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Developing A Good Trading Psychology

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Trading psychology plays an important factor to a trader. It can attribute sometimes as much as 50% to the success of a trader. The following are some factors we should always bear in our trading journey.

Firstly, losses are part and parcel of trading. It has to be treated just as any part doing business. The ability to take losses promptly is a great asset to a trader. No trading system in the world can trade the market without losses. You need to be disciplined when losses occur. Exit your losing trades when your trading system require you to do so.

Self-discipline is vital to trading success. Imagine Tiger Wood who sleeps late every day, eats excessively, stays up late and parties every night. Now is he going to become world no 1 golfer? The answer is no and the reason is discipline. Self-discipline means doing homework on the stock you want to invest, follow through and setting stops on your trades.

The ability to focus is vital to success. Your account statements will shows how well your focus in your trading. To maintain focus, remove environment which cause distractions such as noise, messy desk and clutter. Therefore an organized workplace will keep you from distractions and helps to maintain your focus on what you do.

Next, aim to develop a success and a winning attitude, this is about developing a trading plan and working toward the specific goals and re-adjust your goals over times as circumstances changes. Always visualize yourself as a successful and profitable trader and remind yourself constantly that the past is done with and you should always keep walking and moving forward.

Avoid overconfidence thinking that nothing can go wrong. It is at this stage in trading that EVERYTHING can go wrong. Never fall into this trap.

Beware of bad habits. This means reversing any bad trading habits that may developed , made a list of them so to keep remain yourself to stay away from it and keep a watchful eyes on your trading plan and follow through all the way and if you feel moody that day, simply do not trade and finally it is always good to keep a trading diary of all the trades done so that you are aware of the mistakes that you have made in the past and take corrective actions to remedy them to avoid repeating them again.

In conclusion, trading psychology can sometime accounts for half of a trader's trading profits. It does not matter how good your trading strategy might be or how good your trading system, if you cannot consistently track both your winners and the losers, then you will not be able to duplicate your system's success. Integrating the above rules has helped me immeasurably. I hope you too share my thoughts.

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