

One Chart is Worth a Thousand Words

A chart is the trader's guide to ultimate profitability. For each trading style, from scalping and day trading to swing trading and long-term investing, a chart is worth a thousand words. Professional traders rely on their charts for consistent profits and for guidance on how to act next.

Charts and trading plans coexist

In many ways, a chart is as much of a trading plan as anything else. It maps out the history of the price in many different scenarios. The chart is just as much a historical reference as anything else, allowing the trader to see how the price has changed over time and proving that results are obtainable with a good trading system.

Just take a look at the ups and downs of a stock chart or foreign currency pair, and you'll see many moves that happen just over a few months that could have made you a millionaire – had you been in the market, that is.

Charts show the future through the past

Professional traders make their living deciphering the code of the ever changing chart. By studying the ups and downs and everything in between, traders look for returns based on what history has shown them – and what is lined up for the future. When you are in the market, it is important to remember that charts are like a condensed version of history; they repeat themselves over and over and over. Knowing this, professional traders must take a step back and look at all of the information shown in a chart to capitalize from future movements in price.

Each chart means something to everyone else

With a day trading perspective, a large peak might show a top. However, while keeping a longer term investing perspective, it's merely a small bump in the bottom of a chart pattern.

Keep in mind that what you see will differentiate over different time periods. To a long-term investor, the peak was just a bump in the bottom of a chart, while to a day trader, it was a huge mountain ready to fall. Each trader will ultimately view each chart differently, but can still profit from what they see. The day trading perspective probably sold short for a modest gains, while the investor held on for the long term and locked in consistent profits. They saw two different things but were both able to cash in: that's the beauty of chart reading.

Secrets of profitable traders

Profitable traders find the best chart patterns and profit enormously. Chart patterns are an important part of their tools to make consistent profits along with a complete trading plan. The only secret is that hard work pays off in the end.

About the Author

Leroy Rushing is an active, professional day trader; trading coach; and author. He is the Founder and CEO of Trading EveryDay, a provider of educational trading products and services that are available worldwide. Trading EveryDay has complimentary/FREE products, a [Tools of the Trade](#) eBook and a [Trading Room Report](#), that are downloadable for your convenience.

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