Successful traders don't just follow the pack. They have specific attributes that are key to their success. In order to stay objective, stay calm, and execute well, follow the guidelines in this ebook.
The 5 Core Attributes of a Successful Trader  
(in order of importance)

1. **Trading Psychology**

Psychology is perhaps the most important factor in trading and what separates successful traders from the rest of the pack. The attributes of good trading psychology are developed over time, and they are something a trader must possess to achieve consistent results through discipline and planning. Traders must come in with the correct frame of mind day in and day out – if you're carrying over emotions or distractions from other aspects of your life, this will typically be brought into your trading day as well. Thus, affecting your judgment! In order to achieve stability, it’s critical to learn how to establish a balanced lifestyle that allows you to stay fresh and focused and to ensure your longevity.

*What to avoid - The Make it Back Mentality*

- Even with the best technical analysis, optimum risk management, or gigantic sum of money to trade with, you’ll still fall short with what goes on inside your mind. Fear, greed, insecurity, and indecision do not have a place at the trading desk. If even one of these creeps in at any certain point in the trading day, do yourself a favor and walk away.

- The moment you initiate a trade to make up for a previous losing trade, you may as well have thrown that money out the window. That one loser may turn into another, then another, and so on. It may happen slowly, or maybe in a flash, but eventually you will find yourself in the trading death spiral. Confidence fades. Frustration mounts. Fear sets in.

- Generally, in these “revenge” trades, traders will squeeze trades and try to get more profit than what is actually there. Or worse, traders will hang on to losers for too long hoping they come back. More times than not the losing trades blow up and double your stop-loss. With this “Make it Back” mentality, traders tend to wait too long to exit losers and take profits too quickly on winners.

*Remember…*

- Every single trade needs to have its own criteria and proper set-up.

- If you are worried or nervous that you are going to get stopped out, or that you will lose money, don’t take the trade in the first place.

- Leave your emotions at the door and work the math.
2. Money Management

It is critical to learn how to trade with the proper lot size that fits your account size. Traders must be properly leveraged so if they have a bad day, they will still be able to trade tomorrow and the next day without worrying about an enormous draw down in their account. We help coach you in learning how to cut off your losers and let your winners run.

Determine your personal risk parameters - *What monetary loss can YOU and your trading account handle?*

Whether trading a small or large account, make sure your risk per trade is properly ratioed to your account size. While the rule of thumb is to **risk around 2% per trade as a baseline**, not all trades actually fall into this category. For high probability trades with large rewards, risk more. For low probability trades with small rewards, risk less.

Analyze your profits and losses with multiple metrics using multiple time frames. Here is a suggestion: look at your PnL from a daily, weekly, monthly, and quarterly viewpoint.

**To get started, look at your monthly PnL with the following metrics:**

- **Ratio:** The absolute value of your biggest down day vs. the absolute value of your biggest up day. The ratio should be greater than 1:1

- **Ratio:** Your average down day vs. average up day. The ratio should be greater than 1:1

- **Ratio:** The number of down days vs. the number of up days. The ratio should be greater than 1:1

**Remember...**

- In order to average X amount per day, you will have to make 3x per 1x loss.

- Start small and work up slowly. Hit singles and doubles before taking home run swings.

- Stay properly leveraged. Don’t risk too much, so you do not disable yourself from trading tomorrow and the next day.
3. Market Selection

Are you trading the right market? Successful traders consistently analyze the risk/reward opportunity in the markets that they are trading. *What is the volume, volatility, and trend?* Traders need to evaluate when the market they are in has a little (or a lot) of opportunity. We work with you to help you learn how to adjust your market selection accordingly.

*Establish a Fundamental View - Do you know what is going on in the world?*

Each day, I evaluate a consistent set of market inventory reports, trading journals, online articles, blogs, CFTC reports, economic releases, etc. that are specific to each product’s fundamental and geopolitical suite.

Use this analysis to identify which markets have the best probabilities to succeed with your various trading strategies.

*Take a Trend Inventory - Where are we trading?*

As day traders, our goal is to ride waves of momentum. Our trades last anywhere from a few minutes to a few days. Decide which markets have enough momentum (and over what period of time) have the best probability to run towards (and take out) our targets.

If a market is slow, choppy, or volatile, look for other markets with more momentum, predictability, and a friendly trend. Look to take the profit as momentum wanes, and then wait for the next opportunity.

*Remember...*

- Market conditions will not always facilitate the success of your typical strategies.

- Pick a market that has recently demonstrated characteristics and behaviors that jive with your trading style and setups.

- Have a fundamental bias in a trending market.
4. **Trading Exits**

**Exits will make or break you as a trader** - it is key to establish an exit strategy for each individual position prior to entering each trade. A hallmark of a successful trader is the ability to view exits from multiple timeframes and multiple market scenarios. We work with you to help you learn how to identify the best risk/reward ratios for multiple scenarios.

Many traders, for instance, enter a trade without any kind of exit strategy, and therefore they are more likely to take their profits prematurely, or worse, let their losses run. Traders need to understand what exit methods are available to them, and they need to know how to create an exit strategy that will help minimize losses and lock in maximum profits.

**Exit strategy examples:**

**Hard Target:** A limit order sitting in the market. Generally (if using more than 1 lot), it is best to scale out of your positions at various price targets.

- Price Target 1 (Pt1) = 1 standard deviation move from entry point
- Price Target 2 (Pt2) = 2 standard deviation moves from entry point
- Price Target 3 (Pt3) = 3 standard deviation moves from entry point

**Trailing Stop:** Protects gains while trade continues in profitable direction.

- Pull stop to break even after trade moves 10 ticks in your favor.
- Evaluate the volatility of the market you’re trading, and keep your stop outside of the intraday chop.

**Time Stop:** After 10-15 minutes (if momentum is lost), exit your trade near market price, or pull your stop close.

- After X amount of time, the momentum might be lost and your reasons for entering said trade may no longer apply (technicals, fundamental indicators, correlation, speed).
- If you are comfortable getting up and walking away - momentum is most likely still in your favor.
- If you do not feel comfortable, momentum may be lost, so flatten up and perhaps look to re-engage when additional criteria are met, thus propelling said momentum.
**Stop Loss:** Minimize losses by always placing a stop-loss order at a predetermined risk amount. This amount will be adjusted based on market conditions and market volatility. Look for market ranges to change based on each individual market’s fundamental suite (supply/demand, geopolitical risks, seasonality, etc). Quickly measure the market range by taking the difference of the swing high and swing low of the day. Ratio your stop accordingly.

**Examples:** For small day trades in the crude market consider the following stop losses...

- **16 ticks:** Low volatility with a narrow market range of 75 ticks or less.

- **18 ticks:** Standard volatility with market range of 100 ticks.

- **20 ticks:** High volatility with a wide market range of 125 ticks or more.

**Remember...**

- An increase in risk requires an increase in reward (and vice versa).

- Be patient and do not exit a trade just because it is in the money. Let the market work.

- Ratio your stop losses in accordance with market ranges.
Trading Entries

Are you using the best indicators for your entry methods? When entering a position it is essential to properly analyze all applicable technical and fundamental indicators before putting on a trade. Depending upon the circumstances, the value of one indicator may trump the value of another indicator. So learning how to distinguish and choose correctly is what sets the successful trader apart from the novice. We work with you to help you learn how to identify these circumstances and adjust your entry methods accordingly.

Remember...

• Form a fundamental bias and look to enter your position when your technical signals line up.

• Be patient and don't chase your entries. There will always be another great setup down the road!

• Don't trade and / or enter positions only based on feel. Make sure to properly qualify and quantify all your entries.

Ready to learn more?

You can visit our website at www.SimplerTrading.com, give us a call at 512-266-8659 or email our awesome support team at Support@SimplerTrading.com.