

## The Secret of Building a Highly Profitable Trading Account

Have you ever stopped to think why the trading techniques that work for the world's best trading gurus aren't working for you? Why can they achieve substantial gains while you're left in the dust?

What do they know that you don't?

In reality, they know a lot of things that you probably don't. Let me let you in on a little secret—you don't need to know everything they know. There is one characteristic that every highly successful trader in the world has, and if you learn to master this one detail and integrate it into your trading, it will be enough to create more profitable trades than 1,000 hours of looking and studying charts.

Are you ready for this? If you have failed to create a high-profit trading account until this point, I can all but guarantee that your trading is failing in one crucial area – you are not following a trading system you have learned, and trust. A good trading system would show you why you should be trading in the direction of the trend on the 4-hour chart, or that perhaps you are trading in time frames that are too small (1-5 min).

Trading with the trend puts the odds in your favor and makes it easier to read and follow your indicators and your entry and exit signals. If you fail to follow the trend you will never have a consistently high profitable trading account. You will waste hundreds of hours looking at charts and wonder why you never reach the profit levels you dream of.

Disagree? Consider these simple examples:

*Example 1* – Johnny makes 50 trades on the one and five minute charts and never looks at the direction of the trend. He is trying to trade the news, listen to other traders, guess which way the market will move, and by how much. He lets a little move in the opposite direction grow into a big loss because he does not know which way the market is moving and does not set a stop loss because he thinks that it will come back. He closes a profitable trade when he has a little profit because he is not giving the market enough room to breath, and does not know which way the trend is going. He is hoping for the homerun, but he will never hit a homerun if he is always bunting (trading in the 1 and 5 minute time frames). He will have 25 wins and 25 losses and wonders why his account stays the same or dips a little.

*Example 2* – Jane makes 20 trades on the thirty minute, one hour, and four hour charts only taking trades in the direction of the trend. She does not let the news and other traders influence her trading. If the market moves against her she has her stop loss places and knows how much she will lose on each trade. If she gets taken out at a loss it is always a small loss. She always lets the market breath and move freely without closing a profitable trade because of a little fluctuation in the market. She is not looking for a homerun. She is just looking for the market to tell her when it is time to close her trades. Jane is happy to take what the market is willing to give her at that time. She does hit a homerun now and then with little effort and emotion. Of the 20 trades, she will have 15-18 of them be successful, causing her account to grow steadily.

### Why You Can Do Even Better Than Jane

The example of Jane assumes that she never increases the number of lots she trades or adds on to a winning trade as her account grows. If she is trading with 1% of her account at the beginning of a trade and then adds on to the trade as it goes in her direction, when she gets add on signals then she will multiply 3 – 5 times the profit on her account on a good trade.

Even if Johnny works twice as hard and places twice as many trades, he won't be able to catch up. Jane will soon be getting more profits and compounding the growth each day. Why won't Johnny be able to keep up or even catch up? Because Jane has been compounding her profits by trading with the trend and adding on to her profitable trades. When she loses, it is small; when she wins, it is big because she has been working the trade. Can Johnny realistically trade enough to keep up with Jane?

In order for you to become a consistently profitable trader you will need to trade with the trend, trade with the trend, trade with the trend.

## **5 Suggestions You Must Follow To Become a Profitable Trader**

### **1. Trade in the direction of the trend**

I had heard "trade in the direction of the trend" or "The trend is your friend" for years but didn't quite get it. Then I read an article a few years ago, and it changed the way I look at charts and the market. In the article it stated that you should always trade in the direction of the trend of the four-hour chart. That seemed so long to wait for a trade. I was trying to make trades on the 1, 5, and sometimes 15-minute charts. Then I realized that I could still trade on the smaller time frames but only make trades in the direction of the four-hour chart. When I did this even if the trade went against me it seemed to always come back in my favor. This way I stopped hoping it would come back in my favor because I knew the odds were in my favor that it would come back for me.

I have also traded the 4-hour time frame successfully. This way I do not have to be in front of the computer as much and I have been making more money with less work. Try doing this on a demo account and see how it works for you.

### **2. Start small with each trade**

When you place that first trade on a trend it can be scary. At this point in the trend you are not sure if this is a real trend or just a channel or retracement. Enter the market small, risking just a few lots until the trend confirms itself. Then you can add on to maximize the profitability of the trend.

Add to each trade when it starts to trend. We like to start out small with one lot when the trend is in question then add more lots as the trend proves itself. The add on positions are less risky than the first positions in a trend. The more the trend proves itself, the less risky it becomes. There are several add on signals in most trends, so why not add on multiple lots when the trade is headed in a direction, and then close all the positions when the trend comes to an end or when you have good exit signals? This way you can increase your profits on a trade by 3 to 5 times that of scaling out. Of the entry methods we have discussed you have two choices: start big and scale out or start small and add on.

I have heard many people say when you make a trade, you should scale out of the trade closing a portion of the trade as the trade starts to get more profitable. They usually start out with several lots. I thought this was strange to close a profitable trade when the trend was just starting to move. Also why put on several lots and expose yourself to more risk when you are not sure if this is a trend or not? I have come to the conclusion that the people who suggest a larger first position with scaling out of the trade is because they do not have any better exit signals than to just take a little profit as the trade progresses.

If you do not have a trading system that gives you exact exit signals and good add on signals then you could become a better trader if you found a system that would help you with this.

### **3. Trade with a stop loss**

Trading with a stop loss is one of the most important parts of the trade. It falls under the category of money management. This is more important than the entry and exit points of a trade. The first loss is always the smallest and that is usually at the stop loss.

When you trade with stop losses, you have a much greater chance of being in the trading game longer than if you do not trade with a stop. On a trade system advertisement the instructor was saying he puts on his stop loss and his target take profit and goes and does something. He said he would have a profit or a loss. Most of the time he had a profit because he gave the market room to breathe. If he was stopped out, then the market usually was making a turn and changed direction. So he was stopped out at the smallest loss. Then, he would look to get back in the market the way the market wanted to go.

Successful traders have all lost money from time to time. They know this is part of the game. You just need to learn to manage the wins and losses.

### **4. Trust your indicators**

One of the first things you should do as a trader is to become good at using some indicators of your choice, and then trust them. Your indicators will serve you well.

No indicator or even a set of indicators will be right all the time. But you need to trust them and use your stops for the complete trading program.

Most indicators have certain signals that are always right. If this is true, then why not wait for the ideal signals to present themselves and have more successful trades? You will make more money waiting for the signals to come to you rather than chasing trades and jumping in at every anticipated or hoped for signal. There will be a signal and a trigger entry point. Most mistakes are made when the trade is entered on the signal and not on the trigger entry point. DO NOT anticipate an entry signal; wait for it to come to you. The market will tell you when it is going to give you some money, usually through your indicators.

### **5. Follow your rules**

Every trading strategy has some trading rules to follow. Every game has a set of instructions to follow to be able to win.

This is one time GUYS, that you should study the instructions and trading rules before you start to trade. There are a couple of reasons for this. One: you will not develop bad habits you have to break. Two: you will develop the habit of studying the markets, which is what you will have to do the rest of your trading career.

By learning the rules and following them you will then be able to develop a good trading plan. The trading plan is usually your way of trading the market, the way you will enter, exit, study and read the market. It will tell you the time you will trade and how much of your account you will trade. It will also show you how much of a draw down you will take and how you are going to handle your emotions.

The market does not care if you win or lose your money. The market does not have emotions. But the market will tell you what it is going to do if you will follow the rules of your trading system. Trading the Forex market is not a race with yourself or anyone else; it is an individual effort to develop your skills to be able to trade well.

LEARN THE RULES, TRADE THE MARKET, AND BE PROFITABLE.

My Overall Thoughts on Building a Highly-Profitable Trading Account  
I think that quite a few of us want to be profitable traders without taking the time to become a good trader. The secret is learning and practicing a good trading strategy, being determined to follow the rules, and stick with it until you succeed.

If you trade with the trend and follow your trading strategy rules, profits are inevitable. Ask yourself if you're willing to study and learn one strategy well rather than run with every new thing that comes along. If you're not willing to take the time to study, practice, and follow the rules of a system, it will be really hard to become a profitable trader. If you are, you will have a very profitable account someday. That's when you'll know that you have made your dream come true.

Source: <http://www.forexstrategysecrets.com>