

How to Become a Better and Successful Trader

From an outside perspective, forex trading appears to be a straightforward way of making huge loads of money. This may be true, at least on the part of making lots of money.

Forex is the largest financial market in the world, and there are virtually unlimited lucrative opportunities round the clock, Monday to Friday. But as many new and even experienced investors soon find out, it is a very daunting task to consistently be profitable in forex trading. Nonetheless, it is not impossible to carve out a successful trading career.

Here are some of the tips to help you become a successful trader in the long term:

Picture 1 of How to Become a Better and Successful Trader

Understand Market Mechanics

Market mechanics basically relate to the 'rules of the game.' If you intend to play the 'game' for the long term, you need to understand it well. This is about understanding how an asset's price behaves in different phases of its development as well as how you can use market orders to take advantage of opportunities in an effective manner.

There are three distinct types of market structures: bull trend, bear trend, and sideways trend. Prices behave and flow differently in these different conditions. For instance, in a bullish market structure, prices tend to advance from one swing high to another. Within a bullish structure, traders track trend continuation and watch out for potential price failure, which might be a signal that a consolidation period will follow or even a trend reversal. Traders can read market structure using tools such as trendlines, single and multiple candlestick patterns, support and resistance levels, as well as multiple timeframe chart analysis.

Order placement is an important part of market mechanics. It is important to understand the appropriate types of orders to use in the appropriate market conditions. The two parameters of a basic market order are direction (buy/sell) and size. There are, however, other types of orders that can help traders unlock other possibilities in the market. Conditional orders, such as stop losses and take profit, can help curb maximum losses and book guaranteed profits, respectively. There are also limit order types that can help traders set their own buy/sell entry prices before they are achieved in the market.

Never Lose that Demo Account

Many traders utilize a paper trading account only in their first few weeks/months of trading. But if you want to want to sustain a successful trading career, you should not lose that demo account. Successful traders know that trading is full-time practice and part-time trading. The demo account is your practice arena. You can use it to try

out different strategies, new asset types, new leverage settings, new charting tools, and even new position sizes. Trading in the real market only involves opening, managing, and closing trade positions. But you should spend time on a demo account to refine your skill and techniques to hone your trading skills.

Learn from a Mentor

Trading can be a lonesome adventure that requires constant learning to achieve long-term success. When starting out, most traders learn about strategies, money management, trading psychology, and all other trading-related content to build their knowledge and skills. There is plenty of educational resources all over the internet, and many traders take the fast lane in their learning curve. For the most part, this can land them in trouble.

This is why it is important to seek the services of a mentor. A mentor is not merely a trading educator or coach. A mentor is someone you look up to for guidance, direction, and inspiration. It is someone you can trust and he/she **MUST** practice the skills that you wish to learn. Preferably, a mentor should be an active trader that has found consistent success in the market for a long time.

Many new traders make a lot of mistakes when starting. This may include learning the wrong things, trading the wrong markets, or even using the wrong indicators or charts. A mentor has a good understanding of what it takes to become a successful trader, and he/she will be able to guide you along the right path to follow.

A mentor can also help you formulate a working trading plan and also guide you to discover new possibilities in the market. The goal is not to trade like your mentor, but to discover a trading style that suits your own personality. A good mentor understands this fact, and his/her guidance will help you shorten your learning curve as well as point you in the direction of sustainable success in the forex markets.

Final Words

The dream of becoming a successful trader can become a reality. But as they say, 'nothing worth having comes easy.' Successful trading can be extremely rewarding, but it requires objective commitment and dedication. The above tips can help guide any new or professional trader to the path of long-term success in the markets.

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