

Positional v/s Swing Trading



We are often asked a very simple question - **What should be our Exit criteria?** Our response always begins with a question of our own: **What is the nature of the trade – is it a swing trade or a positional trade?**

The answer to that determines the appropriate exit strategy. Without clarity on whether you're aiming for short-term gains (swing) or long-term trends (positional), it's impossible to define the right exit point. Here, we discuss the nature of positional and swing trading.

Positional Trading

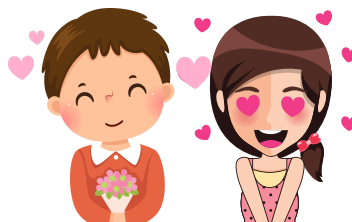
A medium to long-term trading strategy where positions are held for weeks, months, or even years. Here, traders focus on larger trends, often combining fundamental analysis with technical analysis.

Swing Trading

A short to medium-term strategy where positions are held for several days to weeks. Traders capitalize on shorter-term price swings within a trend. Primarily based on technical analysis to spot entry and exit points.

Aspect	Positional Trading	Swing Trading
Time horizon	Weeks to Years	Days to Weeks
Analysis type	Fundamental, combined with Technicals	Purely Technical (chart patterns)
Trade frequency	Low	Moderate
Risk Management	Medium to Long-term focus, more exposure to volatility	Short-term, tighter stop losses
Stop Loss extent	Use of stop-loss orders to prevent catastrophic losses.	Tighter stop-losses to protect against quick price reversals.
Profit intent	To capture large price movements and fundamental changes in markets.	To capture smaller price swings.
Suitable for	Beneficial for those with limited time for constant market monitoring.	Requires more active market monitoring.
Discipline	Requires more patience, as profits accumulate over a longer period.	More emotional discipline needed to handle rapid fluctuations.
Transaction costs	Less frequent trading means lower transaction costs.	Higher transaction costs due to frequent trades.

Swing trading is like speed dating. You get in, get out, and move on quickly. No real commitment!



Positional trading is like being in a long-distance relationship. You have to be patient, and enjoy life while your trades mature

