



Have You Checked Your Trading Blind Spot?

Just like music and books which have their different genres, trading has its distinctive flavours too. Day trading, swing trading and position trading are the three flavours that characterize the commonly used trading styles. Each trading style has its loyal following, but for the new trader who is just starting out, this article would highlight the blind spot of approaching trading by swearing your allegiance to just one particular style.

Day, Swing And Position Trading Decoded

For the new trader, let's get the basics right. The Day Trader is one that is on the constant lookout for trade opportunities in every trading day. He opens and closes his trade positions on the same trading day, with the sole objective to profit from the day's move.

The Swing Trader on the other hand, is one that scans for trade opportunities for the trading week. He opens and holds his trade position over a few days before closing it (hopefully, profitable!).

Lastly, the Position Trader is one that would like to profit from the financial markets in a relatively hassle free manner.

He recognizes that the price action in every trading day culminates in an underlying trend and thus, positions his trade entries to take advantage of this bigger picture objective. Positions opened can last for a few weeks to months.

Of Timeframes And The Blind Spot

A central distinguishing feature – namely timeframes used under each trading style is the foundation upon which the blind spot is created. The Day Trader uses timeframes that range from 5-minute charts to 3-hour charts. The Swing Trader uses timeframes ranging from 30 minutes to daily charts whereas the Position Trader uses timeframes ranging from daily to weekly charts.

The shorter timeframes have a higher volatility in price action. Yet, at the end of the day, the price action pays its respect to the underlying trend that is largely dependent upon the fundamentals of the company, economy or commodity (depending on asset class traded). Failure to understand this fact results in the blind spot in formulating trading decisions. Thus, technical patterns and their trade signals usually work better on larger timeframes than

short ones. It is also precisely because technical traders overlook this fact and hence, are constantly on a search for a holy grail of indicators and strategies.

Misinformation Compounds The Blind Spot

A quick google search on day, swing and position trading would yield a series of results and explanation on the advantages and disadvantages of the various trading styles. One of the most commonly put forth advantage of day and swing trading is that by holding on to one's trade positions for a shorter time frame, the risk involved would be lower. This is a seriously flawed piece of information as one that is incompetent in discerning the price action of the market coupled with lack of proper risk management strategy will always emerge on the losing end of the trade.

In addition, more trades do not necessarily equal to more profits, as trades that are not aligned with the market flow would often hurt your trading capital! Join us at our preview sessions if you would like to obtain a headstart to your trading journey with a proper foundation in trading education! [E!](#)

