Twitter Thread by il Capo Of Ethereum



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As a former professional poker player, I'm very clear about the importance of psychology in investing/trading.

You can have a very solid strategy, but if the mental aspect fails, everything fails, no matter how good you are.

Thread ■

In this thread I will briefly describe the most important aspects of trading psychology, and give some simple tips to try to improve them.

It's good to always be aware of these aspects, to be able to detect them and act in time.

1) FEAR

This is one of the most important. It can make you get out of a position at the wrong time.

One of the main reasons you can have fear is because you are putting more at risk than you are willing to lose.

Tip: reduce the size of your position until you are comfortable.

2) GREED

Greed can be even worse than fear. It leads you to be overpositioned and to destroy your average entry.

Tip: learn to conform to what you have. Practice gratitude for everything that comes your way. Remember that the most important thing is to stay in the game.

3) TILT

This is well known in poker. There are many reasons why tilt can appear (downswings, injustice, mistakes...)

Tilt takes you away from your perfect strategy. From your A game.

After a losing streak you may think that the market is being unfair to you.

After several mistakes you may think that you are a very bad trader.

The market owes you nothing.

Tip: focus on long-term results, not temporary streaks. Try to enjoy the process of failing, because every mistake is a lesson.

4) OVERCONFIDENCE

After a good run, you may think that you are the best, that nothing can stop you, that you have already passed the game. This leads to poor decisions later.

Tip: mantain a cool head and a clear mind. Again, focus on the process and not the results.

5) MOTIVATION

Lack of motivation is very common. Never think that you know everything. There is always something new to learn.

Also, never think that you don't know anything or that you are not valid for this. Consistency is key.

Extra tip: start a psychology journal

Write down what emotions you feel in certain trading situations. In this way you'll be able to identify which is the cue and the response, and you can work on it to improve your mental game.