

32 RULES FOR FOREX TRADERS

1. Never risk more than 2 - 5% of your current (not initial) trading capital.
2. Always use protective stops in each and every trade you execute.
3. Never average a loss as this can lead to disastrous outcomes.
4. Preferably you should always trade in the direction of the daily trend, holding a position against the daily trend should be done with caution.
5. Never enter or exit a trade without a good reason, you should have a well outlined trading plan and cross each signal out as it unfolds.
6. Never get in or out of the market just because you have run out of patience.
7. You should always see the market from a neutral perspective, be willing to sell as you are willing to buy. Don't force your opinions on the market.
8. Don't just sell because you feel the price of a commodity is too high or buy because the price of a commodity is too low.
9. Never cancel or move your stop from its initial position, the only exception is when trailing profits being captured.
10. Specialise in one currency pair at first, and when you get really good at it you can expand your portfolio.
11. As a new trader you should stay away from trading at news time because this can be very risky as the market tends to act in unexpected ways at this time.
12. Always look for signals on higher time frame charts as they provide more reliable signals with more room for errors.

13. Make your analysis with a top down approach, after confirming a signal on a higher time frame chart you should look for confirmation on lower time frames.

14. Never place a trade just because of a single indicator/ signal, always look for at least three to four events occurring at the same time to tell a story.

15. Once you lose an opportunity you should stay out and let the trade be. More opportunities will come

16. When holding a position just focus on the charts and price action, don't pay attention to the equities window as this will only distract you from making logical decisions

17. Face your fears; don't think about losing when placing a trade. Simply put the trade on and let the possibilities play out. We "are" speculators after all.

18. Keep a trading journal where you record all your trades, both losses and winners. This serves as reference when analysing your progress.

19. If a trade turns out to be a loser, just forget it at that instant and move on to the next trade, as a trader you should accommodate the fact that losses are part of everyday trading, even professionals have losses and that they are only a bump on the road to success.

20. Don't be greedy by trying to pick the exact tops and bottoms of a market, let your strategy tell you when and how to close a trade, and always be satisfied with whatever profit you bank from a trade (no profit is too small).

21. When holding/ initiating a position, don't think about how much money you stand to make/ lose. Just focus on the task at hand and think about making sound decisions free from fear and greed.

22. There is no single trading formula in the FX market, always use dynamic strategies for different market situations, and learn to swiftly abandon a strategy/ close out your trade the moment the market stops doing what you expect it to do.

23. Never let a loss go by without learning from it, if you learn from your losses then it counts as tuition for a lesson learned, but if you let it pass without learning from it. Then it is indeed a loss.
24. Your trading plan must be followed with absolute discipline in order to succeed. The trading plan should be tailored to suit your personality, ability and resources. It should be YOUR plan and unique to your style of trading.
25. Maximize profits not the number of trades.
26. Have a scheduled time specifically for studying the markets before making trading decisions
27. Do not move with the crowd or do what everybody else is doing because the majority (95%) are usually wrong. You should look to buy when the majority are selling and sell when the majority are buying. It's the basic law of supply and demand "it is an exchange market after all".
28. Never blame others for your losses, always examine yourself when your trading results are poor. Only by doing so will you be able to improve personally.
29. Never doubt your trading plan, always trust and have faith in it.
30. Price has a memory; if it did something at a certain level possibilities are that it will do it again.
31. When trading the news, don't pay much attention to the news itself but rather the charts reaction to the news. The answers are always on your charts as the impact of that news event has already been incorporated into the chart long before the news announcement.
32. You are your biggest mentor, you MUST believe in your analysis and your decisions. Only by doing so will you be able to build the necessary confidence you need to succeed in this business.