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What the Job Actually Is

Trading Basics

Trading Papers

What the Job Actually Is

Trading described plainly, before the charts arrive

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Contents

The first paper in The Right Way to Trade. It contains no method and no setups; it describes the job the later papers assume you have decided to do.

01

The job description nobody writes

Almost everything written for new traders is about method. Which chart, which level, which indicator, which entry. Very little of it describes the work itself — what the hours consist of, what the money is paid for, how much capital the arithmetic needs before it can pay anyone. That description is what a person needs to decide whether to start, and its absence is why so many people begin without a decision, only an intention.

	What it looks like	What it is
The work	Reading charts and predicting what happens next.	Waiting, mostly, and acting on a small number of prepared cases.
The skill	Being right about direction more often than other people.	Losing small when wrong often enough that being right pays for it.

The job as it is pictured before starting, against the job as it is done. The left column is not a lie told by anyone in particular — it is what the activity looks like from outside, and it is why the first month is such a surprise.

The distinction in that figure is the first thing to absorb. From outside, the job looks like reading charts and predicting what happens next; from inside, it is mostly waiting, and then acting on a small number of situations you decided about in advance. The skill is not being right more often than other people. It is losing small when wrong, often enough that the times you are right pay for all of it.

> This paper contains no setups, no indicators and no market claims, and the rest of this series does not begin until the next one. It is the description the decision needs, and it is deliberately unexciting.

02

What you are actually paid for

It is worth being precise about where the money comes from, because the common answer — prediction — is wrong in a way that misdirects years of effort.

not paid	Predicting the future accurately.
paid a little	Finding situations where the odds are not even.
paid well	Sizing so that being wrong is survivable and being right matters.
paid most	Doing the same thing on the two hundredth day as on the second.

What the money is actually paid for, in descending order of how much of the result it explains. Nobody is paid for the first rung, which is where almost all of the effort goes.

Nobody is paid for accurate forecasts. A forecast that is right seventy per cent of the time and sized carelessly loses money; a method that is right thirty per cent of the time and sized properly makes it. The market does not reward being right; it rewards a favourable relationship between how much you win when right and how much you lose when wrong, applied consistently enough to be measured.

The bottom rung is the one people find hardest to believe and the one that separates careers. Doing the same thing on the two hundredth day as on the second is not a personality trait — it is the mechanism by which an edge, if there is one, gets a chance to show up in a record. A method changed every fortnight cannot be measured, and something that cannot be measured cannot be improved.

03

What the day is made of

The hours are distributed in a way that almost nobody expects, and the distribution matters more than the method for deciding whether this suits you.

Activity	Share of the day	What it feels like
Waiting for a defined setup	60–80%	boredom, then doubt about the rules
Preparing and checking levels	10–20%	the part most like ordinary work
Actually in a position	5–15%	the part everyone pictures
Recording and reviewing	5–10%	the part almost nobody does

Where the hours go on an ordinary day of an ordinary method. The proportions surprise people, and they are the reason the job suits some temperaments and quietly destroys others.

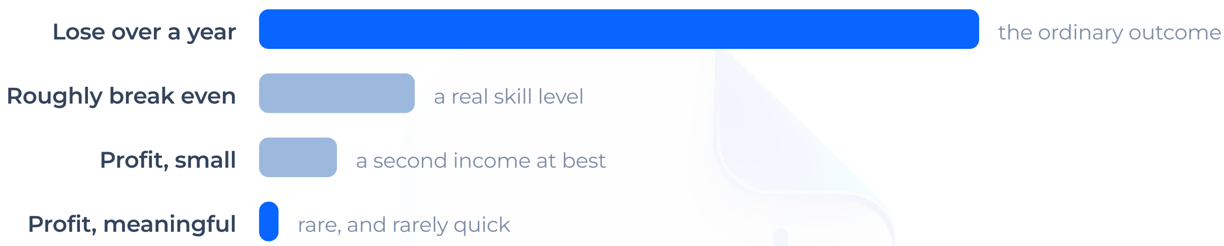
Most of the day is spent not trading. That is not a failure of opportunity; it is the definition working. A rule strict enough to exclude the ordinary is a rule that is silent most of the time, and the silence is what people find intolerable — the position is where the interest is, and the position is a tenth of the day.

The last row is the one that gets dropped first and matters most. Recording is dull, it happens after the interesting part is over, and it is the only mechanism by which this month teaches you something about next month. A trader who trades for a year without a record has one day of experience repeated two hundred times.

04

Why most accounts end the year smaller

Every regulated broker publishes the share of retail accounts that lose money, and the number is consistently large. It is worth understanding rather than either dismissing or being frightened by, because the reasons are specific and mostly arithmetic.



Schematic, and the shape every honest disclosure points at: most retail accounts lose over a year. The bars are not a warning about danger — they are a statement about how thin the average edge is and how large the average cost is.

Cause	What it looks like	What it really is
Size	one bad day undoes a good month	risk per trade set by hope
Costs	a method that works on paper and not live	spread and commission unmeasured
Frequency	trading every day because the screen is open	a rule too loose to exclude anything
Edge	everything is done right and it still bleeds	the method itself, which is the last thing to suspect

The four reasons an account ends a year smaller, in the order they actually bite. Only the last is about the market; the first three are about the arithmetic and the person, and all three are fixable without learning anything new about charts.

Read the causes in order, because that is the order in which they bite. Size kills accounts fastest: one position sized by conviction rather than by distance can undo a month, and no method survives that. Costs come second and are invisible until measured — a method that clears on a chart and fails live has usually met nothing more exotic than the spread.

Frequency is third, and it is the one that feels like effort. Trading every day because the screen is open is not diligence; it is a definition too loose to exclude anything, and it converts a method with an edge into a method paying the toll several times a day for a coin flip.

The edge itself is last, and last is where it belongs. It is the most expensive thing to change and the most commonly blamed. Most traders who conclude their method is broken have not yet fixed size, costs or frequency — and each of those can be fixed this week, without learning anything new about markets.

05

The arithmetic that decides everything

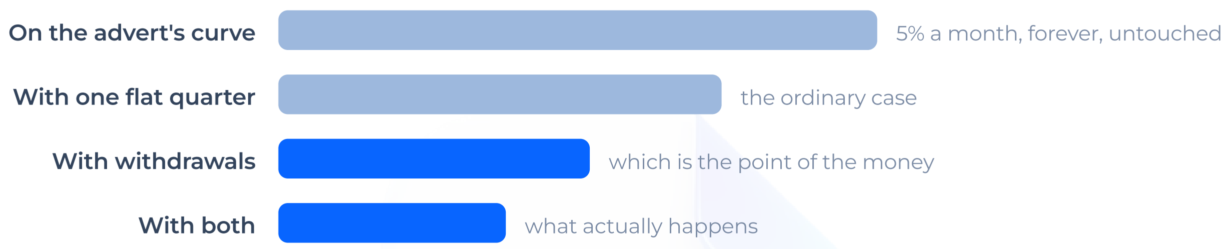
Here is the calculation that should be done before choosing an instrument, a platform or a teacher, and that is almost always done afterwards or not at all.

Account	At 2% a month	At 5% a month	What that is
$1,000	$20	$50	a hobby with tuition attached
$10,000	$200	$500	a supplement, in a good year
$50,000	$1,000	$2,500	a modest second income
$250,000	$5,000	$12,500	a living, with the risk of one

What an account can pay, at a return most professionals would be pleased with. This is the arithmetic that decides whether trading is a job or a skill you are building for later, and it is decided before any method is chosen.

Returns are a percentage of something. Two per cent a month is a good month for most professionals; five per cent a month sustained is exceptional. Applied to a thousand-pound account, exceptional performance produces fifty pounds — which is a real achievement and not an income. The number in the account decides what the job can be long before the method does.

That has one honest consequence, and it is not the one usually drawn. It does not mean small accounts should not trade; it means a small account is a place to build a record rather than a wage. Treating a thousand-pound account as an income source produces the size that empties it, which is the first row of the previous section arriving on schedule.



Why the compounding table in every advertisement is not a plan. The same 5% a month applied to a real account meets withdrawals, a losing quarter and a life; the smooth line exists only where none of those are allowed to happen.

The compounding curve deserves its own warning. It is arithmetically true and practically false: it assumes no withdrawals, no flat quarter, and no month where you stop trading because something happened in your life. Remove those assumptions — all three of which are certainties over a few years — and the curve flattens into something that still might be worth having, but is not the picture that was sold.

06

How long before you know anything

Trading is unusual among skills in that feedback arrives immediately and means almost nothing for a long time. Both halves of that sentence cause damage: the immediacy invites conclusions, and the meaninglessness makes them wrong.

1. 10 trades: you have learned whether you can follow a rule
2. 50 trades: you can see your costs, and not much else
3. 150 trades: the hit rate starts to mean something
4. 400 trades: the expectancy is worth arguing about
5. A year: you have met more than one kind of market

How long it takes before a record says anything at all. Each step is a threshold, not a milestone: nothing before the third one distinguishes a method from a run of luck in either direction.

Ten trades tell you whether you can follow a rule you wrote, which is genuinely worth knowing and is the only thing they tell you. Fifty tell you what you are paying in costs. A hundred and fifty begin to say something about hit rate, and several hundred are needed before an expectancy is worth defending — and even then only if the rules did not change on the way.

The practical consequence is a timescale, and it is longer than most people are told. A trader taking three or four defined setups a week reaches a few hundred trades in a year or two, not a quarter. Any promise attached to a shorter timescale is a promise about luck, whether or not the person making it knows that.

> This is also why a good first month proves nothing and a bad one condemns nothing. Both are inside the noise of any distribution a real method produces, and reacting to either is how a method gets abandoned before it has been tested once.

07

The costs nobody counts

A results screenshot shows the account curve. It does not show what the curve cost to produce, and several of those costs never appear on a statement at all.

Cost	Paid in	Usually counted?
Spread and commission	every trade, both ways	sometimes
Slippage	the fast trades, the ones you wanted	rarely
Swap or funding	positions held overnight	rarely
Data, platform, tools	monthly, regardless of results	no
Tax	yearly, on profits, jurisdiction dependent	no
Attention	the hours, and what they were taken from	never

The costs of the job, including the three that never appear in a results screenshot. The last row is the one that decides most careers, and it is the only one that cannot be reduced by choosing a better broker.

The first four rows are ordinary and measurable, and measuring them is a single afternoon of work: export the fills, compare the price you asked for with the price you received, add the platform bill, and express the total as a share of your average trade. Traders who do this frequently discover that their method is profitable gross and negative net, which is a fixable problem and an unfixable surprise if it is never measured.

Tax is not optional and it varies enormously by country; this paper does not attempt to describe it, and anyone planning to trade seriously should find out what applies to them before rather than after a profitable year. It belongs in the table because a plan built on gross returns is a plan with a hole in it.

The last row is the one that decides most careers. Attention spent watching a screen is attention taken from something else, and it is spent whether or not a trade occurs. That cost is real even in a profitable year, and it is the reason the honest question is not whether you can make money at this, but whether the money is worth what it takes to make it.

08

What an edge actually is

The word appears everywhere and is rarely defined, so it is worth pinning down before the rest of the series uses it.

	An edge	Not an edge
Property	A reason the odds are uneven, that you can state in a sentence.	A pattern that appears often on charts you have already seen.
Evidence	A record over a large sample, after costs.	A run of winners, a good month, or a confident teacher.

What an edge is and is not. The right column contains everything that feels like an edge while you have it, and the left contains the only two properties that survive a hundred trades.

An edge has two parts, and both are required. There has to be a reason the odds are uneven — something about who is trading, when, or under what constraint — that you can state in one sentence. And there has to be a record, over a large enough sample and after costs, showing that the reason produces money rather than merely sounding good.

The right-hand column is what people mistake for an edge, and the mistake is understandable: a pattern that appears often on charts you have already seen is genuinely common, and a run of winners is genuinely pleasant. Neither is evidence. The first is a property of charts, which are generous to anyone looking for confirmation, and the second is a property of small samples.

09

What a first month is for

Given all of the above, the first month has an obvious job, and it is not making money.

1. Fix the instrument, the hours and the risk per trade
2. Trade the smallest size your broker allows
3. Log every attempt, including the ones you passed
4. Measure your own costs, on your own fills
5. Change nothing for thirty days, then read the log

What a first month is actually for. None of these steps requires a method, and skipping them is why the second month usually looks exactly like the first.

Every step is deliberately unambitious. Smallest size, because the month is for learning whether you can follow rules, and that lesson costs the same at any size. Log everything including what you passed on, because the setups you skipped are half the evidence and the half nobody keeps. Change nothing for thirty days, because a method changed mid-month produces a record of neither version.

At the end of it you will know four things that no course can tell you: whether you can sit through the waiting, what your costs really are, whether you follow your own rules under mild pressure, and how it feels to lose money by design. Those four decide more about the next two years than any method you could have learned in the same month.

10

Whether it suits you

There is a question underneath the whole subject that is rarely asked plainly, because the honest answer is sometimes no and nobody selling anything wants to hear it.

	Suits the work	Fights the work
How you handle waiting	You can watch nothing happen for three hours and act on the fourth.	Doing nothing feels like failing, so something gets traded.
How you handle being wrong	A loss inside the rules leaves you unbothered.	A loss demands a response, and the response is another trade.

Two honest self-assessments, asked before the money arrives rather than after. Neither answer is a verdict on you as a person; they are facts about fit, and they decide how the job will feel for years.

The two rows are the ones that matter. Waiting is most of the job, so an inability to do nothing is not a small flaw — it is a mismatch with the central activity. And losing is a routine event in any method with an edge, so a temperament that experiences each loss as a problem demanding a response will convert a working method into an unworkable one within a month.

Neither answer is a verdict on anyone as a person, and both can be worked on. But they are facts about fit, and knowing them in advance is worth more than any setup: a person who needs to be doing something is far better served by a slower timeframe, or by a method with an automated component, than by trying to become a different person while also learning to trade.

11

What this is not

Four claims are made about this job often enough to be worth answering directly. Each is checkable, which is the point of the last column.

The claim	The reality	The test
Passive income	an active job with unpaid hours	who does the work if you stop?
Quick to learn	measured in years, not courses	how many trades of evidence exist?
Scalable without limit	size meets liquidity and your own nerve	what happens at ten times the size?
Independent of capital	returns are a percentage of something	what does 5% of your account buy?

What this job is not, stated plainly because every one of these is sold somewhere. Each row is a claim to check against the same evidence any other claim would need.

The tests in that column are ordinary due diligence and they apply to every claim you will meet in the next paper, which is about the industry that grew up around this job. If a claim cannot survive a question as simple as who does the work if you stop, it does not need a more sophisticated objection.

None of this argues against learning to trade. It argues for beginning with an accurate description, because the most expensive mistakes in this field are made in the first month by people who never got one — and because the papers that follow assume a

Term	As used in this paper
Edge	A stated reason the odds are uneven, supported by a record.
Expectancy	Average result per trade over a sample, after costs.
R	One unit of planned risk: the distance from entry to stop.
Drawdown	The fall from a peak in the account, measured to the trough.
Sample	The number of trades a claim is based on.
Costs	Everything paid to trade, whether or not it appears on the statement.

The terms this paper uses in a fixed sense. They recur through the rest of the series, and where the industry uses one of them loosely, the narrower reading here is meant.

reader who has decided, rather than one who is still being persuaded.

> Educational content only. Nothing in this document is financial advice, and no part of it is a recommendation to buy or sell anything.