

## How to Day Trade for a Living – A Systematic Approach

“Is it really possible to make a living as a day trader?”

This question is asked over and over and over again by normal, ordinary people. The answer is simple: “Yes, it is DEFINITELY possible! And, better yet, you yourself can do it!” Sometimes people don’t believe me when I say that they can become successful, full-time day traders, but it’s true. And I’m going to prove it to you right now.

Before we get started, I need you to ask yourself one very important question: “How much is ‘a living?’” Many people want to be ‘rich,’ but they fail to quantify what ‘rich’ means to them. Are you ‘rich’ if you have one million dollars? Maybe so, but if you told Donald Trump that he had one million dollars in his bank account, he’d wonder what had happened to the rest of it! One million dollars to Donald Trump equals broke!

### How to Make \$150,000 Per Year

Since I don’t want to get into a deep discussion about “how much money is a decent living for you,” let’s just assume that you would be pretty happy if you were making \$150,000 per year, and let’s say that you are making this money with your trading. Does that sound reasonable?

Let’s break it down: \$150,000 per year would be \$12,500 per month, or, if you prefer, \$3,000 per week. This is assuming that you are taking two weeks of vacation per year.

So, would you like me to tell you how you can make that imaginary figure of \$3,000 per week – that \$150,000 per year – into a reality? Because I can. All it takes is smarts and strategies.

### Start Small – Set a Weekly Goal for Only ONE Contract

When day trading futures, options, or forex, you can use leverage and trade multiple contracts on a rather small account. If you are thinking about trading the futures market, then you can easily find a broker who will enable you to trade one contract of almost any futures instrument that is out there – such as e-mini S&P, e-mini Russell, currency futures, interest rates, commodities, etc. – on a \$2,000 account.

I teach my students to set a weekly goal of \$300 per contract. So, if you want to make \$3,000 per week, then you need to trade ten contracts. It’s possible that your broker might agree to let you trade ten contracts with \$20,000 in your trading account, but if he won’t – or if you don’t have \$20,000 in your account at the moment – don’t worry. Just stick with me, and I’ll show you how to get there.

### How to Achieve Your Weekly Goal

The key element to trading success is having a sound trading strategy, and it must be one that works effectively in a variety of markets. You will dramatically increase your chances of success in trading if you’re able to trade in multiple markets. Now, understand that when I say “multiple markets,” I do NOT mean different types of currencies! This is a common misconception. What I’m talking about is TRUE diversification, which means watching the two U.S. Stock Index markets, one or two currency markets, commodities like the grains, interest rates, and/or a foreign index market, all at the same time. Here at Rockwell Trading Inc., we teach our students to watch six different markets every single day.

Another obvious key factor is profits; to achieve your weekly goal, you’ll ideally have a high average of wins per trade. It goes without saying that your average win should be at least 50% higher than your average loss, preferably even twice as high.

The strategies that I use and teach call for a profit target of \$300 per contract and a stop loss of \$200 per contract. You’ll notice that the profit target is greater than the stop loss. That’s the beauty of it: all you’ll need is one win, and you’ll have achieved your weekly goal of making \$300 per contract. ONE WIN!

Just as an FYI, this is why “scalping” is so much more difficult. Most scalpers try to make \$10 - \$20 per trade, so you would need 15 – 30 wins per week to achieve your weekly goal. Which do YOU think is easier? Making one profitable trade or trying to make 15-30 profitable trades?

“Sounds Good, But What About Losses?”

As everyone in trading knows, losses are a part of the business, and you can’t avoid them. If that’s something you have trouble accepting, then you’re in the wrong industry. However, there’s a huge difference between losing big on a regular basis and losing small in a controlled trading plan. Our [trading strategies](#) assume a certain amount of loss, and we prepare our students accordingly. You already know that you should keep your losses small; we simply teach you how to keep them smaller than your average wins.

Let's go back to the scenario I mentioned above: you have a trading strategy that produces \$300 in profits for every win and costs you \$200 for every loss. Now, if your weekly goal is \$300, and if your first trade was a loss of \$200, then you need to make two winning trades to achieve that weekly profit goal.

Let me take this a little farther and actually break it down for you: you've lost \$200 on your one losing trade, and then you make \$600 on your two winning trades (\$300 each). Your net profit = \$400. Goal achieved. It's as simple as that.

Of course, you're not always guaranteed a week with only one loss. Let's look at a week that started off with three losses. With three losses, you are now down \$600 (\$200 each). So, how many wins do you need to have before you achieve your weekly profit goal of \$300? Three wins. Just three wins will result in \$900 (\$300 each). Subtract the \$600 you lost on the losing trades from the \$900 you won on the winning trades, and your resulting net profit is \$300. Goal achieved. Again, simple as that.

"Wait A Minute – You're Saying That I Will Achieve My Goals  
With a Winning Percentage of Only 50%?"

YES! That's exactly what I'm saying! Read the example above again: you lost \$600 on three losing trades, made \$900 on three winning trades, and came out with a net profit of \$300. This means that you could pick a losing trade every other time and STILL achieve your weekly profit goals!

It gets even better: let's just assume for a minute that you do end up achieving an actual winning percentage of only 50%. Now, when you start [trading](#) again on Monday morning, what are your chances of having a winning trade? Since we've already established that you make \$300 per winning trade, and since \$300 is your weekly profit goal, your chance of achieving that goal after only the first trade on Monday is also an overwhelming 50%! You have a one in two chance of meeting your weekly profit goal in just one, single trade!

So if you DO achieve your weekly profit goal on the first trade Monday morning, what next? Stop trading for that week! Just enjoy life! It doesn't get better than that! Remember, you need to stick to your trading plan and your weekly goal. Do NOT enter into another trade once you've already achieved your weekly goal; the chance that your second trade may be a losing trade is too great, and you would be giving your money and profits back to the market. Overtrading and greediness are a trader's downfall, so resist them and stick to your strategies.

How to Increase Your Winning Percentage

I've just proven to you that you can achieve your weekly profit goal with a winning percentage of only 50%. But wouldn't it be wonderful if it was possible for you to boost your winning percentage to 60% instead, or even 65%?

Well, it IS possible, and here's how to do it:

Be picky. Seriously, when it comes to trading, being picky is actually a VERY good thing. Don't take the first trade you see just because it looks decent. Analyze your possible trade. Make sure that it fits ALL of your entry conditions and parameters.

As I said previously: you should be watching six different markets. Let's assume that you have a trading strategy which gives you one entry signal in the first two hours of trading. This would result in up to six entry signals per day, since you are watching six markets. Six entry signals per day add up to 30 entry signals per week.

Now, of course, there will be some days when you'll only have 1-2 entry signals in the six markets; however, the chances are high – especially if you're watching uncorrelated markets – that you'll get at least two entry signals per day, or ten entry signals per week.

Pay attention to your entry signals, and rely on them. You already know that you'll meet your weekly goal with just one winning trade, so be patient. If there are no good trades on Monday, then simply wait until Tuesday. The same goes for the whole week. Don't push it! Wait until the market is ready to be traded. It WILL happen.

Waiting for YOUR trades on YOUR terms WILL increase your winning percentage. By skipping the trades with "so-so" entry signals, by taking only the best that the market has to offer, you'll be on the right path to solid profits and success. That's how it works.

Full Circle – How to Make \$150,000 Per Year

A quick recap: the first step towards financial success is to define your weekly profit target. Next, you need to find a reliable, straightforward trading strategy that will help you achieve your profit goal. When you enter into a trade and your trade hits either your profit target OR your stop loss, exit that

trade immediately. Stick to your trading plans and strategies until you achieve your weekly profit goal, and then give yourself a rest until next week.

If you'll think back to the case I gave at the beginning, in order to make \$150,000 per year – assuming a 50-week year and two weeks of vacation – you'd need to make \$3,000 per week. At a \$300 profit per trade, this means that you would need to trade ten contracts. Of course, this illustration can be applied to various amounts. If you wanted to make \$225,000 per year with a weekly profit target of \$300 per contract, for example, then you would have to trade 15 contracts, and so on, and so on.

If you don't have a trading account that let's you trade the amount of contracts that I'm talking about yet, then now is the perfect time to start building it. Remember, be patient with your trading, be smart, slow, and steady. Trading success doesn't happen overnight, but with the right strategies and structure, you can achieve profitable results in a much shorter time period than you may have thought possible.

Plan your trades and trade your plan. THAT'S how successful traders make money.

I rest my case. ¶

### About the Author

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