

Guide to trading

Are you considering making the step into the online trading world but not sure where to start?

TRADINGCOLLEGE®
Learn To Trade The Markets Like A Pro

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Trading can be a satisfying and rewarding industry to break into and with the right knowledge and guidance from experts, you should be able to start trading with confidence.

Online trading can be beneficial for a number of reasons. As you first start out, you'll most likely be using trading to subsidise your regular income but, as you get better and master your strategies, you could start to make real money, be your own boss, and work whenever and wherever you want.

Developing your trading strategy, approach and behaviour is a process that is possible for anyone to master. You just need the ability to learn skills and a passion to succeed. It takes time and commitment, but that can result in some fantastic results if you commit and grow with the input, skills, tools and education.

When you decide to go into online trading, there are a few options to consider– from what market you'd like to trade and what hours you'll trade, all based around your current commitments/workload. If you're unsure where to start, don't worry – at Trading College, we're here to help.

Read on to find the answers to all your trading questions and some tips and hints to start you off in the right direction towards a profitable career in trading.

**Many have succeeded at trading.
It's a dream for some - now make it a reality.**



What ^{is} online trading?

Financial trading is about buying and selling with the aim to make a profit. Financial trading involves the sale or purchase of “financial instruments” and these can be cash instruments like shares, bonds or Forex. Or they could be derivatives like futures or bonds. Traders can trade on all the different markets available as long as they have a basic understanding of how the markets work, a pot to trade with (£500+), a brokerage account and the right trading tools.

Each market focuses on trading different assets and each market has its own personality, so you'll want to choose the one that suits you best. More on that later...

These are the different markets available for online trading:



Stock market:

On the stock market, you would be trading by buying, holding and selling stocks – which are also called shares. These stocks are the securities which are listed on public stock exchanges, such as the FTSE, the NYSE or NASDAQ.



Forex market:

The Forex market encompasses the trading of currencies – both buying and selling. This market can also be known as the FX market or currency market. Successful trading on the Forex market will be achieved by making profits on the difference in value of the two currencies you choose. More information on trading on the Forex market can be found in our [blog](#).



Stock indices:

The options market focuses on a form of derivative trading where people trade contracts that give them the right to buy or sell an asset at a predetermined price in the future. They don't need to buy or sell the asset, but they have the option to.



Commodity market:

Grains, precious metals, electricity, oil, beef, cotton etc. Commodities are widely used - and raw materials. There has to be sufficient price flexibility to allow a market to exist.

What approach to trading should I take?

Day trading or swing trading?

There are two main styles of trading which have different characteristics and will suit traders depending on their goals, what they'd like to get out of trading, and how much time they have available to trade.

Day trading



Day traders plan to open and close their trades during the course of a day, finishing before the close of the market.

They are free to operate during any time period, from five minutes up to four hours, and will most likely be active throughout the day.

Suited to:

- Those looking for a short term view.
- Those who have the time to check trades frequently throughout the day.

Swing trading



Swing trading is more commonly recommended for beginners since it operates over much longer periods of time, from days to weeks, and can be much more easily slotted around the commitments of a full-time job.

The reason this approach is more appropriate for beginners is due to the fact that trading over longer periods of time can give you more time to study the behaviour of the market you're trading in.

Suited to:

- Those looking for a longer term view.
- Those needing time for analysis and consideration.
- Those unable to check trades daily.

What tools will I need to trade?

This may seem obvious, but the first thing you'll need when starting to trade is something to trade on. We would recommend using fully functional laptop or PC with no less than 8GB RAM, I5 Intel processor, and a Nvidia graphics card. You will also need good internet access of a speed no less than 17 mb/s and a backup internet connection. (correct as of Spring 2019)

Beyond the hardware, you will also need adequate funds to trade with - could be £500 or more. You will require a compatible chart package such as ProRealTime, MT4 or Tradestation; and a brokerage account with a demo account functionality.

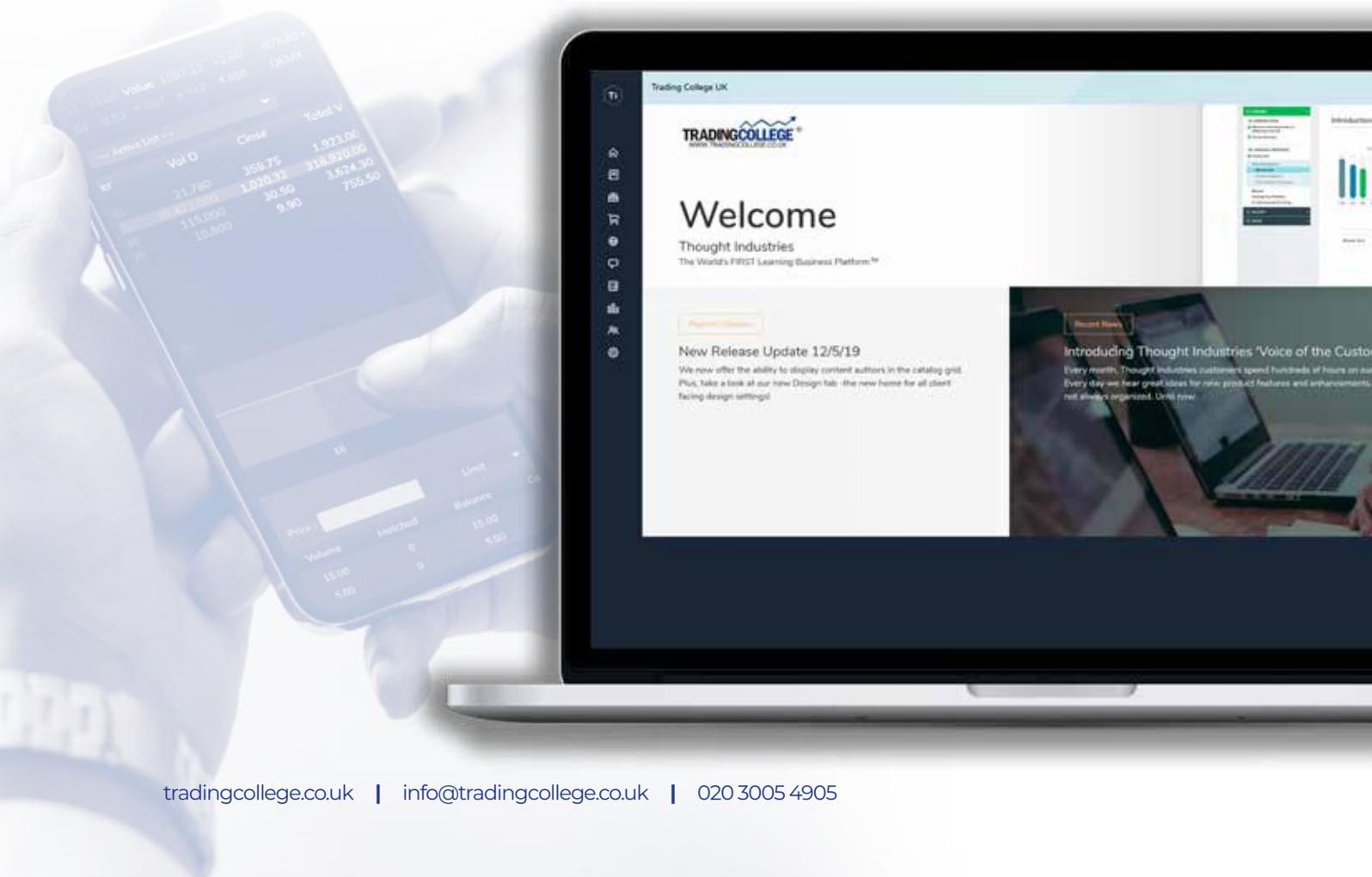
However, nowadays, a number of brokers also offer mobile trading platforms which you can access from anywhere on a tablet or mobile phone. While these shouldn't be considered your sole trading system, they can be ideal for people wishing to check the market or their trading progress remotely.



Beyond that, you will also need trading systems and software to help you understand the markets, give you signals and find trends that you can trade. At Trading College, we use the ProTrading System and our students use it too, since it uses indicators that find patterns and high probability trades in your chosen market. You will be able to use your chosen system both to manage and make trades, but also practice your trading strategy and back test any strategy changes you make.

Training, education and support are vital tools for your trading journey. They'll help you understand your chosen market, avoid unnecessary risks, avoid basic errors, get a clear trading plan in place, give you tools to control the inevitable emotions associated with trading, master your key strategies, offer support and guidance along the way to maximise your chance of success. You'll also be mixing with a Traders' Community.

The training can take the form of online training, and access to a wealth of learning materials on an online portal with videos, quizzes and reading - or face-to-face coaching at courses and events, perhaps as a group, or individually. Or perhaps it's a mix of both is best for you. Trading College want nothing more than to support your trading development, so we offer [courses](#) for all skill levels, [mentorship](#) with experienced, qualified professional traders, a wealth of [resources and videos](#), and [Learn to Trade Live](#) events across the UK.



How do I get started and learn how to trade?

Step 01 — Choose your market

Your first decision should focus on what market you want to trade in. Each market has their own characteristics, so it's up to you to decide which one works best for you. Most beginners start trading forex.

While no one market is better than another, making the decision about which one you want to trade in comes down to two things – what you want to trade and what you can afford (your capital requirements). For example, trading on the stock market can often require more capital than you might need for the Forex market.

Step 02 — Find the right broker

The next step in your trading journey is to find the right broker. This is imperative since a good broker can make all the difference to your success when trading. Since there are many brokers out there, it's important to understand what each one is offering – there will be differences in commissions and charges on your accounts.

Your mentor, or other professionals, will be able to offer 1st hand opinion for this since they'll know which broker is good. However, it is important to remember to choose a broker that specialises in the market you have chosen, and not another market. Find out about the trusted broker partnerships that Trading College offer [here](#).

Step 03 — Learn your market

Once you've decided on which market you're going to focus on, you'll need to start familiarising yourself with it – this involves understanding when trading happens in the market, the different trades available, the trends of the entire market, and the behaviour of the trades. If you need help with this, acquiring the [assistance of a mentor](#) can be a great way to help you get your head around everything.

Mentorship will give you access to an experienced professional trader who can help shape your trading journey and teach you everything you'll need to know.

Step 04 — Create your trading strategy

Your strategy will depend on a number of different factors, from your chosen market to the trading approach that you'll use. Watching live charts and examining your market will help you to develop your strategy; most traders use charts to make trading decisions - this is called technical analysis. While you're watching the asset moves, ask yourself some questions:

- Would you win or lose the trade if you entered it?
- How would you get out of the trade?
- How much would you risk on the trade?
- What size portion would you take of the trade?
- What are the odds that the trade would be profitable?

Once you've considered all the above questions, ask yourself what tendencies the strategy shows after taking the trade 100 times. This will help you see if your trading strategy shows consistency and predictability. Having one strategy will be far more reliable since you'll be able to test it across the board and make sure it works in different situations.

There are different trading strategies to consider, depending on your goals and how much time you can give your trading, so it can be much easier to learn a trading strategy from someone else who can help fit it around your circumstances. At Trading College, our [courses](#) and [mentor coaching programmes](#) can give you the tools you need to either create or learn a strategy that will support your trading goals.

Step 05 — Start practising

Once you've found a broker, you'll need to start practising your trading with a demo account. This kind of account can be set up with your broker, just like a regular account, and you will be trading the markets, but you won't be trading any 'real' money. That way, you can test your new skills, refine and develop your trading strategy, and understand the processes involved.

You can also use a technique known as backtesting, where you go back through historical data from your market to see how your trading strategy/method would behave. This can be a valuable practice since it allows you to learn more about what to expect and how to react to changes in the trends.

There are also trading systems and alerts systems available that can help you identify trends and triggers. We recommend the ProTrading System which uses indicators that find and identify patterns in your chosen market.

What do these trading terms mean?

In order to tune straight into the language of professional traders, here are some of the most common terms you might encounter:

Ask price

This is the price that the market, or your broker, will sell a specific currency pair, stock, or contract to you.

Bid price

This is the price that the market, or your broker, will buy a specific currency pair, stock or contract from you.

Exchange rate

This is the term used to describe the value of one currency compared to the other. For example, if the EUR/USD is 1.5200, this means that €1 is worth US\$1.5200.

PIP

This term denotes the smallest percentage increment of price movement that a currency can make on the Forex market.

Spread

This is the difference between the market price, the buying price (the bid price), and the sell price (the asking price).

To break even on a trade, you will need to move in the direction of the trade equalling the amount of the spread.

Margin

This term relates to the amount of money required to open or maintain a position. Margins are either free (relating to the deposit available for a new position) or used (the amount of money in use to maintain an open position). Brokers will often close a trade when a margin balance falls below the amount required to keep it open.

Stopped out

An executed stop order. A stop order is the instruction to a broker to sell when a certain price is reached. **Once the price is reached and the security is sold, the position is said to be 'stopped out'**. Usually this is a protective position, preventing further losses at a time of falling prices.

Profit target

A profit target is a price level on a chart that you set to take profit. Profit targets are a critical part of trading. It is not the entries where you make a profit or loss, it's the exits.

Shorting the market

Short selling occurs when a trader 'borrows' a security, sells it on the open market and expects to buy it back later at a cheaper price.

Going long

A long trade means purchasing as you expect to sell at a higher price in the future to make a profit. The opposite is going 'short'.

Over bought

This refers to an extended price move to the upside. Experienced traders would then be looking for a reversal.

Reversal

A reversal is a change in the direction of a price trend, which can be a positive or negative change against the prevailing trend.

What comes next?



The steps mentioned in this guide should stand you in good stead for your first foray into trading. Once you've tuned into what trading is, who's most suited to trading and what's involved, you'll be keen to develop your skills – such as through trading [courses](#) or [mentor coaching programmes](#), which can be done with the help of Trading College.

Trading College was founded nearly 10 years ago with the proven track record of teaching new traders to master the markets and grow in their trading expertise. All courses we offer are CPD accredited, taught by professional, experienced STA qualified traders, and are geared towards supporting traders of all levels.. We offer group courses, support webinars, mentorship and IT support.

Additionally, we have developed our own indicators and trading system that can help support students in their trading journey and compliment their learning.

To see our proven trading results, please come to our Learn to Trade Live events, or visit us at the office to chat to a qualified coach.

“I am a firm believer that if you want to succeed in whatever you do, arm yourself with the right tools and the right education. The PTS course gave me some great tools, but the Mentorship Programme is giving me an amazing set of skills and the education to be a successful trader.”

Sharon Doble

“After a couple of weeks of studying with Trading College and carrying out my own analysis on the charts I feel calm and collected and I am ready to make my first trades.”

Steve Smith

“I found [Trading College's] indicators to be the best quality, in a class of Louis Vuitton or Rolls Royce.... I would highly recommend this to anyone who wishes to learn to trade the markets.”

Bessie V-C

If you'd like to take the first step into the world of trading, don't hesitate to contact us at Trading College.

You can call us on 020 3005 4905, email us at info@tradingcollege.co.uk or fill out our contact form by clicking [here](#).

Let us help you learn how to trade.



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