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### Why Day Trade the Futures Market?

Which would you rather have, a strategy that is right 70% of the time and has an average profit of £110, or a strategy that is right 45% of the time and has an average profit of £26...?

...Of course there is one vital bit of information missing...the frequency of trading.  
If the first system (A) only trades once a day and the second system (B) trades 10 times a day, there is going to be a big difference in the level of profitability.

	System A	System B
% Profitable	70%	45%
Av Gain	200	150
Av Loss	-100	-75
Average Trade	110	26.25
Trades/Month	20	200
Av Monthly Gain	<b>£2,200</b>	<b>£5,250</b>

Is it going to be easier to develop System A or System B? When I explore trading ideas it is ideas that have the profile of system B that I am looking for. It is frequency of trading that is one of the most important criteria to me. To appreciate frequency, consider a casino.

The odds of the casino showing a profit on the spin of the roulette wheel are 51.35% (19/36). Now if the casino could only spin the wheel once a day, it wouldn't be a great business, they would show a loss on nearly every other day and would make a very modest profit. On the other hand, if they can (as they do) spin the wheel once a minute, 10 hours a day, the casino will make a fortune and the odds of a losing day are negligible.

Roulette

% Profitable	51.35%	51.35%
Av Gain	100	100
Av Loss	-100	-100
Average Trade	2.70	2.70
Trades/Month	30	18000
Av Monthly Gain	<b>£81</b>	<b>£48,649</b>

I think that we need to bring a similar mentality to trading. We do not need a system that has big average gains, we do not need a system that has a high percentage of profitable trades, we need a system that trades frequently and has an edge. Of course to implement such a strategy we need to be available to day trade and we need a market with very low costs.

Malcolm Robinson

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Learn How To Trade The Futures Markets  
The Online Course Is Now Available!  
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