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# 10 Golden Rules for Stock Trading Success

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Once you have a reliable set of stock trading rules it is important to keep them in mind. Here is one discipline that can reap rewards.

stock market trading rules

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Once you have a reliable set of stock trading rules it is important to keep them in mind. Here is one discipline that can reap rewards. Read these rules before your day starts and also read the rules when your day ends.

Rule 1: I must follow my rules.

Naturally if you develop a set of rules they are to be followed. It is human nature to want to vary or break rules and it takes discipline to continue to act in accordance with the established rules.

Rule 2: I will never risk more than 3% of my total portfolio on any one stock trade.

There are many old traders. There are many bold traders. But there are never any old bold traders. Protecting your capital base is fundamental to successful stock market trading over time.

Rule 3: I will cut my losses at 5% to 15% when I am wrong without question.

Some traders have an even lower tolerance for loss. The key point here is to have set points (stop loss) within the limits of your tolerance for loss. Stay informed about the performance of you stock and stick to your stop loss point.

Rule 4: Never set price targets.

This is a style that will allow me to get the most out of rising stocks. Simply let the profits run. Realistically, I can never pick tops. Never feel a stock has risen too high too quickly. Be willing to give back a good percentage of profits in the hope of much bigger profits.

The big money is made from trading the really BIG moves that I can occasionally catch.

Rule 5: Master one style.

Keep learning and getting better at this one method of trading. Never jump from one trading style to another. Master one style rather than become average at implementing several styles.

Rule 6: Let price and volume be my guides.

Never listen to any opinion about the stock market or individual stocks you are considering trading or are already trading. Everything is reflected in the price and volume.

Rule 7: Take all valid signals that show up.

Don't make excuses. If an entry signal shows up you have no excuse not to take it.

Rule 8: Never trade from intra-day data. There is always stock price variation within the course of any trading day. Relying on this data for momentum trading can lead to some wrong decisions.

Rule 9: Take time out.

Successful stock trading isn't solely about trading. It's also about emotional strength and physical fitness. Reduce the stress every day by taking time off the computer and working on other areas. A stressful trader will not make it in the long term.

Rule 10: Be an above average trader.

In order to succeed in the stock market you don't need to do anything exceptional. You simply need to not do what the average trader does. The average trader is inconsistent and undisciplined. Ask yourself every day, "Did I follow my method today?" If your answer is no then you are in trouble and it's time to recommit yourself to your stock trading rules.

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