly reveal whether or not you stuckto your trading plan and how that is likely to impact on the current day's trading. Of course, it is imperative to assess the day's market conditions and strategise accordingly, outlining a selection of likely trading instruments. You need a detailed plan of your trading day, in hourly increments. If you don't plan each hour, you could miss opportunities or divert from your plan. Having a structured hourly blueprint ensures discipline, focus and maximises your trading time.

BE INFORMED.

Check for important news reports that could impact the markets, monitor index futures and find out when key economic reports are to be released. For example, the Michigan Consumer Sentiment Index forecasts changes in the US national economy, assesses near-time consumer business attitudes and outlines empirically based consumer expectations.

You are now ready to scrutinise the day's trading opportunities. Scan your proposed trading instruments and split the outcomes according to your proposed strategies. For instance, as a day trader, you may have devised a retracement strategy in order to trade the open, tailed by a breakout strategy 30 minutes later, and concluding with a reversal strategy during the evening's trading session.

The most important thing. Managing your money

If you do not use sound risk and financial management principles, you will most certainly lose money – a lot of it.

What is the difference between risk management and money management?

Risk management is concerned with minimising losses through a considered assessment of market conditions, risk-reward, probability and other factors including stop loss orders. Money management is devoted to maximising profits through trailing stops and adjusting position sizes. In other words, risk management concerns minimised loss, while money management concerns profit.

YOUR RISK APPETITE

Your risk appetite must be aligned with your trading style. According to author David S Nassar, his book How to Get Started in Electronic Day Trading (2001) teaches the reader how to play with fire without getting burned. He says think of the stock market as a nuclear reactor – the more you are exposed to radiation the greater the chance of getting burned. Market risk is measured by the amount of time you are in the market. It could be seconds, minutes, hours, days or weeks. The longer you are in the market the greater the chance something will go wrong. Therefore, the trading style that keeps you in the longest can also be the riskiest" (Nassar 2001). Of course, this opinion is not shared by professional traders who favour medium to long term positions. Some eschew the unpredictable trading impetus of Nasdaq stocks intraday due to the high risk.

OVERALL MARKET RISK

You need to establish the maximum financial amount you are prepared to risk at a time and be able to survive the loss. These particularly concern factors that are unpredictable; market crashes, terrorist attacks and the like. Many traders will not risk more than one percent of their equity on a single trade, limiting their exposure to a total of five percent on all open positions. If all your open positions are stopped out concurrently, your account's drawdown would be five percent. An unpleasant situation to be sure, but not financially ruinous.

SECTOR RISK, BROKER RISK AND HARDWARE RISK

Sector risk is contained by limiting the number of positions in a specific sector. Broker risk, albeit unlikely, occurs when your brokerage firm is bankrupted, and you are unable to close your positions. Do you have a backup broker? Hardware risk, associated with Murphy's Law of technology, refers to when your computer or laptop crashes. Always ensure that your mobile phone is fully charged and that you have stored all relevant numbers and addresses on it.

STRATEGY RISK

The only certainty of the markets is that they are in a state of perpetual flux. A previously profitable strategy may well not be so at present, or in the future. It is suggested that, as a long stop, you prepare for the time when your proven, profitable strategy fails.

This can be assessed by measuring the major percentage drawdown on each of your trading strategies. Multiply the percentage by 1.5 or 2 and stop trading immediately if the drawdown exceeds this figure.

THE LIKELIHOOD OF A SUCCESSFUL TRADE

Most traders concentrate on the risk-reward ratio when they assess the specific risk of a proposed trade. Without considering probability, the equation is of no use. For example, if you calculate the risk-reward ratio at 4:1, this indicates a gain of 80 points at the risk of only 20. In theory this resembles an exceptional option. If the trade's probability of success is 20%, this translates into a loss probability of 80%.

The trade setup

It is imperative that the trade setup is detailed, precise and explicit since the spot setup concerns trading with real money in real time. Once you have defined the setup, you are able to back and forward test it to establish its likelihood to succeed over its probability to fail. It is essential to be aware of and isolate several factors that will most certainly impact on the outcome. Study historical charts to establish the commonalities of these variables at the back-testing phase. For a long position, the setup may have a greater likelihood of success if it emerges above a round number instead of appearing slightly below it. Remain calm and undistracted by specifics of the trade including entry trigger, stop loss placement and exit strategy when you delineate and test the setup. Should the setup be precisely defined and thoroughly tested, you should be able to accurately calculate the sum of profitable and unprofitable trades. Referred to as the 'success ratio', this can be translated into a percentage by dividing the number of successful/profitable trades by the overall number of trades, successful or not, and multiplying the figure by 100.

The risk-reward ratio

In order to calculate the risk-reward ratio, it is important to establish the success (or probability) ratio and the Sharpe ratio. The Sharpe ratio identifies the average amount made through profitable trades against the average amount lost on unprofitable trades. To convert this to a percentage, divide the average amount earned from profitable trades by the average amount gained and lost, and then multiplied by 100.

Should you have a success ratio of 2:1, this translates into a 66% probability for success. If your Sharpe ratio is 1.5:1, it means that your risk of $40 should make you $60 on successful trades. Simply put, the success/probability ratio indicates that you will succeed in two out of every three trades, while the Sharpe ratio indicates that, of the two successful trades, you should make $60 twice, equating $120. Of the three trades, the single losing trade costs you $40. You risked $40 on the three trades, ending with gain of $80. If the net amount gained is divided by the risk amount, the risk-reward ratio is 2:1. Of course this result is determined by strictly sticking to the predetermined setups in your plan – and rigorously forward and back tested to establish their likelihood of success.

Your risk per trade

Even if you can accurately predict market direction 99% of the time, placing 100% of your equity on each and every trade, you will achieve astounding results – until the one time you fail and lose everything. The majority of trader's risk no more than 1% of their total equity on any single trade, although in the case of a small account, the amount may rise to 3%.

Where to place your stop loss orders

Without exception, every trade you undertake must be subject to a stop loss, to make certain that all losses are cut short. To safeguard yourself, ensure that it is a concrete pending stop order in the market, not some nebulous idea in your mind (unless you are a highly experienced trader). The stop loss order should be market controlled rather than determined by a fixed percentage of your equity. For instance, if your trade pullbacks and your strategy determines that you place your stop loss slightly beneath the low of the pullback, then that is where it must be. Modify the number of contracts or shares to guarantee that you remain within the risk per trade boundaries.
The smaller the account, the more difficult this is to achieve.

Knowing when to stop

Knowing when to stop trading is determined by self-discipline and shrewd risk management. Knowing when to stop prevents you from trying to recoup losses on a losing day and to prevent you from becoming avaricious and reckless on a winning day. Without exception, your trading day should typically conclude as follows:

- **ONCE YOU HAVE REACHED YOUR PREDETERMINED TARGET ON A WINNING DAY, YOU STOP;**
- **ON A LOSING DAY, ONCE YOUR DAILY STOP IS REACHED, YOU STOP TRADING;**
- **AND WHEN NO TRADING OPPORTUNITIES MANIFEST, YOU DO NOT TRADE.**

Large drawdowns and profits

Entirely separate from your daily living expenses, the money you trade with must be money that you can afford to lose, money that should not impact on your lifestyle in any way.

Your trading plan should detail the level of additional credit funds to your account in the event of large drawdowns, and how you will debit the account when it contains substantial profits.

Your approaches to money management

Firstly, you need to clearly define your objectives.

As your profit increase, consider whether you would increase the per trade risk, broaden your activities with other trading strategies or change your trading approach completely.

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Locking in profits

There are advantages to using a trailing stop to lock in your profits once the trade is on the favourable side of break-even. You allow profits to run, acquiring an ample amount from the expected move. In a worst-case scenario, you will end with a scratch trade, but will not have lost anything.

Deciding your position size

Your position size is predetermined by the constraints of your risk management rules and should never be exceeded. Capitalise on other options, such as trend continuation strategies that have a high likelihood of success and are suited to a hard-line position size at entry. Reversal strategies may have a lower probability of success but are suitable when your risk management rule prescribes a more cautious position size at entry. Once the trade and the new trend are established, it may be beneficial to add to the position at specific continuation signals. You may accumulate a large position size while minimising your risk exposure.

Exit strategies

Exit strategies, controlling profit and loss, are far more important than entry strategies and more difficult to execute correctly. If you are trading multiple strategies, each individual strategy will be subject to different signals determining your exits. If you are a discretionary trader, your dynamic exit strategy should be market controlled. It should not be a rigid, mechanistic strategy enacted on each and every trade, regardless of market conditions.

For instance, should you follow a mechanical strategy based upon a 3:1 risk-reward ratio and you risk $30.00, you exit when the trade shows a profit of $90.00 or a loss of $30.00, whichever arises first. Should your success ratio exceed 26%, you will make a modest profit over time. It is likely that a substantial number of the losing trades will show some gains before moving against you and triggering your stop. On the other hand, a few of the winning trades will realise gains exceeding the $90.00 when you used the mechanical exit to close your trade.

A dynamic, market-controlled exit enables you to take some money off the table offered by the eventual losers and let the big winners run, realising a larger quantity of the increased gains on offer. These extra profits can change an overall trading strategy from one that barely breaks even into one that is extremely profitable.

Losing trades: exiting before your stop

Some strategies are confined to the exact point when the stop loss is triggered and not before. This approach allows for a margin of flexibility that can potentially translate into a profitable trade. On the other hand, your losing trades are always subject to your predetermined maximum and may even exceed this amount in the case of a bad fill.

Winning trades: the warning signals

You must be prepared for the times when it is advisable to make a quick exit and know which warning signals to look for. If you have a winning trade, close half at the first target or the first identified weakness, letting the balance run. The success of your entire strategy can be determined by how you exit the balance of a profitable trade, irrespective of how well you have planned and executed your exit strategies.

Strategies and entries

Strategies are determined by market conditions, the time of day and the timeframe within which they are traded. All strategies fall under one of three clusters, namely breakouts, retracements and reversals. Within these groupings, are a number of recognised strategies such as the 'Sonic Boom Dive' devised by Van K Tharp and Brian June (2001). By far the most successful strategies have been devised by individual traders who keep them under wraps because they give them their edge.

Your chosen strategies

Many professional traders recommend using at least two trading strategies. One that is suited to a trending market while the other is suited to a non-trending market. That said, the professionals recommend that new traders establish and test one strategy to ensure that it is profitable, before embarking on another.

Your setups

A setup determines the set of characteristics enabling you to accurately identify a high probability trade, before your entry trigger is hit. You should simplify the elements of your setup so that they are easily identified and assessed in real-time. Your setups must be clearly defined and rigorously tested to ascertain their probability of success before you commence live trading. If you fail to define and test your setups you will ruin your trading plan and everything you have worked for.

Identifying your setups

Identifying your setups is relatively easy if you are trading one or two instruments. Should you be trading stocks listed on the Nasdaq or NYSE, this is more complicated. You will have to scan all the listed items on the exchange to determine which setups you will require.

Signals that trigger your entry

A good trading plan is unambiguous, clear and meticulous. What you should try to achieve is the following: if other traders read your plan, they would conform to the price and timeframes of your trades.

The market closes. What now?

At the end of the trading day, win or lose, it is tempting to put your feet up and relax. A good trading plan will delay this. First you need to scrutinise both winning and losing trades to identify your successes and, critically, your mistakes.

Record the day's trades

Professional traders routinely make a comprehensive record of all their trades. You should cultivate the habit of recording entries, exits, stops, targets, S&R levels, open/close, daily high/low, the timeframe of trades and what you have learned.

Trading according to your plan. Did you?

Many traders avoid an assessment of whether they have traded precisely to plan. It is foolish and downright dangerous to avoid this question because it outlines two crucial issues: namely, flaws in the trading plan and self-discipline. Should you be experiencing either problem, it is essential that these are immediately resolved.

Your trading journal

Emotional trading is another danger. If you feel that your temperament is not suited to unemotional trading, consider using a mechanical strategy. Keeping a trading journal is a valuable tool because you can safely vent your anger at mistakes/losses and express your feelings about your trading triumphs/profits.

Self-control, discipline and self-assessment

There is one way to render an exceptional trading plan (detailing entry/exit variables with astute risk and money management strategies) completely useless. If you lack the will or self-discipline to implement your plan, it does not matter how brilliant it is. It is fairly easy to stick to the plan when your trading is successful but be prepared for the times when you fail: this is the true test of sticking to the trading plan. Just as you promise yourself rewards for sticking to the plan and receiving positive results, what penalties will you impose on yourself for breaking your own trading rules?

Back and forward testing

Test your trading strategy rigorously before you begin live trading. As a mechanical trader, there are many online programmes to assist you. If you prefer a discretionary approach, back-test as comprehensively as possible and then forward-test safely by paper trading your strategy. Obviously paper trading does not replicate real-time trading, but it is indicative of the success or failure of your fundamental strategy.

After a winning trade

After a winning trade and before rushing straight into the next trade, you need to analyse your previous performance. Are you satisfied that you did everything correctly and according to plan? Was the trade well planned and carried through?

Yes, it was profitable, but could you have improved on the margin while sticking to your exit strategy? You are energised and ready to trade again but your next trade could be a fiasco. If you are not relaxed and calm, you should rather take a break from trading.

After a losing trade

After a losing trade, you also critically analyse your previous performance. If you stuck to your trading plan, ironically you should see a losing trade as a successful trade. Everyone experiences dud trades at some point. Ensure that your losses are small and maintain your confidence. Do not subconsciously chase after your losses.

Your trading education

There is nothing like doing - and as in most cases, practical trading experience is key to gaining experience. It is foolish to gamble on experience only. Study to rapidly increase your knowledge and skills. Read as much as you can, watch professional traders in action and keep abreast of online economic predictors. There is an enormous volume of trading information available. Be selective and focus on what concerns you most at the specific time.

Specific market conditions and trading plan approaches

Oftentimes price action reveals breakouts with volumes one day, and the following day the stock returns to consolidation. If you have traded on the breakout, your response is dictated by the market. If the uptrends are strong and stable, 'buy high, sell higher' but breakouts associated with choppy fluctuating markets can be a trap. Use the 'buy low, sell high' ethos. There is no one single strategy applicable to all aspects of the market. As such, you need to be alert to market fluctuations and adapt your strategy accordingly.

Evaluating your progress

Without a comprehensive trading plan with clearly defined objectives, it is impossible to assess your progress.

What is your aim? Do you want to supplement your income, make trading your main source of income or put yourself in the position to become financially independent, without affecting your lifestyle?

You need to calculate the amount you require on a daily, weekly and monthly basis. Every situation involves varied risk tolerance, time frames, position sizing and holding times. You define your objectives and design a trading plan aligned with your objectives. The purpose of your trading plan is twofold: it is a tool to realise your objectives, and a yardstick to measure your results.

If you are not succeeding, you can easily determine where the problem lies. Is the plan flawed; or are you not adhering to it?

A system trader's parameters are strictly defined, whereas a discretionary trader is more flexible. This translates to different back-testing methods. A system trader depends on software that simulates present conditions based on previous data, whereas the discretionary trader's situation is more convoluted. For instance, it is difficult to assess whether you would favour the previous setup and how current factors may impact on your decision to trade.

Calculating profit and loss

Whether your profit/loss calculations are factored over a specific time period or a specific number of trades, adhere to a running statistic in order to monitor previous performance and identify market fluctuations.

The trader's philosophy

The trader's philosophy outlines the target market and the concepts underlying what the trader must do to succeed.

- Define the trader you are and the kind you want to be;
- Outline the timeframe, specify the type of markets in terms of trend and range;
- Plan your trading system, including trading signals, triggers, stops and profit targets;
- Risk control methods, definitions and parameters;
- Psychological aspects of trading: your state of mind and addressing deviations;
- Expenses associated with business equipment: scanner, software, additional training courses, subscriptions and publications;
- Optimising your performance through research to create the best trading plan that works for you

Your trading rules

Your trading rules are highly personal and must be relevant to you. However, there are some trading rules that apply to all traders.

- **Protect and preserve your capital.**
  Novice traders enter the market thinking how much money they will make, whereas professionals focus on how much they stand to lose and how to minimise the probability

- **Always set a stop loss.**
  Before opening a new position, set a stop loss and never use a mental stop loss unless you belong to the thoroughbred trading stable: you are highly experienced and are consistently profitable. The stop loss is crucial to all risk management strategies. It is imperative to set one.

- **Cut the losses short and let the profits run - by always having a stop loss.**
  If you change your mind about a trade, exit without waiting for your stop. Letting the profits run is down to money management and an excellent exit strategy.

- **Trade what you see, not what you feel.**
  Focus on the market, your indicators and charts not your intuition

- **Never chase your losses.**
  If a rudimentary mistake led to your losses and you trade to recover them, this results in further losses and emotional responses.

- **Do not average down.**
  Averaging down is a tactic used by long term buy and hold investors and should never be used by traders. If a trade goes against you, exit as quickly as possible.

- **Keep impeccable records.**
  It is imperative that you keep records of your trading activities, profit, loss and the underlying reasons for your trading activities. Use a journal to record your feelings. These records make it easy to determine whether you are adhering to your trading plan or not.

- **Self-discipline is easily monitored through your records.**
  If you do not address discipline issues, these will impact on your trading performance.

- **Keep things simple.**
  High achieving professionals utilise very simple strategies, rigidly maintain their self-discipline and stick to their trading plan.

- **Plan the trade and trade your plan.**
  A clear, unambiguous trading plan is vital.

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My Trading Plan

This is a living document. It may change as my experience and knowledge of the markets increase, and/or as the market(s) I trade change and evolve

WHY AM I TRADING?

WHATS IS MY APPROACH?

WHAT ARE MY GOALS?

Monthly

Yearly

Long Term

WHAT ARE MY OBJECTIVES?

WHAT TIMEFRAMES WILL I TRADE?

WHAT SETUPS WILL I TRADE?

ENTRY RULES

WHERE WILL I PLACE MY STOPS?

EXIT TAKE PROFIT (AND/OR) TRAIL-STOP RULES:

RISK MANAGEMENT RULES

PRE-MARKET ACTIVITIES OR ROUTINE:

POST-MARKET ACTIVITIES OR ROUTINE:

WHAT TOOLS WILL I USE FOR MY TRADING BUSINESS?

REVIEW PROCESS:

CONTINUING EDUCATION:

DISCIPLINE & MINDSET NOTES:

MY GOLDEN RULES AND/OR TRADING COMMANDMENTS:

SIGNED	DATE

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