Trading Psychology Quick Reference

Mark Douglas core principles. Print it. Pin it next to your monitor.

THE FIVE FUNDAMENTAL TRUTHS

1. Anything can happen.
2. You don’t need to know what is going to happen next in order to make money.
3. There is a random distribution between wins and losses for any given set of variables that define an edge.
4. An edge is nothing more than an indication of a higher probability of one thing happening over another.
5. Every moment in the market is unique.

THE SEVEN PRINCIPLES OF CONSISTENCY

1. I objectively identify my edges.
2. I predefine the risk of every trade.
3. I completely accept the risk or I am willing to let go of the trade.
4. I act on my edges without reservation or hesitation.
5. I pay myself as the market makes money available to me.
6. I continually monitor my susceptibility for making errors.
7. I understand the absolute necessity of these principles — and never violate them.

THE FOUR CORE FEARS (recognise them in yourself)

Fear of being wrong	Holds losers too long. Refuses to take the stop.
Fear of losing money	Cuts winners too early. Moves to break-even prematurely.
Fear of missing out	Chases entries. Buys tops, sells bottoms.
Fear of leaving money on the table	Moves targets. Refuses to exit on signal.

PRE-SESSION MINDSET CHECKLIST

- [ ] Am I rested? (Sleep above your baseline.)
- [ ] Am I clear? (No life stress dominating.)
- [ ] Am I calm? (No tilt from a previous session.)
- [ ] Have I read my rules today?
- [ ] Am I ready to lose the next trade without flinching?

Full series: **satdish.co.uk/trading-psychology-series/**