



# Narratives & News Without Hype

Filter Noise: A Disciplined Approach to Trading

Build a Risk-First Trading Mindset

Forex

Crypto

Binary Options

# Legal & Risk Notice

- Trading in Forex, Crypto, and Binary options involves significant risk and may not be suitable for all investors.
- You may lose all or part of your investment; therefore, you should not invest money you cannot afford to lose.
- This course is for educational purposes only and does not provide financial or investment advice.
- Past performance is not indicative of future results. Trading decisions should be based on your own research and risk tolerance.
- Always consult with a qualified financial advisor before making any trading decisions.

## Who This Is Not For

- Individuals seeking guaranteed profits.
- Traders looking for real-time calls or specific buy/sell recommendations.
- Those unwilling to accept the risks associated with trading.

# How to Use This Course

## Recommended Pace

- Complete one module per week for optimal retention.
- Review the exercises and checklists regularly.
- Engage with the material actively by taking notes.

## Instructions

- Read each module thoroughly before moving to the next.
- Complete all exercises to reinforce learning.
- Use the glossary for unfamiliar terms.
- Participate in discussions or forums to enhance understanding.
- Keep a trading journal to track your progress.
- Review the risk box at the end of each module to understand potential pitfalls.

### **This course is designed to be printed for easy reference.**

Maintain a narrative journal to document your thoughts and insights as you progress through the course.

Set aside time weekly to review key concepts and your trading journal.

# Table of Contents

Click on the sections to navigate directly.

- [Preface / Orientation](#)
- [Module 1: Narratives Defined](#)
- [Module 2: Why Hype is Dangerous](#)
- [Module 3: Information Hygiene](#)
- [Module 4: Narrative Framework](#)
- [Module 5: Avoid Headline Trading](#)
- [Module 6: Information Diet](#)
- [Module 7: Exercises](#)
- [Glossary](#)
- [Self-Test Quiz](#)
- [Printable One-Page Summary](#)

# Preface / Orientation

## Who This Is For

- Traders with basic knowledge seeking consistency.
- Individuals looking to improve their risk management skills.
- Learners who want to understand the impact of narratives on trading.

## What You Will Learn

- The importance of narratives in trading decisions.
- How to filter out noise and hype in market news.
- Strategies for maintaining a disciplined information diet.
- Frameworks for evaluating narratives critically.
- Practical exercises to reinforce learning and application.
- Techniques for avoiding impulsive trading based on headlines.

## What This Course Will Not Do

- Provide specific investment advice or recommendations.
- Guarantee profits or success in trading.
- Replace the need for personal research and due diligence.
- Offer real-time trading signals or calls.

## Prerequisites

- Basic understanding of trading concepts.
- Familiarity with Forex, Crypto, or Binary options.
- Willingness to engage in self-reflection and improvement.

# Module 1: Narratives Defined

**Goal:** Understand the concept of narratives and their influence on trading behavior.

## What Are Narratives?

Narratives are shared stories or frameworks that shape how we interpret information and events. In trading, they influence market sentiment and decision-making.

Understanding narratives helps traders contextualize market movements and avoid impulsive decisions.

**Narrative:** A story or account that explains events and influences perceptions.

**Why it matters:** Recognizing narratives allows traders to differentiate between noise and meaningful information.

### Hypothetical example

For instance, if a narrative suggests that a currency is strengthening due to economic growth, traders may react accordingly, impacting market prices.

This understanding is crucial for making informed trading decisions.

## Shared Stories in Trading

Shared stories in trading can create trends and influence collective behavior. Traders often follow narratives that resonate with their beliefs or experiences.

Being aware of these narratives helps traders avoid herd mentality.

**Herd Mentality:** The tendency for individuals to follow the actions of a larger group.

**Why it matters:** Understanding the impact of shared stories can help traders maintain objectivity.

### Hypothetical example

For example, during a market downturn, a narrative about economic collapse may lead to panic selling, regardless of the underlying fundamentals.

Recognizing this can help traders make more rational decisions.

## Module 1 Checklist

- Define narratives and their role in trading.
- Identify common narratives in your trading environment.
- Reflect on how narratives influence your decisions.
- Consider ways to critically evaluate narratives before acting.
- Maintain awareness of herd mentality in your trading approach.
- Document your thoughts in your narrative journal.
- Review your checklist regularly to reinforce learning.

## Module 1 Exercise

**Purpose:** To reinforce understanding of narratives and their impact on trading decisions.

1. Identify a current market narrative affecting your trading decisions.
2. Write a brief summary of this narrative in your journal.
3. Reflect on how this narrative aligns with your trading strategy.
4. Consider potential biases that may influence your interpretation of this narrative.
5. Evaluate whether the narrative is supported by evidence or if it is driven by emotion.
6. Discuss your findings with a trading partner or mentor.

**Expected Output:** A completed narrative journal entry reflecting on the identified narrative and its implications for your trading.

## Module 1 Risk Box

- Be cautious of narratives that are overly optimistic or pessimistic.
- Avoid making trading decisions based solely on popular narratives.
- Always validate narratives with evidence before acting.
- Recognize your own biases that may affect your interpretation of narratives.

## Key Takeaways

- Narratives shape trading behavior and market sentiment.
- Understanding narratives helps traders avoid impulsive decisions.
- Critical evaluation of narratives is essential for informed trading.
- Maintain a narrative journal to track your insights and reflections.
- Be aware of herd mentality and its potential impact on your trading.

# Module 2: Why Hype is Dangerous

**Goal:** Recognize the dangers of hype in trading and its impact on decision-making.

## The Nature of Hype

Hype refers to exaggerated claims or excitement surrounding a market event, often leading to emotional decision-making.

Traders influenced by hype may act impulsively, resulting in poor trading outcomes.

Hype: Exaggerated or sensationalized claims that create excitement.

Why it matters: Recognizing hype can help traders maintain a rational perspective.

### Hypothetical example

For example, a cryptocurrency may experience a surge in price due to hype from social media, leading to a buying frenzy without fundamental backing.

This can create a bubble that eventually bursts, resulting in losses for traders.

## Emotional Decisions and Selection Bias

Hype often leads to emotional decisions, where traders act based on fear or greed rather than analysis.

Selection bias occurs when traders focus on information that confirms their beliefs while ignoring contradictory evidence.

Selection Bias: The tendency to favor information that supports existing beliefs.

Why it matters: Awareness of emotional triggers can help traders make more objective decisions.

### Hypothetical example

For instance, a trader may only remember successful trades influenced by hype, ignoring losses that occurred when following the same pattern.

This selective memory can lead to overconfidence and increased risk.

## Module 2 Checklist

- Identify instances of hype in your trading experience.
- Reflect on how hype has influenced your decisions.
- Consider strategies to mitigate the impact of hype on your trading.
- Document your reflections in your narrative journal.
- Review your checklist regularly to reinforce learning.
- Engage with peers to discuss experiences with hype.
- Practice mindfulness techniques to manage emotional responses.

## Module 2 Exercise

**Purpose:** To recognize the impact of hype on trading decisions and develop strategies to mitigate its effects.

1. Identify a recent trading decision influenced by hype.
2. Analyze the outcome of that decision and its impact on your trading.
3. Reflect on the emotions you experienced during that decision-making process.
4. Consider alternative actions you could have taken based on a more rational analysis.
5. Document your insights in your narrative journal.

**Expected Output:** A completed journal entry analyzing the impact of hype on a recent trading decision.

## Module 2 Risk Box

- Be aware of emotional triggers that lead to impulsive decisions.
- Avoid trading based solely on hype or market excitement.
- Seek objective information to counteract selection bias.
- Regularly review your trading decisions to identify patterns influenced by hype.

## Key Takeaways

- Hype can lead to emotional decision-making and poor trading outcomes.
- Recognizing hype is essential for maintaining objectivity.
- Developing strategies to counteract hype can improve trading discipline.
- Document experiences with hype in your narrative journal for future reference.
- Engage with peers to share insights and strategies.

# Module 3: Information Hygiene

**Goal:** Learn the importance of evaluating information sources and maintaining a disciplined information diet.

## Evaluating Information Sources

Information hygiene refers to the practice of critically assessing the quality and reliability of information sources.

Traders must be discerning about where they obtain information to avoid misinformation.

Information Hygiene: The practice of evaluating the quality and reliability of information.

Why it matters: High-quality information is essential for making informed trading decisions.

### Hypothetical example

For example, relying on unverified social media posts can lead to misguided trading decisions.

Evaluating sources helps traders filter out noise and focus on credible information.

## Incentives and Timing Traps

Understanding the incentives behind information sources can help traders assess credibility.

Timing traps occur when traders react to information without considering its context or timing.

Timing Trap: Making decisions based on information that may be outdated or misleading.

Why it matters: Being aware of incentives and timing can prevent hasty decisions.

### Hypothetical example

For instance, a news article may sensationalize a market event to attract clicks, leading traders to overreact.

Evaluating the intent behind information helps traders maintain a disciplined approach.

## Module 3 Checklist

- Identify reliable sources of information in your trading.
- Evaluate the incentives behind the information you consume.
- Reflect on recent decisions influenced by timing traps.
- Document your findings in your narrative journal.
- Review your checklist regularly to reinforce learning.
- Engage with peers to discuss information sources and their reliability.
- Practice critical thinking when assessing new information.

## Module 3 Exercise

**Purpose:** To develop skills in evaluating information sources and maintaining information hygiene.

1. Identify three sources of information you use for trading.
2. Evaluate the reliability of each source based on criteria such as accuracy, bias, and credibility.
3. Reflect on how the quality of information from these sources has influenced your trading decisions.
4. Document your evaluation in your narrative journal.
5. Consider ways to diversify your information sources for a more balanced view.

**Expected Output:** A completed journal entry evaluating the reliability of your information sources.

## Module 3 Risk Box

- Be cautious of unverified information sources.
- Avoid making decisions based solely on sensationalized news.
- Regularly evaluate the quality of your information sources.
- Consider the timing of information before acting on it.

## Key Takeaways

- Information hygiene is crucial for effective trading.
- Evaluating sources helps filter out noise and misinformation.
- Understanding incentives and timing can improve decision-making.
- Maintain a diverse set of reliable information sources for balanced insights.
- Document your evaluations in your narrative journal for future reference.

# Module 4: Narrative Framework

**Goal:** Learn to construct a narrative framework for evaluating market information.

## Constructing a Narrative Framework

A narrative framework helps traders evaluate information systematically.

It consists of four components: hypothesis, evidence, invalidation, and risk limits.

Hypothesis: A proposed explanation for a market event.

Why it matters: A structured approach to evaluating narratives enhances decision-making.

### Hypothetical example

For instance, if a trader hypothesizes that a currency will strengthen due to economic data, they should gather evidence to support this claim.

This framework encourages critical thinking and reduces impulsive actions.

## Evaluating Evidence and Invalidation

Evaluating evidence involves assessing the quality and relevance of information supporting a hypothesis.

Invalidation refers to identifying conditions that would disprove the hypothesis.

Invalidation: Conditions that would prove a hypothesis false.

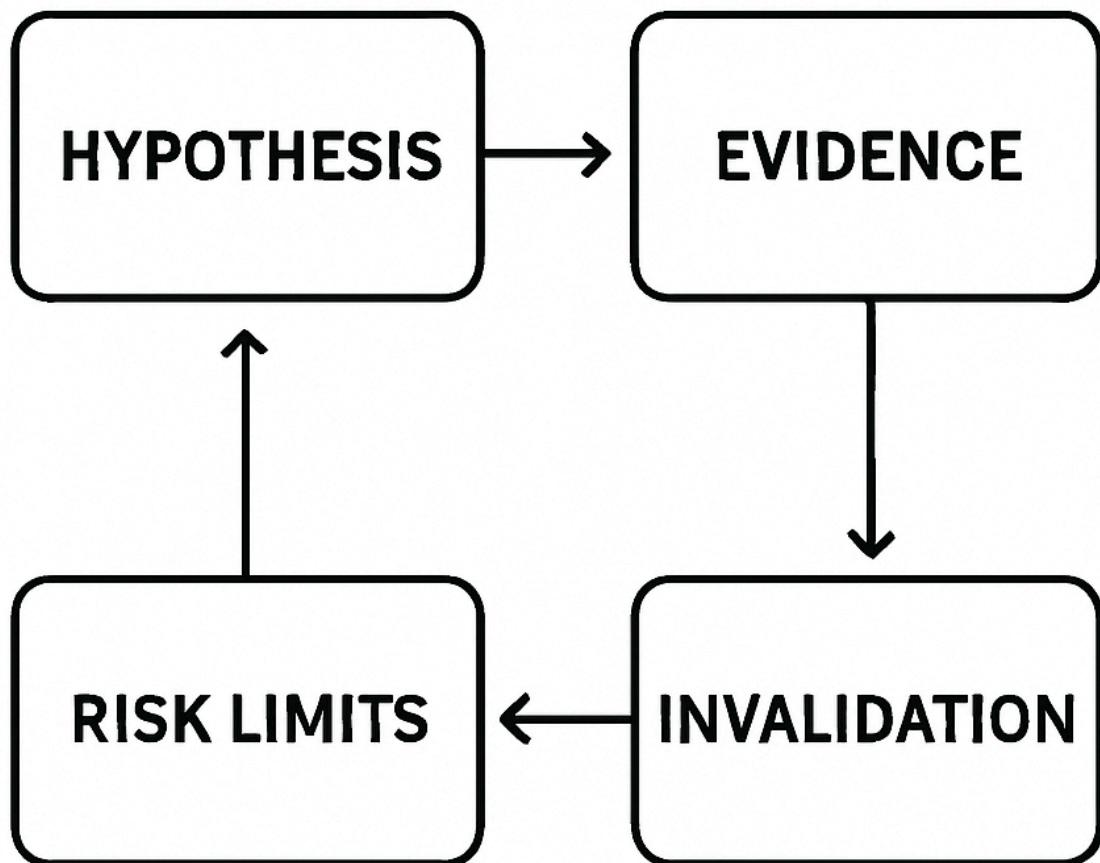
Why it matters: This process helps traders avoid confirmation bias and make more objective decisions.

### Hypothetical example

For example, if new economic data contradicts a trader's hypothesis, recognizing this invalidation can prompt a reevaluation of their position.

This critical assessment is essential for maintaining a disciplined approach.

# NARRATIVE FRAMEWORK



A visual representation of the narrative framework components: hypothesis, evidence, invalidation, and risk limits.

## Module 4 Checklist

- Understand the components of a narrative framework.
- Practice constructing a narrative framework for a current market event.
- Reflect on how this framework can improve your decision-making.
- Document your frameworks in your narrative journal.
- Review your checklist regularly to reinforce learning.
- Engage with peers to discuss narrative frameworks and their applications.

- Consider how to adjust your trading strategy based on your evaluations.

## Module 4 Exercise

**Purpose:** To practice constructing a narrative framework for evaluating market information.

1. Select a current market event and formulate a hypothesis about its impact.
2. Gather evidence supporting your hypothesis and document it.
3. Identify potential invalidation points that could disprove your hypothesis.
4. Reflect on how this framework influences your trading decisions.
5. Document your framework in your narrative journal.

**Expected Output:** A completed narrative framework for a current market event.

## Module 4 Risk Box

- Avoid making decisions based solely on unverified hypotheses.
- Regularly evaluate the evidence supporting your trading decisions.
- Be aware of invalidation points to prevent confirmation bias.
- Maintain a structured approach to evaluating narratives.

## Key Takeaways

- A narrative framework enhances decision-making in trading.
- Understanding hypothesis, evidence, invalidation, and risk limits is crucial.
- Documenting frameworks helps reinforce learning and improve discipline.
- Engage with peers to share insights on narrative frameworks.
- Regularly review your frameworks to adapt your trading strategy.

# Module 5: Avoid Headline Trading

**Goal:** Learn the dangers of trading based on headlines and develop rules for disciplined decision-making.

## The Pitfalls of Headline Trading

Headline trading refers to making trading decisions based solely on news headlines.

This approach often leads to impulsive actions and poor outcomes.

**Headline Trading:** Making trading decisions based on news headlines without further analysis.

**Why it matters:** Understanding the pitfalls of headline trading can help traders maintain discipline.

### Hypothetical example

For instance, a trader may buy a stock after reading a positive headline without considering the underlying fundamentals.

This can lead to losses if the news is misleading or lacks context.

## Rules for Disciplined Decision-Making

Establishing rules for decision-making can help traders avoid impulsive actions.

These rules should include criteria for evaluating news and its relevance to trading strategies.

**Decision-Making Rules:** Guidelines that help traders evaluate information before acting.

**Why it matters:** Having clear rules enhances consistency and reduces emotional trading.

### Hypothetical example

For example, a trader may decide to wait for confirmation from multiple sources before acting on a headline.

This disciplined approach can lead to better trading outcomes.

## Module 5 Checklist

- Identify instances of headline trading in your experience.
- Reflect on the outcomes of trading based on headlines.
- Establish personal rules for disciplined decision-making.
- Document your reflections in your narrative journal.
- Review your checklist regularly to reinforce learning.
- Engage with peers to discuss experiences with headline trading.
- Practice patience in your trading approach.

## Module 5 Exercise

**Purpose:** To develop rules for disciplined decision-making and avoid headline trading.

1. Identify a recent headline that influenced your trading decisions.
2. Analyze the outcome of that decision and its impact on your trading.
3. Reflect on how you could have approached the situation differently.
4. Document your insights and rules for future decision-making in your narrative journal.
5. Consider how to apply these rules in future trades.

**Expected Output:** A completed journal entry analyzing a recent trading decision influenced by a headline.

## Module 5 Risk Box

- Avoid making trading decisions based solely on headlines.
- Establish clear rules for evaluating news and its relevance.
- Practice patience and wait for confirmation before acting.
- Regularly review your decision-making rules to enhance discipline.

## Key Takeaways

- Headline trading can lead to impulsive decisions and poor outcomes.
- Establishing rules for decision-making enhances consistency.
- Documenting experiences with headline trading helps reinforce learning.
- Engage with peers to share insights on disciplined decision-making.
- Practice patience in your trading approach.

# Module 6: Information Diet

**Goal:** Learn how to maintain a disciplined information diet to support effective trading.

## The Concept of Information Diet

An information diet refers to the selective consumption of information relevant to trading.

Maintaining a disciplined information diet helps traders avoid information overload.

Information Diet: The practice of selectively consuming information relevant to trading.

Why it matters: A focused information diet enhances clarity and decision-making.

### Hypothetical example

For instance, a trader may choose to follow only a few trusted analysts instead of consuming every piece of news.

This selective approach can lead to more informed trading decisions.

## What to Consume and When

Knowing what information to consume and when is crucial for effective trading.

Traders should prioritize high-quality information that aligns with their trading strategy.

High-Quality Information: Information that is accurate, relevant, and timely.

Why it matters: Consuming the right information at the right time can enhance decision-making.

### Hypothetical example

For example, a trader may focus on economic reports released at specific times rather than reacting to every headline.

This disciplined approach can lead to better trading outcomes.

## Module 6 Checklist

- Identify your current information consumption habits.
- Reflect on the quality of information you consume.
- Establish criteria for high-quality information.
- Document your reflections in your narrative journal.
- Review your checklist regularly to reinforce learning.
- Engage with peers to discuss information consumption habits.
- Consider how to adjust your information diet for better results.

## Module 6 Exercise

**Purpose:** To develop a disciplined information diet that supports effective trading.

1. Analyze your current information consumption habits and identify areas for improvement.
2. Create a list of trusted sources that provide high-quality information.
3. Establish a schedule for consuming information that aligns with your trading strategy.
4. Document your information diet in your narrative journal.
5. Reflect on how this diet influences your trading decisions.

**Expected Output:** A completed journal entry outlining your disciplined information diet.

## Module 6 Risk Box

- Avoid information overload by selectively consuming relevant information.
- Regularly evaluate the quality of your information sources.
- Establish a routine for consuming information that aligns with your trading strategy.
- Be cautious of sensationalized news that may distract from your focus.

## Key Takeaways

- An information diet enhances clarity and decision-making in trading.
- Prioritizing high-quality information is essential for effective trading.
- Documenting your information diet helps reinforce learning and discipline.
- Engage with peers to share insights on information consumption.
- Regularly review your information diet to ensure it remains effective.

# Exercises: Narrative Journal Template + Weekly Information Audit

**Goal:** Implement practical exercises to reinforce learning and maintain a disciplined approach.

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## Narrative Journal Template

A narrative journal is a tool for documenting insights, reflections, and evaluations of narratives.

Using a template can help structure your thoughts and reinforce learning.

Narrative Journal: A personal record of insights and reflections related to trading.

Why it matters: Keeping a narrative journal enhances self-awareness and accountability.

### Hypothetical example

For instance, a trader may document their thoughts on a specific market narrative and its implications for their trading strategy.

This practice encourages ongoing reflection and improvement.

## Weekly Information Audit

Conducting a weekly information audit involves reviewing your information consumption and its impact on your trading.

This practice helps identify patterns and areas for improvement.

Information Audit: A review of the information consumed and its relevance to trading.

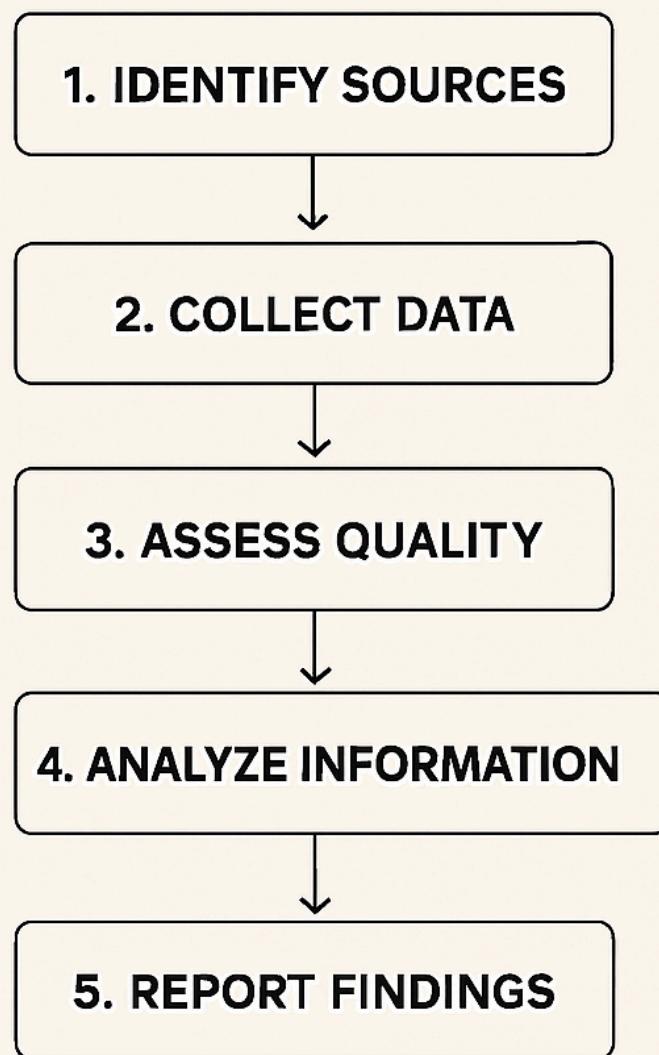
Why it matters: Regular audits promote accountability and enhance decision-making.

### Hypothetical example

For example, a trader may assess whether their information sources provided valuable insights or contributed to confusion.

This reflection can lead to adjustments in their information diet.

# WEEKLY INFORMATION AUDIT



A flowchart outlining the steps for conducting a weekly information audit.

## Module 7 Checklist

- Implement the narrative journal template in your trading routine.
- Conduct a weekly information audit to assess your consumption habits.
- Reflect on the insights gained from your journal and audit.
- Document your findings in your narrative journal.
- Review your checklist regularly to reinforce learning.
- Engage with peers to discuss your experiences with the journal and audit.

- Consider how to adjust your practices based on your reflections.

## Module 7 Exercise

**Purpose:** To implement practical exercises that reinforce learning and maintain a disciplined approach.

1. Start a narrative journal using the provided template.
2. Conduct a weekly information audit to assess your consumption habits.
3. Reflect on the insights gained from your journal and audit.
4. Document your findings and any adjustments you plan to make in your trading approach.
5. Share your experiences with a trading partner or mentor.

**Expected Output:** A completed narrative journal and a summary of your weekly information audit.

## Module 7 Risk Box

- Regularly review your narrative journal for insights and patterns.
- Be open to adjusting your information diet based on your audits.
- Avoid becoming complacent in your trading practices.
- Engage with peers to share insights and strategies for improvement.

## Key Takeaways

- A narrative journal enhances self-awareness and accountability in trading.
- Conducting weekly audits promotes disciplined information consumption.
- Documenting insights helps reinforce learning and improve trading practices.
- Engage with peers to share experiences and strategies.
- Regularly review your practices to ensure continuous improvement.

# Printable One-Page Summary

**Goal:** Provide a concise summary of key concepts and rules for quick reference.

## Key Concepts and Rules

This one-page summary encapsulates the essential concepts and rules learned throughout the course.

It serves as a quick reference for traders to reinforce their understanding and application.

Why it matters: Having a concise summary helps traders recall key concepts easily.

### Hypothetical example

For instance, a trader can quickly review the rules for maintaining an information diet before making trading decisions.

This aids in reinforcing disciplined trading practices.

The summary should be printed and kept accessible for regular review.

## Printable Summary Template

A printable summary template is provided for traders to fill in their key takeaways.

This template encourages ongoing reflection and application of learned concepts.

Printable Summary: A concise document summarizing key concepts and rules.

Why it matters: Regularly reviewing the summary reinforces learning and enhances discipline.

### Hypothetical example

For example, a trader may fill in their key takeaways from each module to create a personalized summary.

This practice promotes accountability and continuous improvement.

## Module 8 Checklist

- Complete the printable summary template with your key takeaways.

- Reflect on how these concepts apply to your trading.
- Keep the summary accessible for regular review.
- Engage with peers to discuss your key takeaways and insights.
- Consider how to adjust your trading practices based on your reflections.
- Review your checklist regularly to reinforce learning.
- Share your summary with a trading partner for feedback.

## Module 8 Exercise

**Purpose:** To create a personalized summary of key concepts and rules for quick reference.

1. Fill in the printable summary template with your key takeaways from each module.
2. Reflect on how these concepts apply to your trading decisions.
3. Keep the summary accessible for regular review and reinforcement.
4. Engage with peers to discuss your insights and share feedback.
5. Consider how to adjust your trading practices based on your reflections.

**Expected Output:** A completed printable summary of key concepts and rules.

## Module 8 Risk Box

- Regularly review your summary to reinforce learning.
- Be open to adjusting your trading practices based on your reflections.
- Engage with peers to share insights and strategies for improvement.
- Avoid complacency in your trading approach.

## Key Takeaways

- A printable summary aids in recalling key concepts and rules.
- Regular review of the summary reinforces learning and discipline.
- Creating a personalized summary encourages accountability and continuous improvement.
- Engage with peers to share experiences and insights.
- Regularly review your practices to ensure ongoing development.

# One-Page Rules & Reality Check Summary

## Key Concepts

- Understand narratives and their impact on trading.
- Recognize the dangers of hype and emotional decision-making.
- Maintain information hygiene by evaluating sources critically.
- Construct a narrative framework for informed decision-making.
- Avoid headline trading by establishing decision-making rules.
- Develop a disciplined information diet for effective trading.

## Rules for Disciplined Trading

- Document insights in a narrative journal.
- Conduct weekly information audits to assess consumption habits.
- Engage with peers to share experiences and strategies.
- Regularly review key concepts to reinforce learning.

## Reality Check

- Trading involves high risk and the possibility of total loss.
- Always validate narratives with evidence before acting.
- Avoid impulsive decisions based on hype or headlines.
- Stay disciplined and maintain a structured approach to trading.

## Next Steps

- Continue to refine your trading strategy based on insights gained.
- Engage with a trading community for ongoing support.
- Commit to continuous learning and improvement.
- Review your practices regularly to ensure ongoing development.

*This summary encapsulates key concepts and rules for quick reference.*

# Glossary

## Narrative

A story or account that explains events and influences perceptions.

*Understanding narratives helps traders contextualize market movements.*

## Herd Mentality

The tendency for individuals to follow the actions of a larger group.

*Awareness of herd mentality can prevent impulsive trading decisions.*

## Information Hygiene

The practice of evaluating the quality and reliability of information.

*High-quality information is essential for informed trading decisions.*

## Hypothesis

A proposed explanation for a market event.

*A structured approach to evaluating narratives enhances decision-making.*

## Invalidation

Conditions that would prove a hypothesis false.

*This process helps traders avoid confirmation bias.*

## Headline Trading

Making trading decisions based on news headlines without further analysis.

*Understanding the pitfalls of headline trading can help maintain discipline.*

## Information Diet

The practice of selectively consuming information relevant to trading.

*A focused information diet enhances clarity and decision-making.*

### High-Quality Information

Information that is accurate, relevant, and timely.

*Consuming the right information at the right time can enhance decision-making.*

### Timing Trap

Making decisions based on information that may be outdated or misleading.

*Being aware of timing can prevent hasty decisions.*

### Selection Bias

The tendency to favor information that supports existing beliefs.

*Awareness of selection bias can help maintain objectivity in trading.*

### Decision-Making Rules

Guidelines that help traders evaluate information before acting.

*Having clear rules enhances consistency and reduces emotional trading.*

### Narrative Journal

A personal record of insights and reflections related to trading.

*Keeping a narrative journal enhances self-awareness and accountability.*

### Information Audit

A review of the information consumed and its relevance to trading.

*Regular audits promote accountability and enhance decision-making.*

### Printable Summary

A concise document summarizing key concepts and rules.

*Regularly reviewing the summary reinforces learning.*

### Risk Limits

Predefined levels of risk that a trader is willing to accept.

*Establishing risk limits is crucial for managing potential losses.*

### Confirmation Bias

The tendency to search for, interpret, and remember information that confirms one's preconceptions.

*Awareness of confirmation bias can help traders make more objective decisions.*

# Self-Test Quiz

## 1. What is a narrative in trading?

- A. A story that shapes market perceptions. ✓
- B. A technical analysis tool.
- C. A type of trading strategy.
- D. A financial product.

**Explanation:** A narrative is a story that shapes how traders interpret market events.

## 2. Why is hype dangerous in trading?

- A. It creates excitement.
- B. It leads to emotional decision-making. ✓
- C. It guarantees profits.
- D. It is always based on facts.

**Explanation:** Hype can lead to emotional decisions that result in poor trading outcomes.

## 3. What is information hygiene?

- A. The practice of cleaning data.
- B. The evaluation of information sources. ✓
- C. A type of trading strategy.
- D. A method for trading stocks.

**Explanation:** Information hygiene refers to the practice of critically assessing the quality and reliability of information sources.

## 4. What are the components of a narrative framework?

- A. Hypothesis, evidence, invalidation, risk limits. ✓
- B. Trends, patterns, indicators, signals.
- C. News, analysis, predictions, outcomes.
- D. Strategies, tactics, plans, goals.

**Explanation:** The narrative framework consists of hypothesis, evidence, invalidation, and risk limits.

## 5. What is a timing trap?

- A. A method for timing trades.
- B. Making decisions based on outdated information. ✓
- C. A type of trading strategy.
- D. A financial product.

**Explanation:** A timing trap occurs when traders react to information that may be outdated or misleading.

## 6. What is the purpose of a narrative journal?

- A. To document trades only.
- B. To track market prices.
- C. To record insights and reflections related to trading. ✓
- D. To analyze financial statements.

**Explanation:** A narrative journal is used to document insights and reflections related to trading.

## 7. What is selection bias?

- A. The tendency to favor information that supports existing beliefs. ✓
- B. A method for selecting stocks.
- C. A type of trading strategy.
- D. A financial product.

**Explanation:** Selection bias is the tendency to favor information that confirms one's preconceptions.

## 8. Why is it important to establish decision-making rules?

- A. To guarantee profits.
- B. To enhance consistency and reduce emotional trading. ✓
- C. To make trading easier.
- D. To avoid all risks.

**Explanation:** Establishing decision-making rules enhances consistency and reduces emotional trading.

## **9. What does an information audit involve?**

- A. Reviewing financial statements.
- B. Assessing the quality of information consumed. ✓
- C. Analyzing stock prices.
- D. Evaluating trading strategies.

**Explanation:** An information audit involves reviewing the information consumed and its relevance to trading.

## **10. What is the significance of risk limits?**

- A. To maximize profits.
- B. To manage potential losses. ✓
- C. To avoid all risks.
- D. To increase trading frequency.

**Explanation:** Establishing risk limits is crucial for managing potential losses.

## **11. What is the main goal of maintaining an information diet?**

- A. To consume as much information as possible.
- B. To selectively consume relevant information. ✓
- C. To avoid all information.
- D. To follow popular news sources.

**Explanation:** An information diet involves selectively consuming information relevant to trading.

## **12. What is the purpose of the weekly information audit?**

- A. To assess trading performance.
- B. To review information consumption habits. ✓
- C. To analyze market trends.
- D. To evaluate trading strategies.

**Explanation:** The weekly information audit involves reviewing your information consumption and its impact on trading.

### **13. What is the benefit of engaging with peers in trading?**

- A. To compete against them.
- B. To share insights and strategies for improvement. ✓
- C. To avoid collaboration.
- D. To follow their trades blindly.

**Explanation:** Engaging with peers allows traders to share insights and strategies for improvement.

### **14. Why should traders document their experiences?**

- A. To create a trading journal.
- B. To track market prices.
- C. To enhance self-awareness and accountability. ✓
- D. To avoid all risks.

**Explanation:** Documenting experiences enhances self-awareness and accountability in trading.

### **15. What is the main takeaway from this course?**

- A. Trading is easy and guarantees profits.
- B. Understanding narratives and maintaining discipline are crucial for successful trading. ✓
- C. Hype is always beneficial in trading.
- D. Trading can be done without any research.

**Explanation:** The course emphasizes the importance of understanding narratives and maintaining discipline for successful trading.