

5 DAY TRADER'S TRICKS TO CONTROL YOUR EMOTIONS

Your emotions can make or break your success
as a day trader

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5 Day Trader's Tricks to Control Your Emotions: A Simple Guide

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Introduction: The Art Of Reading Candlesticks

Imagine you're playing a high-stakes game of chess. Every move matters, and one wrong decision could cost you the game. Now, imagine playing that game while riding a rollercoaster—your emotions are all over the place, and it's hard to think clearly. That's what day trading can feel like if you don't control your emotions.

Day trading is fast-paced, exciting, and sometimes nerve-wracking. But here's the truth: your emotions can make or break your success as a day trader. One moment of fear, greed, or frustration can wipe out hours' or even days' of hard-earned profits. So, how do you keep your cool? Let me share five simple tricks that can help you stay in control.

1. TAKE A WALK AFTER EACH TRADE

Why This Works:

Day trading is intense. Your brain is constantly processing information, making decisions, and reacting to market movements. Without breaks, it's easy to get overwhelmed and lose focus. Taking a walk after each trade is like hitting the "reset" button for your mind.

How to Do It:

- After closing a trade, stand up and step away from your desk.
- Take a short walk, even if it's just around your room or to the kitchen.
- Use this time to breathe deeply and clear your head.

Pro Tip:

Set a timer for your walk. Even 2-3 minutes can make a huge difference. This small break helps you detach from the outcome of the previous trade and approach the next one with a fresh perspective.

Added Value:

- Physical Movement = Mental Clarity: Walking increases blood flow to your brain, helping you think more clearly.
- Avoid Overtrading: Stepping away prevents you from jumping into the next trade out of excitement or frustration.

2. FIND THE LEAST VOLATILE HOUR OF THE TRADING SESSION

Why This Works:

Markets have natural rhythms. During certain hours, price action slows down, and the market becomes choppy or sideways. Trading during these times can lead to frustration and impulsive decisions.

How to Do It:

- Identify the least volatile hour for your market (e.g., midday for U.S. stocks).
- Use this time to take a break. Read a non-trading book, meditate, or do something relaxing.

Pro Tip:

Keep a journal of market activity. Over time, you'll notice patterns in volatility and can plan your breaks accordingly.

Added Value:

Avoid Burnout: Constant screen time can drain your energy. Taking breaks keeps you fresh for the more active trading hours.

Improve Patience: Learning to wait for the right opportunities is a key skill in trading.

3. STOP TRADING AFTER THREE CONSECUTIVE WINS OR LOSSES

Why This Works:

Winning or losing streaks can mess with your emotions. Winning too much can make you overconfident, while losing too much can make you desperate. Both lead to bad decisions.

How to Do It:

- Set a rule: After three wins or losses in a row, stop trading for the day.
- Use this time to review your trades, journal your thoughts, and prepare for the next session.

Pro Tip:

Track your streaks in a trading journal. This helps you identify patterns in your performance and emotional responses.

Added Value:

- Prevent Revenge Trading: After a loss, the urge to “get back” at the market can be strong. Stopping helps you avoid this trap.
- Celebrate Wins Without Overconfidence: Winning streaks feel great, but they can lead to reckless decisions. Stopping ensures you lock in profits and stay disciplined.

4. DON'T LOOK AT YOUR PROFIT AND LOSS WHILE TRADING

Why This Works:

Your P&L is a direct reflection of your performance, and watching it fluctuate can trigger emotions like greed, fear, or frustration. This distracts you from your strategy.

How to Do It:

- Hide your P&L during trading. Most platforms allow you to minimize or disable this feature.
- Focus on your trading plan and rules instead.

Pro Tip:

Set a daily loss limit before you start trading. Once you hit that limit, stop trading for the day. This removes the need to constantly check your P&L.

Added Value:

- Stay Process-Oriented: Trading is about following a process, not chasing profits. Ignoring your P&L keeps you focused on the process.
- Reduce Stress: Constantly watching your P&L can be stressful. Removing this distraction helps you stay calm and focused.

5. ASK YOURSELF: “AM I SCARED?”

Why This Works:

Fear is a natural emotion in trading, but it can cloud your judgment. Acknowledging your fear and taking action to address it helps you stay in control.

How to Do It:

- While in a trade, periodically ask yourself: “Am I scared?”
- If the answer is “yes,” exit the trade immediately.
- Review your trading rules and reduce your position size before re-entering.

Pro Tip:

Keep a checklist of your trading rules handy. When fear arises, refer to the checklist to remind yourself of your strategy.

Added Value:

- Build Self-Awareness: Regularly checking in with your emotions helps you become more aware of how they affect your trading.
- Prevent Big Losses: Exiting a trade when you’re scared can save you from significant losses.

BONUS TIPS TO CONTROL YOUR EMOTIONS

Here are a few extra strategies to help you stay calm and focused:

6. Practice Mindfulness or Meditation

- Spend 5-10 minutes before your trading session meditating or practicing deep breathing. This helps you start the day with a calm and focused mind.

7. Keep a Trading Journal

- Write down your thoughts, emotions, and decisions after each trade. This helps you identify patterns in your behavior and improve over time.

8. Set Realistic Expectations

- Understand that losses are part of trading. No trader wins 100% of the time. Accepting this reduces the emotional impact of losing trades.

9. Use Smaller Position Sizes

- Trading with smaller amounts reduces the emotional stakes. This makes it easier to stick to your strategy and avoid impulsive decisions.

10. Celebrate Small Wins

- Acknowledge and celebrate your successes, no matter how small. This builds confidence and reinforces positive habits.

RESOURCES AND CONTINUING EDUCATION

For those looking to deepen their understanding of swing trading in the Indian market, several books can provide valuable insights and strategies:

- **"The Warren Buffett Way" by Robert G. Hagstrom:** Although not specifically about swing trading, this book offers essential principles of value investing that can complement swing trading strategies.
- **"How to Make Money Trading Derivatives: An Insider's Guide" by Ashwani Gujral:** This book provides an in-depth look at trading derivatives in the Indian market, offering strategies that are highly applicable to swing trading.
- **"The New Trading for a Living" by Dr. Alexander Elder:** A comprehensive guide that covers technical analysis, trading psychology, and risk management, essential for any swing trader.
- **"Technical Analysis of the Financial Markets" by John J. Murphy:** This book is a must-read for understanding technical analysis, a crucial aspect of swing trading.