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The Truth About Trading (Thread)

1/ Risk Management & Consistency

Everything works in the stock market just NOT all the time. You can trade RSI, MACD, Bollinger bands, Volume, and they all will win for a period of time and lose for a period of time.

2/ YOUR JOB as a trader is to MANAGE RISK. Every good trading strategy WILL boil down to a 50-60% accuracy overtime and I know this from 1000's of hours of back testing.

3/ To be profitable, follow this SIMPLE LAW:

AVERAGE WINNER > AVERAGE LOSER

Below is a table I've created showing the total number of winning trades (per 100) you need to win to be profitable:

R/R	1.5	2	3	4
Wins	41	34	26	21
Losses	59	66	74	79
Total	100	100	100	100
WR %	41%	34%	26%	21%

4/ As the risk to reward increased the required win rate goes down. The sweet spot I've found is scaling out your positions and cutting your losers to get you close to 2X your average loser. In this case, you only need to win 34/100 trades in order to

be profitable. YOU CAN DO IT

5/ The key to success in trading (repeat everyday):

1 – I have no attachment to any stock or instrument, my job is solely to manage risk

2 – I am a Casino; I take all trades that fit my trading plan because I know my edge is profitable

6/

3 – I always have a stop loss, target, and never risk more than 1-2% of my total trading capital

4 – I am at peace with the result of a trade before entering

5 – I understand I will take 100s of trades each year and I will not be bothered by win/loss streaks

Please ♥■+ RT this to share the truth with our community!