



Brainy's Articles on Share Trading Trading Strategies (and Template)

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is NOT free*

Introduction

It is very important to prepare a *trading strategy* before moving on to place a real trade. This article in Brainy's series on Share Trading (number ST-2430) provides some details about share trading strategies, and includes a *trading strategy template*. You can print out the trading strategy template page overleaf, and tick the boxes and fill in the blanks to produce your own trading strategy.

A lot of information is written about *trading strategies* and *trading plans*, and much of the material is a little convoluted and difficult for the new trader to follow. To help simplify things, the information in Brainy's articles on Share Trading is split into a number of chunks so that it is easier to follow — the *trading plan* that describes the “what”, and the *trading strategy* that describes the “how”.

And it is important to understand that you might have **one or more** *trading strategies*. Remember that the *strategy* describes **how** to implement your *trading plan*. You might have one strategy that describes how you will buy and sell company shares, and one for the trading of CFDs. You might have one strategy that looks at a share price break-out after consolidation (like towards the end of a bear market), and another strategy looking for higher volume (as with pending news announcements).

It is important to understand that preparing the *trading plan*, and one or more *trading strategies*, is just a small part of the total process of preparation before actually placing your trade. To help make sure that you are properly *share market ready*, you need to work through the total preparation process — no shortcuts!

Without proper planning and preparation, the new trader will be headed for a very rocky road along the long trading journey. To help make the journey easier, and less painful, sound preparation is essential.

Your trading style

The first step in consideration of a *trading plan* and one or more *trading strategies*, is to consider your own *trading style*. For a good introduction to trading styles, plans and strategies, refer to Brainy's article ST-2400, “*Trading Styles, Plans and Strategies*”. Also take a look at Brainy's article ST-2410, “*Trading Styles and Brainy's Trading Styles Worksheet*”, for even more details on this aspect.

Your trading plan

When trading, it is very important to start out with a *trading plan* that is written down. See Brainy's article ST-2420, “*Trading Plans and Plan Template*”, for more details on trading plans, and a 2-page trading plan template to help you pull your plan together.

Remember the *trading plan* describes “what” you want to do and achieve at a high level. The *trading strategy* is more of the “how” you will go about it.

Trading strategy template

On the following pages is Brainy's *Trading Strategy Template*. You can print it out, and tick the boxes and make notes on it, to help you record and develop your own *trading strategy*.

Each of the headings in the template is described in some detail on the following pages. These headings include:

- Which market?
- Which instrument?
- Amount of risk per trade?
- Target reward/risk ratio?
- Entry criteria
- Exit criteria
- Price target
- Initial stop criteria
- Revised stop criteria

Brainy's *Trading Strategy Template* is on the next page:.../