

Discover The Hidden Online Trading Costs That No One Tells You About

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Content:

One of the most commonly asked questions that I receive is this, How much do I need to actually start my online trading business and make a full-time income from it?

This is a good question, but there are more costs to starting trading than simply setting your online trading float. (By an online trading float, I mean the amount of capital that

you have to trade with.) When you first begin your online trading business, you're going to have to pay a sort of tuition.

You'll encounter a learning curve when you start your new online trading career. Don't try and skip this, just make sure you prepare for it in advance. The best way to do this is to treat your online trading as if you would any other business. Any business, including online trading, requires start-up capital.

First, look carefully at where you're getting your money from. Maybe you've been considering online trading for a while and built up some savings. That's good planning. Maybe you're considering borrowing money. This is generally a bad idea. Maxing out your credit cards is a quick and easy way to get cash, but the effects can be devastating. It's hard enough to worry about making online trading profits without worrying about the debt servicing on your credit cards as well. You will be too concerned with making payments to be concerned about good trading.

Don Miller talks about this in Trading Markets World Meet the Traders, when he tells new traders to worry about making money in your new online trading business. One of the best ways to learn about online trading is to begin on a part-time basis. This allows you to hone your skills while you still have an income stream.

Unless you're doing your online trading from an office, computers, data-feeds and software are all a part of start-up costs. Of course, the costs for a trader don't end there. You also have drawdowns, which are a part of your new online trading business. There are going to be times when you lose money for long periods, count on it and make sure you plan for it.

In terms of growth, would you expect to purchase a business for five thousand dollars, and see it turn over one million dollars in the next financial year? Yes, this is achievable. But, it's not very likely. The same can be said with online trading, particularly when you are starting out. Don't come to the online trading market with five thousand dollars and expect to turn it over to one million dollars by the end of the year. Don't base your financial decisions on this idea.

However, the return you achieve does depend on what products you decide to trade. If you are trading leverage products, you'll have a greater chance for reward, but there is more risk involved with trading these types of instruments. Though there is no perfect amount of capital to start trading with, generally the bigger the online trading float you begin with, the easier it is to trade.

The key here is to simply define how much online trading capital you're going to trade with and have it set up as a separate business. That way you're not drawing on the profits all the time and losing your focus. Remember, your online trading is a business now. With your online trading float defined, and your online trading system and money management rules in place, you will be able to run a profitable online trading business.

David Jenyns is recognized as the leading expert when it comes to designing profitable [stock trading systems](#).

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