

THE PSYCHOLOGY OF TRADING

1. When you feel most frustrated at missing moves, you are most vulnerable to losing money and trading in a self-destructive manner (hereon called "trading on tilt" to quote Charles Kirk from the Kirk Report). Do not let it play with your head. Every trade is fresh.

2. Do not over think or get spooked — stay as close to neutral as possible. Don't pre-decide anything, just look for your conditions to be met. Calmness is everything in this profession — in the technical setup system itself and in your own emotions.

3. Remember many big losses have come after innocent small initial losses and then from attempts to make up that loss. You can become frustrated (by forcing trades), do lousy setups with no volume, chasing spikes, or even worse, following other people's trades.

4. If you get stopped out and are feeling frustrated, then the market most likely is in "no win" mode. Step aside and start fresh next day. Emotion is key. There are some days where it is very difficult to make money.

5. Remind yourself how difficult it is to make money and how incredibly easy it is to lose money. There has to be a reason for every trade.

6. Have Vision. Many times stocks sit there for *hours above* the entry point. Remain in the trade as long as the breakout point is held and then hold for the angle change (as buyers pile in) into real profits.

7. Be on your toes with opens in which you miss several quick trades. Do not go tilt. Many tilt days come from opens that one has missed. Just regroup and try again. If stocks are going up or down in a hyperbolic fashion, there is high chance of reversal. If the move is indeed for real, then there will be plenty of opportunities later in the day. Remember that. Just wait for the pitch.

8. On a deeper note: Be at peace with yourself. If you feel like you do not deserve to do well, then most likely you will not do well. Do good, treat your body well, work hard, and everything else will fall into place.