

Spend "Quality Time" Studying Trading and Markets

By Jim Wyckoff

<http://www.futurespartners.com/>

A good percentage of my readers are futures traders who consider themselves beginners and have traded for less than one year. Most of these readers are very hungry for information they can digest in order to move "up the ramp" to an experienced (and hopefully successful) futures trader.

Most of my readers have "day jobs" or other commitments that don't allow them to be full-time traders. Thus, the time they do spend studying futures markets and trading needs to be "quality time."

I have been fortunate in my career, because I get to spend all day long at work studying and being involved with markets and trading strategies. And I love it! I feel a responsibility to my valued readers is to help you focus on the "quality" information you need to study--because the vast majority of you do not have all day long to be involved with the markets.

(A quick anecdote: In the 1980s, I began my career in the futures industry by working on the floor of the Chicago Mercantile Exchange. Right away, I fell in love with the markets. After a few days on the job, I went home one night and told my wife: "I'm going to learn all I can about the markets, and then trade them--and we'll be rich!" Well, first of all I was pretty young at the time and was a bit optimistic (naïve??). Secondly, I soon found out that trying to become a successful futures trader is a lot like playing golf: When you first start out, you say, "Hey, this game is not so difficult, and I'm doing okay." But then after you have played the game for a while, you realize how challenging golf really is, and how "green" you really were when you started playing.)

So, what can beginning futures traders do to "ramp up" as quickly as possible, on the road to becoming a successful trader? Below are just a few "nuggets" that I believe will help the beginners get up to speed as soon as possible--and also may get some veteran traders who are struggling back on the right track.

- First of all, there is no substitute for real trading and market experience. You can paper trade for months, but when you've got real money on the line, it's different. Stuff just "sinks in" to your brain and is not forgotten when you're making or losing real money. But the good thing about experience is that it's something everyone can accrue. Just by reading this story, you are gaining some market-related experience, which is part of the experience you need to become a successful trader.
- Become familiar with the markets you plan to trade. Not only study the markets and their supply and demand fundamentals, but also study how the market is traded--on what exchange, the contract size, trading hours, expiration of the contract month, delivery notices, if applicable, etc. All of this information can be found free on the Internet. Just go to a bigger futures exchange website, like the CBT, CME or CEC, and there is all kinds of information on the markets that trade on that particular exchange. There is

also other valuable information on the markets at those sites. Again, it's all free.

- Read some good books by successful futures traders. Not only do you need to know the markets, you also need to know how the successful traders trade them. Much of a trader's success comes from his or her "trading psychology." The best place to learn about trading psychology is from books, such as Jack Schwager's "Market Wizard" books. The better books also discuss money management in futures trading, which is also very important.
- Study a variety of trading methods--not just one trading system. I get a lot of email from beginning traders asking about a certain trading system that costs X amount of dollars. My advice is to them is to take the money they would spend on a single trading system and go to a quality seminar and listen to several of the best traders in the world explain why they are successful.
- When studying, don't dive into just one subject or one market and focus solely on it. Spend your study time touching on several topics or markets. My experience is that I absorb more of the subject matter (and it's less boring) when I read some of it, and then come back to it later. Also, if you get into complicated subject matter, sometimes it's better absorbed when it's digested in smaller pieces.