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What Are the Traits of Successful Forex Traders?

By Timothy Shea,

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David Rodriguez, Jeremy Wagner, and I spent a lot of time this year sorting through a mountain of statistics. These statistics were the combined anonymous trading data for over 12 million trades made by FXCM account holders. During this process, we were searching for one thing – what is it that separates successful traders from unsuccessful ones? What do they do differently? What are the traits or habits of successful traders?

We found that it wasn't so much what successful traders did that made them successful, but what they *didn't* do. I reading through all these statistics, we found some of the most common mistakes that traders make. For example, many traders trade at the wrong time of day, use too much leverage, or use a poor risk/reward ratio.

In our four-part "Traits of Successful Traders" series, we put together some of the common mistakes that the data points out to us. We then analyze how forex traders can avoid these mistakes, and suggest ways to trade more effectively. You can follow these articles as we publish them on DailyFX.com as well as watch video recordings of David's presentation of these findings from the 2011 FXCM Currency Trading Expo. We hope that you find this research useful in your trading.

Part One: [What is the Number One Mistake Forex Traders Make?](#)

We found that traders are right more than 50% of the time, but often lose more money on losing trades than they win on winning trades. Traders should use stops and limits to enforce a risk/reward ratio of 1:1 or higher.

[Watch the video at fxc_mexpo.com.](#)

Part Two: [When is the Best Time of Day to Trade Forex?](#)

Most forex traders are range traders. The best time of day to range trade is Asian trading hours.

Part Three:[Here is How to Trade Forex Majors Like the Euro During Active Hours](#)

In Part Two, we made the case for why most traders should trade during Asian hours. We know that some traders still feel the need to trade during North American trading hours. When trading this volatile time, it is important to recognize that some strategies work better than others. In this report, we detail which types of strategies we have found to work the best in the past, and our preferred approach.

Part Four:[How Much Capital Should I Trade Forex With?](#)

In Part One we looked at risk/reward. In Parts Two and Three we looked at using the appropriate strategy for the time of day. In Part Four, we look at the third most common mistake: trading with too much leverage. We look at the data for account sizes and give traders guidelines for how to choose their trade size based on their account size.

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