

5 Ways To INSTANTLY Become A BETTER TRADER



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Chances are if you are reading this then you know that trading isn't easy. There are some things, however that you just need to get right. Every profession has a set of established principles, every sport has basic movements that need to be mastered and so it is with trading. Too often I see traders trying to approach trading from a 'just give me a strategy that works' point of view but unfortunately this alone won't make you a GOOD TRADER.

I've put together a list of 5 things you can start doing today that will INSTANTLY make you a better trader! Warning: it's a long read so take your notepad and pen and get ready to soak up some information

1. USE A TRADING PLAN

"You can download a template of our recommended trading plan document on our website www.forexschoolafrica.com

(Under the education tab)

This one really trips people up! I think traders desperately want to make a quick buck so much so, that the idea of having to put in actual work seems counter intuitive. Traders I have trained understand the importance of using a trading plan but very few ever use it. Is there a correlation between successful traders and their use of a trading plan? Yes there is, ALL successful traders **trade with a plan** and journal their trades, albeit to varying degrees of detail.

Here are some of the **Advantages of using a Trading Plan**

1. **Management of Emotions:** You are far less likely to panic if you are using Google Maps when driving in an unfamiliar neighbourhood. Why? The map tells you where you are in relation to where you want to go. You might not have arrived yet or you took a detour but the map will guide you back, keeping you emotionally stable.
2. **Objective Evaluation of Performance:** When you use a well laid out trading plan you are able to objectively evaluate how you are performing. Let's assume your account is up 40%, you will be more likely be able to walk away and not place trades driven by greed if your plan was to be up 20%. The plan tells you that you are well ahead and performing as planned. This will help you wait for another good high probability set up.
3. **Improving Performance:** On the other hand if you are not performing as planned you are more likely using a bad plan or you are not following your plan. This is important feedback and any decision you make thereafter is likely to increase and sharpen your performance.

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Now that we know we need a plan, how do we come up with a good trading plan? A good trading plan should cover the following areas:

1. **Profit Target:** This should be obvious. You are in the trading business to make a profit so your plan should detail how you intend to make that profit. You need to know
- **What Pairs you will focus on trading**
 - **How often you will trade a week/month**
1. **Risk:** Think of risk as the cost of doing business. It's unavoidable. You need to know how much you are willing to risk **per trade** and how whether the **target profit** is worth the risk taken.
 2. **Risk Reward:** Remember that as a trader you have to trade in such a way that you only anticipate to be correct 20-30% of the time. Trading with a good RR of 5 and above will always save your account.

These two areas are very important. Traders tend to not want to consider the risk. They believe a good trader is one who doesn't take any losses. I can tell you first hand that I have had many months of consecutive losses but one thing I have learnt is how to not blow an account during these **drawdown periods**. This is because I always think in terms of risk. All my trading decisions consider risk first before considering potential profit. Always remember that **Profit** is not guaranteed no matter how great the setup, the trading plan or the preparation.

You can download a template of our recommended trading plan on our website www.forexschoolafrica.com

Balance: This is the money in your trading account

Risk: This is the % you are willing to risk per trade

RR: This means Risk Reward. In this case you are will to risk \$1 in the hopes of making \$6 from your setups

BALANCE		100.00
% RISK		3.00%
RR		6.00

1.1

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					MARCH				
DAY	DATE	WINNERS	NUMBER OF TRADES	RISK IN \$ PER TRADE	LOSERS	WINNER RR	RESULT	BALANCE	DRAWDOWN
Week 1	MONDAY TO FRIDAY	3	1	3.00	(1.00)		(3.00)	97.00	-3%
			2	2.91		6.00	17.46	114.46	14%
			3	3.43	(1.00)		(3.43)	111.03	11%
			4	3.33	(1.00)		(3.33)	107.70	8%
			5	3.23		6.00	19.39	127.08	27%
			6	3.81	(1.00)		(3.81)	123.27	23%
			7	3.70	(1.00)		(3.70)	119.57	20%
			8	3.59		6.00	21.52	141.09	41%
			9	4.23	(1.00)		(4.23)	136.86	37%
			10	4.11	(1.00)		(4.11)	132.75	33%

Summary: At the end of week 1 you would have placed 10 trades risking 3% each time of your new account balance.

You would have lost **7 trades** and won **3 trades**. This is a 30% win rate.

You will still make a 33% at the end of week one!

You can **download** the trade plan from our website and play around with the parameters, increasing or lowering risk, win rate, RR and the number of trades until you have developed a plan.

You need to trade with a solid trading plan. This alone will increase your chances at succeeding in trading and registering amazing profits.

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My own personal story: In 2018, after almost 13 years of trading I really began to trade religiously using these very templates we are developing together. My trading performance peaked to a level I had never seen before. I began to trust my plan even in the drawdown periods. My win rate was over 54% and my average monthly returns were well in excess of \$20,000 USD. I really encourage you to treat your trading like a business and use these templates to their maximum potential.

So that was a quite a handful right! WELL DONE for going through that. I can assure that you will see a massive improvement in your trading if you use a TRADING PLAN. Let's move to the second item on our '7 way to INSTANTLY become a BETTER TRADER' list.

1. USE A TRADING JOURNAL

An electronic copy that I use can be downloaded from our website www.forexschool.africa

Having put together a great plan that you feel you will be able to follow, the next thing you need to do is **follow the plan**. The only way you can follow the plan is to record your actual trading results. This means using a **trading journal**.

In summary the purpose of a trading journal is to:

1. **Record** your actual trading results;
2. **Compare** these results against your initial **plan**;
3. **Adjust** your trade plan using the feedback you are getting from your journal. For instance, if your plan says you should place 10 trades and you find that in reality you are only comfortable placing 5 trades a week, then you can adjust your plan to account for 5 trades. You may then increase the **% risk** and **RR** per setup to still make a 33% return on 5 trades.






Note: a high frequency of trades does not mean higher profit potential. You could make all your profit from just 2 trades a week.

A TRADE JOURNAL IS BY FAR THE MOST IMPORTANT TEMPLATE YOU WILL USE AS A TRADER! It tracks everything! Here are the things that must be captured and recorded after each and every trade

1. Date and Time of placing the trade;
2. Currency Pair traded;
3. Trade direction i.e. Long or Short;
4. Type of Setup taken;
5. Timeframe used to make analysis i.e. 15min, 30min, 1 hr. etc;
6. Actual amount risked (You need to make the amount you planned to risk is the actual amount you then risk);
7. Volume size taken on the trade;

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Below is an extract of my trading journal.

Date	CURRENCY PAIR	Time	Type of Wedge& Direction	BUY OR SELL	SCREENSHOT DONE?	5M	
Friday, 02 March 2018	USDCAD	2119HRS	R2. WIN	SELL	YES		
Monday, 05 March 2018	GBPAUD	1142HRS	R1.1 WIN	SELL	YES		
Monday, 05 March 2018	EURCHF	1615HRS	R1.1FAIL	SELL	YES		
Monday, 05 March 2018	GBPAUD	1645HRS	DOUBLE TOP	SELL	YES		
Monday, 05 March 2018	GBPCAD	1406HRS	R1.1 WIN	SELL	YES		

- 1 Trading Rules: Every trader will and should have a set of rules. These are the laws by which you should strive to live by every time you place a trade. Rules differ for each trader, but they are necessary. Below are some of the rules I use when trading and I try to check if I abided by them:

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				WERE YOU STOPPED OUT WHILE THE TRADE CONTINUED WORKING? IDENTIFY THE REASON BELOW			
WERE THERE 3 POINTS OF CONTACT WITH THE TREND LINE	DID YOU TRADE IN LINE WITH OVERALL MARKET DIRECTION?	WAS THE TRADE EXECUTED AT EDGE POINT?	COULD YOU HAVE SAVED THE TRADE HAD YOU USED RR OF 10 ONLY?	WERE YOU STOPPED OUT BECAUSE OF THE SPREAD?	WERE YOU STOPPED OUT BECAUSE OF MANIPULATION?	WERE YOU TAKEN OUT BECAUSE OF MARKET STRUCTURE?	DID YOU USE THE RUNNING BALANCE METHOD?
✓	✗	✓	✗	✗	✗	✓	✗
✗	✗	✓	✗	✗	✗	✓	✓
✗	✗	✓	✗	✗	✗	✓	✓
✗	✓	✓	✗	✗	✗	✗	✓
✓	✗	✓	✗	✗	✗	✓	✓
✓	✗	✓	✓	✗	✓	✗	✓
✓	✓	✓	✗	✗	✗	✓	✗

As you can see it's VERY difficult to follow all the rules all the time. A good trading week is where you have tried following all the rules regardless of whether the trades were winners or losers

In trading there is what's known as a **GOOD LOSS**. I promise I didn't make this up a good loss is when you make a loss on a trade but you had followed all your trading rules going into the trade. These are acceptable losses and there is truly nothing you could have done about the loss.

1 3. BE A PART OF ONE TRADING COMMUNITY

I Promise this isn't a cheap marketing trick! You need to be and remain in a trading community. Here is the catch though, **CHOOSE ONE COMMUNITY ONLY**. Too many times I see traders being in 7 or 8 whats app group communities. This will not improve your trading at all and this is why

You will absorb too many strategies and techniques:

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As a trader you don't improve by learning how everyone else is doing it. You need to develop your own trading skills and techniques. You need to develop a trading strategy unique to your own personality, strengths and weaknesses. In this community we focus on PRICE ACTION with a STRONG EMPHASIS ON PATTERN based trading. Other communities may be using Indicators etc. Being part of multiple communities may actually retard your progress. I will explain in other blogs why

statistically

you will lose money if you incorporate multiple strategies.

1. WITHDRAW YOUR PROFITS ACCORDING YOUR TRADING PLAN

I have had the pleasure and privilege of training over 15,000 traders. Almost every trader makes a profit but ALMOST EVERY TRADER DOESN'T KNOW WHEN TO WITHDRAW. Training people and noticing this trend actually improved my trading so much as well.

If you're projecting a 60% profit from your initial \$500USD trading account investment according to your trading plan you need to withdraw the \$300 Profit ($60\% \times \500) you make when you reach your profit target. You **SHOULD NOT** increase your risk and trade the new account of ($\$500 + \$300 = \$800$). Here are some of the reasons why

- If you are trading forex as a retail trader you are a **speculator** and not an **investor**. You are in this business to trade, make a profit and **withdraw** your profits!
- **Greed**; the moment your account balance is now at \$800 **greed** (one of the deadly trading sins) will set in and you **WILL** find yourself wanting to grow your account to \$2,000. Chances are you will abandon your **trading plan** and throw all sense out of the window including your trading plan too!
- **withdrawing profits** reinforces your psychological resolve to continue doing what you did to make the profit in the first place and if you had used a trading plan and journal you will most likely continue these **good trading habits**.

So the **question** that usually comes up at this point is " what if I apply a new trading plan on the 800USD balance and grow my account from there?" that's FINE if you withdraw your \$300 profit and **REDEPOSIT IT INTO YOUR TRADING ACCOUNT FIRST**. In this way the \$300 is recorded as a withdrawal in your account history which is something you need to have for psychological reasons. The withdrawal and depositing process, which can take a couple of days, will **force you to slow** down and become more objective and therefore give you time to draft a new trading plan. This will help you manage the **seven deadly sins**!

1. USE RISK REWARD

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What most traders don't know is that trading isn't just about placing trades. In fact placing trades is the easy part. Risk management and employing deliberate **account growth** strategies is the only sure way to make money from trading.

You can give 10 traders the exact same series of trades and only 2 or 3 traders will make money while others will be lucky to scratch the surface. In fact most will lose money. Why is this? It emanates from a lack of understanding of a simple trading rule you need to employ. **RISK & REWARD ratio!**

RISK: REWARD (also referred to as RR)

Risk is the amount of money you are willing to lose on a trade. Reward is what stands to be made once the trade hits its intended take profit target.

The problem is most traders don't quantify risk before entering a trade and focus only on what they stand to make if the trade works. This is dangerous as it exposes the account to potentially disastrous incorrect trades. A good trader should be able to lose even up to 70% of their trades and still make a decent return if their **risk: reward** ratio is positive. A positive risk reward means, for instance, that for every \$1 risked the trade must make more than the amount risked if it does work. A good starting point is an RR of 1:3. Let's take a look at a situation where a trader has an initial starting capital of \$100 and decides to place 10 trades, risking \$10 per trade. If the RR is 1:3, this is the potential outcome assuming they only have a 40% win rate i.e they only get 4 out of 10 trades correct.

		AMOUNT RISKED (RISK)	REWARD (1:3)	ACCOUNT BALANCE
1	TRADE 1	- 10.00		90.00
2	TRADE 2	- 10.00		80.00
3	TRADE 3	- 10.00		70.00
4	TRADE 4	- 10.00		60.00
5	TRADE 5	- 10.00		50.00
6	TRADE 6	- 10.00		40.00
7	TRADE 7		30.00	70.00
8	TRADE 8		30.00	100.00
9	TRADE 9		30.00	130.00
10	TRADE 10		30.00	160.00

What the table shows is that the trader placed six incorrect trades that were generating losses of \$10 each. Only the last 4 trades were able to hit take profit targets of \$30 each. However, only 4 trades with an RR of 1:3 were needed to grow the account by 60% and make a profit of \$60 from an initial starting capital of \$100.

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The more experienced you become as a trader the better RR you can seek. Use this table to see the different profit opportunities that are possible if you increase or decrease the RR.

Traders who are struggling to make a consistent withdrawable profits are usually only placing trades with a small RR. It really is true that you need to learn to let your winners run and cut your losers short. This is the only way to sure, consistent and meaningful profits.

Key Take Aways

- 1. Always calculate your **risk amount BEFORE** entering a trade
- 2. Only take set ups with a risk reward ratio above 1:3
- 3. Trade with a pre-determined stop loss
- 4. Don't move your stops once the trade is in play

STICK TO THE PLAN

Case Study

PART 1: Using an RR of 1:4 complete the table below to see what your account balance and hence profit would be after placing 10 trades.

		AMOUNT RISKED (RISK)	REWARD (1:4)	ACCOUNT BALANCE
1	TRADE 1			
2	TRADE 2			
3	TRADE 3			
4	TRADE 4			
5	TRADE 5			
6	TRADE 6			
7	TRADE 7			
8	TRADE 8			
9	TRADE 9			
10	TRADE 10			

Account balance
Profit
% Profit
(The Account balance should be: \$200)

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(The Account balance should be: \$200)

Repeat the exercise but this time reduce the RR to 1:1

		AMOUNT RISKED (RISK)	REWARD (1:1)	ACCOUNT BALANCE
1	TRADE 1	- 10.00		90.00
2	TRADE 2	- 10.00		80.00
3	TRADE 3	- 10.00		70.00
4	TRADE 4	- 10.00		60.00
5	TRADE 5	- 10.00		50.00
6	TRADE 6	- 10.00		40.00
7	TRADE 7		10.00	50.00
8	TRADE 8		10.00	60.00
9	TRADE 9		10.00	70.00
10	TRADE 10		10.00	80.00

Account balance

Profit

% Profit

(The Account balance should be: \$80)

(The Account balance should be: \$80)

In Conclusion...

Your Learning Curve can be greatly reduced if you learn how to trade using PROVEN, MONEY MAKING techniques.

If you would like to trade with a community of PROVEN, REAL MONEY TRADERS, i strongly suggest that you consider joining the TRADER SUPPORT NETWORK (www.traderssupportnetwork.net) where you will have access to the following :-

1. Daily Trading Setups with precise Entry, Stop Loss and Take Profit points
2. Your own Trading Dashboard where you will get access to the latest trading news, tips and trading calculators
3. Live Chat Support so that you get assistance whenever you face any challenges
4. A community Chatroom for you to ask questions, interact and network with over 20,000 traders

and so much more....