

Beginner Trader Wins By Learning Top 10 Option Picks Warning Signs

When trading goes well, you feel great. When trading goes poorly, it feels like a disaster. Many traders who are successful initially often end up losing all their gains, and more. To stay successful, you have to be vigilant. You need to watch your trading behaviours and recognize if poor trading habits have begun to creep into your trading. Here are some trading situations to be on the lookout for, and ways to turn them around.

Top Ten Option Picks No. 1. Lack of proper preparation or a solid game plan. Most losing traders are short term and day traders, but their lack of success is due less to the time frame they trade within, than to their lack of preparation and discipline. Without a trading system, you can guarantee the majority of your trades will be losing trades.

Top Ten Option Picks No. 2. Under capitalization. There are two reasons for this. The first is that traders who take excessive risks while operating with small amounts of capital are more likely to lose their stake more quickly, and also to react emotionally to any loss. The second reason is that though all traders will experience losses, the greater the capital reserves of the trader, the more likely they are to survive them. Look at your level of capitalization and make sure it is right for your trading system. Always use good money management rules to protect your capital.

Top Ten Option Picks No. 3. Using complex systems or relying on outside recommendations. Winning traders tend to use simple techniques that they have developed on their own, from their experience, and that fit their style and personality. Successful traders understand that the only important outcome is to make money, the complexity of the system used is irrelevant. What matters is what works.

Top Ten Option Picks No. 4. Relying heavily on computer generated trading systems. Software tools can be extremely useful, but only if you understand the way data is analyzed and how the program reaches conclusions. Successful traders use any tools that are helpful, but they also understand precisely how and why those tools work.

Top Ten Option Picks No. 5. Trying to forecast market trends. Successful traders follow the market in real time, and create appropriate strategies. By responding to market movements with a rational and disciplined strategy, they increase their chances of success. Losing traders try to predict the market; successful traders follow the market wherever it goes.

Top Ten Option Picks No. 6. Focusing on winning trades, and on maintaining a high percentage of winning to losing trades. One losing trade can wipe out a number of winning trades. Successful traders focus on minimizing the loss from losing trades, on getting solid returns from winning trades, and on maintaining good risk to reward ratios. Successful traders track returns and profits, not wins and losses.

Top Ten Option Picks No. 7. Executing trades based on emotion alone. Winning traders accept their emotions, put them aside, and assess current market conditions.

Top Ten Option Picks No. 8. Wanting to be right. Successful traders see trading as a business, and focus on making money. Losing traders enjoy the feeling that a good trade can create; successful traders enjoy growth in equity.

Top Ten Option Picks No. 9. Constantly adopting new or hot strategies, especially after bad trades. Successful traders evaluate bad trades, learn from them, and adjust their current strategies and trading styles accordingly. The most successful traders use a consistent system they have learned to rely on and they fully understand.

Top Ten Option Picks No. 10. Ignoring costs like commissions, systems, or data acquisition. Successful traders assess all aspects of profitability, and seek to maximize profits by increasing their gains and reducing their costs. Successful traders focus on profit.

Once you recognize the behaviours that may be sabotaging your success, it's easy to start turning your trading around. There is no reason why you shouldn't be on the success side of the equation when you are trading.

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About the Author

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