

Young Bull Investors

A Guide on Trader Psychology



PSYCHOLOGY AND EMOTIONAL CONTROL IN TRADING

Trading relies heavily on discipline and emotional control, which is one of its most challenging aspects to conquer.

It's crucial to understand that mastering your emotions is entirely your own responsibility; there's no magic indicator that can do it for you. What's important to grasp is the need to remain cool and collected, whether you're experiencing wins or losses.

Remember, you're up against emotionless computers and seasoned traders who maintain their composure.

If your emotions take the reins, they'll steer you in the wrong direction. Trading has a way of exposing your weaknesses, but with patience and effective risk management, you can steer clear of losses and mistakes.

HOW TO AVOID EMOTIONAL TRADING

- Approach each trade as though it's your first trade of the day; with a clear, emotionless mindset, regardless of prior gains or losses.
- Rely on the provided indicators and alerts in Discord for trading decisions; DO NOT make assumptions about stock movement.

- Avoid monitoring your Profit and Loss (P&L), especially during active trades, as it can lead to emotional decision-making instead of chart analysis.
- Always set a realistic daily profit target.
- If a trade is going against you, consider a small loss; you can re-enter when the indicators turn positive.
- Determine your risk levels before entering a trade to facilitate a smoother exit if the trade doesn't go as planned, as you've already accepted potential losses.
- Set stop losses to ensure a guaranteed exit.

COMMON MISTAKES

- **FOMO:** FOMO results in chasing. This means taking riskier trades instead of waiting for a price drop after missing the initial entry.
- **Overtrading/Revenge Trading:** This happens when you take too many trades that may not be good, instead of being patient and waiting for the right opportunity.
- **Bag Holding:** It's when you stay in a losing trade, hoping it will bounce back. Remember, hoping is not a strategy. And it's a big NO to hold these stocks overnight, especially at a loss, hoping they'll recover the next day.

RISK MANAGEMENT

In trading, it's crucial to follow a systematic approach. You don't create your own rules; instead, you adhere to what the indicators tell you. If you get stopped out when the indicators turn bearish, and you miss a potential breakout, don't sweat it. In most cases, if such a situation occurs, it leads to a significant loss due to a subsequent sell-off.

Consistency is key. By sticking to the same rules, you ensure low-risk trades with the potential for bigger profits. Otherwise, trying to recover from substantial losses can become a challenging uphill battle. The indicator set, along with support/resistance

levels and key numbers, is designed to provide you with low-risk trading opportunities that offer high rewards when they prove successful.

3 TIPS TO LOWER YOUR RISK

SETTING A STOP LOSS:

When practicing risk management, avoid setting stop losses at narrow intervals such as 10 cents or 5 cents. Instead, your stop levels should be based on support levels or below moving averages, like the 8 EMA, 21 EMA, or 34 EMA. Place your stops below the most recent support level or beneath significant support or macro-level (bigger picture) support, such as positioning them below the pre-market (PM) high, for instance.

POSITION SIZING

Select a lot (share) size that aligns with your comfort level. For instance, if you are new to trading, you might start with 50 to 100 shares and gradually raise this number as you grow more consistent and gain confidence in your trading abilities.

SELL TARGETS

When seeking potential selling points, always consider selling at resistance levels mentioned in the alerts chat or at observable resistance levels, including macro resistance levels such as pre-market (PM) high, high of the day, previous day's high, etc. However, be realistic with your sell targets. Additionally, consistently take what the trade offers; if there are multiple sell signals below your intended sell target, ensure you react accordingly and exit your position.

RISK MANAGEMENT

Before placing your first trade, ensure the following checklist is met:

- I have configured Thinkorswim or Trading View with Real-Time Data.
- I have configured Thinkorswim or Trading View with the Young Bull Investors Style & Studies.
- I understand the concepts of targets, entries, and exits.
- I am using a share size that aligns with my comfort level.
- I understand how to read and interpret the alerts provided in the Discord.

