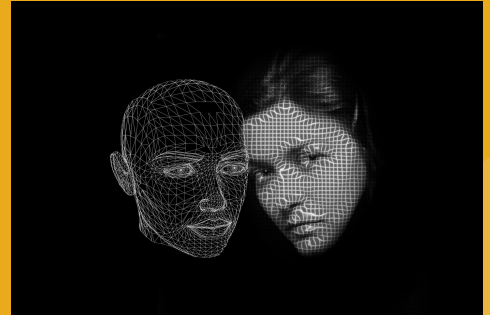


Trader Psychology and its Effects

Mastering Your Emotions
Trading Mindset/Discipline



▶ Trader Emotions



- ❑ Greed
 - ❑ An inordinate or insatiable longing for material gain
- ❑ Fear
 - ❑ A distressing emotion aroused by impending danger, evil, pain, etc., whether the threat is real or imagined; the feeling or condition of being afraid
- ❑ Regret/Remorse
 - ❑ A negative conscious and emotional reaction to one's personal decision-making, a choice resulting in action or inaction

► Emotional Causation/Examples

☐ Greed

- ☐ Trade bigger for faster gains
- ☐ Trade more frequently for faster gains
- ☐ Not take profits to obtain bigger gains
- ☐ Wait to take losses hoping that losses will turn into gains



☐ Fear

- ☐ Take profits too early
- ☐ Not trading thinking you will lose
- ☐ Not taking a loss hoping that the market will come back

☐ Regret

- ☐ Negative thoughts due to previous big or multiple losses
- ☐ Lack of confidence

► Recipe for Overcoming



- ☐ Greed/Fear
 - ☐ Trade very small until profitable 70% of the time
 - ☐ Establish trade size based on account size
 - ☐ Review trade plan daily to ensure you're sticking to it

- ☐ Regret/Remorse
 - ☐ Walk away for a few days to clear your head
 - ☐ Establish a no quit attitude
 - ☐ Remind yourself that others have done it and so can you

▶ Trader Mindset/Discipline

- ☐ Commit yourself to having the right mindset
- ☐ Define your morning routine
- ☐ Study the markets before trading
- ☐ Understand news events that may affect the trading day
- ☐ Be knowledgeable about what you are trading
- ☐ Know max loss and max gain
- ☐ Know how to enter and exit your trades
- ☐ Imagine Winning
- ☐ Imagine Losing
- ☐ Remind yourself that it's real money



▶ Trader Mindset

- ☐ Observe the Habits of Successful Traders
- ☐ Practice, Practice, Practice
- ☐ Observe Your Progress Over Time
- ☐ Controlling Your Trading Psychology After Losses
- ☐ Stick With Your Trading Plan
- ☐ Follow Stock Market Trends
- ☐ Importance of Stop Orders and Mental Stops
- ☐ Be Disciplined and Never Stop Learning

