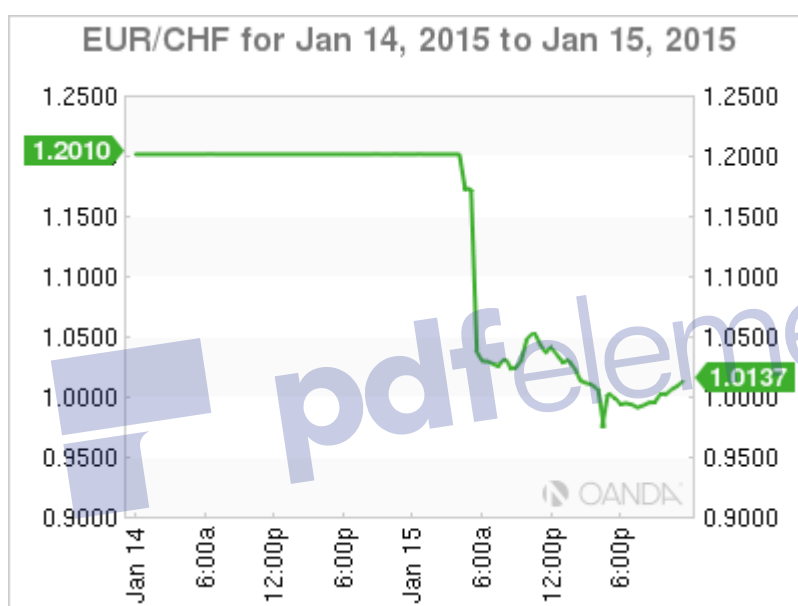


## Top 10 Trading Mistakes To avoid

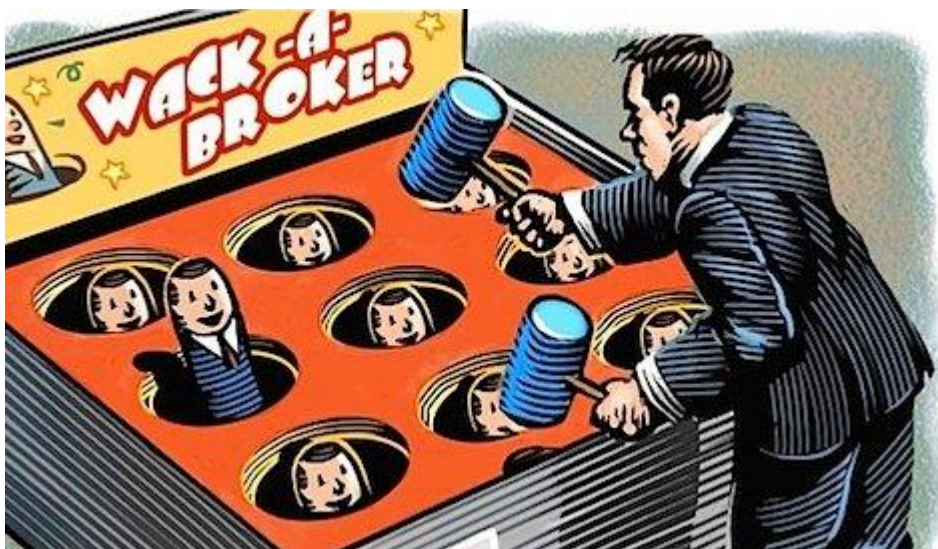
- 1) Often new traders make the mistake of not understanding the market in its entirety. It is not enough to for example know about Ichimoku as a trading strategy. Often something dramatic may happen. Let's take the Euro Swiss crisis, many traders lost fortunes; I recall one new trader lost 25k and it was his first deposit.

The Swiss pulled the rug on the Euro a new trader would have been unaware that the EURCHF pair had been manipulated since 2009. This is why so many traders lost money. You can avoid this by keeping up to date with all financial information. I recommend, reading the Economist or subscribing to the FT. This will keep you up to speed. There is nothing worse than not knowing. Twitter is the new digital age news board don't ignore it.



- 2) New traders often talk to their broker first. This is like a rapist inviting you to tea. Brokers are what we call sell side. They book every trade. Think about it, most new traders are inexperienced and likely to be nervous, perfect prey.

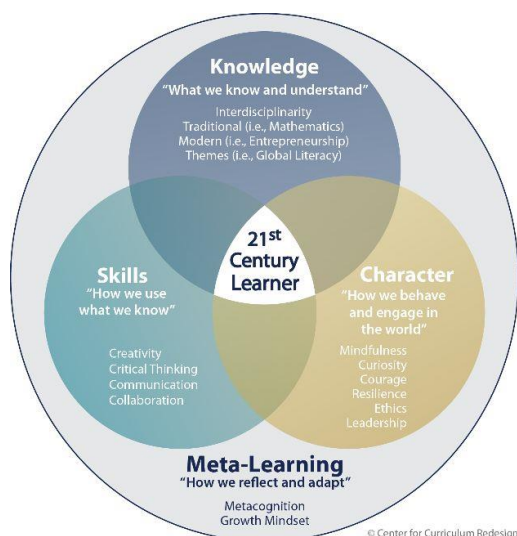
Brokers have a lot of capital and don't need to stop themselves out. You see where I am going with this? So in light of this regardless what they say, they book your losses, ECN, STP or DMA, it does not matter. Your singular job is to beat the broker and never trust him. You must employ every trick to ensure he loses. Sadly many traders trust their broker and often his advice on how to trade. Avoid doing this at all costs.



- 3) Traders who want to learn to trade often seek out house hold names. This takes me back to a Tim Ferris podcast on meta learning. You cannot learn from the top 5 traders, it is impossible to replicate what they do. The self help industry has made a fortune selling replication to the masses, sadly no one is richer. I guess you can see the parallel already.

This is because the best have developed their skill in isolation and often don't realise their own process. Take a swimmer, who swam from childhood, now an Olympic champion, it is unlikely they know what they did at 5 that makes them a top swimmer.

Instead pick the guy who was most unlikely to be a super star but is. This will help you understand process, how they achieved what they did. Remember, there are too many trading superstars, spend sometime with your chosen tutor, so you can observe process and replicate. You often would nail it. Popular group courses and rallies won't help you.



- 4) This one relates to the above. When I first started consulting with brokers I was just as naive as many traders. I thought the book authors, trading academies and gurus wanted to

support traders, sadly they all working for brokers, 90% of the industry is sell side. The booked trades monthly average \$20 to \$30 million, yes folks, that's just the smaller firms, not counting binary options that have a 100% loss rate.

Even a saint would consider getting a piece of that. Think about it, if a trading academy could just hand over 100 clients to a broker, they are likely to make a guaranteed 30% of all losses. In some cases, it could be \$1m easy depending on client size, this conspiracy goes straight to the top, take a certain Patel, who makes a fortune like this in the Binary world. Sadly most new traders fall for this hype trap. It is best to seek out one on one training, it is the only way to get quality education with the ability to question things if needed.

- 5) Depositing all your money with a broker is crazy. Stop losses are not guaranteed, so what happens on black swans? This takes us back to EURCHF and the Silver flash crash 2014. Some traders lost as much as \$3 million despite having stops.

Be smart, allocate as much as you need to trade for a week, keeping deposit value and add as necessary. This not only protects you but psychologically forces you to think about what you want from trading. I once deposited £1000 with a broker to test them, ended up with about 5k in profit in 3 months, despite having a lot more to trade with. Had I lost that £1000, I would have needed to redeposit, this will stop me revenge trading and think about whether I should even re-invest.

Capital is precious, treat it as such. Sadly most traders treat their broker as a bank. More money does not mean more winnings. However you do need a minimum.

- 6) There is a minimum entry, most traders start with £100 or £500. This is a bad idea. If you simply do the Maths that is hundred pips max at 50k base. If you live in Asia or Africa, the lower exchange rate works and with smaller lot sizes, then it works. That said, most traders will grossly under leverage, this makes trading feel like a waste of time, this eventually causes you to not take it seriously. This is like pretending GCSE is not important at 15.

So it makes sense to deposit enough cash to cover 3 trades at least at 50k base. This means \$1500 minimum. In my opinion if you lose 3 trades in a row, you simply don't know how to trade. Harsh? Imagine you dropped a glass 3 times as a waiter, in a row. Fired!!

Take the same approach to trading. In my Trading [Titans Podcast](#), I talk often of the importance of getting it right from day one. Sadly many people think they can make money with \$100 trading micros.



- 7) This is the elephant in the room, call it blind faith. Why on earth would you want to use a stop loss that is not guaranteed and creates the brokers P and L? Often people say they are protecting, taking small losses to make big gains, etc. Can you describe a situation were a stop loss saved you from wipe out? If you can then you were over leveraged and in the long-term a loser. In fact even with stop loss use too many traders lose more than they can make back and bust anyway.

Think more about position size. In my [Transformation Program](#) for apprentices I show you how to lose 1 trade in 10 and pick your battles. I do this several times in my video podcasts. Unfortunately traders still ignore the simple fact that stop losses don't protect you they aid the broker. Keep using them at your own peril.

- 8) Day trading multiple assets. Not only will this guarantee you lose money but it is an inefficient way to use capital especially in a highly correlated market. It is important to note that as exotic as these assets are, this idea won't make money. Avoid at all costs. Pick one and get to know it.
- 9) Candlesticks are not a good representation of the market, they promote anxiety and stress and give no real technical data. OHLC data can be written on paper, it will reveal more than the basic visual representation on a chart.

This is another broker promoted system prompting many to call technical analysis a joke. Looking at OHLC data is known to cause stress related illnesses. TPO charts are now the professional standard. There is an MT4 version [here](#). Don't waste the man hours.

- 10) New traders often don't think of time when they trade, some hours of the day have low volatility others have high. Avoid executing in high and too low volatility, the best times to trade is at the tail end before volatility kicks in. Too many traders trade mid sessions, don't do it.

Written by Dan The Profile Trader

<http://www.marketprofile.org> for more information on the above topic.

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