



Choosing Your Trading Niche

DO YOU REALLY NEED A NICHE?

If your goal is build a long-term trading career, it is important that you spend some time early in that career taking an inventory of both your strengths and weaknesses, as well as your interests. For example, if you are extremely risk-averse, you would probably do well to stay away from leveraged ETFs and high beta stocks. Instead, you may want to focus on trading blue-chip stocks or other lower beta value stocks.

Aside from your personal risk tolerance, your trading niche should also match your personal interests, education, and/or experience.

For example, if you are fascinated by geopolitics and global news events, you may want to initially focus on learning about (and trading) commodities, currencies, or country-based ETFs.

Or perhaps you are well-versed and well-read on some particular aspect of technology or medicine. In that case, why not leverage that knowledge by focusing on stocks or ETFs within the specific industries and sectors of those interests?

While having a trading niche will not prevent you from taking a trade outside of your focus sector or industry, it will give you a solid base from which to operate. Building confidence is a vital key to becoming a successful trader. By focusing in on a particular market, you will be less distracted by the thousands of stocks and ETFs that all vie for your attention every day.

COURSE INFO

Saturday:

8:30AM - 5:00 PM

Online

INSTRUCTOR INFO

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No matter how great your education or experience, and no matter how varied your interests are, no one can specialize in everything. From my own experience, I can tell you it is better *not* to become a "jack of all trades, but a master of none."

DISCOVERING YOUR TRADING NICHE

To discover your trading niche, you must first take an inventory of your own education, experience, and interests. Begin by completing the brief table below.

Education	Experience	Interests/Passions

DRILLING DOWN: STOCK MARKET SECTORS

To categorize (and simplify) the thousands of available stocks within the U.S. stock market, major index providers, like Standard and Poor's and MSCI, have developed the **Global Industry Classification Standard** (or GICS, for short).

The GICS hierarchy begins with 11 major stock market sectors, which include:

- **Energy**
- **Materials**
- **Industrials**
- **Consumer Discretionary**
- **Consumer Staples**
- **Health Care**
- **Financials**
- **Information Technology**
- **Telecommunication Services**
- **Utilities**
- **Real Estate**

Put simply, all U.S. stocks fall into one of the above broad 11 market sectors.

However, because there are so many different types of companies within each sector, the GICS goes further by providing categories inside each of these sectors known as industry groups.



DRILLING DOWN: STOCK MARKET INDUSTRY GROUPS

As of early 2019, the GICS hierarchy, which begins with 11 major stock market sectors, has been further broken down into 24 industry groups, which include:

- Energy > **Energy**
- Materials > **Materials**
- Industrials > **Capital Goods**
- Industrials > **Commercial & Professional Services**
- Industrials > **Transportation**
- Consumer Discretionary > **Automobiles & Components**
- Consumer Discretionary > **Consumer Durables & Apparel**
- Consumer Discretionary > **Consumer Services**
- Consumer Discretionary > **Retailing**
- Consumer Staples > **Food & Staples Retailing**
- Consumer Staples > **Food, Beverage & Tobacco**
- Consumer Staples > **Household & Personal Products**
- Health Care > **Health Care Equipment & Services**
- Health Care > **Pharmaceuticals, Biotechnology & Life Sciences**
- Financials > **Banks**
- Financials > **Diversified Financials**
- Financials > **Insurance**
- Information Tech > **Software & Services**
- Information Tech > **Technology Hardware & Equipment**
- Information Tech > **Semiconductors & Semiconductor Equipment**
- Communication Services > **Telecommunication Services**
- Communication Services > **Media & Entertainment**
- Utilities > **Utilities**
- Real Estate > **Real Estate**