

An Insight Into Intraday Trading

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If you are one of the many people that are thinking of trading for a living you must learn that it does not pay to aim to make major gains and instead it will be better to remain focused on making small but consistent gains that will all add up to become a considerable sum of money over a period of time.

Today, there are millions of people that are becoming traders and who are trading in stocks that are worth many millions of Rs. However, at the same time it has to be said that judging how the market is going to move in a few hours will prove to be a particularly difficult task.

It is also not possible to make accurate and consistent predictions about what these large numbers of traders will do at any time and so trading to earn a living is not the best course of action. In fact, volatility in the short term is also quite random and the prices too will be fluctuating up and down in short periods of time which means that it is meaningless to think in terms of following support levels. This actually means that when trading in stocks you are going to be pitted against the odds and so will probably end up losing money more often than you make money.

This is why if you come across an advertisement claiming to help people make money from trading in stocks you should fight shy of these ads. These people don't actually trade for themselves because they know the odds are against them and so will recommend that others do the trading and this is why they will willingly offer to teach them how to make trades. The simple truth is that only a few handful and expert people can succeed in making money out of trading in the stock market; most others will fail.

This is because trading is an activity that is contrary to our nature and in addition you will fail also because trading seems to be a means to achieve quick and easy success but in reality it is neither easy nor the best way to make a living. What's more, there are many reasons why people wish to trade for a living including because they get to be their own bosses, and they can trade from home and also from anywhere in the whole wide world. In addition, to trade in stock also does not require that the trader has to employ anyone and it also does not mean needing to make anything.

You also do not need to sell products and services and nor is there any need to look for customers and best of all you don't need to pay for any significant overheads other than cost

of running your PC, paying the Internet subscription and buying useful software.

Trading for a living also means enjoying flexible hours and you can in fact trade whenever you want to and you can also always take a day or two whenever you want to. This means that you will always have plenty of time and you can also earn as much as you want to make. There are in fact no limits to how much money a person can make in this manner.

But, it also means being astute and extremely knowledgeable about various stocks and you need to also have a plan of action that you can use to help you make a serious living. If you set aside your emotions and use your brains chances of making money out of trading on the stock market will definitely increase.

Now in order to make money from intraday trading, the traders should be aware of the Efficient Market Hypothesis (EMH). Under this we have The Weak Market Efficiency, The Semi-strong Market Efficiency and The Strong Market Efficiency. The Weak Market Efficiency says that past returns on stocks are uncorrelated; meaning traders by doing technical analysis won't be able to outperform the market. The Semi-strong Market Efficiency states that traders won't be able to make abnormal returns depending on publicly available information as these informations are quickly reflected in the share prices. Then at the last comes the Strong Market Efficiency which states that any public information as well as private information is quickly reflected in the share prices, so no trader having access to these informations won't be able to make superior returns. But 1 thing I myself have noticed nearly every day that I trade on the NSE that the Weak Market Efficiency fails 95% of the time in intraday trading; meaning, by looking at recent stock price movements a trader can make profit with approx 95% success rate, but that also depends on the individual skill of the trader in inferring what the future price can be from recent past price movements.

To conclude I would like to say, trading for loving is not the right motto for a person, trading is a means of investment in the capital markets and the returns you generate is an extra income of yours, but if you only rely on these returns for your living then you should be ready for huge losses from time to time, as the correct saying goes **One Wins From Another's Loss And One Looses Due To Another's Win.**

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