

BEGINNERS STRATEGIES EBOOK

This book will introduce you to various of strategies you can use in your every-day trading. No matter how much experience you have on the market, it couldn't hurt to go back to basics and get reminded of the simpler steps you used to take. Those can eventually make you a more successful trader, with a solid presence on the market for years to come.



The Risks of Day Trading

If done properly, day trading can be a conservative approach to trading and a way to minimize risks. It is mostly used by institutions as well as more experienced traders, who are professionals in this area.

Another advantage of day trading is that there are fewer surprises for the traders. Namely, day traders don't hold their positions overnight, as the name would suggest. So, they do not fall under the risk of being blinded by unexpected events, which are inevitable.



When it comes to volatility, day trading tends to decrease it. Meaning, the traders are the ones providing the market liquidity, making sure it runs smoothly.

However, day trading experienced some negative feedback in the 1990s. A lot of beginners started getting into trading, jumping at the new opportunities and platforms without doing the proper research. This shed a dim light on day trading overall but has changed since, with the new strategies and a more slow-paced approach.

What is Day Trading?

Day trading is an act of buying or selling a financial instrument during a single trading day, once or multiple times. Day trading can be quite generous to some, while ruthless to other. Namely, more experienced traders will know how to take advantage of the small price movements. On the other hand, first-timers on the market, who still don't have the affinity to recognize these advantages, could fall largely behind.



Eventually, however, these and many other skills can be developed. Keeping your emotions in check and cutting down losses are just some of the many things you will learn along the way, just as long as you are patient with yourself.

Top 5 Strategies for Beginners

From managing your expectations to keeping a clear head, there are many tips you can apply when starting out on the market. These can also benefit you later in your trading life, as you establish yourself as a successful trader. Sticking to the basics each step of the way is useful and provides long-term stability on the market.



Managing Funds

When planning your approach to the market, there are many ways you can develop a strategy regarding managing your money. Today's modern technology gives you the option to do it yourself or rather hire an experienced financial advisor.



Many believe that removing yourself from this obligation by putting it in the hands of a professional can take a lot of the pressure off. That way, you can focus on doing detailed research on the market. Eventually, you will decide which security is the best suiting based on the funds you are willing to invest.

In addition, some would claim that the market is not the best place to learn how to manage your money. Rather, you should engage with it fully prepared in this area beforehand. This will make your trading experience much smoother and more enjoyable. When you set guidelines regarding your funds, you will be able to experiment within them and find what works best.

Start Small

Accordingly to the state of the market, as well as your experience, it couldn't hurt to invest a small amount the first couple of times, and see where it leads you. No matter how experienced you are in trading, remember that the market constantly changes.



In addition, being a day trader does not mean that you trade every day. You could, of course, but most experienced traders are rather observing and analyzing the market to the best of their abilities before making a move. So, you will need a lot of patience if you want to become a successful trader.

Manage Your Time, Too

Depending on your performance, a single day in trading can seem endless, or rather as if it has passed by in a glance. There are a lot of factors that contribute to the experience.



First, it is essential to be disciplined and stick to the limits that you've set when creating a plan. A big part of that is time management. You can easily get caught up and lose track of time, which can affect your performance.

On the other hand, many have trouble at the finish line - they come through with their plan but are afraid to take the last step and finalize the trade. This is best known as "paralysis by analysis", a phenomenon where you get discouraged after getting wrapped up in details. As time passes, however, this will become a reflex, and a perfect way to finish a successful trading day.

Cut Your Losses

Cutting your losses can seem impossible in an unexpected environment such as the trading market. However, there are tips you can follow to avoid unnecessary costs. Many traders would agree that these losses are a result of timing - they bought the stock at the wrong time. However, this is mostly not the case.



Furthermore, you should try to learn the patterns at which the market functions. It's not always easy or reliable but still, it's a great step that will get you closer to your goal. Bear in mind, however, that when you find a certain move has worked once, it does not necessarily mean it will work every time.

Another important thing to note is that you need to take the blame for your actions. Not only in a psychological way, so you could grow as a person and as a trader. Also, it is essential to prevent further losses. Namely, many investors hold the stock until it's back to the purchasing price, in case of a decrease in value. Then, they will try to sell it again to break even. This, however, is not useful at all, since the same stocks will continue to slide.

Stick to the Plan

As a suitable conclusion to our guide, we should remind you once again that sticking to your original plan is key to success. No matter how heated things get on the market, or how drastically they change, you should follow the guidelines you've set beforehand.



However, your instinct is not something you should dismiss easily. You need to follow your heart, of course, but don't forget to balance it with logic. That combination is quite difficult to achieve, and it is a trait of all successful traders.