

Mind DProcess

Harry Mindset Development

Needs to build a frame work .. A set of beliefs, that benefit and allow you to thrive in your trading business

Once the beliefs or wanted mindsets are identified, the implementation is with action and repetition + exercises.. Not just words or platitudes

example below

The behaviour needing the work : impatience

To elaborate: when Harry loses 2/3 trades in a row., he can get (not always) uncomfortable and tends to rush back in the market to make it back .

Why he does this?

possible reasons.

1. Lack of accepting of the fact often you can have a series of losing trades.
2. Does not like the pain of being in losses / cumulative losses
3. lack of emotional self awareness and control.
4. No patience to wait for the proper setups

What does he need to do ? What beliefs need to be developed or mindsets to avert this issue?

Summary list below

Develop patience / accept losses as part of trading or a number of losses in a row /
develop conveyor belt philosophy & series of trades understanding / take the trades

as they come not when you want!

Develop Patience

To develop patience you need to have this mindset across your life in my personal opinion . it something you need to be self aware about while trading and outside in your life.

if you develop it while living your normal life, it will come naturally while trading too, everyone has the opportunity to practice patience in their life, whether it someone or something in life that has caused us irritation, you can start actively practicing patience.

For this reason i've put the definition of patience below:

Definition of patience : the capacity to accept or tolerate **delay, problems, or suffering** without **becoming annoyed or anxious**.

- So to bring it into trading terms that definition is helpful. When you are trading and there is no trades for a while you have to tolerate some "**delay**"

- The definition includes **problems**, in your case while trading problems is a few losing trades that makes you frustrated, you might also feel the suffering of that.

- Becoming **annoyed** or **anxious**, while I think these feelings are the first feeling's before acting out and making a mistake of overtrading or revenge trading. you may feel annoyed/anxious but as long you don't act out and trade in that frame. You will be able to work on these feelings overtime and limiting their impact

Beliefs to implement

- **I Accept and know to tolerate a few losing trades in a row, without losing confidence and avoid getting into the market quickly to make the losses back.**

- **I will tolerate any feelings of annoyance or anxiety, that comes while waiting for trades or after a few losing trades even if executed poorly.**

How to implement?

I have come up with conveyor belt theory, imagine each box that comes down a conveyor belt is a

setup, an arrowhead/implosion/guppy etc, an A+/B Level setup (meaning better then 6 rating)



if you wait for the boxes (setups) you will get the results that your method provides, even if you follow your method correctly you will encounter some 3/5 losses in a row depending on your win rate.

Lets say:

After encountering 3 losing trades you lose your cool and start going to the conveyer belt (market) and putting your hand in with no boxes there (setups) , you will lose your shirt in the metal and find yourself in a worse place then had you just waited!

Conclusion

it's best to wait for the setups after encountering losses, you know by going into the market prematurley you will not help the sitiution, think of it like conveyoyr belt,

+ 50 , -10 , +20 , +2 , -10 , -10 , -10 , -15 , -10 , +10 , +50 , +80 ,

+20 , -10 , -10 , -15 ,

+40 , + 50 , + 50 , +1 (figures in points or pips)

Result of that series : + 266 pips

Number of trades: 20

Win rate: 55%

Max losing trades in row : 5

Note with the above: you faced 5 losing trades in a row, which took profits previously made down to zero. in addition to that the win rate was 55% not large by any means but if you ask trader's out there, they would not be impressed by 55% yet it came out positive by 266 pips. This a possible scenario for a week's result for a 5min scalper like you.

Inspiration

"Calm, but alert. Relaxed, but ready. Smooth but sharp. Humble, but confident. "

The more outside of this balance you are, the more you should downsize. The more inline-the more sizing and pressing.



Calm while waiting, alert to trade on opportunity, relaxed in any out of trade situation no matter the previous trade results but ready to strike on any new qualifying setup.

Smooth meaning not clumsy and rushed but sharp as in mentally fresh and in tune with best setup's and market's rythm .

Humble enough to know that if i'm not disclined for example in closing a small loss, could face a large loss but remain confident in abilty and skill to consistently profit from the market while taking the losses and the wins that come with that.

Your note's breakdown

- Before I enter this trade, I fully understand it has the potential to go either way.
- I accept the price I'm paying to find out if my analysis is correct (1% risk)
- I understand that trading is a game of probabilities and will not allow any losses or wins dictate my emotions.
- I will not adjust my risk except to break even.
- I will set a clear take profit that's probable, eliminating greed.
- I will cut my losses if I see reversal indications

Note 1. You wrote before i enter this trade (next trade) I know it has potential to go either way, basically you mean either to lose or win. You don't know if the next trade you take will **win or not, you accept that.**

Over a set of trades (30/50/100 trades) you (believe) will see you edge and expect it to play out profitably.

Note 2. I accept the price I'm willing to pay to find out if my analysis is correct (1 % risk or below)

Good pointer, you are linking risk to the mindset of taking the trade and accepting the result's.

It's possible to have the perfect mindset and take your setups as they come but if you take too much risk it won't matter.

The end result being: losing significantly before being able to benefit from winning trades.

Note 3. I understand that trading is a game of probabilities and will not allow any losses or win's affect my emotions

Probabilities not certainties or hope/fears. in addition be ruthless with cutting losses when the trade is invalidated, in your case you don't allow losses above -25 pips, when you are trading 5minute chart.

Note 4. I will set a take profit eliminating greed.

I will find a consistent methodology to taking profits from the market that fits my personality

Some traders add to winners and let run as much as possible (tom and john)

Some traders trail the trade as it goes in their favour, even able to trail to 200/300 pips on occasion's (sonny)

Some take designated profits that fit the range of the market, consistently possible everyday. 50 pips for GBP cross pairs for example. (ensale)

Some take partial profits as the market moves in their favour (dean malone, M douglas mentioned this one)

For you, you need to find the way that fits you, that is consistent, works with your entries and offers you some peace and your able to accept what you take from the market.

Note 5. I will cut my losses if i see reversal indications

Define this for yourself , include some picture examples where your trade entry setup becomes invalidated by consequent price action.

Achieving The Goal

You had the goal of a completing the challenge and moving up. however first time it did not happen but you will keep going forward. whatever goal you have weather it's the desire to grow an account or to pass some challenge. Remember to develop and keep to a process .

A trading process that fit's you, but works with your strengths and weaknesses

Positive mindset moving forward and complete self belief.

Trading process

Here you will include what your trading process is, what is involved before trading start's (preparation) , during the trading day and after trading is over.

some notes...

Develop Trading plan , image and journal and personal library for mental prep and get the capital you need to profit .

Trading flow with Mark Douglas

This section is for mark douglas work and will be expanded but to summise what you will take from him and apply.

Number 1. Do the 25/30 trade excercise to develop and remove mental resistance

Number 2. Instill and activley work on becoming a consistent profitable trader. **Do** all the neccasary work that comes with that.

Believe it

follow your edge control your risk and master your mind

Number 3. To understand simply, trading errors come from a numbers of mistakes a trader can do, for example oversizing trade's but losses, normal losses are part of your trading. Avoid trading error's and improve your excution effieency. Will expand further on this. (With his examples)

Number 4. Learn to take the oppurtunities on offer by the market and in your trading career as well as life.

Number 5. Learn from winning trader's, his documented work on traders who got overconfident by constantly winning and got euphoric and reckless. Learn to avoid.

confidence and prudence

Number 6. Develop the excerice or activity that's needed to help with an obstacle.

Example: Trader was unable to hold onto his trades for longer then 5 minutes. Douglas had the trader hold his trades for 1 hour and 30 minutes and simply sit on his hands.

Result: After several failed attempts , the trader was able to do it.

if you have a hurdle to jump, find the rule or the excerice that will help you jump the hurdle, consult with other trader's and see how your able to solve common hurdles.

Remember it a mental excerice that will develop and work on your mind. it's all about a mindset shift.

Number 7. Learn to just do. once the setup is there. don't think. just **take it** and trade !

Number 8. **Practice** and adjust accordingly till you **progress**.

Video link's to watch

1 <https://www.youtube.com/watch?v=jUCchErOjE0>

2 https://www.youtube.com/watch?v=T_Za2TXkByM

The end

Thank you for reading through, below I have included some resources and links that may help you.

All the best

Resources/ Charts / Self Development

in the coming
weeks you can watch/read these below when possible

Eckhart Tolle on handling emotions. <https://www.youtube.com/watch?v=LiEU84nHEcY>

<https://www.youtube.com/watch?v=3l5L2otW4r8>

Jordan Peterson

https://www.youtube.com/watch?v=MwK9OznZ_ww

https://www.youtube.com/watch?v=HE_sXVVY4a0 "Strive To Become 1% Better EVERY DAY"

<https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/six-essential-skills-of-master-traders/> Adapting Your Market Analysis to Changing Market Conditions

<https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/fear-and-greed-index/>
Develop your own readings of fear and greed through price, twitter sentiment or COT. Optional choices

<https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/confirmation-bias/>
Learn and avoid the many biases that occur in trading.

<https://corporatefinanceinstitute.com/resources/careers/soft-skills/emotional-intelligence-quotient-eq/>
Develop 1. Self-awareness 2. Self-regulation 3. Motivation

<http://learningcenter.fxstreet.com/education/learning-center/unit-4/index.html> The Trader's Profile
/ Collection of articles on self development, Combining plan and edge to high performance.

<http://learningcenter.fxstreet.com/education/learning-center/unit-3/chapter-3/considerations-on-risk/i>

ndex.html Money Mangement Module. Knowing your risk.

The Best Book for Risk-Taking -Antifragile. By Nassim taleb.

Learning centre for trading research.

<http://learningcenter.fxstreet.com/education/learning-center/unit-1/index.html>

https://www.youtube.com/watch?v=VTbIFqqlN_g understanding money and being indifferent to it.

