

Options Trading For Beginners - How to Survive in Trading by Using Money Management

Do you want to know how to be a successful trader before you run out of money?

Here are three top tactics to keep you in the game:

1. Protect your trading cash or you are unemployed.

Trading is a business and as in any other business if you run out of cash to continue trading the business ceases to exist.

Money Management is the key and something as simple as switching from virtual trading to cash trading too early can wipe you out very quickly.

It is said that only a small number of traders succeed and that a lot of traders give up just before they succeed.

One reason for giving up is lack of funds, which is why you need to manage your funds (especially if they are limited).

2. Learn that Losses are inevitable.

It is inevitable that you will have some losses but the idea is that you make more on your winning trades than on your losing trades.

This doesn't necessarily mean that you need more winning trades than losing trades (It is the value of the trades not the quantity that matter).

Most mentors or Advisors will recommend splitting your trading bank into twenty and only placing 5% of your funds on any specific trades. This is one way of not putting all your eggs in one basket.

Some will suggest that you start with as little as \$10,000 some will say you need a much larger trading bank.

Whatever the size of your bank you can lose it just as quickly if you don't maintain money management rules (Which should be part of your general trading rules).

3. Trade High Probability Trades.

Only trading high probability trades is one of the main methods of money management.

This may mean that you spend more time on the sidelines (than you would like) and less time physically in open positions.

Remember that owing to basics maths every cash loss from one trade has to be covered in another winning trade just to break even on your trading bank.

I would hope that you want to make a profit trading but if you can't even break even you will soon be out of the game.

For further information on trading and business in general visit

<http://businessclarity.net>

For access to access to the e book "How I lost \$100,000 Trading (so you don't have to) visit <http://ifloserswrotebooks.com>

(Due release Dec 24th 2009)