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COMMERCIALIZATION OF TRADING TECHNIQUES: A STUDY

Dr.Renu Nainawat, Assistant Professor

Department of Economic, Administration and Financial Management

Government Commerce Girls College, Kota (Rajasthan)

ABSTRACT

A trading technique is a systematic methodology used for buying andselling' securities markets. A trading technique is based on predefined rules and criteria used when making trading decisions.Trading" also called trading strategy may be simple or complex and involve considerations such asmarket cap, technical indicators, fundamental analysis, industry sector, level of portfolio diversification, time horizon or holding period, risk tolerance, leverage, tax considerations, and so on. The key is that a trading strategy is set using objective data and analysis and is adhered to diligently. At the same time, a trading strategy should be periodically re-evaluated and tweaked as market conditions or individual goals change. A trading strategy includes a well-considered investing and trading plan that specifies investing objectives, risk tolerance, time horizon, and tax implications. Ideas and best practices need to be researched and adopted then adhered to.

KEYWORDS: --Trading, Strategy, Technique, Commercialization, Markets, Tax, etc.

Introduction

The longer-term tax results of trading are a big factor and may encompass capital gains or loss-tax harvesting strategies to offset gains with losses. Placing trades means working with a broker/dealer and identifying and managing trading costs including spreads, commissions, and fees. Once executed, trading positions are monitored and managed, including adjusting or closing them as needed. Risk and return are measured as well as portfolio impacts of trades and tax implications.

Developing a Trading Technique

There are many types of trading techniques, but they are based largely on either technical or fundamentals. The common thread is that both rely on quantifiable information that can be back-tested for accuracy. Technical trading strategies rely on indicators to generate trading signals. Technical traders believe all information about given security is contained in its price and that it moves in trends. For example, a simple trading strategy may be a cross-over whereby a short-term moving average crosses above or below a long-term moving average. There are various methods used to accomplish an active trading strategy, each with appropriate market environments and risks inherent in the strategy. Here are four of the most common active trading strategies and the built-in costs of each strategy.

These are the following: -

1. Day Trading Techniques

Day trading techniques are perhaps the most well-known active trading style. It's often considered a pseudonym for active trading itself. Day trading, as its name implies, is the method of buying and selling securities within the same day.

Limitations of Day Trading are: --Day trading isn't for everyone, and for many, it is not the most profitable strategy of investing. However, day trading is among the most exciting strategies when buying and selling securities. In addition, there is no long-term risk when day trading as positions is often closed by the end of the trading day. Day trading can be profitable but like many other forms of investing, success is never guaranteed.

2.Position Trading techniques

Some consider position trading to be a buy-and-hold strategy and not active trading. However, position trading, when done by an advanced trader, can be a form of active trading.Position trading techniques uselonger-term charts – anywhere from daily to monthly – in combination with other methods to determine the trend of the current market direction. This type of trade may last for several days to several weeks and sometimes longer, depending on the trend.Trend traders look for successive higher highs or lower highs to determine the trend of a security. By jumping on and riding the "wave," trend traders aim to benefit from both the up and downside of market movements. Trend traders look to determine the direction of the market, but they do not try to forecast any price. Typically, trend traders jump on the trend after it has established itself, and when the trend breaks, they usually exit the position. This means that in periods of high market volatility is more difficult and its positions are generally reduced.

Some limitations of Position Trading techniques: --

1. Always less stressful than other methods of active trading
2. Easy to implement strategies even with low leverage
3. Widely supported through technical analysis tools that indicate trading signals
4. Needs strong technical analysis background
5. Almost requires patience to recognize the long-term change in security price
6. May result in small fluctuations that result in profits turning to losses.

3. Swing Trading

When a tramp breaks,typically get in the game. At the end of a tramp, there is usually some price volatility as the new trend tries to establish itself. Swing traders buy or sell as that price volatility sets in. Swing trades are usually held for more than a day but for a shorter time than trend trades. Swing traders often create a set of tramping rules based on technical.

These trading rules or algorithms are designed to identify when to buy and sell a security. While swing-trampingdoes not have to be exact and predict the peak or valley of a price move, it does need a market that moves in one direction or another. A range-bound or sideways market is a risk for swing traders. Some prose and cones are: -

- Often requires less time and attention than day trading
- Has higher potential for larger returns per trade
- I May be able to trade while the markets are close
- May miss out on greater profits while chasing part of trends
- Has a higher potential for larger losses per trade?
- More centralized holdings; open fewer, more concentrated positions.

How Do I Swing Trade?

Swing trading relies heavily on discovering trends within financial markets based on technical analysis. Upon buying security, a swing trader often holds that asset for a short period of time until the asset has increased in value to the trader's target sale price. The entrance and exit points are both pre-determined in advance of the trade based on historical price action.

4. Scalping

Scaping is one of the quickest strategies employed by active traders. Essentially, it entails identifying and exploiting what is a little wider or narrower than normal due to temporary imbalances in supply and demand.A scalper does not attempt totransact high volumes. Rather, they seek to capitalize on small moves that occur frequently, with measured transaction volumes.Since the level of profit per trade is small, scalpers look for relatively liquid markets to increase the frequency of their trades.

Some pros and cons are: --

- Often do not need to have a strong technical background
- Generally, has less market risk as trades can be done on less volatile
  still earn a profit, even with small price variations
- Typically requires a high number of orders resulting in higher transaction fees

- Often requires high upfront capital to generate even modest returns
- Among the most time-consuming strategies

COSTS INHERENTWITH FINANCIAL TRADINGSTRATEGIES

There's a reason active trading strategies were once only employed by professional traders. Not only does having an in-house reduce the costs connectbut it also ensures better trade execution Lower commissions and better execution are two elements that improve the profit potential of the strategies.Significant hardware and software purchases are typically required to successfully implement these strategies.

In addition to real-time market data, these costs make active trading somewhat prohibitive for the individual trader, although not altogether unachievable. This is why passive and indexed strategies that take a buy-and-hold stance offer lower fees and trading costs. In addition, passive investing typically results in lower taxable events in the event of selling a profitable position. Still, passive strategies cannot beat the market since they hold the broad market index. Active traders look in hopes that trading profits will exceed costs and make for a successful long-term strategy. There are various strategies when actively trading securities. Some require a highly analytical and technically sound background; others rely heavier on computing set-ups and a large dedication of time. Across all strategies, you must have sufficient capital on hand to enter into positions large enough to begin earning potential gains.

FINANCIAL TRADE MARKETING STRATEGIES

Financial trade marketing is the art of marketing products specifically to businesses. Normally, the main objective of a trade marketing campaign is to sell products to other companies who can then go on to sell those items to their customers.Manufacturers use trade marketing and to clarify, a manufacturer is a person or company that makes goods for sale.They use trade marketing tactics to try and sell their products to retailers, wholesalers, and distributors.

Well, for a product to be sold in a shop to the public, the retailer first needs to purchase the item from somewhere. Retailers could buy products directly from the manufacturer, but they might also acquire them via a wholesaler or distributor.It's clearly easier and more lucrative for manufacturers to sell directly to retailers but they might not have the luxury of choice. If they don't, they need to promote their products to all 3 parties. Essentially then, trade marketing strategies are used by manufacturers to create demand for whatever it is that they produce.And it's clearly critical for manufacturers to market their stuff because retailers, as well as wholesalers and distributors, obviously have millions of products to choose from when they're deciding what's going to be worth selling. As such, there’s a constant ongoing battle between manufacturers to get their products in front of supply chain partners. If a manufacturer doesn't use any trade marketing campaigns, it puts their profitability at huge risk. Financial Trade marketing tactics could prove to be the difference between a retailer choosing one product to sell over another so it's strange that manufacturing companies often ignore trade marketing or completely misunderstand it.

Financial Trade marketing benefits: -

- By generating more purchases at the supply chain level, trade marketing ensures that the supply of your product can always meet demand.

- If your marketing is good enough, retailers will alwayspromote your product over a competitor’s, giving you longevity.

- Trade marketing can establish and maintain relationships with key supply chain contacts.
- Most people don't understand how to create and execute an effective marketing plan. There's a golden opportunity right now if you can.
- Trade marketing will help your business stay profitable if you don't have a good idea of who your end user is.
- Trade marketing reduces the element of guesswork in marketing since it's effective if you have no prior relationship with the person.
- If your chances of upselling or remarketing to your target audience are small, then trade marketing is great for business growth.

NEED FOR FINANCIAL MARKETING STRATEGY

Trade marketing first became relevant and important in the 1990s.
Previously, a manufacturer held a very strong negotiating position, but during that decade, the balance of power shifted considerably and retailers started to call all the shots.Financial trade strategy very essential for any industry at modern timebecause:--

1. Media fragmentation

As technology developed throughout the decade, the big business challenge was how to reach an increasingly dispersed audience. Traditionally, companies were always able to communicate with a huge audience via a small number of [easily manageable] channels. Times were changing and this was becoming more difficult.As a result, the cost of connecting with consumers increased and the captive audience that exists in a retail shop became more valuable.

2. The popularity of category management

In the 1990s, businesses began to group multiple products into ranges, rather than treat them as individual items.So, for instance, a toiletries section might include several things that aren't always conveniently related. We might be talking about toothpaste, toothbrushes, and dental floss, but equally, we might also have to consider deodorants, toilet paper, and nail scissors.The advent of category use in a retail environment caused 2 issues.

Firstly, it completely changed a number of relationships.Negotiations between manufacturers and supply chain partners hinged on the turnover of the entire category in question [not just

the sales of individual products.Manufacturers had to justify how their products could help a retailer grow a category, not just their brand.

Secondly, by generalizing in this way, it became more important than a product stood out. So, category management automatically increased the importance of brand marketing.Either way, you had to market your products better than your competition; there was no other option.

3. Retail consolidation

In the 70s, many corporate big wigs believed that the best growth strategy was to the 90s saw this trend grow.Opportunities for new products became scarcer.In addition, the reduction of retailers really cranked up the pressure on manufacturers. Gradually, massive retail chains assumed all the power and control.It wasn't rare for manufacturers to earn 80% of their revenue from just 3 retailers. Therefore, manufacturers had to maintain good relationships with existing clients and do everything they could to stay in their good books.Trade marketing helped manufacturers level the playing field.If you weren't good at trade marketing at the start of the 90s, you sure were by the end.And it's clear how many of these issues are prevalent today. Manufacturers still have to differentiate their products from a rival's and create a buzz before anything sits on a shelf.They still have to contend with a busy audience with diverse agendas. They still have to cope with wholesalers and distributors that have diverse agendas. They still have to liaise with retailers in a position of power.And trade marketing is still the answer.

Methods of trade marketing

There are lots of different trade marketing methods in use today.For some manufacturers, trade marketing is purely a shopper thing. It's about accumulating data and using the information to craft persuasive messages that will convince sales chain partners to keep buying the product in question.For instance, suppose a company manufactured a fruit drink and this product line is really successful.

ANOTHER IMPORTANT FINANCIAL STRATEGY

We think there are 7 really important trade marketing strategies out there. Let's take a look at the 7 main trade marketing strategies:

1. Trade shows

Trade shows are ideal for networking and forging good business relationships. Plus, if a manufacturer needs retailers, wholesalers, and distributors to hear about their products, they're also the perfect environments for improving brand awareness.

2. Trade promotions

Manufacturers need solid relationships with retailers, wholesalers, and distributors.Creative promotions and offering incentives can motivate clients and boost repurchase rates.The bottom line is: that people love special treatment.

3. Trade magazines and websites

Adverts and articles will bring more eyeballs to your brand.Adverts may cost money, but you have to speculate to accumulate.Meanwhile, PR will give your business authenticity and trust.

4. Branding

Of course, marketing only really works if there's a strong brand behind the product.Supply chain partners aren't out to make a quick buck. They want products that consumers will buy over the long term and that sort of customer loyalty only comes with smart branding.

5. Strategic partnerships

The aim of trade marketing is to create a win-win situation by achieving shared objectives.In other words, manufacturers want to sell their products, as do wholesalers, distributors, and retailers. So, if everyone wants the same thing, that's a good starting point.Relationships are crucial. Manufacturers should aim to collaborate with supply chain partners in all sorts of ways. That could mean aligning shipping and inventory management systems to generate shared savings. Or swapping market research so that all parties can better understand customerbehaviour. Or maybe even partnering on advertising campaigns and sharing marketing collateral.

6. Ongoingmarket research

To build a profitable partnership with a supply chain partner. There's no getting around it - information is power, so data is hugely important in business.The more manufacturers understand their product, their market, and their target audience, the better placed they'll be. They'll be able to create better products and more suitable marketing.

7. Digital marketing

Of course, trade marketers must move with the times. Many trade marketing strategies can be executed online, just like digital marketing tactics for consumers.Trade marketers should keep in touch with their prospects via social media, email, and content marketing. The researcher thinks that the top 3 targets for trade marketers are:

- Websites
- Email
- Social media marketing platforms

Now, clearly,we're going to need to make personal contact with a client every so often.

But so are supply chain partners. They are real people and can be targeted in exactly the same ways, so clever manufacturers can target these guys with effective digital strategies.

CONCLUSION: -- A trading strategy is a fixed plan for buying and selling securities designed to generate a profitable return on investments. It should be objective, consistent, quantifiable, and verifiable. The strategy is founded ontechnical analysis so that the inevitable systemic risks cannot lead to catastrophic effects on financial instruments. When building a trading strategy, traders should formulate clear goals that they aim to achieve. So, at the present competition and any company needs to create a commercialization strategy to gain success.

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