

Brainy's Articles on Share Trading**

Trade Planning

Article No: ST-5110 page 1 of 5 June 2012

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Introduction

When about to enter a share market position by buying shares, or a Contract For Difference (CFD), or other financial instrument, it is important to be very mindful of how much of your investment capital you are about to commit to the position, and how much of the capital is considered "at risk". This will factor in the key elements from your trading plan, and strategy, and your risk / money management strategy. A number of these items are explained in other eBook (PDF) Articles in this series on share trading/investing.

This article in Brainy's series, Article number ST-5110, "Trade Planning", explains the nuts and bolts of planning the trade, determining the position size, and in fact whether to place the intended position or not. It makes reference to a sample *Trading Work Sheet* (available from the Share Market Toolbox).

Trading Work Sheet

As mentioned above, this Article refers to a sample *Trading Work Sheet* that can be used to assist with planning an intended trade. The current version is indicated in Figure 1 at right, and is available to download from the "Tools" section of the *Share Market Toolbox*.

The boxed sections of the Work Sheet are described below, and make reference to the sample price chart shown in the bottom left corner of the Work Sheet (and reproduced on the next page).

It will be useful to note that some of the terminology used in this Article may not be universally accepted, and that in some cases there are alternate names for some entities.

For instance, the term "Preferred Entry Price" may be referred to with different words by some people.

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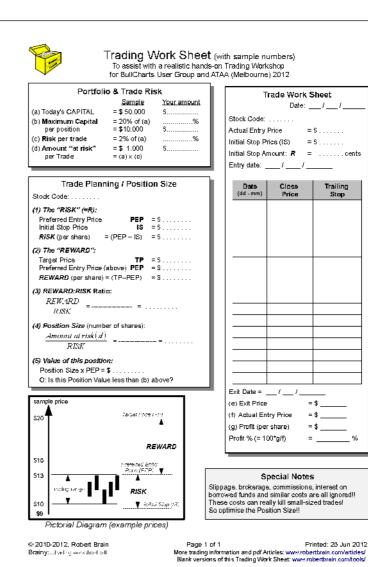


Figure 1: The Trading Work Sheet referred to in this Article (download from the Toolbox).

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^{** -} The two words *trading* and *investing* are often used somewhat interchangeably. File Name: st-5110_trade-planning.odt



Brainy's eBook (PDF) Articles

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