

Are you ready to trade?

1. Do you have a quantified trading system of entries and exits? Have you found a way to capture trends in your time frame by studying historical price action?
2. Have you backtested your system adequately? Do you know what the possible odds are for your trade setups based on historical price data?
3. Do you have a strong support system in place? Do you have friends and family that support your desire to be a trader?
4. Do you have enough trading capital? Serious active traders should have adequate capital. Low capital will have trouble overcoming commissions, and even the bid/ask spread in lower volume markets.
5. Do you have a written trading plan? You should create a written plan when the market is closed so you know what actions you will take when the market is open.
6. Do you fully understand proper risk management? It is imperative that you understand the mathematical risk of ruin before you start trading. Never losing more than 1% of your trading capital on any one trade, is a great place to start.
7. Have you decided what position size you are emotionally comfortable trading? You must trade with a position size small enough that you can follow your trading plan. A position size too large can distract you and make you veer from your plan.
8. Do you have realistic expectations about returns? The greatest traders in the world return 15% -25% a year. Trying to get rich quick is the fastest way to go broke.
9. Do you have enough faith in your methodology to trade it through drawdowns? You have to know the consecutive losses to expect from your trading system, and accept it when it happens.
10. Do you have faith in your abilities to trade like it is a business? You have to trade like you are a casino, knowing the odds are in your favor long term, and not like a gambler who disregards the odds that are against you.