



## The Seven Mistakes of Traders

If you know pitfalls of trading, it becomes easier to avoid them. There are two type of mistakes that trader can make..... Small **and Big**

Small mistakes are forgivable, most of the time operating mistake while putting orders.

But there are **Big** mistakes which needs to be taken care of.

- **Mistake #1: Struggling to identify the direction of the market.**

We use complicated formulas, indicators and systems trying to identify a trend. We plot so many indicators on the Charts that we could not see prices. They think the *more complicated* a system the better it should “predict” trends. And they completely lose sight of the basic principle: Buy when the market is going up and sell when the market is going down. **In other words use Trendlines.**

- **Mistake #2: Not taking profits.**

Human is greedy by nature. You want to make lot of money, faster, in one trade!

And that’s why many traders are too greedy. They want to get rich in one trade. And that’s when they lose. Here’s the key to trading success: **Small profits, but consistently.** Consistency is the key, because if **your profits are consistent and predictable**, then you can simply use leverage to trade size. Small and steady profits adds up. Therefore you **MUST** know when to exit with a profit.

- **Mistake #3: Not limiting your losses.**

Losses are part of our business. The key to trading success is to limit your losses. Use small losses. Your average loss should be smaller than your average win, because then **you even make profits with a winning percentage of only 50%.**

Therefore, **always know when to exit a trade.**

- **Mistake #4: Trading the wrong market.**

Too many traders are fixed on only one market: Nifty or specific script... Here's the key to trading success: Trade a market that is MOVING, either up or down. You know that you should buy when the market goes up and sell when the market goes down.

So stay away from a market when it is moving sideways and **start trading a market with nice trends.**

- **Mistake #5: Lack of a trading strategy.**

You MUST have a solid trading strategy.

Having a trading strategy means having a pre-defined set of rules you have developed for your day trading instead of just gambling. It will increase your chances of making money with trading.

- **Mistake #6: Not controlling your emotions.**

While trading you go through Greed, Fear, Panic, Indecision, Anger... excitement. In order to become a successful trader you have to control your emotions. The best strategies and tools are useless if got under control of emotions. You need to be calm relax.

- **Mistake #7: Overtrading.**

Many traders think that "quantity" is better than "quality" and believe if you just throw enough punches that eventually one will hit. Greed , Revenge, Boredom can make you overtrade. But you need to to control your emotions, need not repeat mistake 6. If you want to succeed in trading, then you must understand the concept of taking only the "high-probability trades" .

One can learn everything about day trading but never start to trade as fear of Risk IS BIGGEST MISTAKE.

So Trade and Earn