Twitter Thread by Karthik Rangappa



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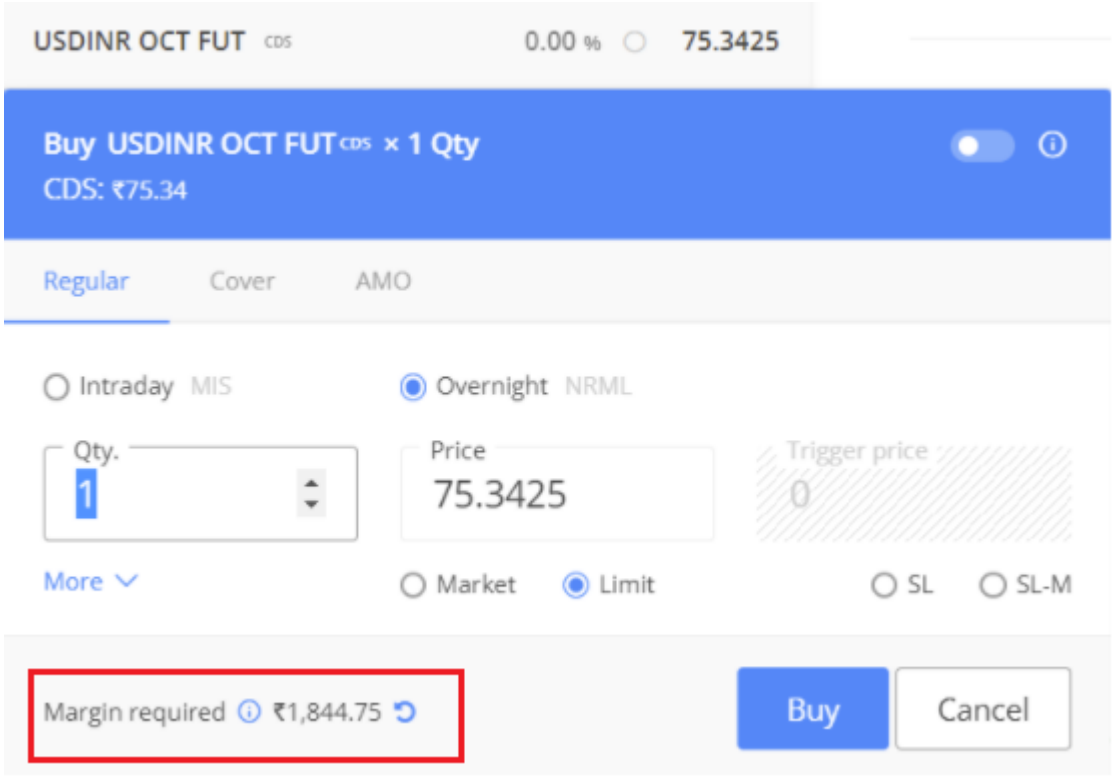
Newbie traders after learning F&O, look for paper trading platforms to practise. It's like the itch to swim after you learn swimming but end up in a baby pool. Experience of an adult pool vs a baby pool is different, likewise with the real markets & paper trading ■ (1/11)

Agreed, without experience, loading your trading account to the tilt and trading can be disastrous ■, but that does not mean you will have to paper trade forever. No matter how much you paper trade, you will never get the experience of trading (2/11)

When I talk about trading, I'm not just talking about experiencing the P&L rush. IMHO, experiencing the P&L and how it can vary in real-time is the last thing. There are multiple other things that you need to get comfortable with before diving into full-fledged trading ■■■■(3/11)

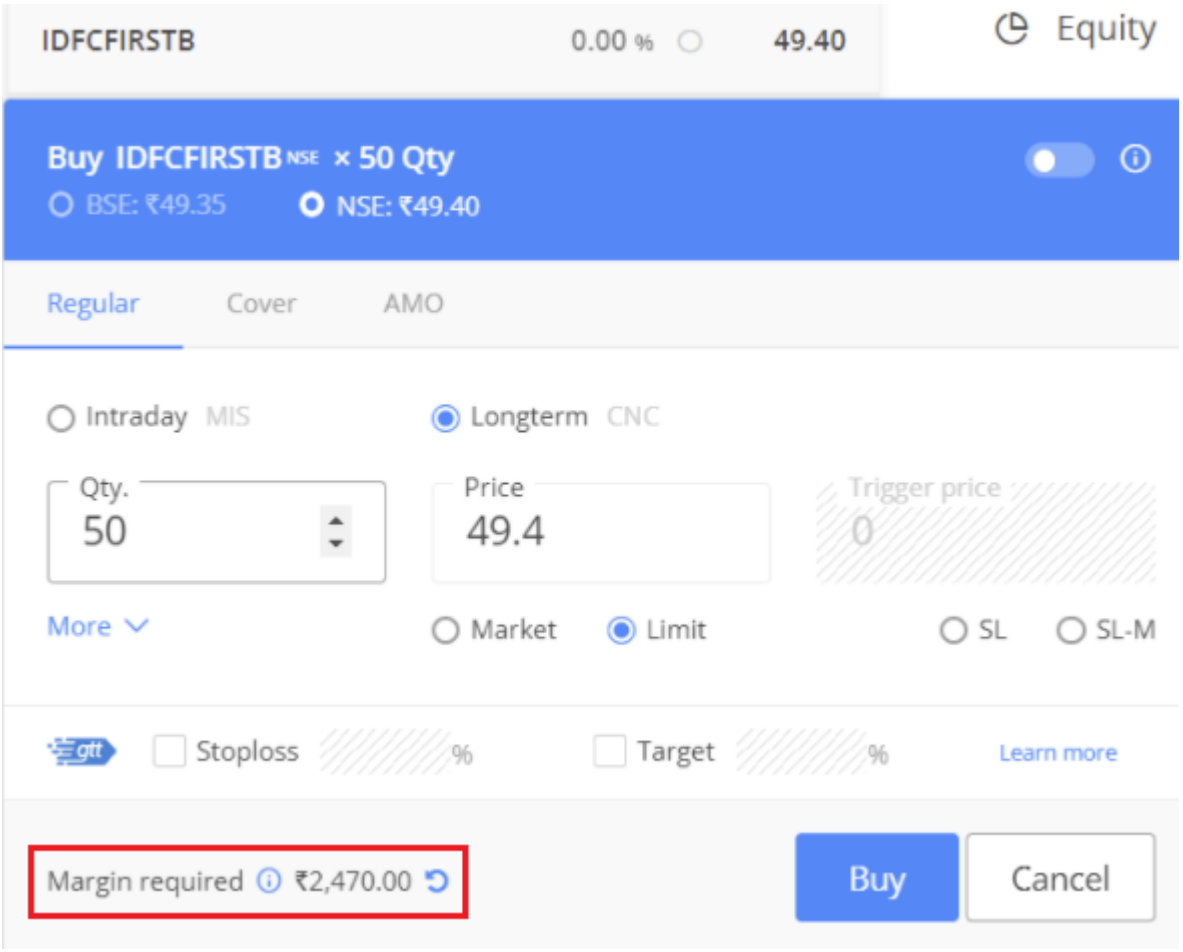
Stuff like placing limit/market order, GTT, AMO. Practising how SL-L for long & short positions works, trailing stops, figuring how margins work, M2M, T+1, T+2 settlements - the list is endless■ with several moving parts. No paper trading platform gives you the real deal (4/11)

Here is a hack, though - instead of paper trading, try and place an actual trade on a low-value futures contract. My favourite is USD INR ■, it costs just under 2K per contract, but gives you the whole trading experience (5/11)



Besides, your USD INR margin will be safe as the contract does not move much, well, at least on most days ■ (6/11)

You can do this with EQ as well. All you need to do is pick a low-value liquid stock and place trades to experience and learn all the nuances. For example, IDFC First Bank is liquid and costs just about 2.5K to trade 50 shares (7/11)



There is no need to trade 50; you may trade 10 shares if you wish. But placing actual but low-value trades are >>> paper trades ■(8/11)

A word of caution, though■ - most aspiring traders who try this out suddenly jump into full-fledged trading after placing a couple of trades. From 1 lot of USD INR, it slowly becomes several, and from USD INR it becomes Bank Nifty. This is a fatal mistake (9/11)

The good news is you can avoid the mistake by having a checklist approach ■■. List out things you want to practise and target them 1 by 1. For ex - figuring M2M may require several small trades spread over multiple days, don't try other things until you get a grip on M2M (10/11)

With an organised and goal-driven approach, you may need several months to be fully comfortable with market nuances. Once you feel comfortable, gradually increase your trading capital and venture out ■ (11/11)