

# FOREX ADVISOR

Peak Performance Trading

## DESIGNING AND SETTING UP YOUR PROFESSIONAL TRADE STATION

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In this paper we will discuss how to design and set up a “trade station” that best suits your trading style and account size.

This will enable you to trade with confidence that your space, hardware, and software are giving you the best edge possible to reduce stress and maximize profits.



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# Introduction

The design and set up of an effective “trade station” including space, computer hardware, software, internet connections, and other resources is often a challenge to traders. In this paper we will discuss the minimum requirements, when to move to a more advanced setup, and what a state of the art setup would look like. We will consider budget and recognise that most (but not all) traders want to trust that their system will do the job but would rather have their funds in a trading account rather than invested in excess equipment.

*“For a man who only has a hammer in his toolkit every problem looks like a nail.”*

*...Abraham Maslow*

Usually, in a discussion about “trade stations” there is a tendency to leap straight into questions about various computer components. While computer hardware and software is at the heart of a trade station it needs the proper context to be successful. So let’s begin with the office itself.

**Office Layout:** Consider the fact that a trading session can be eight to twelve hours long and much of that time will be spent seated and paying careful attention to charts, news feeds, tv screens, books, and other media. The space you create for your trading will need to be quiet, well lighted, comfortable, have adequate desk space, climate control, the best chair you can afford, and the other creature comforts that will make your space a pleasure to work in rather than something to endure. Trading involves a state of mind as well as technical knowledge and your surroundings must help you achieve that state of quiet confidence and focus that characterize successful traders. It is worth spending some time to provide yourself with inspiring art and the things that remind you constantly that you are a serious, successful, professional trader.

Now let’s take a look at three levels of hardware, software, and communications equipment that a trader may move through as he or she progresses.

# Level One – The Basics

At the first level we will look at the requirements for a beginning trader. This is someone who has decided to take trading seriously and is past the point simply imagining. There has been a decision to spend what is necessary to work at the professional level but not be extravagant. For each of the levels we will look at computing power, visual displays, printing, data back up, power back up, internet connections, and software.

An important design criteria will be reliability, back up, and redundancy. More about this as we move along.

**The CPU:** The beginning serious trader does not need the fastest computer on the market. A reliable machine from a reputable supplier at the time of this writing would have a processor speed of 1.5 GH or better, a fairly large hard drive (150 Gigabytes or more), a good networking card, a read / write CD Rom, and a video card capable of supporting two monitors.

**Displays:** Two monitors provide the minimum “real estate” necessary to display multiple charts, world clocks, news feeds, and the trading platform. Look for “DVI” rather than “VGA” and make sure the video card supports this. Response time of 3 milli seconds to 8 milli seconds is good. Anything above 8 milli seconds will tend to leave “ghost trails” on the display when the cursor or other objects on the screen move. There are numerous reputable manufacturers and 19 inch screens are very cost effective now.

**Printing:** Find a reliable black and white laser printer. It is important that the time to print the first page be very low .. in the order of 10 to 15 seconds. This is because you will want to print trade information as it occurs and waiting on a slow ink jet printer will

## Level 1 - Continued

seem like an eternity and will also cost more over time. HP has models for about \$150.00 USD or less and some others will work just as well.

**Battery Backup.** A battery backup is essential. No serious trader would work without one. A decent one will provide at least 10 to 15 minutes of power should the lights go out. Important ... be sure to plug your modem and router into the battery backup. It will make little difference if the computer works but the internet connection is lost for lack of power. Also, be sure NOT to plug the printer into the backup. Printers draw huge power compared to the other equipment and will often overload the battery and reduce how long it will protect you.

**Internet Connection:** A broadband internet connection is important. Usually a cable modem is the most cost effective but DSL from the phone company is also good. The fastest connection available is usually worth the extra few dollars a month.

**Telephone Equipment:** It may seem obvious but it is very important to have a phone handy to call the broker's dealing desk to manage a trade in case of a power outage or loss of internet connection. Remember that the "speed dial" capabilities of most phones will not work without electrical power so have the phone number of the broker written down. A simple cell phone to back up the land line should also be part of the plan. Just imagine the cost of having no way to close a trade while the market moves against you and this cost becomes cheap insurance.

As your trading account grows two things will occur. First the cost of having weak equipment will increase. And, second, your trading profits will allow additional expenditures. This is a "good problem." Let's take a look at the same categories and see how we would change them as we reach this new level. Traders beginning with larger accounts may wish to start at this level.

## Level Two – More Advanced

**CPU.** Super fast processor speed is still not crucial but having a backup for the main computer now is. A common way to back up the main machine is by having a laptop connected into the network and ready to run at least the minimal trading software to manage trade should the main machine fail. A better way if the budget allows is to add a second desktop computer. This will allow additional monitors and will allow more programs to be run simultaneously while at the same time providing a backup for the first computer.

**Displays.** With the addition of a second machine the number of monitors should increase to at least four. This allows the more advanced trader to monitor more charts at the same time.

**Printing.** Little change here. Just be sure the laser printer is accessible by all the machines in the network.

**Battery Backup.** The second machine will need its own battery backup. This may be the time to buy a higher rated battery for the “main” machine and move the smaller unit to the new machine.

**Internet Connection.** At this point the cost of losing the internet can be much greater. Imagine waiting even a couple of minutes to speak with a dealer to adjust or close a trade in a fast moving market. The cost could be hundreds or even thousands of dollars. A solution is to have a second (or back up) broadband connection. For example, if you are using a cable modem for the primary connection you could also subscribe to a DSL connection from the phone company. The extra forty dollars or so will seem like a bargain the first time you need it to manage an open trade. Swapping the network cable from one modem to the other does not take long, however, a much more elegant solution is to invest in a “load balancing router” which connects both cable and dsl to your

## More Advanced - Continued

network at the same time and either connections drops off line all the programs will continue to run.

**Telephone Equipment.** If your brokerage firm provides a version of the trading platform that will run on a “smart phone” or PDA device consider upgrading your cell phone service to that level. This will enable you to make a cell phone call to manage a trade even if the power and both broadband connections are down. This will not happen often but it is certainly a serious possibility.

Now let’s really “kick it up a notch” as the famous cook would say.

### Level Three – Very Advanced

Our level three configuration would be for a trader who now has a very large account to manage, needs to monitor more charts at the same time, and possibly is now managing significant accounts for others as a CTA. At this level very high quality equipment is both affordable and necessary. Let’s revisit our categories with this in mind.

**CPU.** Here we could upgrade the machines to accommodate multiple “dual core” processors. This is still not absolutely necessary but would enable far more programs to run simultaneously and faster. At this point we would definitely upgrade to video cards that provide for more than two monitors. Good cards are available to support either four or eight monitors on a single computer.

**Displays.** At this point we would likely upgrade each desktop computer to four monitors each and perhaps arrange them in monitor “arrays” to make them more visible and save desk space. While this may seem like gross overkill to a beginning trader I can assure you from experience that

## Very advanced - Continued

it seems absolutely necessary to run all the tools to manage multiple accounts totalling millions of dollars.

**Printing.** Keep the small, fast laser printer and add a reasonably fast colour laser to support communication with clients. They may seem pricey but over time are far less expensive to operate than ink jet printers and are much faster and more convenient.

**Internet Connections.** Not much change here except to make certain that you have the fastest connection available. If you do not have both cable and dsl available at your location you should consider a satellite system. They are usually more expensive and are a little slower but with very large accounts the price of a dropped connection can be too high and never worth the risk.

**Telephone Equipment.** Little change here except to make sure of redundant service by cell phone or failing that at least VOIP (voice over internet protocol) phone service through Skype or your cable company.

# Summary

As you can see from the progression of improvements in trade station capacity we have some simple goals. We are more interested in reliability, back up, and redundancy than in sheer computing horsepower. A beginning professional trader does not need to spend an enormous amount on technology. As he or she advances in skill and account size the cost of equipment will increase by a sizeable amount but not without good justification.

Finally just a footnote. The logical progression described here does not always apply. If you feel more comfortable moving faster or adding components that are not absolutely necessary by all means go for it. Just keep in mind that a good guideline is to have a level of support from our investment that helps us move our goals forward as we grow.

## More Information

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Professional Forex Trader, Rick Smith, is the Chief Trader, Trade Strategist and Trainer at [www.Forex-advisor.com](http://www.Forex-advisor.com) His new book "*Trading at the Top*" will be published Jan. 2008; it is an inspiring and informative inside look at the world of a peak performance Private Trader.