



Beginner's Guide to Futures Trading

A practical foundation for new futures traders and prop firm challenge candidates

Master the rhythm of the futures market

What this guide will help you do

- Understand what futures trading is and how it works
- Learn the core language, order types, and risk concepts
- Build a simple beginner structure before you ever place a trade
- Avoid the most common mistakes that cause new traders to fail

Education only. Not financial advice. Trading involves risk.

1. What futures trading actually is

A futures contract is an agreement to buy or sell an asset at a set price for a future date. In practice, many traders use futures to speculate on short-term price movement in markets like the Nasdaq, S&P 500, gold, crude oil, and Treasury products.

For beginners, futures are attractive because they offer liquidity, long and short trading opportunities, and centralized exchange pricing. They also require discipline because leverage can magnify both gains and losses quickly.

Common products beginners hear about

- NQ / MNQ — Nasdaq futures and micro Nasdaq futures
- ES / MES — S&P 500 futures and micro S&P futures
- GC / MGC — gold futures and micro gold futures
- CL / MCL — crude oil futures and micro crude oil futures

2. Core language every beginner should know

Term	Meaning
Tick	The smallest price increment a contract can move.
Point	A larger unit of movement made up of multiple ticks.
Contract	The unit you are trading. Micros are smaller than standard contracts.
Long	Buying because you expect price to rise.
Short	Selling because you expect price to fall.
Stop loss	Your pre-defined exit if the trade is wrong.
Take profit	Your planned exit at a target price.
Risk-to-reward	The relationship between what you risk and what you aim to make.

3. The structure a beginner actually needs

- One market to start with, not five
- One session to focus on, not all day
- One setup to study repeatedly, not random entries
- A fixed max loss per day and per trade
- A written routine before, during, and after trading

Beginners usually fail because they try to trade everything at once. Simplicity creates consistency. Consistency creates data. Data leads to improvement.

4. Risk management foundations

Risk management matters more than finding a “perfect” strategy. A basic beginner framework is to risk a small fixed amount per trade, stop trading after hitting a daily loss limit, and review execution instead of revenge trading.

Starter risk rules

- Decide your max daily loss before the session starts
- Use a stop on every trade
- Do not increase size to win back losses
- Trade one size level consistently long enough to learn
- Record every trade with entry, stop, target, and reason

5. Why traders fail

Common reason	Better response
No structure	Use one market, one setup, one session, one review process.
Overtrading	Set a trade limit or a time cutoff and respect it.
Ignoring risk	Use fixed risk and a hard daily stop.
Strategy hopping	Test one idea long enough to collect useful data.
Emotional trading	Build pre-trade rules and stop after plan violations.

6. Preparing for a prop firm challenge

A prop firm challenge is not the place to discover whether you can follow a plan. It is the place to prove that you already can. That means your focus should be disciplined execution, not forcing fast payouts.

- Know the drawdown rules before you trade
- Choose size that keeps you calm and consistent
- Avoid high-risk “all in” behavior to hit a target quickly
- Track your best time window and avoid low-quality hours
- Treat the challenge as a risk-management test first

7. A simple beginner trading checklist

Checklist item	Done
I know my market, session, and setup for today	<input type="checkbox"/>
I know my stop placement and risk per trade	<input type="checkbox"/>
I know my max daily loss and when I stop trading	<input type="checkbox"/>
I will wait for my setup instead of chasing price	<input type="checkbox"/>
I will log my trades and review them after the session	<input type="checkbox"/>

8. Your next step

Before paying for advanced tools, focus on foundations: market structure, risk management, execution quality, and journaling. If you can do those well, your learning curve becomes far more efficient.

Furithm Academy is designed to help traders build structure first and confidence second. Use this guide as your starting point, not your finish line.

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