

The Definition of a Successful Day Trader



Bugatti

What a loaded question? Many traders just close their eyes and begin imagining all of the fancy Bugattis they will be buying with all their new found wealth, kudos to you for at least taking the time to perform a search on the web for some answers.

Before we go too far in the weeds, I would be remiss if I didn't mention the one case study of day trading results readily available on the internet. Not that there aren't others, but this is the only study I can find which has more than a few hundred traders in the study.

This of course is the Taiwanese stock market case study, which tracked the performance of day traders from 1995 through 1999.

A review of the study by Berkeley can be found using the

following [link](#); will show you that day trading is no game for the faint of heart.

To quickly summarize the study, only 20% of the traders made money and the median profit over any 6-month period was under \$5,000 dollars.

What does this say to you? What is your reaction when you hear those statistics?

Do you think the data is stale because it was before the high-powered retail platforms of the 2000s? Do you think that your performance in your home country will be different and the results were only relevant to Taiwan?

Think again my friend. The market is about human [psychology](#), which transcends all cultural, religious and gender boundaries. Trading boils down to human nature, which is the same in 1900 as it is in the present day.

In this article, we will detail what makes a successful day trader. You will be surprised with how we define success here at [Tradingsim](#).

If you are able to achieve **any** of the items listed below, you are a successful trader.

#1 – You are able to pay for One Expense in Your Life



Mortgage Payment

The biggest mistake you can make is trying to grow your account to some absurd number. There are no limits on the amount of money you can make, so good luck chasing that fool's gold.

To me, you are a successful trader, once you are able to pay for a sizable bill. To make this tangible, imagine being able to pay any of the following on a consistent basis:

- Mortgage
- Car Note
- Cable
- Cell Phone
- Family Vacations
- Monthly Entertainment

You obviously would need a day job in order to still survive, but isn't the mark of success your ability to lighten the burden on your family? Imagine the excitement from your spouse, when you are able to deliver on that family vacation or pay your mortgage down faster.

There was a [study](#) released in 2012, which showed for the poorest Americans, after all essential expenses are paid (housing, utilities, transportation, food, and clothing), low

income Americans only have \$367 dollars left over.

Think about how blessed you are that you can literally make that amount of money on one trade.

If you read this section of the article and feel these items are lame, you still have some work to do with how you value money. Remember, keeping your account in paper form is nothing more than a glorified trophy that you covet in secrecy.

#2 – You are able to Follow Your Trading Plan

If you are able to follow your [trading plan](#), you are a successful trader, period, end of story. You may say, what about the money? Well, great point; however, if you consistently follow your rules, the money will flow.

One of the hardest things to do when it comes to day trading is consistently following your rules day in and day out.

You have to constantly fight the need to make quick money, or to slightly bend your rules because you think the stock in front of you is a great setup.

Day trading is about having discipline. If you are able to consistently demonstrate self-restraint, it's only a matter of time before the virtual ATM machine opens up.

#3 – You are in the Black on a Monthly Basis

Turning a profit is literally the mark of a successful trader, because day trading is just that challenging. If you don't believe me, check out this [article](#) that covers the activities of a few retail traders.

You will have up days and you will have down days, but at the end of the month, do you finish in the black? Not how much you are in the black, but are you up?

Call it greed or unrealistic expectations, but we as human beings have a tough time finding joy or a feeling of accomplishment in achievable goals.

If you can trick your brain into feeling thrilled about turning a profit of a few thousand dollars a month, you are on the right track. If you keep that pace up, in 5 or 10 years, the numbers can and will be staggering.

Again, you have to start somewhere and that my friend is by showing a positive gain each and every month.

#4 – The Money is Secondary



Don't Sweat the Money

Let me clarify this point, before I get emails asking me how is it not about the money. We of course are in this profession to turn a profit. We are all adults and are not looking for an expensive hobby.

However, if you obsess the money, it will leave you. Call it the secret or the universe or whatever, but once you become obsessed with hoarding or growing your account constantly, you will lose the funds.

Your measures of success are whether you followed your trading plan and you were able to limit your losses. If you get these

things right, the money will flow.

#5 – You are able to Last More than 3 Years Trading



NFL

87% of all retail day traders will not make it pass year 3 of their day trading career according to the Berkeley study cited earlier in this article.

To put that in perspective, NFL players have a longer tenure than day traders, coming in at 3.3 years.

To qualify this point, it doesn't mean you are taking out credit cards, second mortgages and borrowing money to stay in the game. I am stating that you are using the same money you started with and have been able to grow the account, take out cash on a regular basis and pay your taxes.

#6 – You no Longer Crave the Thrill



Roller Coaster Ride

When you first start out day trading, you will likely experience the rush that comes from a winning trade. To be honest with you, there are few things, which can compare in this life to a home run trade.

Well, as you gain experience, you will quickly realize that not having control of your emotions can lead to financial ruin.

The ability to stay completely flat and allow yourself to execute your trading plan with no emotion, will allow you to always think clearly and objectively.

Once you no longer associate the adrenaline rush with trading, you have just crossed over from the [gambling](#) territory into the business realm.

Please don't take this to mean you can't be excited about trading and achieving your life dream. You just can't be excited about making quick money, as it doesn't exist over the long haul.

In Summary

Who defines success at the end of the day? You can show me one person you consider to be the most successful day trader and I can come up with 5 other names.

It's almost like debating the best quarterback of all-time or the most successful of anything.

At the end of the day, you determine what it means to be a successful day trader, no one else. The minute you realize that is the answer, the expectations you set for yourself when trading will become more relaxed as these are tailored to you and your trading style.

Much Success,

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