

BEGINNERS GUIDE

Swing & Day Trading

A beginners introduction to
Swing Trading & Day Trading



TRADER  ON THE STREET

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What is Day Trading?

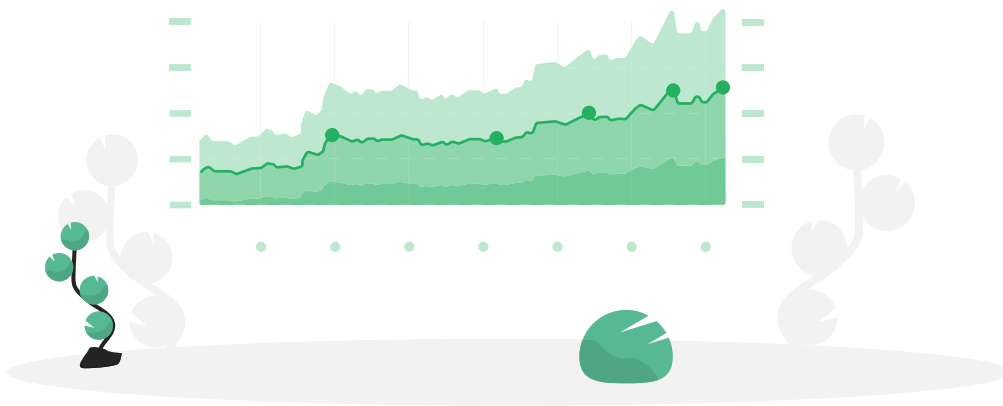
Day trading is a trading approach in which multiple trades are made on a single day. Day traders trade the stock market using charting methods and technical analysis. The primary objective of a day trader is to make a living by trading small profits in currencies, stocks, and other financial assets. Most day traders do not hold stock or position for more than a day.

Benefits

- **No Overnight Risk**
Yes, Day traders sell everything at the end of the trading day.
- **Less Capital Required**
Compared to swing trading, it requires less capital.
- **Earnings Compounded Fast**
The trader's previous day's earnings can be used to trade more the next day.

Drawbacks

- **Extra Time**
This requires a trader to spend more time in front of the computer.
- **Trading Strategy**
Day traders are more prone to trade based on their own feelings or the opinions of other people. The pressure to make accurate transactions can affect decision-making.
- **Higher Commissions**
Because they trade more frequently, they will have to pay higher brokerage fees, which can reduce overall profits.



What is Swing Trading?

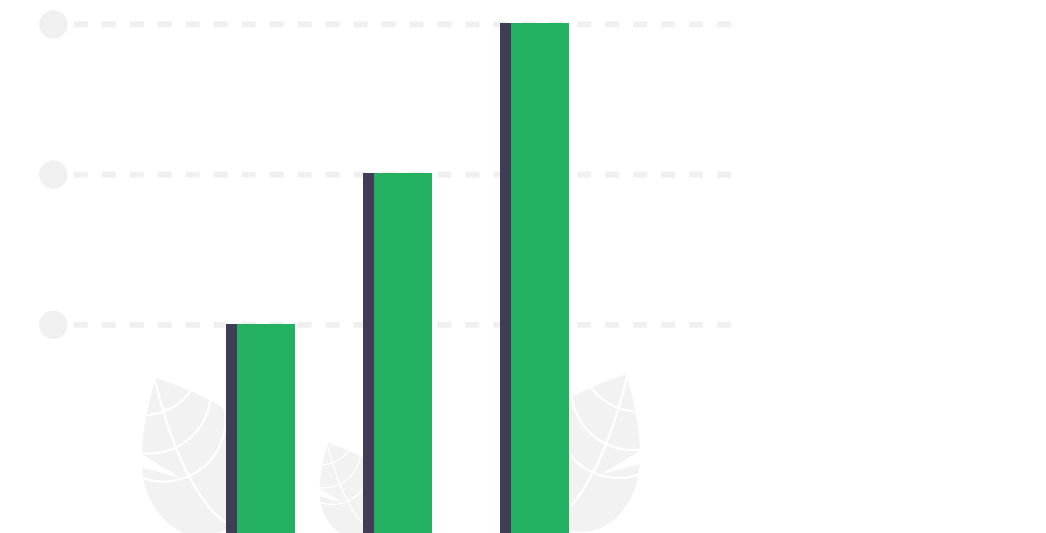
Swing trading is a trading method based on the identification of multi-day swings in commodities, equities, and other financial instruments. Because most swing days take several days or even weeks to complete, unlike day trading, many swing traders do not engage in this type of trading full-time.

Benefits

- **Larger Target**
The goal of swing traders is not to make a few small profits; Instead, they want to make a good trade.
- **Time**
Swing trading typically takes two to three hours per day to complete. The rest of the day is yours to do as you wish.
- **Frequent Market Watch**
Traders can monitor the market several times per day, or even several times per week.

Drawbacks

- **Overnight Risk**
There's a risk of being in an open position overnight.
- **Patience**
Swing trading can take weeks if not months to achieve a trader's goal and close their position. Of course, it will be difficult for impatient traders.
- **Swap Fees** Broker Fees
Fees may be charged by the broker.



What is the Difference?

Swing trading and day trading are both types of active investing. On the other hand, day trading is more involved than swing trading. In a single day, day traders make a large number of quick trades. They often acquire and sell the same stock within seconds or minutes. Swing traders are not moving as fast. They are looking for fluctuations in prices in a stock that will allow them to profit by buying cheap and selling high.

Swing traders usually last about a week, but if the situation justifies it, a trader can hold a position for a longer period of time. Any technology has the potential to be beneficial, but it also has the potential to be dangerous. The most difficult aspect of these active trading strategies is to consistently outperform the market.

Is Swing or Day Trading More Profitable?

Neither. Both of these trading styles can help you make the most of your trading days. However, each method is determined by how long you want to trade. Of course, day traders have more opportunities to profit, but they also have more opportunities to lose money.

On the other hand, Swing traders have fewer options in both profit and loss positions, but a greater likelihood of trading in their favor (due to the use of more data and higher time frames, avoiding knee-jerk decisions).



When is Day Trading Right for You?

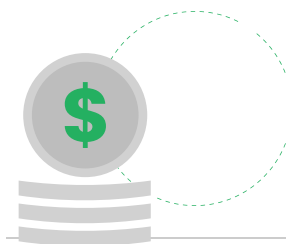
Take a look at these key points to see if being a day trader is right for you:

- You are conscientious, disciplined, and confident.
- You never have a dull moment, and you crave that adrenaline all the time.
- If and when the FINRA Pattern Day Trader Rules and SEC Rules apply to your position, you meet capital requirements.
- You are prepared to research current events and act quickly if necessary.
- You are willing to make little profits with small trades on a daily basis.
- You are well aware of the risk of losing money and going into debt, especially if you are trading on margin.
- You do not get stressed easily and more importantly, you can manage stress properly.
- You have the necessary knowledge and experience to make the kind of big profits that traders are known for.

When is Swing Trading Right for You?

If the following details ring a few more bells for you, swing trading techniques may be a better fit.

- You don't have a huge amount to invest.
- When studying market movements, you are prepared to wait anywhere from a few weeks to months.
- You already work full-time and don't have much free time to dedicate to your business.
- Continuous surveillance isn't your cup of tea. You don't want to keep an eye on the babysitting market at all times.
- You don't want to make a complete living from stock trading.
- Compared to day trading, you want a less stressful existence with lower risk levels.
- You do not yet have advanced technical trading skills.



Conclusion

When deciding between Day and Swing trading, the first thing you need to do is choose the type of trader you want to be. You are the only one who can make this decision. You can be a day trader if you are willing to “drop everything” and focus solely on the markets; If you don’t view trading as a full-time job, consider swing trading and learn how to protect yourself during those brief periods when your attention is diverted elsewhere.

Day trading and Swing trading both require constant vigilance, but day traders have a fairly short time frame to react and respond appropriately. The experience can quickly tire you out, and you’ll need a lot of knowledge and experience to get things up and running.

On the other hand, Swing trading is a part-time activity that is easily handled. You do not need to practice it full time, however, it is possible if you are serious about learning about the ups and downs of the market.

Whichever path you choose, we recommend that you use online technical analysis resources to help you learn some of the tools available for the job.

“Remember that whether you are a day trader or a swing trader depends entirely on your particular preferences and lifestyle. It also depends on your level of experience and the skills you have.”

