NetPicks.com Forex Swing Trading Success Tutorials

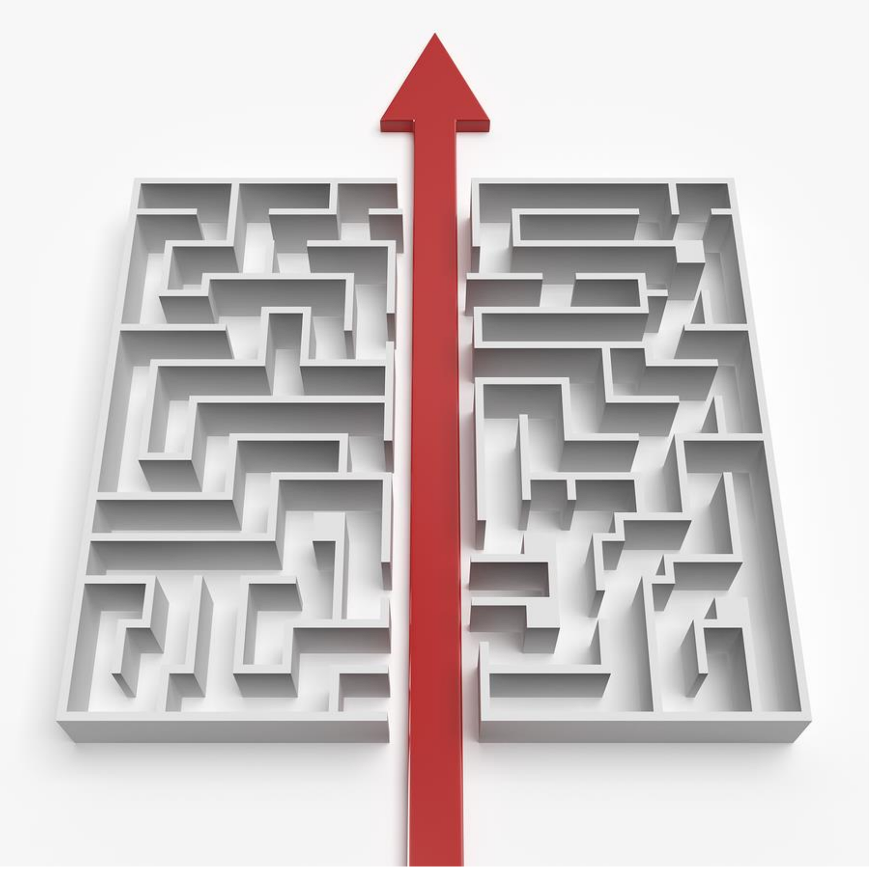


Table Of Contents

Swing Trading Systems

by NetPicks

For either a casual trader, an individual with significant work commitments or a day trader wishing to spread their wings, swing trading is a great way to go. Simply put, swing trading is taking short term positions which complete over the course of several days. It's kinda like zooming out of the picture a little and looking at longer timeframe bars. Classically, the idea is to trade with the prevailing trend after a minor pullback so long as there hasn't been a sharp reversal at the extreme. But the key is that you are trading over days rather than minutes/hours or months/years. There are however, some important considerations for anyone who is looking to trade in this way.

MARKETS ARE FRACTAL

"A chart is a chart is a chart", technical traders will say and I believe they are right. From a purely technical standpoint, markets viewed in different timeframes are effectively fractals of themselves – i.e. they exhibit similar behavior on a smaller or larger scale dependent on the timeframe they are viewed in. A trend on a 5 min chart has very similar characteristics as one on a daily chart. Really this comes down to the fact that the markets are auctions and human nature characterizes these auctions. So whether you have an ultra-short term intraday trader or a swing trader, the principles remain the same.

A DIFFERENT KETTLE OF FISH

As much as markets are very similar on any timeframe, there are many differences to *how* you're able to trade them. The frequency of available trades is going to be a really big consideration for example. Of course you could trade bigger size when you do get a setup in order to compensate for this. However, there are two drawbacks to this. The first is that by trading bigger you are risking a bigger percentage of your capital and if you hit a losing streak, just as in day trading you could see a detrimentally large chunk of your trading capital wiped out. The second issue is that regardless of the size you trade, if your edge has very few trades then your sample might not be big enough to properly assess the efficacy of the strategy and you might not be able to take enough trades in order to assess how the system works in the real world. The key is going to be to find a simple and robust enough system that allows you to trade many different instruments *simultaneously* and therefore generate sufficient trading opportunities.

There's a really good aspect to this point too. By trading different instruments, you are able to diversify your trading and so mitigate the risk associated with one type of instrument going into drawdown. If you were trading Crude Oil for example, you'd be exposed to certain risks in the market. If you traded Crude Oil, Nat Gas, Brent Crude and Gasoline you'd be exposed to similar risks. If you chose to trade Crude, Apple, Wheat and the Mexican Peso for example then you'd likely be exposed to a variety of risk factors thereby diluting your level of risks to single events. With a decent enough sized account and a bit of thought, you'll be able to trade in this way.

PLEASE MIND THE GAP

But there are other risk factors to contend with. One risk in particular is *gap risk*. Because products don't trade 24 hours a day for the most part, but the world doesn't just stop when they aren't trading, products can change in value between the close of one session and the open of the next session. Sometimes this is dramatic in extent. So this means that if you have a stop order and the market gaps through your stop, you won't get filled at the stop price and you'll potentially lose an awful lot more than you had originally planned for. This is not dissimilar to getting a poor fill on a stop order if you day trade. If another trader places an order of large enough size which takes the current price through your stop, you'll get filled at the next available price. The trouble with gaps is that lots of markets can become correlated all at the same time when events that have a major impact on a global scale are taking place. So this would include the current situation in the Middle East, a major terror event or an unexpected rate move by a major economy. Also for stocks, premarket earnings announcements can make a stock gap up or down in dramatic fashion. Whatever the product is, it's important to be fully aware of the sorts of things that can cause these types of moves.

Capitalization - No matter how you trade you still need to be managing your risk and your capital in an appropriate manner. The fact is that that you are likely to need to have more capital to maintain the same levels of risk than if you were day trading. Undercapitalization is a significant account killer and should always be addressed.

Expiration risk – If you're going to be swing trading derivatives, you need to take account of contract expiry (where the current contract stops trading and the new contract takes over) and the chance it will ruin good trades. Ensuring you are trading outside the expiry window is essential.

Phase Change – All markets have different phases based on levels volatility and balance. Day trading strategies might be susceptible to a shift from one phase to another, but swing trading could be more so. The saving grace is that you can if your strategy is robust enough, look to trade products in the ideal phase.

Emotions - Emotions are still emotions. Just because you're not going to be necessarily sitting in front of your trading screens as much as you might be if you were day trading, it doesn't mean you won't experience the same stresses. The fact is that you are still financially and egotistically exposed to the markets when you are in a trade. Don't assume otherwise.

Swing trading is just another method a trader might look to use to make money. It's fundamentally the same as any other type of trading, but it also has a few differences. By taking the time and effort to learn the nuances, a trader can certainly profit from this great way to trade.

Trade well.

Swing Trading Tips

by NetPicks

If you were to ask successful traders what their most profitable trades are, you may be surprised to hear it is their swing trades. While shorter term trading gets the most air play, people who understand the markets would much rather learn how to swing trade online than any other type of online trading.

Swing trades are not a fad. In fact, one of the best swing trading tips I could ever give someone is to treat their trades as not only wealth building but also income producing. What is great about these types of plays is that they are designed to take advantage of the bigger moves that take place in almost every liquid market. The following graphic shows what types of moves you are looking to take advantage of.

There is no other way for the markets to move than what is shown above. Swing trades are taking advantage of move number two and move number 4. Moves one and three are better left to those people who like to range trade or never took the time to learn proper swing trade systems online.

What this chart shows are the four stages the markets go through.

1st stage – Known as accumulation phase and this is where traders are taking positions in anticipation of the move up

2nd stage – This is the mark-up phase where those that got into the move down at 1 are making some hefty profits. There are also late comers who want to get on board the move up

3rd stage – The distribution phase where the unwinding of positions takes place. This is where you want to get out before the next phase starts to take away your profits

4th stage – The markdown phase where prices are dropping. In some markets, traders will take positions at 3 and enjoy the ride down with 4.

Another of the swing trading tips I want to share comes from this chart and is to make sure you know where you are in terms of the four stages. These four stages show you three different types of market action. One and three are ranges, two is an uptrend and four is a downtrend. Knowing where you are will determine if you trade and what type of position you will take.

No matter where you learn to swing trade online, if they are not showing you to buy/sell in the areas shown on the next chart, you best think twice about taking any swing trades that they suggest.

Let's summarize some swing trading tips and tricks with what we have covered so far:

- Swing trades are good for wealth accumulation and income production

- Every market moves in 4 distinct stages
- Swing trades take advantage of stage two and four
- Knowing what stage you are in is vital to ensure you are taking the right type of trade or any trade at all

Knowing what stage you are in is part of the battle in participation in profitable swing trades. Each of the four stages is going to have its own unique way to be traded. This is where we get into the meat of this article. You can overcomplicate trading but in the end, simple wins. When the market is going up, you will trade it differently than when it is going sideways.

Swing Trading Tips & Tricks

The chart we have been looking at is a daily chart and to keep things simple, we shall stay with the exact same chart.

Swing Trading Tip #1 – During stage two, we will focus on trading breakouts to the upside as well as pullbacks (retracements) in price

You will notice that each of these entries has an objective place to place your stops.

- Below the range after the breakout occurs
- Below the turn after the pullback in price

Swing Trading Tip #2 – During stage four, focus on trading breakouts to the downside and sell rallies in price.

Tip #2 is the exact opposite. This chart didn't have a range but did have two nice rallies that you could take advantage of. After the last sell, there was some downside to take advantage of but the chart then went back into stage #1.

Now that we know what to look for, there are a few other swing trading tips to think about.

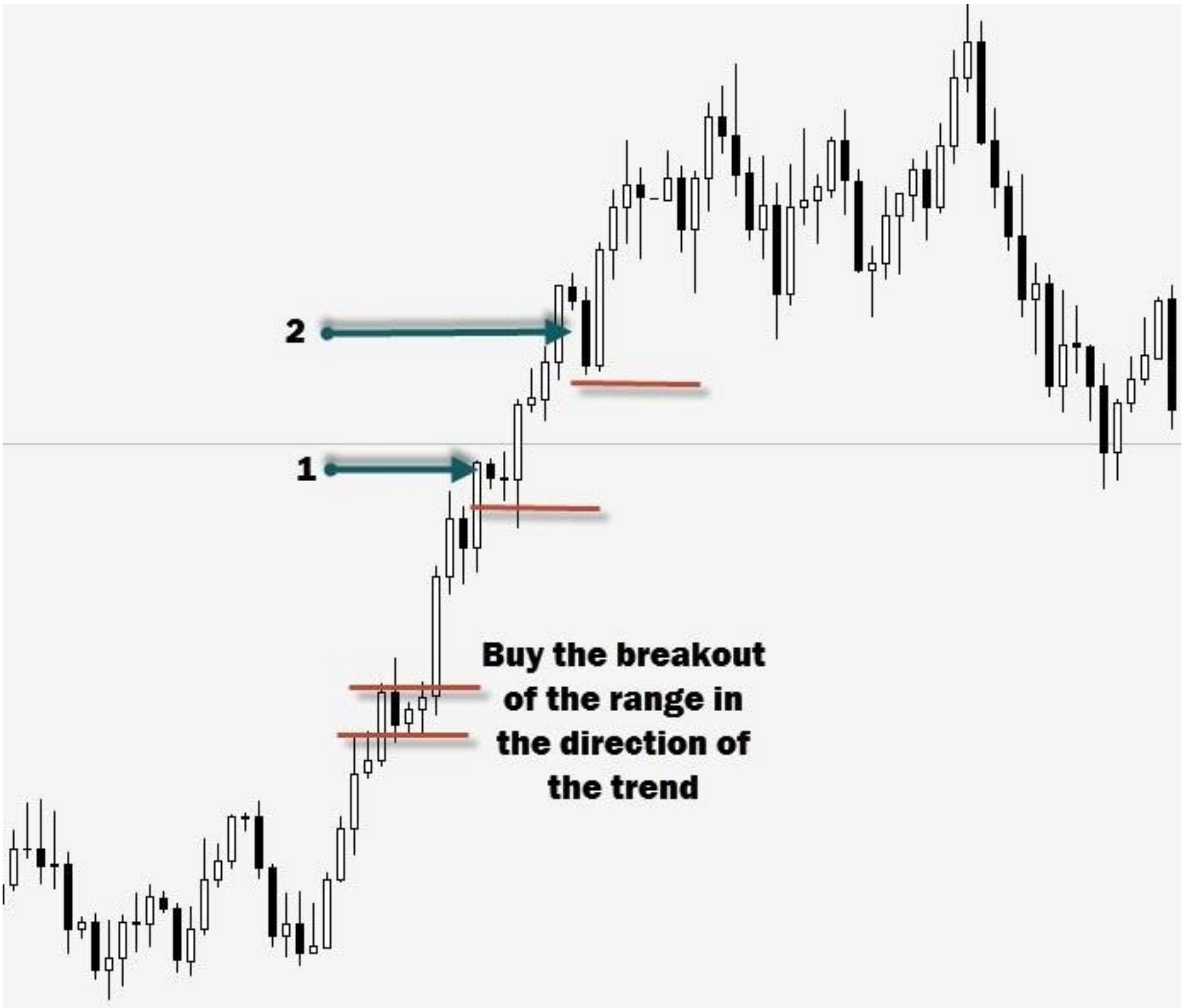
1. Depending on your account and experience, limit risk per trade to between 0.5 and 2% of your overall account size.
2. Ensure your overall market exposure doesn't exceed approx. 6% of your overall capitalization
3. Protect yourself against adverse market action by placing a protective stop in the market at the time of trade execution
4. Focus on proper trading and [let the money take care of itself]
5. You CAN go broke taking profits if the profits are consistently smaller than your losing trades
6. There is a huge difference between someone who knows about swing trades and an actual trader

The final point of the swing trading tips I want to share with you is the concept of scaling out.

Scaling out has quite a few pluses to it:

- Bank profits when the market gives them
- Reduce exposure on open trades

I don't want to cherry pick so I am going to stick with the chart we have been using instead of gearing down to a slightly smaller time frame to zone in on market structure. It will still give you the concept on this method of managing your swing trades.



Assume you took a long position after the breakout and placed your stop under the range. Price goes hard in your direction but at #1, price stalls for two days. [Scale out part of your position] and move stop to break-even. Once price breaks to the upside, your stop comes in near the bottom of range #1.

At #2, we have a multiple day pullback in price. I would scale out at this area and once price breaks to the upside, my stop would be moved to below the swing which locks in profit on the [remaining positions].

That wraps up this Swing Trading Tips & Tricks article and I hope you have found some useful information to help you with your swing trades. I can think of no better way to trade than to place swing trades in the Forex market by following the swing trading tips laid out in this article. Here is to wealth accumulation and income producing swing trades.

Swing Trading Strategies

by NetPicks

While day trading is all the rage, most people interested in trading have full time responsibilities that prevents them from getting involved in that style of trading. They do have time for another method and that causes them to seek out Swing Trading Strategies. This will allow them to profit from the markets, earn extra money and still maintain their full time job.

What is swing trading? Markets move in waves known as swings in the price of the instrument. No market, for example, will trend up without having some sort of retrace in price. The best swing trading techniques will attempt to ride either the swing up in price or the swing down in price. If you are trading against the main direction of the price trend, this is known as counter-trend trading. Some swing trading strategies will have both a trend and counter-trend trading component.

Many of the best swing trade techniques will have you holding a position from a day to several weeks. You are not looking for a small price increase/decrease but are looking to take advantage of the bigger price moves that most instruments make. Many times, swing trading strategies take place on the higher time frames which will reduce the amount of “price noise” that usually accompanies the faster time frames. The higher time frame charts will generally have support and resistance areas further apart which many people use to base their trading decisions on.

There are quite a few advantages to having swing trading strategy as a part of your trading routine:

1. Bigger profit potential. Since you are looking for larger runs in price, you have the ability toenjoy much greater profits than you would if you day traded the same market with less risk.

2. Less time trading. The best swing trade techniques I have ever seen only required a minimalamount of time at the computer screen. The scan for potential trading opportunities can be quite fast and you can do it during the slower times of the markets. This allows those that are employed full time a chance to view the charts and find trading opportunities.

3. Greater risk to reward opportunities. The swings you are trading have the potential to travelfurther to your profit targets than they do to where you would place your stop loss when the trade setup is violated. Risk to reward ratios of 1:3, 1:5 and even 1:10 are not unheard of.

4. Having less stress. Unlike day trading where you are reacting to minor price blips, you expect larger price blips in swing trades that, most times, won't challenge your protective stop price.

While the advantages to swing trading are compelling, note that there are disadvantages as well.

1. Getting caught in a congested market with violent swings in each direction can stop you out repeatedly causing you many losses. This is where proper risk measures come into play.

2. Your protective stop orders are generally bigger in size which, if you do not adhere to proper risk profiles, can have you lose a great portion of your trading account when the losses come.

3. The ease of swing trading can have traders involved in too many markets at the same time. Thiscan be a disadvantage and put too much capital at risk in the markets if/when your swing trading strategy delivers a losing streak.

4. Before you can utilize any of the swing trading strategies available, you will want to understand what makes up trends. Since you are trading bigger time frame charts, it is easy to spot which way the market is moving. If you notice price is consistently making higher price highs and higher price lows, you know that the trend is up. In this instance, the best swing trade techniques would have you looking to buy into the market on a retrace in the price. Lower price and highs and lower price lows would have you looking for shorting or selling opportunities when the market rallies in price.

One of the best markets to swing trade is the Forex market. Netpicks, a trading company, actually advises most people to stick to swing trading strategy for the spot Forex market instead of daytrading it.

One of the best swing trade techniques to use on the Forex pairs is simple support and resistance types of strategies. As we spoke about earlier, an uptrend is higher price highs and higher price lows. Once a currency pair like the EURUSD puts in a high (example 1.3500) and retraces, we have a potential support/resistance forming at 1.3500. If price returns to the high and pulls back, that price may become a resistance area and if the overall trend is up, some may take a counter-trend trade.

Some of the most successful swing trading strategies however will not sell at that level. They will wait to see if price breaks above the 1.3500 level, rise above it to perhaps 1.3525 and wait to see if price returns to “test” the 1.3500 level. If that level holds, they will buy the EUR against the USD.

What if price does not break above 1.3500? Traders may wait to see if price retraces to the previous resistance level at, for example, 1.3450. If that level holds, the 1.3450 level may be considered a support area and the best swing trade techniques would have you buying at that support level and a profit area around the 1.3500 level.

Support and resistance is just one of the many swing trading strategies that you can use. Netpicks, a trading company, has various trading plans for swing trading that you can use. They have extensive experience in the markets and can advise you on some of the best swing trade techniques that you can use in the current market environment.

Whatever swing trading strategy you apply to your trading business, keep in mind that money management is key to your overall success. Netpicks calls money management one of the "three pillars" you need to master, along with trading psychology and of course any of the swing trading strategies you decide to implement.

Swing Trading vs. Day Trading

by NetPicks

What exactly does Swing Trading mean. Different people think of it in different ways. This is one of the many definitions if you do a search.

Swing trading is a speculative activity in financial markets where a tradable asset is held for between one to several days in an effort to profit from price changes or 'swings'

So, when someone asks me, I tell them, they are larger trades that you can old for a longer period of time. Might be a day or two, but it could be as long as weeks or months, if you trade on a very long time frame chart like a weekly chart. Many of our swing trades are on daily charts or range or renko charts, with bars of 15 to 20 pips in length. Don't get me started yet on what range or renko charts are. You can google that or wait till my next article.

Now you notice that I talk about trade size and that is one of the main differences in Swing VS Day trading. Day trading is much smaller trades and you might only hold them for a minute to an hour at most. Here is that definition.

Day trading is the buying and selling of securities on the same day, often online, on the basis of small, short-term price fluctuations.

You might think of day trading as scalping, so very small price movements, but you can also day trade some larger trades, but you don't hold your position overnight. We day trade futures and forex every day in our live trade room and then we swing trade at night on the Daily chart or Range/Renko chart.

Which is better? We that is up to you the trader. As yourself:

1. Do I have time to sit in front of my computer for several hours each morning to day trade? Or do you work and can only look at the computer twice a day (before and after work)
2. Am I the type of person who once I am in a trade, feel like I must watch it every second and worry about every tick on the chart as the trade is at a gain or loss each minute?
3. Can I sleep at night, knowing that I am in a trade and that some news event can happen and you worry about what will happen with that trade?

Those answers about what sort of personality or trader you are, will tell you which is best. I can tell you that Swing Trading is easier that Day Trading. What do I mean by that? Think about how easy it is to look at your computer once at night. See an exact trade setup, place your trade with Entry, Stop and Target. That is it. Check it again in the morning to see if you need to move your stop up and lock in profit or leave it alone till you look again.

Doesn't that sound easy? No, staring at charts all day. No sweating over each tick or pip of price movement. You have stops and targets in place, you don't need to worry about the trade, it will either win or lose. You can't do anything about the market and banging on the screen won't make the market move in your favor. You can check out this great system that gives you all of that. Ease of use and exact entry, stops and targets.

Do I day trade, yes I do. That is only because I have the time to spend a few hours in the morning and you can make a living doing that as well. The key is, if you are new to trading. Start with the easy and then add the more challenging art of day trading. Keep it simple and you will most likely win in the end.

Coach Ron

Swing Trading vs. Day Trading | Differences & Similarities

by NetPicks

In this article we'll take a look at swing trading vs. day trading, examining the major differences and similarities between the two. We consider a day trade any trade that is opened and closed during the same trading session, while a swing trade is one that is opened in one session and closed in another. The difference is one of duration. Swing trades themselves can vary greatly in duration, some lasting just a few days while others may last weeks and possibly months, although once the duration exceeds several month we view those trades more as position trades than swing trades.

Figure 1 below combines portions of a swing trading and a day trading chart, separated by the vertical line. We've applied the same pair of moving averages to both charts to give a sense of price action. Can you tell which is which? Without a time or price scale and without knowing the instrument it's impossible to tell the difference, and that highlights a fundamental truth about technical analysis and trading: a good trading system can be applied without altering its rules to any chart in any time frame. You could identify and trade a moving average crossover as easily on the swing trade side of the chart as on the day trade side.

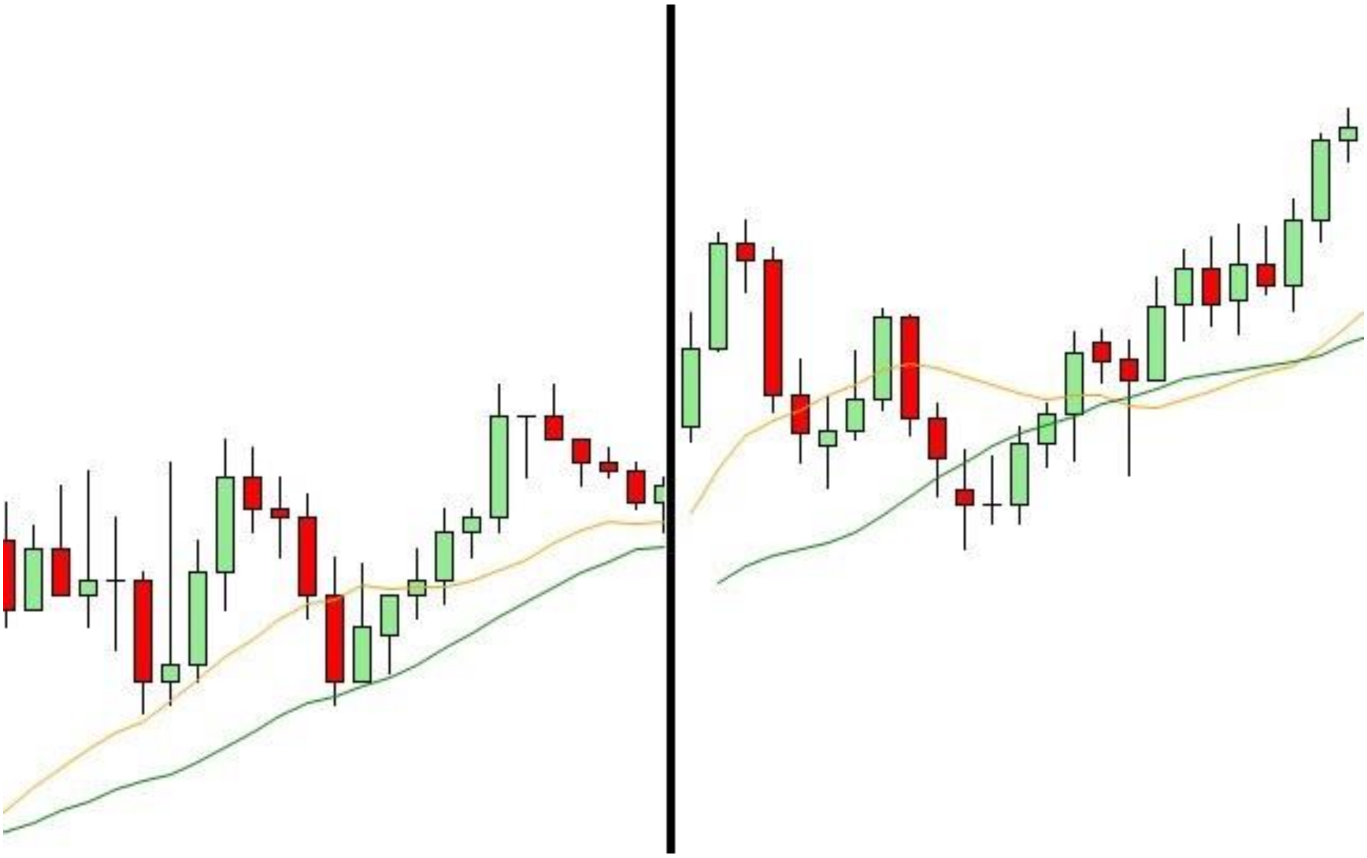


Figure 1 - Swing vs. Day Trade

To answer the question, Figure 1 shows the EURUSD. The left side shows 30 minute bars used for day trading while the right side shows daily bars for swing trading.

Let's look at some of the differences between swing trading and day trading and why you may decide to focus on one style over the other.

- Frequency of trades – By its very nature day trading has a much greater frequency of trades. For any given instrument the day trader may take one, two, ten, or more trades during a single trading session, while the swing trader only takes one trade every week or so. That doesn't mean however that the day trader necessarily makes more money than the swing trader simply because he trades more often. The reason for that is due to trade size.

- Trade size – Day trades are typically much smaller than swing trades. Consider the example in Figure 1 above. The day trade bars on the left are about ten to twenty pips in size on average, while the swing trade bars on the right measure one hundred to two hundred pips. If the trade setups in the moving average crossover system are based on the average bar size then the swing trade will be ten times as large as the day trade, and one swing trade can be as profitable as ten day trades.

- Risk – The risk on each individual trade is based on the size of the trade. That is one big advantage day trades have over swing trades. If your average trade risk is $200 and you will only risk 2% or your trading account on any individual trade, then you can day trade with a $10,000 account (barring regulatory restrictions like the pattern day trader rule). The swing trade that is ten times larger on the other hand will risk $2,000, and if you want to limit risk to 2% of your account then you'll need a $100,000 account. There are fortunately ways to reduce the risk and capital requirements for the swing trader and that's through the use of options and other derivative products, but that's a topic for another time.

The decision to swing trade or day trade depends on achieving a balance among the trade frequency, size and risk that is in tune with the trader's personality. In practice many traders engage in both styles, although they may predominantly be a swing trader or a day trader. As you decide which is best for you also consider the following points:

- Day traders carry no overnight exposure to the markets. Before the trading session is finished all of their trades are closed and their cash rests safely in their trading account, in some cases even earning overnight interest. The swing traders on the other hand always have the risk of a news event that shakes markets overnight and may cause serious damage to their positions.

- Swing traders don't need to sit in front of their monitors for hours, they simply need to check their charts one or a couple of times a day while the day trader sits for hours in front of his monitor with his finger poised to click on the mouse as soon as he sees his set up. He'll have to deal with the stress of managing his trades for hours every day while the swing trader gets on with his life. The swing trader can even trade while on vacation, he just needs to log into his charts and connect to his broker while having a coffee. The day trader cannot trade at all on vacation if his spouse has anything to say about it. And while the day trader is not trading he is not making any money either.

- Day traders can recover quickly from losses, assuming of course that they are trading a solid, profitable system. Often by the end of the trading session if not by the next day they can recoup their losses, whereas draw downs in swing trading can take weeks to recover.

- Swing traders can easily reduce their overall risk by diversifying and trading a large number of instruments, mixing and matching instrument types, industry sectors, etc and they can manage and monitor a large number of trades in only minutes each day. For day traders it's almost impossible to trade more than a couple of instruments at a time without resorting to advanced automation techniques. When your trades last only minutes you typically don't have enough time (or eyes) to monitor ten different charts and place trades for each.

So which is right for you? That will depend on your personal preferences, account size and schedule, and only you can decide in the end. The good news of course is that regardless of your choice of swing trading vs. day trading, people are out there trading both styles for a living and doing so successfully, and you can become one of them.

Swing Trading Forex

by NetPicks

Watch us show you a EURUSD Forex Swing Trade unfold here along with tips and advice:

YouTube Video

There are many ways to trade forex but swing trading is by far my favorite style of forex trading. Forex markets offer many opportunities to profit in the market but it is also fraught with pitfalls and hazards. Spread costs can whittle away at your trade capital, brokers are notorious and are not your friends. They can manipulate the price and the spreads at their whim, always to their advantage and never to yours.

Yet despite that, forex prices move and we can get take advantage of that price movement to make big profits. Of course, along with the potential for big profits comes the greater, less attractive prospect of great losses. Risk is something that is often overlooked, but it always makes its presence known, reminding us that trading is difficult and the additional challenges presented to us by forex brokers and trade costs needs to be accounted for with all our trade decisions.

The best way to mitigate the additional challenges presented by the brokers is to swing trade. Effective swing trading strategies take larger trades, with bigger profit targets and stop levels. By making larger trades, spread costs become less important because they represent a tiny fractional percentage of our overall profit potential. Compare a 3 pip spread to a daytrade that might only average 10 pips. The spread represents 30% of your potential.

You are already losing the second you place the trade. Contrast that to a 200 pip swing trade. The 3 pips of spread become rather insignificant. Brokers need to make a living and do offer a valuable service. I just prefer that they don’t do it at my expense and harm to my trade account. Besides, while offsetting the broker challenge and spread cost, swing trading forex also gives us many other attractive benefits that are unique to trading.

Forex trades practically around the clock

Daytrading or short term trading forex often equates to being married to your charts. The markets move when they move and daytrading requires a large time commitment. This is a tremendous challenge, as well. While it chews up one's time, it also causes mistakes that are due to just regular everyday life happenings; availability, distractions, fatigue, lack of discipline, lack of consistent commitment, etc.. Trading is hard enough, right?

There's someone on the other side of your trade who wants to win! Having to deal with all the additional 'life' challenges only makes success that much more difficult to attain. The good news is that with swing trading, we can mitigate those challenges as well.

My very favorite timeframe to trade forex is end of day (daily) charts. Each bar represents a full day's worth of price action. The best part of all, for me, is that I only have to check my charts at the end of each day. I spend about 15 minutes per day on average managing my trades; placing trades, cancelling trade setups that are no longer valid, and moving stops on active trades per the rules of my trade plan. I will also check my charts in the morning when I am daytrading (futures, not forex) because my style of trading often leads to quick explosive moves and if a trade moves quickly to a target level, intraday, I will move my stops to protect the position. This also only takes a few minutes, though. If you think about all the time challenges that exist in trading forex, you can see why this style of trading, swing trading with daily charts, can be so attractive. You get to completely neutralize the worst part of the time component while also 'winning' a large portion of your life back. Isn't that what it is all about?

There are other compelling reasons to swing trade forex. Most of the best tradable forex pairs, and there are many, are going to go on large trending moves a few times per year. We can capture these very large moves with minimal effort and that's what I like!

There are other timeframes that one can use to swing trade forex. The 4 hour chart is one that attracts a lot of interest. You can get more trades and more activity with this type of chart. I believe though, that most traders really don't think it through completely when they decide to trade this timeframe, or 2 hour charts, hourly charts, etc.. For example: Imagine if you are waiting for a trade to set up. Four hours pass and the setup hasn't yet happened.

Another four hours. Another! Maybe it sets up in the middle of the night.

Maybe after waiting for so many hours for the setup to occur, it actually cancels and the possibility of another setup in the opposite direction happens. How long can you actually pay attention to your chart so that you don't miss your trade setup? Let's say it does trigger in. Now what? Every four hours you have to be vigilant to manage your trade. It could last for days, or not. Now multiply that scenario by a series of trades, over and over again.

Can you do that? Can you trade like that on a consistent, disciplined basis over time? Imagine yourself doing this for 3 months straight. How about 6 months from now? Three years down the road can you stay with your tradeplan?

Most traders cannot do this and so they revert to trying to daytrade which does not solve the problem and in fact creates all the other problems mentioned above. The end result is a trader who makes mistakes, chases every new 'best' thing and never really embarks upon an approach with any real chance of succeeding.

If you really think it through, it becomes apparent that the daily chart is a very attractive chart to trade forex. One question that inexperienced traders always ask is, 'What about the risk? Daily charts lead to larger positions which require bigger stop losses and thus larger risk levels.'

This is a big misnomer and actually leads to the important issue of risk management. It also suggests that one has to be very careful in selecting a broker. If you want to trade the daily charts, you have to be able to trade micro lot positions and you need a broker who allows that. Another big misnomer is how people think that you can't make money with micro lots. Who wants to even bother with .10 per pip? That's the wrong way to think.

Brokers offer 50 to 1 leverage or more. Just because the broker offers that though, doesn't mean a trader should take advantage of it. They should not! Unless they are just gambling and trying to get rich quick, in which case they'd probably do better in Vegas.

Trading forex should be treated as a serious business and each trade should be considered just a single business transaction with precisely calculated risk. With the use of micros, one could 'tune' their position size to the exact level that is safe for their account.

For example: Let's say we have a $30,000 trade account. With daily swing trades, one should only risk from .75% to 2% of their account on any give trade. If a swing trade has a 100 pip risk, from entry to stop, then I can only afford to put on a trade with $300 risk, 1%, or three mini size lots at $1 per pip. What if I have a $31,000 account? Then I would want to risk $310 and I would need the ability to trade micro lots to keep my risk parameter at 1%. I would put on a 3.1 mini lots trade, 3 minis and 1 micro lot, in other **words.** Like this, I can always tune my position size to the proper risk level that my trade plan calls for.

How I Execute Forex Swing Trades

With my personal style of trading, I only risk from .75 to 1%. That's because I will often scale in as the trade progresses and I could literally put on several positions to take advantage of the big trending moves I spoke of earlier. If I have three distinct long trades, each with 1%, then in essence I have 3% risk on that pair.

But if I put on 2% risk on each, then I could find myself with 6% risk, which is too much. A few losses in a row will lead to very harmful drawdowns in my account. A few losses in a row is common in trading, any timeframe, any strategy and can come at any time.

We have to protect against that with small risk.

I also scale out a various target levels. Again, the use of micro lots plays an important role.

If I have a 3 mini lot trade working, and I want to scale out ¼ of my position at 3 different targets while trailing the final part of the position, then I need to be able to trade micro lots. I would take off .7 (7 micros), .8, .8 and then trail .7, for example. The combination of all those micro lots equals 3 mini lots. This gives me great flexibility in keeping my risk to the appropriate level while also allowing me to scale in and scale out, as per the rules of my tradeplan.

One mini lot is 10 micro lots and the use of micros, minis and even full size lots once an account grows to the proper level becomes an important tool for growing one's trade account in a safe, business-like way.

Even the very best trade strategies will take losses and experience drawdown. If you want to succeed at trading forex, you can never lose sight of this reality to trading. Losses tend to cluster up, too. If you put on too much risk, you will blow up your account even with the best strategy.

It is important that you think like a business person and take the risk aspects to trading very seriously. What good is a great strategy that will produce thousands of pips of profit this year IF you bust yourself out on some inevitable losing trades? By keeping the risk small, you will live to fight another day, and will be able to take the next trade that the tradeplan calls for. Then, when the winners come pouring in, your account will grow and so will the size of your position while still maintaining the safety of the .75 to 2% rule, depending on your tradeplan approach.

The strategy I use is a momentum strategy that takes advantage of shifts in momentum, utilizing a combination of breakout, break away, continuation and price reversal setups. My strategy always gives me a favorable risk reward ratio, where my designated targets will make more than the amount I'm risking.

Like this, I am able to quickly overcome losing trades and keep the account growing on a steady basis. The targets themselves are dynamically tuned to market conditions and in fact, the entire trade profile is tuned to the current condition of the market and is based on pure price action.

Combining my method of trading, with the smart money management approach I just explained above, I can be assured that my account will grow. Moreover, I only need to invest about 15 minutes of time with the markets, on average, each and every day. This is a very realistic approach which respects the risks of the market, but also acknowledges the very practical fact that life occurs and can be devastating to one's trade business. It must be mitigated just like the broker risk.

Four hour charts, one hour charts, daytrading forex, might work for a while. Yet I believe that for most people, they are unrealistic timeframes that have not been well thought through. It requires being able to do it, day in and day out. Most people can't. Life happens.

The good news is that with daily charts, you can balance the practicalities and needs of everyday life with the needs of your trading. You also get to remove the most harmful aspect to your trading – yourself! With the daily charts, you set your trades turn your attention to other things. Or, like I prefer to remind myself, '15 minutes per day, then walk-away!'

Developing EURUSD Forex Swing Trade

by CoachShane

I wrote about a EURUSD Forex swing trade that I took in an article called Trading Plan Unfolds and then followed up with an article about patience in trading.

Vimeo Video

Let's mesh the two together and talk about patience, supporting trade information, and not quitting on a trade before it is proven wrong.

EURUSD Swing Trade

The EURUSD swing trade has been on the books since Feb 5 2015 and except for a large directional thrust on Feb 6, not too much has gone on. In that article, the trade was up 145 pips which is 2.4R however I took some profit off the table at 1.1338 on Feb 8 which gave me a 2.15R.

In swing trades, I like to take a portion off either equal to initial risk or clear structure. Unfolding price action often dictates that part of the plan. I'm looking for a 4.9R on this trade which will take it about 75 pips of the current lows if price gets there.

It's a challenge right now because of the range and while that offers some great intra-day trades, it's watching paint dry for swing traders. The yellow rectangle indicates the bigger picture range and tucked inside of that is a tighter range indicated by the green rectangle.

As of the writing of this article, there is no information that tells me to cut the trade and take the current profits of 128 pips. If no action is taken and this trade gets stopped out, I will make a handful of pips or .16R.

The great thing about **swing trading** is you are not affected by every blip on the screen as you only check the chart 1-2 times per day. It makes being patient easier but you can still be tempted to axe the trade when faced with the developing structure we see in the EURUSD.

Supporting Trade Information

You want to keep emotions and bias out of the equation as much as you can. Everybody will be able to do this to a certain degree and the main difference is that those who survive, do a much better job at it.

So let's break down what I am currently looking at that supports my original trade idea.

Using the Dollar Index chart is something I like to use when looking at any EURUSD trade. Since the DX is weighted very heavily EURO, it is a no-brainer to at least take a look at what it is doing. That said, it can complicate issues depending on your experience and the way you trade.

I won't use it solely to enter a EU trade but is can offer some great supporting information.

This weekly chart of the Dollar Index has had a healthy run up and is clearly in an uptrend. I see a bull flag near the high extreme of the move which says to me that the probable move will be a break to the upside.

Can we resolve to the downside?

Anything is possible but since we trade in probabilities, the probable move is to the upside given the nature of this chart. An upside move is USD strength which I need to occur in order to drive my trade to profit.

Using the Dollar Index supports the trade idea of further downside action on the EURUSD

That said, I am not trading the DX but am trading the EURO so let's see what that chart is telling me.

A. **This pullback is not out of character for this downtrend. It has not exceeded with anyconviction the "symmetry" of what is normal for the condition of the market since May of 2014.**

B. **A bear flag with obvious volatility contraction.**

I don't see anything that does not support the short trade at this time.

Let The Swing Trade Prove Itself

Taking everything into consideration, there is no reason not to give this trade a chance to prove itself especially since:

1. There is no risk on this trade (barring an outlier event)
2. Profits have been booked on a portion of the trade

Given the current stop placement, a directional thrust to the upside would probably take me out but at the same time, would almost invalidate the original trade idea. The probability is a thrust to the downside but will gladly take a stop if proven wrong.

I am not seeing things that are not there nor attempting to stay in the trade at any cost. I am letting developing structure and any price action on the higher time frame dictate what I will do in this trade.

Since there is no risk on this trade, a strong break out of this consolidation around "B" could set up an addition to the current short trade.

My Swing Trade Checklist:

- Having patience to let the trade play out.
- Supporting information for the trade and for an
- exit. Let the trade plan for the trade be proven wrong.

Anything else in my book is emotional and knee jerk trading.

Many can do it on a discretionary nature and others may find it a little easier to do it with a swing trading system. Either way, I find it a key to success.

Digging Deeper Into Swing Trading vs Day Trading

by NetPicks

Swing trading and day trading are both active trading practices which require different strategies, techniques, and money management. Many times the tools they use are different. However, NetPicks offers indicators that can do both or just focus on swing trading.

We all know that day trading can be a full-time job and that you hold positions for very short times. The main advantage to this is that you don't have to worry about holding positions overnight. Then, you are often flush with cash in the morning ready to jump when an opportunity presents itself. Although, your trading costs will be higher as you place more trades and you will make smaller profits on each trade compared to swing trading.

Now if you can deal with the anxiety of holding positions overnight and maybe waking up to a loss or the market moving against your position, then swing trading may be for you. This is how it works. You capture very large moves, potentially making huge profits on these moves. You only place a few trades a week and you don't have to watch the market all the time. Every trade you enter has a stop and target already placed so you know ahead of time what your risk is. You don't have to trade full-time and it really can take only 10 minutes a day.

So before you decide whether swing trading or day trading is right for you, answer the following questions.

1. Do you have the time to day trade?
2. If you're holding a position over night or for days, will you have the ability to sleep and notworry about the trade?
3. Can you let the swing trades move to their targets and not close them early?
4. How much money do you have to start trading and are you looking to add an income stream orjust grow your nest egg over time?
5. Finally, how much risk are you comfortable with?

Now that you have your answers in hand, let's take a look at our systems and see how they can work for you.With [The Trend Jumper](), you can look at the markets in the evening and place some trades. You have your stops and targets in place and you just wait till the morning to see how many targets you have reached. When you reach your first target, you move your stop on the remaining position to break even. That's it, check back later that day and see if you hit any more targets. Move that final stop up to lock in more profit and you are done. If you can sleep well that first night, then swing trading is for you. Remember, once you hit your first target you have locked in profit and have Zero risk on the trade. You can also trade the UST in the Forex market with as little as $1,000. However, don't expect to make $100 a day. You should only risk 1% -2% per trade.

The Dynamic Swing Trader was designed to swing trade forex. The fact that it works so well and is so easy to use makes it a diamond in the rough. We show you the trades every night so you are never alone in your decision and it helps you learn the 10% art of trading even faster. Let me sum it up this way. If I could load the indicators on your charts in less than 5 minutes, teach you the entire strategy in another 10 minutes, and you could look at your charts and compare them with the nightly update later that evening, what would you say? My guess is, show me how!

With the Trend Jumper you can day trade, swing trade, or some combination of both. These systems are in fact universal. These systems work on every market out there and you change nothing but the symbol. How is that for simplicity? You will need to have between $5,000 and $10,000 to trade some markets so this is also something to consider when deciding on day or swing trading.

Like all our systems they come with full support from the NetPicks' team. We offer *live videos* on day trading crude oil, soy beans, the Dow, the NASDAQ, Treasuries, Bonds, Stocks and ETF's, not to mention *live trade rooms* with the Dax, Forex, and Futures. In the live rooms, you are able to watch the market and signals alongside our trained coach. The coach walks you through every trade. How is that for training?! If someone could hold your hand on your very first live money trade, talk you through moving your stop as you lock in profit or tell you hold firm as the trade takes heat, then the whole room cheers as we hit target, you know you are not alone, we are right with you. I think it's the best way to learn the system and grow your confidence as a trader. I say it is priceless.

I tell clients the Trend Jumper is for day traders, but we have people all over the world who also use it as a swing trading system. Again, all you do is change the time frame of the chart and you are swing trading. The last video I did on 4 stocks and 4 ETF's had win rates north of 70%. Truly amazing when you consider we go to a 233 tick chart and then day trade the same stock. You will need to have between $5,000 and $10,000 to trade some markets so this is also something to consider when deciding on day or swing trading.

At NetPicks we teach more than just the system and strategy. We attack the Achilles heal of most traders, the psychological, money management aspects of trading that are crucial to any traders success. Risk management is key in both swing and day trading and we focus on that so that you learn from past mistakes and don't wipe out another account. The road to growing your account is never a straight line, but with our plan, strategy and training, you will succeed as long as you are able to take the next trade. So swing or day trading, we are there with you every step of the way.

Secret Of Swing Trade Exits

by CoachShane

I've recently run a series of trading posts that used actual live Forex swing trades to hammer home points in the articles.

In 4 Simple Trading Tools, I talked about simple concepts and trading patterns that you can build your trading career upon.

Stand By Your Trading Choices was all about making your choices in trading and then letting things play out as they intend to.

Boring Trading Routine was in response to the mistaken belief that trading is exciting and pointed out that boring actually makes money.

Vimeo Video

The trades that were highlighted in these trading tips have wrapped up and I want to wrap up this series with a few words about the exits.

Forex Swing Trade Exits

The secret being the exits were simple and as you will see, they were at a great point in the chart especially since my swing trading is all about one clean swing. More importantly, these exits take into account the thoughts that were expressed in the previous trading posts.

One Clean Swing: *Being involved in the impulse (corrective depending on context) move and exiting before/during the adverse move if structure/price action is indicating that move*

Looking at the **USDCAD swing trade long** and the exit that I had written about, it was simply seeing the opposite candle to the one that got me into the trade. The article shows the stop but does not show what happened the days after the stop out.

You can see on this chart the total capitulation of USD to CAD buying pressure. Keeping things simple and not trying to find reasons to stay in the trade, got me out before all the profits would be given back.

At the heart of what we do as traders, managing risk is the utmost importance. It's easy to find reasons to stay IN a trade (hope comes into mind) but **focusing on the signs that point to an exit**, can save your account. If you are incorrect and the move continues in your direction, you can find another setup to get into the trade. It all depends on context and what you personally seek in all of your trading plays.

Trading Choices Made featured a **EURUSD swing trade short** that was still full position as it missed the scale out point by about 50 pips. Since then, there was a scale out and a price pattern that put the short play in possible trouble.

Scaling Out: *Scaling out equal to 1R, depending on the exiting position size, can either reduce risk or eliminate risk. Keep in mind that if your 1R is outside a swing point that may potentially cause a bounce in the market, it may be a wise choice to scale out prior to hitting the point. Just watch that it does not skew your returns so that it turns a* profitable trading system *into a loser.*

Reading the unfolding structure plus the last red candle formation, it was prudent to pull the stop to above the small consolidation. Trade was stopped out ending my swing trade and began a mini rally.

Both of these swing trade exits are boring, simple, and effective trading that can be replicated on virtually any market. It is possible that after the stop that the price would still go in the direction of the trade. This is where standing by your choices come into play.

Trend Trade Continues

After getting stopped out and taking your trade exits, one of the hardest things traders will face is to watch the market return to the direction your trades were taking. Even worse is getting stopped out by a few points/ticks and then watching the price reverse.

We never know what the right side of the chart will bring. All we can do is look at what the market is showing us and take action that reduces our risk in the current trading environment.

If you are a position trader, you'd probably choose to keep the trade active during any adverse price move as long as it did not invalidate the premise for the trade.

Everyone that has made a career in trading finds their own way to face the markets. From trade selection to managing your trading account, nothing should be left up in the air. Any question that comes up in your trade should be answered by either your trading or business plan.

Part of my business plan is keeping things as simple as they need to be. I personally never found success in the complex that relies on many indicators, large amounts of confirmation, or a seat of the pants approach.

If your approach is loaded down with too many variables, perhaps simple as seen in these swing trades, may be a path to explore

Stopped Out Swing Trade Is OK

by CoachShane

Two words in trading that give many people a shudder are "Stopped Out".

It suggests that you just took a loss on your trade and are nursing the hit to your trading account.

Sidetrack: You should never be nursing the loss of money. If so, you have probably risked too much and also don't believe that wins and losses come in a random distribution. If you truly have an edge, you should expect this and know that things will turn around. Just stay the course.

Vimeo Video

Getting stopped out is not a bad thing and it actually highlights something important: You understand the risks associated with trading.

Barring an event that gaps your stop or you are hit with some exceptional slippage, you have limited your risk probably to a small percentage of your trading account.

That is certainly one of the keys to long term success in trading: **Limit**

Risk This stop out was not a loss though and I am quite happy to take

the exit.

Forex Swing Trade Stopped Out

Trade Background: The trade consisted of two short positions and partial scale outs once gains equaled initial risk.

It was the close of two swing trading positions that I was holding in the EURUSD currency pair for well over 1200 combined pips.

I summarized the ongoing trade in an article called Developing EURUSD Forex Swing Trade.

This was a swing trade which is simply looking to trade one clean swing of the market. Many people believe that swing trading is time frame dependent but you can take clean swings out of any time frame from minutes to monthly.

Holding the trade through a retrace of substance would then **not make it a clean swing** and that is why the trade is over.

Let me explain through a chart.

A nice solid swing down in the EURUSD and as noted with "A", price takes a sideways pause. Failing a breakdown of this area, price would move back into a range that lasted a month. This was a prime area to have the stop moved to with enough wiggle room to live through noise. Partial position was scaled out on the bar with the yellow arrow so there was no risk on this position.

I opted to leave the stop in the initial area and would monitor any failure of the breakdown.

Price broke down and began a week long travel to the downside. Partial scale out of the second trade occurred on the candle marked with a green arrow.

Taking Trade Profit

1.5000 offered support and price began a few days of ranging at "B". Stop was moved to the yellow line because the red candle was 203 pips from high to low was a gift. Right or wrong, I looked at that move as a momentum thrust and possible exhaustion of the move given the smaller candles that came before it.

If I was correct, a retrace would follow the exhaustion and while I wanted to give the trade room, you can't ignore price.

Once the red candle could not break the low and a retrace started, the stop was moved to the high as noted by the arrow and yellow line.

Why?

What do people do when they see big red candles? They want to jump into the move in fear of missing another big move down. The green candle retrace gave traders on lower time frames a chance to get into the move.

This one hour EURUSD intra-day chart shows the high wicks that signal rejections and invite people to short in a down trend and place their stops just above. Once the retrace began on the other charts I have shown, the chance of the stop clusters being hit and sending price higher was a strong possibility.

Placing my stop higher could result in slippage or a victim of higher spreads due to the increased volatility when stops get hit. Tucking the stop inside was the right play as well as good risk management.

Post Trade Analysis

After every trade, it's good to review your decisions that were made during the heat of battle. Now with the benefit of hindsight (*be careful of hindsight bias*) you can see what you may have done differently. In this instance, even if price would have turned right after taking my stop I would be happy with my performance.

Nothing done was knee-jerk trading and I feel it fit well with the workings of the market and its participants. Even moving my stop on the last thrusting red candle made sense given the probability of a market primed to retrace.

A retracing market is not something I want to be involved in given that this was a swing trade opportunity.

Using measured move targets is a great option and the ending of this trade actually falls in line to 2x the width of the EURUSD range that lasted 33 days before the breakdown. Swing trading though, my preference is to not cut the trade off but allow unfolding structure to dictate the end of the line.

Getting stopped out, as you can see, is not always a bad thing.

Swing Trading Does Make Money

by CoachShane

I guess the many stories (*mostly phony*) that people read in the emails that advertise the newest and greatest trading system, still has them convinced that day trading is the only means to make money trading.

I want to tell you again that it is not accurate.

Yes, there are advantages to day trading and one is the ability to bounce back after a loss. Another is you can end almost ever day in the positive if you adhere to successful trading habits. That feeling of looking at your P/L at the end of the week and seeing an income above the average day job, is adiciting. Adiciting and dangerous, but that is another story.

There are also drawbacks to day trading. Commissions (spread in Forex) and the easy access to overtrading can take your winning day and turn it into a loser very quickly. You must have a handle on the various psychological factors that make up a positive trading experience. There are some books out there that can assits you in understanding where your psychological makeup falls flat. Look for any book by Van Tharp, Mark Douglas or Curtis Faith (yes, the Curtis Faith who make millions as a Turtle).

I will be the last one to knock day trading. I do it in the YM and the NQ. That is not all though. As a well rounded trading business, I also incorporate swing trading into my routine.

Big fish stories or talking about $$ is not something I have an interest in. The results of another trader has no bearing on your ability to succeed or fail in trading. Even trading the exact strategy, you can expect different results. I want to show something today only to prove a point.

Now, I have shown charts and accounts before but have always taken out the non-important details. Those details are money made. For people reading these posts, that is not as important as the concepts behind the trades. It is not as important as the thoughts and lessons behind what occurred. This time, and probably the only time, I will show the unimportant.

This trade (the red vertical line) was a swing trade that occurred in late August. There are others, including a $217 loss in the EURJPY (Thank You BOJ $128 billion intervention!!) but this one was a shorter swing trade with plenty of lower time frame opportunities to cut it short.

The trade was live for about 29 hours before hitting profit target. While the sell limit order was obviously set up while awake, it triggered when I was asleep. It was a small risk and almost a 4:1 reward-risk ratio. Now, I stuck to a higher time frame to monitor the trade, twice, while it was live. If I was thinking with a more day trade mentality, I would have zero'd in to a 15-30 minute time frame and there were many objective reasons to ratchet the stop or simply exit. In reality, on lower time frames the trade triggered, went into profit and then reveresed back to the open price! On the monitoring time frame...there was no reason to adjust. The profit speaks for itself.

Now, swing trading can test you. You may see profit disappearing during a retrace. You may see big profits and want to cash out. You may take a loss and then itch to make it back leading you to take a non planned trade. Then again, spread costs are virutally meaninless due to the profit targets and if you commit to not tinker, it is a more relaxed of trading. At the end of the day, you can make some serious income with very little work...although with much experience and understanding mechanics.

Make no mistake...there are profits in swing trading. There are benefits to swing trading that make it not just about the money. The stress level is much lower and if I miss a day of day trading, I worry not too much about the lost income. Actually, swing trading profits are used, in part, for the day trade account. Reinvesting in the business!

Day trading is a tough road to many. Swing trading is accessible and doable for most. Commit to three months to hone in on a swing trading strategy and start putting this method of trading to work for you. You CAN make money swing trading.

Swing Trading Entry Strategy

by NetPicks

One of my top ways to trade is using a swing trade entry strategy to take advantage of the bigger moves in my chosen market. While many people will swing trade Stocks, Options and Futures, my favorite market is Forex. There are plenty of reasons for this including finding the spread costs too rich for shorter term trading. It has been said that the market trends a smaller percentage of time compared to sideways price action however you can still take advantage of the swings because many times, they run for a large number of pips.

There are many techniques for successful swing trades including cross overs, breakouts, trading pullbacks, market profile and even esoteric methods such as lunar cycles. Inside each of those you need rules and guides for trade management, money management, exit strategies and swing trading entry strategies. Without all of these, it is unlikely you will have any long term success with swing trading.

Many people confuse the word "setup" with "entry" but they are very different. Swing trade setups gives you a potential trade and your swing trading entries gets you into the trade. I like to call all swing trading entry strategies a "trigger".

What are some swing trade techniques that are successful?

- Trade with the overall trend of the market
- Adhere to a conservative money management plan so a loss does not end your trading career.
- Place your stops in areas where if hit, the market would prove you wrong on the direction of your swing trades.
- Have patience and let the trades play out without you getting the urge to bank profits too quickly.
- Understand that you can't go wrong taking a profit is incorrect.
- Understand the difference between a trade setup and a swing trade entry strategy.

Let's look at a way of getting involved in a swing trade after a move heading down and highlight the difference between setup and entry. In the following chart, you will see a common method for a setup in a swing trades plan:

You can see the market is in a correction stage after a move down. Of course we don't know with 100% certainty that it is a correction but all successful swing trade techniques are built around probabilities and not certainties.

The chart has a pullback into a confluence of Fibonacci levels, both retracements and extensions. As well, there is a previous swing level high on the left of the chart. One of the most popular swing trading entry strategies is a confluence of factors setting up. It could be moving averages with price action, oscillator positions and chart patterns. They will call it an entry strategy only if those teaching it tell you to simply hit the order buttons when price comes into the area. In this example, we are actually going to take it a step further.

In my swing trades, I need a trigger. What this chart shows is only a setup. I need a way to get into the market and the best swing trading entry strategy for me is one which shows the potential for the market to head in my direction. There are many triggers we can use for this and in this example, let's use a CCI indicator.

The top yellow arrow shows where price topped out in the zone. The bottom yellow arrow is showing where the CCI crossed the 0 line from above the +100 line. For some traders, this may be enough to “trigger” them into all of their swing trades. Others may use a swing entry trading strategy that requires not only the 0 line cross but also the break of the low of the candle which is shown with the red arrow. What they both have going for them is the market is going in the direction of the potential trade.

Some of the best swing trading entry strategies have you getting into the market in a good chart location. A good chart location is one where your stop is placed above a market structure such as a consolidation area or a swing level. Why is that a good thing? If your stop is small, you can generally hold a bigger position size which gives you more bang for each pip, point or tick. I like to get my stop as close to the entry location but far enough away so it is not taken out by the constant ebb and flow of the price. This chart shows two places where you could place your stop.

If we got into the trade at the location on the chart where the CCI is located, we could place our stop just above the consolidation zone which is market by the yellow line. The green line represents a much wider stop but both are decent locations depending on what swing trade entry strategy you use.

Why is a swing trade entry strategy important?

1. Allows you take get into a move when the market shows intent to move in your intended direction.
2. It can influence how big the risk is on the trade you are intending to take.
3. Can keep you from allowing your emotions to dictate when you take a trade.
4. Is an essential part of any trading plan.

In my talks with traders, many have issues with deciding on not only their day trading entries but also with a swing trading entry strategy. Many traders make things too complicated and forget that successful trading is simple, just not easy. The suggestion is to make your entry as objective as possible and while there are many guides and techniques for successful swing trades, one very popular one is using 90% mechanical trade strategies. This makes it easier for most people to get into swing trades with the entries and stops plotted right on the chart. Whichever route you choose, just make sure that your swing trades actually have an entry and exit strategy so you can remain as objective as possible and don't allow your emotions to dictate your actions.

Swing Trading For A Living

by NetPicks

How To Become A Professional Swing Trader

A huge part of all trading is being able to take enough trades over time so that you're able to 1) figure out what is likely to make money and what is not and 2) have any edge that your swing trading strategy might have play out statistically. Swing trading can make this more difficult because the frequency of setups is much lower than it is for day trading. So learning to swing trade has the potential to take much longer than learning to day trade. However, it is of course possible to mitigate this issue by trading a number of different products in order to find more setups. But the simple fact of the markets are that each stock or forex pair has a trading profile ranging from slightly, to wildly different – therefore the question is how do you go about trading lots of different products? You trade a robust system and you normalize risk.

Learning costs time and money

Understanding and *exercising* these principles however, is not necessarily as straight forward as it sounds. When you're learning to trade, a robust system might seem like an overly simple system. But a simple robust system is often arrived at via a vastly complex process of observation, experience and revelation. By having a great understanding of a subject it is more likely an individual is able to come up with a simple and elegant solution to a problem.

Recognition of the fact that trading is more about making money over the course of many trades rather hitting a few home runs will help a trader to see how crucial money management is in order to protect capital so those many trades may be taken. But understanding a principle and knowing it to your very core because of the experience you have amassed over time are two different things. With the former, a trader is *unlikely* to stick religiously to their risk plan. The latter however urges a trader to be mindful in their approach to risk at all times. And so a large part of the challenge is to last out the **learning** curve in order to gain the requisite experience to swing trade in a robust and risk disciplined way.

Here's a recording of using trends for favorable swing trading results:

YouTube Video

Deliberate practice

But this is just one aspect a swing trader faces in order to become a professional and earn a living from trading. In my experience of trading and life, the way we act is a function of acceptance, repetition and time. What I mean by this is that we are more likely to act in a certain way in the future if certain conditions are met. If we accept that an observation means something and therefore we should act in a certain way, we are more likely to act based off this acceptance. If we act in this way and repeat these actions, it is easier to continue acting in this manner when similar situations arise again. If we do this over time, strong habits are formed and we are compelled to repeat these responses to an even greater extent. So deliberate practice of trading in a certain way helps a trader to cement their methods and techniques into their very fiber of existence and over time it becomes easier to trade in this way. But there is a flip side to this coin.

The flip side to the coin

Deliberate practice leads to habits that are good or habits that are bad. Unfortunately, habits do not discriminate between responses that are productive and those that are harmful to our trading accounts. So a new trader who reasons in a particular way may decide that a particular strategy is a good one given a set of conditions. They may not fully understand that trading is about making many profitable trades over time and so the few huge winners that they take that are by far outweighed by the losing trades generated by their strategy, act to reinforce the belief that the response – or trading strategy, is an appropriate one. The longer the period and level of acceptance (particularly important for many swing traders) coupled with the level of repetition of the strategy, determines the strength of the habit. So practicing good methods and forming good habits is essential in order to see progress in a reasonable amount of time.

How to go about learning swing trading

In much the same way as learning any other skill, you can approach learning how to swing trade in a variety of different ways. You can simply practice. But this as already mentioned, could lead to not especially desirable habits being formed. You could find a buddy to learn from. But the chances are that you'll struggle to find one who is not only willing to help, but also a skillful enough trader and a solid enough teacher to be of much benefit to your learning process at all. You could also read books, magazines, forums and so on. There are two drawbacks here though. The first is that unfortunately, none of the mentioned actually requires the author to be good at trading or even provide useful steps to help the reader improve their own skills. What these media require is something that provides intrigue and therefore readership. The second problem is the same as what you may have experienced at school. If you read a book you might think you get it, but it often takes a great teacher to illuminate meaning. The Premier Trader University is just such a place where experienced traders who have the gift of teaching are able to help traders on their way to becoming adept in this profession.

However you decide to go about learning to swing trade, you must understand that time is of the essence, particularly with this style of trading – time well spent that is.