

THE BEGINNER'S GUIDE TO TRADING

A practical, education-first introduction to market basics, risk management, discipline, and trade journaling

1. What Is Trading?

Trading means buying and selling a financial instrument with the aim of benefiting from price movements. Markets can include shares, currencies, commodities, indices, and other instruments.

Prices can move quickly and unpredictably. Trading involves the risk of losing some or all of the money you put at risk. Education and preparation can help you understand the process, but they cannot guarantee profits.

2. Understand the Market Before You Trade

Learn how the instrument you are considering works, what moves its price, its trading hours, and the costs involved, such as spreads, commissions, swaps, and slippage.

Know the difference between a market order, limit order, and stop order. Understand how leverage and margin work before using them; leverage can magnify both gains and losses.

Use a demo account or paper trading to practise order placement and test your process before risking real money.

3. Build a Simple Trading Plan

Write down what you trade, the conditions you need before entering, where your idea is invalidated, how you will exit, and when you will stay out.

Choose a timeframe and a method you can explain clearly. Avoid entering a trade just because a candle is moving quickly or someone online has shared a prediction.

Set limits for your trading session, including a maximum loss or risk limit. Stop trading when you reach your limit rather than trying to win losses back.

4. Risk Management Comes First

Decide how much you can afford to lose before you enter a trade. Never risk money needed for rent, bills, debt payments, emergency savings, or other essential goals.

Position size should be based on your planned stop distance and the amount you are willing to risk—not on how confident you feel.

Stops can slip or execute at a different price during fast markets or gaps. A stop-loss order does not guarantee the exact exit price.

Do not increase position size to recover a loss. Avoid taking several highly correlated positions that together create more exposure than you intended.

5. Risk-to-Reward: A Planning Tool, Not a Promise

Risk-to-reward compares the amount you plan to risk with the potential reward in your trade idea. For example, risking $\blacksquare 500$ for a planned $\blacksquare 1,000$ gain is a 1:2 risk-to-reward ratio.

A planned 1:2 ratio does not mean the trade will reach its target. Actual results depend on execution, costs, market conditions, and whether the strategy has an edge over a sufficiently large sample.

Record outcomes over many trades and include transaction costs. Do not judge a strategy from one or two examples.

6. Trading Psychology and Discipline

Fear can lead to early exits; greed can lead to oversized positions; frustration can lead to revenge trading. Use written rules to reduce impulsive decisions.

Accept that losses are part of trading. A valid trade can lose, and a winning trade can still have been poorly planned.

Take a break after a rule violation or a stressful loss. Do not trade while distracted, exhausted, or emotionally unsettled.

7. Keep a Trading Journal

Record the date, instrument, setup, entry, stop, target, position size, planned risk, result after costs, and whether you followed your rules.

Save a chart screenshot before entry and after exit. Add a short note: What did I see? What would invalidate the idea? What did I learn?

Review your journal weekly. Look for repeatable patterns, rule violations, and whether results are consistent across enough trades—not just the best trades.

8. A Beginner's Practice Routine

Before a session: check relevant market news, define the instruments you will watch, and write your risk limits.

During a session: wait for your setup, calculate size, place orders carefully, and avoid changing rules impulsively.

After a session: record each trade, note any mistakes, and stop when your planned session or risk limit is reached.

Start with education and simulation. Move to real-money trading only if you understand the risks and can afford potential losses.

9. Common Beginner Mistakes

Trading without a written plan or entering because of social-media tips.

Using high leverage without understanding margin and liquidation risk.

Moving a stop farther away to avoid accepting a loss.

Overtrading, revenge trading, or increasing size after a loss.

Ignoring costs, slippage, news events, and the possibility that a strategy may stop working.

Treating past performance, screenshots, or testimonials as a guarantee of future results.

10. Your First Steps

Learn the mechanics of one market and one instrument before expanding.

Practise in a demo environment and keep a journal.

Create written entry, exit, and risk rules; test them over a meaningful sample.

Review and improve your process rather than chasing a promised return.

Quick reflection

- What market and instrument am I learning first?
- What is my written maximum risk limit?
- What must happen before I enter a trade?
- How will I review my results?

IMPORTANT NOTICE

Educational content only. This guide is not investment advice, a recommendation to buy or sell any instrument, or a promise of returns. Trading can result in substantial losses. Consider your financial circumstances and seek appropriately qualified independent advice if needed.