

# 10 Ways to Simplify Your Trading

Today's lesson is written in response to some of the emails I get each week that ask me about my own personal trading habits. Whilst all of the strategies and insights on my blog are reflections of the way that I personally trade, I thought it would be nice to give you guys an in-depth run down of how I have simplified all aspects of my trading. It was really not until I simplified my trading that I began to trade successfully, and I firmly believe that if you simplify your trading it will go a long way toward helping you achieve trading success as well.

## 1) Simplify how you think about trading

Perhaps the most widespread problem that I see amongst beginning traders is that they simply have unrealistic expectations about trading. Most people become attracted to trading because they think it will make them a lot of money really fast or allow them to quit their jobs and work from home. In reality, while these things are certainly possible, they won't happen as fast you want them to and they are the end result of using an effective trading method and having a lot of patience and discipline to apply that method properly and consistently over a long enough period of time. To be clear, you *can* achieve the lofty trading goals that you have at the beginning of your trading journey, but in order to achieve them you *need* to be realistic about how and what you need to do to achieve them.

If you believe you should make money really fast from trading, then you will probably do the things that 'feel' like they will make you money really fast, like trading too much and risking too much per trade. In this way, you are making trading much more complicated than it really is, simply because you are denying the reality of your situation. If you accept the reality of your situation, which might be that you only have \$2,000 to trade with and you need to risk a more responsible amount per trade, then you will be making progress toward achieving your trading goals. Simplifying how you think about trading really just means being realistic and accepting the reality of your current situation; you aren't going to be a full-time trader anytime soon with a \$5,000 trading account. If you have to start small and slowly but consistently build your account up then that is what you have to do, but trying to cut-corners and skip important aspects of proper trading is not going to get you to your end goal any faster, I can promise you that much.

## 2) Start focusing on daily and 4 hour chart time frames only

Anyone who follows my blog probably already knows that I am proponent of higher time frame trading. However, one of the biggest benefits of it aside from giving you higher-probability trade signals, is that trading higher time frames helps you simplify your trading by removing the noise and clutter of lower time frames. Simply put, there's a lot of meaningless price movement on time frames under the 1 hour chart, and the lower you go in time frame the less significance / meaning the price action has. This is why I almost solely focus on the 4 hour and daily charts, and I recommend you do as well. I will occasionally reference the weekly chart for longer-term trend and level analysis, and I might occasionally take a trade on the 1 hour chart time frame. But, about 90% of my time spent analyzing the charts and trading, is spent on the daily or 4 hour chart time frame, and this is a key component to how I keep my trading simple.

### **3) Stick to major currency pairs**

I get a lot of emails from struggling traders asking me questions about exotic currency pairs and other thinly traded markets. The problem with this is that not only are these markets usually more difficult to trade due to erratic price movement, they also have higher spreads, which just means more fees and less money for you. Not to mention, because they are more thinly traded than the major forex currency pairs they are less liquid and this means higher potential for gaps and higher volatility. If you want to simplify your trading, one of the easiest things you can do is to stick to the major currency pairs, major commodities and indices. Many traders try to look at too many different markets, and before they know it they have 40 different markets they are trying to analyze and follow, this is just ridiculous. You cannot effectively trade that many markets, so for the sake of simplicity and profitability, it is best to focus on a handful of your favorite major markets.

### **4) Focus on QUALITY of trade setups, not quantity**

Most traders trade way too much. This is a fact. Over-trading is perhaps the number one reason why most traders fail to make money over the long-run. When you are trading too much, your brain is also doing too much, it is full of too many trade 'ideas'. This is not how you simplify your trading.

My trading approach is to focus on quality trade setups, and by doing so I also trade a lower-quantity of trades, because there are simply not very many high-quality trades worth risking your money on each week. Taking this approach has an added benefit; it is a lot less stressful and complicated than taking a high-quantity of trades each week or month. Thus, not only are you going to increase your strike right by focusing on higher-quality trade setups, you are also going to significantly simplify your trading because you will naturally be eliminating a lot of low-quality trade setups, losing trades and emotional stress from your trading.

### **5) Know your max dollar risk per trade, NEVER exceed it on any trade, ever.**

Many retail Forex traders are starting out with relatively small accounts of \$5,000 or less. If you have a smaller trading account, you have to realize that you can't be out there trading big position sizes...you have to trade position sizes that make sense given the value of your trading account. If you want to stay in the game long enough to be profitable, you need to manage your risk properly, and taking on too much risk relative to your account size is a fast-track to becoming an emotional / gambling type of trader, which is what you want to avoid at all costs. I cannot tell you how much to risk per trade, nor can anyone else, only YOU know how much of your trading account you are comfortable with potentially losing on a trade. Your first step to simplifying your trading is figuring out how much money you are comfortable with losing on any one trade and then exercising the discipline to NEVER exceed that amount.

### **6) Have a calm and clean trading environment**

If your trading environment is cluttered and messy, your mind is likely to be the same way. There's a lot to be said about how your surroundings influence your mindset and thinking patterns. If you have a messy computer desk in a messy room, you're going to have difficulty achieving the type of clarity and calm state of mind that you need to trade properly.

If just have too much happening at your house and you can't find a quiet and clean place to analyze and trade the markets, then consider going to your local coffee shop and becoming a coffee shop trader. Whatever you do, be aware that your environment can have a significant effect on your mindset, and you need to make an effort to create an environment that is conducive to a clean and simple trading approach.

## 7) Be organized

This next step to simplifying your trading is similar to the previous one, but it has more to do with your actual trading process than your trading environment. You see, many traders, if not most, have no real underlying structure to their trading, what I mean by that is they have nothing tangible about their trading, it's all 'in their head'. Believing that you don't need a tangible written or typed **trading plan** nor a trading journal to develop your track record, is simply you being arrogant or lazy. Trading is something that you have to create your own structure around, and most people, when left to their own devices, simply will not do this.

It takes a truly realistic, dedicated and disciplined person to commit to making a real trading plan and keeping a real trading journal. This same type of realistic attitude, dedication and discipline are things that every professional Forex trader possesses, sadly most traders do not possess these things, they do not have a trading plan or trading journal, and as a result they are not successful in the end.

You see, the type of person that makes consistent money in the market is someone who is 'firing on all cylinders', so to speak. They are not just performing one aspect of trading properly, they are hitting every nail square on the head, leaving no leaf unturned. They are not the guy sitting on a blank trading journal that he stopped filling out after his second losing trade. A professional trader is the guy who has a tangible track record of his trading success because he has been updating his trading journal after *every* trade for *years*. Trading is not a very forgiving profession; you might get lucky a few times, but luck is not a trading strategy, and it certainly will not reward you in the long-run.

## 8) Be methodic in your trading approach; have a routine

What I mean by "be methodic in your trading approach", is that you need to keep your trading routine as simple and planned out as possible. Do not be the trader up all night analyzing the charts and reading economic reports while everyone else in your house is sleeping (you know who you are). Instead briefly scan through the charts a couple times a day; once at or shortly after the New York close and again in another 8 to 12 hours, there's really no need to do anymore. Quickly draw in the key chart levels, note trends and note any signals on the daily charts, of course this is assuming you have first obtained training and mastered an effective trading strategy like price action. If you want to learn more on this style of trading, checkout this article on end-of-day trading for people with jobs.

## 9) Remain motivated and confident

Once you go through all the work of uncluttering your trading and simplifying it, you don't want to let all of that progress slip away just because you lose focus or become unmotivated. You are going to be faced with losing trades if you want to be a trader, and that means you're going to have to 'man up' and deal with them by not letting them affect you too much emotionally.

You need to make a conscious effort to remain motivated to stick to your trading plan and remain disciplined. Do whatever it takes, here are some ideas:

Read magazines or books that keep you motivated and pump you up psychologically.

Consider using daily affirmations, these can have a real positive psychological effect on you.

Read quotes by successful traders or other successful people you admire, watch movies that motivate you or listen to music that motivates you.

Meditation is another great tool to help you remain focused and committed to proper trading habits. I want you to do anything that gets your hairs standing up on end and your mind focused on success and greatness.

Do something daily to stay motivated, do it consistently, and do not let outside influences change your mental state of mind...you control your mindset by what you put into it, what you think about and what and who you surround yourself with.

Trading success is not going to just fall into your lap magically from the trading fairy in the sky...you have to MAKE IT HAPPEN, and that means making an effort to do all things you can do to put the trading probabilities in your favor.

## **10) Use a simple trading strategy**

If there was one single moment in my trading career that I can look back on and say with absolutely certainty was a turning point / 'ah ha' moment, it would be when I realized that all I needed was a simple price action trading strategy. I was definitely trying too hard early on in my trading career, as most traders do, I was trying all types of different trading approaches, but eventually I realized that all I needed to analyze and trade the market with was right under my nose the whole time; price action.

It was really the combination of realizing that I didn't need a complicated trading strategy along with realizing that I didn't need to trade very often that was 'thee' turning point in my trading career. Whilst I cannot make any bold promises to you, I can confidently say you that if you truly commit to learning and mastering the price action strategies and general philosophies I teach in my trading courses you will start to make great progress toward simplifying your trading and dramatically improving your trading results