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#weekend thread..

OVERTRADING...

Why It Happens..??
And How to Overcome it..??

RT If u Find Any Value Addition to Your Trading..

Every Trader Goes through Phase of Overtrading at some point in his Career.

It's never Intentional, It's just a Psychological Reaction to a Series of Profit Or losses.

3 Emotions which Lead to Overtrade.

Fear :- Attempt to make up for a loss..

Excitement :-When Markets are Moving Fast, Traders rush to Make New positions Without Proper thinking (Out of Excitement)..

Greed :- When traders are already in profit, they want to Make "Even More"..

The MAIN Reasons for Overtrading :--

1) Series Of losses And Urgency to recover them as quickly as possible.

In this Process, We Forget the Utmost Fact that
'Each Trade is Unique in it's own aspects..'

2) When we do not Follow the limits of Our Own Trading Plan.
And feel tempted to increase frequency of trades
(Outside of The Trading Plan).

How to Overcome it...??

1) Make a Strict Trading Plan and Follow it To the Core.
Keep Improving it,

Make it more restrictive..

Add Strict Entry and Exit Parameters.

2) Back up Your Decisions with Crystal-Clear Analysis.
Decision Making should be Always Final.

2) Before Placing any Trade, Identify Nature Of Decision.
Is it Rational..?
Or
Is it Emotional..?

Strictly Control Yourself If u Feel it's an Emotional Decision.
This is the First step to Avoid Getting carried away in flow of Emotions.

4) Walk Away From The Terminal If u hit 2 Profits or 2 losses in a Row..
If u place a 3rd Trade, There is 100% Chance that It's Being Driven By Pure Emotion.
You'll Totally Loose Control, if 3rd Outcome isn't in ur Favor.

Always Remember,

"Our Next Trade Doesn't Owe us What we lost or gained in the Previous One."

Each Trade is UNIQUE.