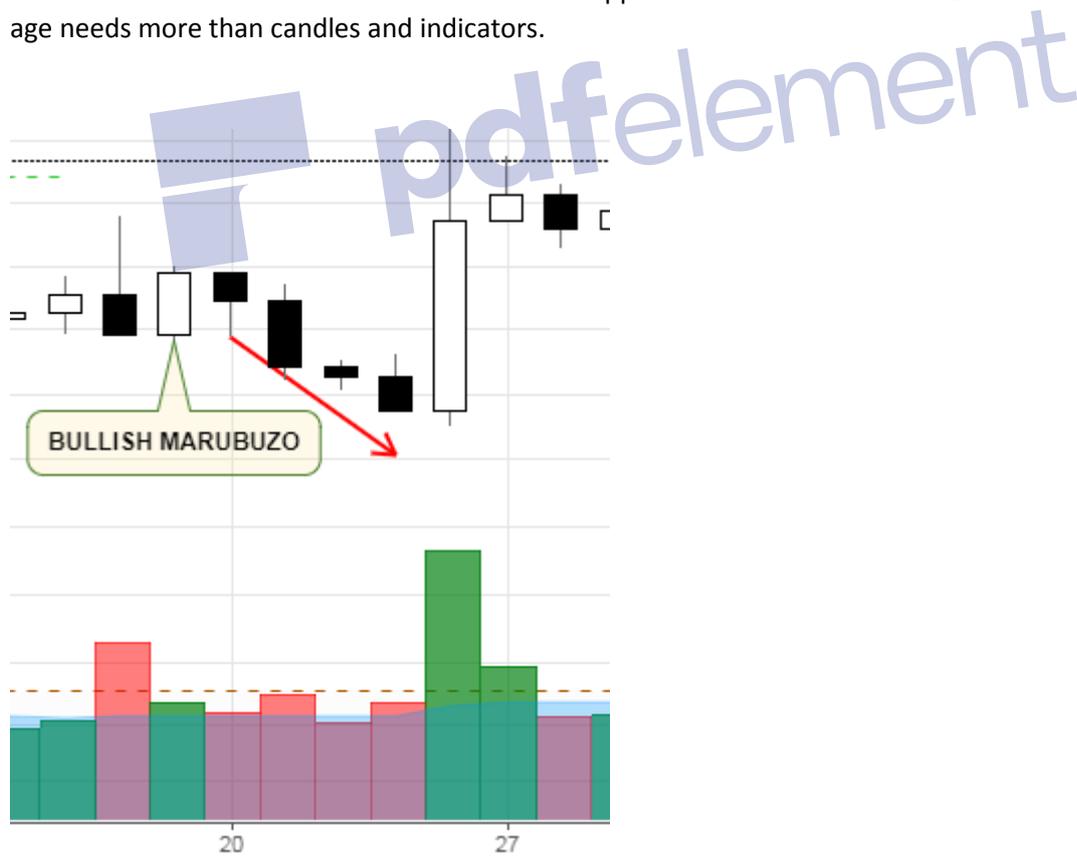


Most Common Trading Strategies To Avoid

Doubling down on losses – This is one of the most frightening trading strategies, that involves the trader doubling their position as the market moves against them. This is simply crazy for the simple reason that if the market goes against you are most definitely wrong, so it will be incredibly stupid to double down with a view the market will come back. This is sometimes confused with not using a stop, that is actually a good trading strategy but we will address stops at a future point.

Using multiple indicators – This is bad because it leads to "analysis paralysis", a disease that afflicts many traders. Secondly indicators are put in the platform by brokers who are on the other end of your trade, why use something a broker invented and wants you to use? This is just common sense, there are tools like [Market Profile](#) that are far more efficient and tend to be used by institutions that understand trading is not a game.

Japanese candle stick trading – The Japanese candle stick no doubt worked in the age before technology. Now it is just impossible for you to say that the market will go up from a bull Marubozo when we have all seen the markets break in the opposite direction on Marubozos. The technology age needs more than candles and indicators.



Hedging and spread arbitrage – Traders often hedge to make money or limit loss by buying and selling the same asset. It doesn't work the broker charges enough fees, so your hedge will likely cost

you more. Spread arbitrage is possible but with FIX API, you ice skating up a hill. Unless you have a million plus, not worth the hassle as you won't make much. Most spread arbitrage traders lose money on balance.

Multiple position holding – This is a terrible idea for correlation and cost reasons. Most traders believe the more the merrier or the more trades the more chance of success. Get ready to be disappointed. Currency markets are highly correlated, you will lose money twice as fast as the average trader with this idea. More positions more exposure, don't do it.

If you like more information on trading the markets from a professional stand point and not from that of an ignorant punter, then go to www.marketprofile.org, the primary point for all information concerning market profile and trading markets.

Also, take a look at my book, where I detail how a retail trader can track the smart money. The [Guerrilla Trader](#) does what many people fail to do and that is brutal honesty and direction. It is a real pick up and go.