

Confirmation Bias Audit Template

Pre-Trade Checklist to Challenge Your Thesis

Purpose

Confirmation bias causes traders to: - Seek information that supports their view - Ignore information that contradicts it - Overweight confirming evidence - Underweight disconfirming evidence

This template forces you to actively seek reasons why your trade might be wrong.

Section 1: Your Trade Thesis

What I Want to Do

Direction: ☐ Long ☐ Short

Entry Price: \$_____

Stop Loss: \$_____

Target: \$_____

Timeframe: _____ (holding period)

Why I Think This Will Work

Write 3 reasons supporting your trade:

1.

2.

3.

Section 2: The Counter-Thesis Exercise

Actively Seek the Opposite View

Instruction: Spend 5 minutes looking for reasons this trade will FAIL. Be aggressive in finding contrary evidence.

What Could Prove Me Wrong?

List 3 scenarios where this trade loses:

1. _____
2. _____
3. _____

Evidence Against My Trade

Technical factors opposing my trade:

- ☐ Higher timeframe trend is against me
- ☐ Key resistance/support ahead in my direction
- ☐ Divergence forming against my trade
- ☐ Volume not confirming my direction
- ☐ Other indicators contradicting

Notes: _____

Fundamental/contextual factors:

- ☐ Major news event pending
- ☐ Earnings/data release coming
- ☐ Market-wide risk factors
- ☐ Sector rotation concerns
- ☐ Correlation risk

Notes: _____

Section 3: Evidence Quality Check

Am I Cherry-Picking?

Question: Am I giving more weight to evidence that supports my trade?

For each piece of supporting evidence, rate honestly:

EVIDENCE	STRENGTH (1-10)	COULD I FIND COUNTER-EVIDENCE?
—	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
—	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
—	—	<input type="checkbox"/> Yes <input type="checkbox"/> No

The "Opposite Trade" Exercise

If I HAD to take the opposite trade, what would justify it?

How strong is that case? (1-10): _____

Section 4: Red Flag Checklist

Emotional Check

- ☐ Am I excited about this trade? (excitement = danger)
- ☐ Am I trying to "make back" a recent loss?
- ☐ Am I forcing this because I "need" a trade?
- ☐ Have I been staring at this chart too long?
- ☐ Am I ignoring signals I'd normally respect?

Recency Bias Check

- ☐ Did a recent win make me overconfident?
- ☐ Am I trading a "similar setup" to a recent winner?
- ☐ Am I avoiding a setup type because of recent loss?

Anchoring Check

- ☐ Am I stuck on a price target from an earlier analysis?
- ☐ Am I holding a view from before new information?
- ☐ Have I updated my thesis with current data?

Section 5: The Final Test

Would I Take the Opposite?

If someone offered you the opposite side of this trade at the same R:R, would you still prefer your side?

☐ Yes, definitely my side ☐ Actually, either side seems reasonable ☐ Hmm, the opposite might be better

If "either" or "opposite," reconsider your conviction.

The "Friend Test"

If a trading friend showed you this setup, what would you honestly tell them?

☐ "This looks solid, I'd take it" ☐ "It's okay, but watch out for [X]" ☐ "I'd probably pass on this one" ☐ "This seems forced"

Be honest. We're often more objective about others' trades.

Kill the Trade?

Based on this audit, should I:

☐ **Proceed** — Counter-arguments are weak, thesis intact ☐ **Reduce size** — Some concerns, lower conviction ☐ **Wait** — Need more confirmation ☐ **Kill the trade** — Counter-thesis is actually stronger

Section 6: Post-Decision Notes

If I Took the Trade

Did any counter-thesis points materialize?

What did I learn?

If I Killed the Trade

What happened?

☐ Trade would have worked — I was too cautious ☐ Trade would have failed — Good decision
☐ Trade was choppy — Unclear outcome

Lesson: _____

Section 7: Bias Patterns to Track

Over Time, Note Your Tendencies

I tend to ignore warnings when: - ☐ I've been in the trade mentally too long - ☐ The setup looks like a recent winner - ☐ I'm in a winning streak - ☐ I'm in a losing streak and "need" a win - ☐ Other: _____

My confirmation bias triggers: - ☐ Specific setups (which ones: __) - ☐ **Specific assets (which ones: __)** - ☐ Specific times (which times: _____) - ☐ After specific outcomes (wins/losses)

Quick Version (2-Minute Audit)

When time is short, answer these 3 questions:

1. What would prove me wrong?

2. Am I ignoring any red flags?

☐ Yes ☐ No

If yes, what? _____

3. Would I advise a friend to take this trade?

☐ Yes ☐ No ☐ Maybe

If "No" or "Maybe," why are you taking it?

Using This Template

When to Use

- Before any trade where you have strong conviction
- When you catch yourself "wanting" a trade to work
- After a winning or losing streak
- When the trade "feels obvious"
- For larger than normal positions

How to Use

1. Fill out honestly (not to justify, but to challenge)
2. Spend actual time on the counter-thesis
3. If you can't find counter-arguments, you haven't looked hard enough

4. Use the final test to make the call
5. Review after the trade to calibrate

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