



This image is no longer available. Visit tinypic.com for more information.

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

Saturday, October 6, 2012

Discipline

Originally the word “Discipline” refers to the systematic instructions given to “disciples” to train them in an activity which they are supposed to perform. This requires following a code of conduct. In trading parlance discipline means sticking to our own trading plan. While trading, many of us find it difficult to do this as we succumb to our emotions such as fear and greed.

Trading discipline involves behavior change. We must train ourselves not to take emotional decisions and act such a way to protect our own best interest. This is done by overriding the emotional reactions and sticking to our original trading plan.

What motivates one to change the behavior? There are many approaches. The simplest and the easiest one is by changing motivation. One of the oldest ideas in behavior change is people dislike pain and enjoys pleasure. They will do the stuff that reduces the pain and increases the pleasure. This requires an incentive, punishment system which increases the pleasure when they perform a behavior and cause pain when the desired behavior does not occur.

As far as trading is concerned you need not design a motivational approach. It is inbuilt. If your trading method is having an edge and makes money when traded properly, that itself will motivate you to be disciplined. Losses will prevent you from violating your profitable trade plan.

Most struggling traders believe their core problem is discipline. This belief is further reinforced by the “Trading Psychologists” who themselves cannot trade and “Trading Gurus” who can escape the responsibility by blaming your” Lack of discipline” when their methods are not working.

If your methods have edge and they are working, you do not need to make extra efforts to be disciplined or focused. The returns which you get will motivate you to be disciplined.. In my humble opinion, there are no psychological problems related to trading alone. If you have any, it may affect the other areas of your life also.

If you think you have some, go and get it treated as early as possible.

Posted by [SMART Trader](#) at 7:56 PM



No comments:

Post a Comment

Note: Only a member of this blog may post a comment.

Enter your comment...



Comment as: [Google Account](#) ▾

Publish

Preview

[Newer Post](#) [Home](#) [Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

Important Posts

- [Disclaimer](#)
- [Glossary](#)
- [Rants 'n Raves](#)
- [Structure and Patterns](#)

Download E-Books

- [Decision Points](#)
- [Structure and Patterns](#)
- [Rants N Raves](#)
- [TRADE-SCORE](#)
- [Video Promo](#)

[Statcounter](#)

Reciprocal Links

- [Lance Beggs @ YTC](#)
- [URD @ charttechnicals](#)
- [KPL @ vfmtdirect](#)

Blog Archive

- ▶ [2015](#) (100)
- ▶ [2014](#) (274)
- ▶ [2013](#) (299)
- ▼ [2012](#) (338)
 - ▶ [December](#) (23)
 - ▶ [November](#) (28)
 - ▼ [October](#) (28)
 - [31102012](#)
 - [30102012](#)
 - [Reading: The Trading Contradiction](#)
 - [29102012](#)
 - [Probability](#)
 - [Classic Patterns](#)
 - [23102012](#)
 - [22102012](#)
 - [The SAR Circus](#)
 - [Cigarettes](#)
 - [19102012](#)
 - [18102012](#)
 - [17102012](#)
 - [16102012](#)
 - [Reading: High Speed Trading](#)
 - [15102012](#)
 - [Nifty Levels](#)
 - [12102012](#)
 - [Brackets and Envelops](#)
 - [11102012](#)
 - [10102012](#)
 - [09102012](#)
 - [08102012](#)
 - [Discipline](#)
 - [Decision Making](#)
 - [04102012](#)
 - [03102012](#)
 - [01102012](#)
 - ▶ [September](#) (27)
 - ▶ [August](#) (30)
 - ▶ [July](#) (33)
 - ▶ [June](#) (33)
 - ▶ [May](#) (33)
 - ▶ [April](#) (27)
 - ▶ [March](#) (31)
 - ▶ [February](#) (42)
 - ▶ [January](#) (3)