



Start Your Trading from the Right End!

PART 1: THE PATH TO TRADING SUCCESS

In order to be profitable in trading you must 'learn to trade'. Whilst on the surface that appears to be a plainly obvious statement it is among the most commonly misunderstood aspects of trading.

➔ THE TIGER WOODS OF TRADING

The majority of novice traders believe they simply need to find a profitable strategy and then profits will automatically flow into their accounts. The easiest way to disprove this myth is to consider the relationship between tutor and pupil. Let's say Tiger Woods taught us all to swing a golf club, when we don't get the same results as Tiger does that make it a bad strategy? Or are we lacking the competence and experience to flawlessly execute the golf swing? If we read a recipe from a famous chef and follow it as perfectly as we can, does that mean we will create the same quality of food? To bring it back to trading we can look at the famous experiment which Richard Dennis and William Eckhardt conducted in the 1980s where they took a group of traders (known as the Turtles) and taught them one of their most profitable strategies. At the end of the experiment a number of the Turtles were extremely profitable and went on to set up their own investment funds, a number achieved some level of profit and success, whilst there was a final group that were losing money. How is this possible when all of them were taught the same profitable strategy?

The answer is that a strategy/recipe/technique is only a tool which has no value if the person using it doesn't know how to operate it correctly or doesn't operate it how it was meant to be operated. What is more important: the tennis racket or the tennis player? The violin or the violinist? The paintbrush or the artist? The scalpel or the surgeon?

WHY STRATEGIES DO NOT MAKE MONEY

Whilst the tools are important they are far from the

most important aspect of success. I know for a fact that if I had the best tennis racket money could buy and Roger Federer had an old wooden racket he would still beat me easily at a game of tennis!

Let me say it again, strategies DO NOT make money! How an individual implements that strategy makes the money. You must learn to trade! So I can hear you all asking "so how do we go about learning to trade?"

The first vital step you must take is to ensure you don't do what 95 per cent of novice traders do and that is begin your trading journey at the wrong end. The majority of traders find a successful strategy (or someone who is willing to teach them one) and then they try and adapt themselves to that strategy. Ask yourself this question: Would a left handed golfer use right handed clubs just because they were the best golf clubs available? Of course not, so why do traders do the equivalent of exactly this every single day?

WHAT YOU WILL LEARN

Over the coming editions we will continue on with the remaining eleven steps which an unprofitable trader should take in order to achieve success in trading. We will assist you to work out what sort of trader you are best suited to be, which aspects of technical analysis (the ingredients) you need to master and then help you create a strategy (like a recipe) that is traded on a market which suits you as an individual rather than you trying to adapt yourself to a strategy that isn't the correct fit for you or a market that a so called 'trading expert' told you that you 'have to trade'. Stay tuned for part 2 next month which covers which style of trading is best for you, day trading or swing trading. 📌



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Nick McDonald is a leading independent trader with a global following via the company he founded, www.tradewithprecision.com. A specialist in technical trading strategy for any market and any time frame, Nick possesses a unique approach to modern technical trading which forms the basis of the strategies that he teaches. Nick is in high demand

as a speaker on the global trading circuit with speaking engagements on multiple continents each and every year.