

Revenge Trading Prevention Workbook

Systems to Stop Emotional Trading After Losses

Introduction

Revenge trading is the compulsive urge to immediately "make back" a loss by taking another trade—often poorly planned and emotionally driven.

This workbook provides: - Recognition systems - Prevention protocols - Recovery strategies - Long-term habit building

Part 1: Understanding Revenge Trading

What Revenge Trading Looks Like

BEHAVIOR	NORMAL TRADING	REVENGE TRADING
Trade timing	Waits for setup	Enters immediately after loss
Position size	Standard	Larger (to "make it back faster")
Risk management	Follows rules	Ignores or loosens rules
Setup quality	Meets criteria	"Close enough"
Emotional state	Calm	Frustrated, angry, desperate
Stop loss	Placed and respected	Widened or removed

The Revenge Trading Cycle

```
LOSS
↓
Emotional reaction (anger, frustration)
↓
Urge to "fix" the situation immediately
↓
Impulsive trade (poor setup, larger size)
↓
Another loss (likely)
↓
Intensified emotions
↓
More impulsive trading
↓
Significant drawdown
↓
Shame, guilt, despair
```

Why It Happens (Neuroscience)

- **Loss aversion:** Losses hurt 2x more than equivalent gains feel good
- **Amygdala hijack:** Emotional brain overrides logical brain
- **Cortisol spike:** Stress hormone impairs judgment
- **Dopamine seeking:** Brain wants the "win" feeling back
- **Sunk cost fallacy:** "I'm already down, might as well..."

Part 2: Personal Triggers Assessment

Identify Your Triggers

Rate each trigger 1-5 (1 = doesn't affect me, 5 = major trigger):

TRIGGER	RATING	NOTES
Stop loss hit	_____	
Large single loss	_____	
Multiple consecutive losses	_____	
Missing a move after stopping out	_____	
Stupid mistake loss	_____	
"Perfect" setup that failed	_____	
End of day/week with losses	_____	
Seeing others profit when I lost	_____	
Market moving against me after exit	_____	

My top 3 triggers:

1. _____

2. _____

3. _____

My Warning Signs

Physical signs I notice before revenge trading:

- ☐ Increased heart rate
- ☐ Tension in shoulders/neck
- ☐ Shallow breathing
- ☐ Sweating
- ☐ Restlessness
- ☐ Other: _____

Mental signs:

- ☐ Racing thoughts
- ☐ "I need to make this back"
- ☐ Anger at the market
- ☐ Feeling victimized
- ☐ Certainty about the next trade
- ☐ Other: _____

Behavioral signs:

- ☐ Scrolling frantically for setups
- ☐ Checking P&L repeatedly
- ☐ Ignoring trading rules
- ☐ Increasing position size
- ☐ Removing or widening stops
- ☐ Other: _____

Part 3: Prevention Systems

System 1: Daily Loss Limit

My maximum daily loss: _% of account **OR** \$____

When I hit this limit, I WILL: - ☐ Close all positions - ☐ Stop trading for the day - ☐ Leave the computer - ☐ Do something non-trading for at least 1 hour

Accountability: - ☐ I have told someone about this limit - ☐ My broker has a daily loss limit set - ☐ I will log hitting this limit in my journal

System 2: Consecutive Loss Protocol

After 2 consecutive losses: - ☐ Take a 15-minute break - ☐ Review both losses—were they good trades? - ☐ If good trades, continue with caution - ☐ If bad trades, reduce size 50%

After 3 consecutive losses: - ☐ Take a 30-minute break - ☐ Reduce size to 25% of normal - ☐ Only take A+ setups - ☐ Consider stopping for the day

After 4 consecutive losses: - ☐ STOP trading for the day - ☐ Full review before next session - ☐ May need to skip next session too

System 3: The Pause Protocol

Immediately after any loss:

STOP → BREATHE → ASSESS → DECIDE

1. STOP: Do not touch the keyboard
2. BREATHE: 5 deep breaths (4 seconds in, 6 seconds out)
3. ASSESS: Ask "Am I about to revenge trade?"
4. DECIDE: Follow the decision tree below

Decision Tree:

Am I emotional right now?

└ YES → Walk away for 15+ minutes

└ When I return, do I still feel emotional?

└ YES → Done for the day

└ NO → Continue to next question

└ NO → Continue to next question

Is there a valid setup RIGHT NOW?

└ YES → Does it meet ALL my criteria?

└ YES → Take at reduced size

└ NO → DO NOT TRADE

└ NO → DO NOT TRADE, wait for setup

System 4: Physical Circuit Breakers

Pre-commit to physical actions:

- [] After X losses, I close the trading software
- [] After X% daily loss, I leave my desk
- [] I will set a timer for mandatory breaks
- [] I have a non-trading activity prepared

My "walk-away" activity: (Something I can do immediately that takes 15+ minutes)

Part 4: Recovery Protocols

Immediate Recovery (Same Day)

After catching myself revenge trading or about to:

1. Close all positions immediately
2. Log what happened honestly
3. Leave the trading environment
4. Do physical activity (walk, exercise)
5. Do not return to trading today
6. Review in the evening

Evening Review Questions:

- What triggered the emotional response?
- At what point could I have stopped?
- What would I tell a friend in this situation?
- What will I do differently next time?

Next-Day Recovery

Before trading the next day:

1. Review yesterday's events
2. Accept the loss (it's done)
3. Confirm you are emotionally ready
4. Reduce size for first few trades
5. Commit to extra-strict rule following

Readiness Check:

- ☐ I accept yesterday's result
- ☐ I don't feel I need to "make it back"

- ☐ I'm focused on process, not P&L
- ☐ I will follow my rules today

If any box is unchecked, don't trade today.

Extended Recovery (After Major Episode)

If you had a significant revenge trading episode:

Day 1: No Trading - Full review of what happened - Identify the full loss caused by revenge trades - Begin journaling

Days 2-3: Paper Trading Only - Practice following rules without real money - Rebuild confidence in the process

Day 4-7: Reduced Size - Trade at 25-50% normal size - Focus only on A+ setups

Week 2+: Gradual Return - Slowly increase size as you demonstrate control - Maintain extra awareness

Part 5: Long-Term Habit Building

Daily Habits

Morning: - ☐ Mental readiness check before trading - ☐ Review daily loss limit - ☐ State my commitment to follow rules

During Session: - ☐ Regular emotional check-ins (every hour) - ☐ Pause protocol after every loss - ☐ Log trades in real-time

End of Day: - ☐ Review all trades - ☐ Note emotional states during trades - ☐ Celebrate process wins, not just P&L

Weekly Habits

- ☐ Calculate average trade quality
- ☐ Count number of revenge trades (target: zero)

- [] Review trigger patterns
- [] Adjust systems if needed

Monthly Habits

- [] Full review of emotional trading incidents
- [] Track improvement over time
- [] Adjust loss limits if needed
- [] Celebrate progress

Part 6: Mantras & Reminders

Post These Where You Trade

Before I trade:

"There will always be another setup. I don't need this one."

After a loss:

"This loss is data, not a disaster. Revenge trades are the real danger."

When tempted:

"Am I trading my system, or my emotions?"

For perspective:

"One loss doesn't define my trading. One revenge trade can ruin my week."

Part 7: Accountability System

Who Can I Tell?

My accountability partner: _____

I will tell them when: - ☐ I hit my daily loss limit - ☐ I break my rules - ☐ I revenge trade
- ☐ I successfully walked away

Personal Contract

I, _____, commit to the following:

1. I will not trade after reaching my daily loss limit of _____%
2. I will take a 15-minute break after 2 consecutive losses
3. I will use the pause protocol after every loss
4. I will not increase size after a loss
5. I recognize that protecting my capital from emotional trading is more important than any single trade.

Signed: _____ Date: _____

Part 8: Tracking Progress

Monthly Revenge Trading Log

DATE	TRIGGER	ACTION TAKEN	RESULT

Progress Metrics

Track monthly: - Number of revenge trades: _ - **Times I successfully walked away:** -
Times I hit daily limit and stopped: _ - Average emotional state (1-10): ____

Improvement Goals

This month I will:

- 1.
- 2.
- 3.

Quick Reference Card

STOP SIGNS (Walk Away Immediately)

- Just hit daily loss limit
- 3+ consecutive losses
- Noticing anger or frustration
- Urge to increase size
- "I need to make this back"

GREEN FLAGS (OK to Continue Trading)

- Within daily loss limit
- Feeling calm and focused
- Setup meets all criteria
- Using normal position size
- Following all rules

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