

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?
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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
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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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