

Learning to Trade Stocks

Learning to trade stocks is no easy matter. But it's not impossible. You have to set yourself out to spend some time to do research and to monitor your positions every once in a while. I have been trading stocks for over 15 years. I can remember my early years of trading. I would get into a position and then when I saw that it was going against me, I would get out, often at the very wrong time. I say that because the next day or week the stock surpassed where I had bought it from.

Learning to trade stocks requires some skill but it also requires you to shed some of your ingrained, inbred emotions. It's these very emotions that caused me to sell stocks too early in my beginning days of trading. I have overcome these emotions now and I have a set of rules that I follow religiously. That doesn't mean that I can't change the rules of my system but I have to give myself a good reason to do so. If I don't change my system then I stick to them. That is how I keep emotions out of the equation.

The most important way to help yourself when learning to trade stocks is to come up with your own system and practice. But practicing with real money can be costly. Some people refer to this as your tuition but what if you could avoid putting real money on the line and still get the practice you need?

A way to do that is by a concept known as paper trading. Now, there are critics of paper trading that state that because you are not putting real money on the line you will not have the same kinds of emotions that you would have had you put your hard earned cash in. They also state that you will not get the same kind of fills that you would when you trade for real. There is some truth to these statements but it shouldn't stop you from pursuing paper trading because there are ways to reduce the aspects of paper trading that are criticized.

To counter the first item, paper trading is still experience. Yes, the emotions are not the same but what you are really doing is trying to get a feel for whether your system is working or going to work. The second item's counterpoint is if you take the midpoint of the bid and ask at any given time of the day or at the close, you would likely get filled at those levels had you traded real money. That's because it falls within the range of the bid/ask spread. I have used this technique when trading for real and with the exception of super fast moving stocks, I almost always got filled.

I think if you want to go about learning to trade stocks you need a system and you need to be able to practice trading. You want to be able to do both of these without putting up a whole lot of capital (none if you can get away with it). One system that I have found that is indispensable and reliable is the CANSLIM method. This method has been helping people learning how to trade stocks to profit.

About the Author

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