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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, July 6, 2012

Reading: Discipline

You do not need discipline to trade successfully. Discipline is a negative word. Discipline implies ability to refrain from doing something. Attempts at self discipline and self denial often fail. Yet you will find hundreds of books, trading coaches, trading mentors, who keep harping about discipline as the key to trading profits.

Any attempt at discipline has high probability of failure. Discipline works only in highly structured and hierarchical system where there is a highly regimented approach to controlling behavior. Armies are very good at discipline. Fear of punishment drives discipline. Even in such settings from time to time discipline breaks down. Discipline requires continuous negative reinforcement, if you don't do this you will be punished.

So if discipline is not the key, what is the key. The key is passion, perseverance, tenaciousness, persistence and grittiness. If you are determined to achieve longer term goals despite obstacle then the passion takes over and self discipline is not an issue. What others call or see as discipline is persistence to most successful people. The essential thing is do you have the inner drive to be the most successful trader you can be. If that is in place all the effort required to get there are driven by that passion.

Grittiness is most important if you want to achieve anything major in life. Grittiness involves ability to keep at it despite setbacks, it involves ability to overcome obstacles by going around them or finding creative solutions to it. It is an inner drive which propels you forward, for long duration, often years, till you get what you set out to get or achieve

All successful people who achieve something meaningful in life have an inner passion or an overarching goal. The pursuit of that goal consumes their life. Once you find that goal all activity performed to achieve it is pleasurable activity

If you find your inner passion, you will have no discipline problems. So when you say I have discipline problem, probably you mean you have a passion problem. May be trading is not your passion.

Pradeep Bonde

Posted by [SMART Trader](#) at 8:58 PM



4 comments:



Smita July 7, 2012 at 8:43 PM

Discipline is also abiding by the rules (with exceptions at times), to me it is to follow my trade plan for the day. I made mistakes like staying in the trade even when the SL hit, Or not taking profit when I should have. I experienced that I will be in a winning trade and then I will have two minds about exiting or not. So discipline to me is come out at set target now or when SL hits no matter where market goes after that, for last few trades I see it is working. May be one can call it something else, but to me this is discipline at present.

Reply



SMART Trader July 7, 2012 at 9:29 PM

Smita

Discipline to stick to your rules is good. Pradeep Bonde analyses it from a different angle and argues that Discipline is not the key to trading success. If your trading method is profitable, it will act as a stimulus to follow this method with discipline. If your method is crap, discipline can't make it profitable. What we need is a method with an edge

ST

Reply

Anonymous July 9, 2012 at 8:02 PM

But yaar even if u have method with edge if u dont stick to it with discipline arent u going to lose.

World over discipline has great value.

I think Bonde saahab is just trying to make a point for the sake of making a point.

Yoga is all about discipline. Do u mean to say yogis were failures?

Reply



SMART Trader July 9, 2012 at 8:34 PM

Anon

No dispute. Discipline has great value in this world.

Market is uncertain and ambiguous and you cannot follow your rules or methods 100% perfectly especially if you are following many indicators.

Traders think their failure is due to indiscipline where as it could be the absence of a reliable edge in their methods.

In Markets discipline wont make you profitable. A method with an edge will make you disciplined.

ST

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 - [04/07/2012](#)
 - [03/07/2012](#)
 - [02/07/2012](#)
 - [June](#) (33)
 - [May](#) (33)
 - [April](#) (27)
 - [March](#) (31)
 - [February](#) (42)
 - [January](#) (3)