



Understanding Your Trading Mind:

Discipline Under Pressure: Closing the Gap Between Planning and Execution

PRESENTED BY:

Mike B.

Overview

- From Control to Discipline
- Understanding Discipline
- Trusting Your Process
- Building Disciplined Execution
- Monthly Exercise



From Control to Discipline

Stage 1 - Reactive Trader

- Chaotic identification, panics, and stock charts
- Reacting harshly for stalling sells
- Making quality trade



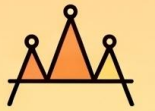
- Pattern identify
- Triggers triggers
- Log journal refining



Stage 1 - Reactive Trader

Stage 2 - Aware Trader

- Pattern identification, well-organized chart patterns
- Recognizable chart, and triggers
- Log journal and roomitarizann



Pattern identification



Triggers



Logging



Stage 2 - Aware Trader

Stage 3 - Controlled Trader

- Taken a breath before placing confidence to placing a planned trade
- Slows section into a planned trade
- Better Decision and re-commonated



Rule book



Slow-watch reaction



Better Decision



Stage 3 - Controlled Trader

Growth Curve

Self-Reflection & Education

Process Implementation

From Control to Discipline

Control vs Discipline



CONTROL



Stops bad behavior



REACTIVE



SHORT-TERM



DISCIPLINE



Repeats good behavior

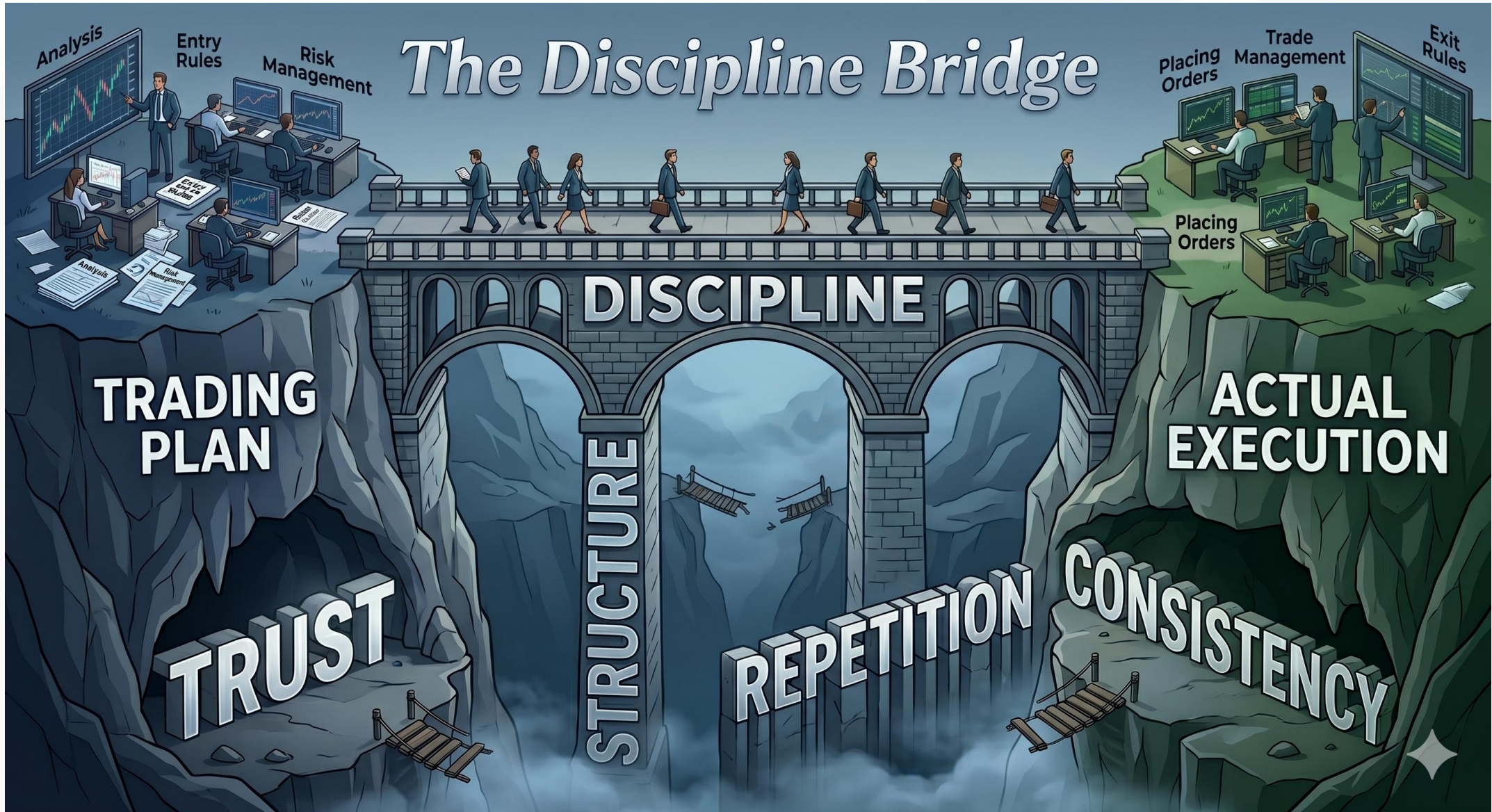


PROACTIVE



LONG-TERM

From Control to Discipline

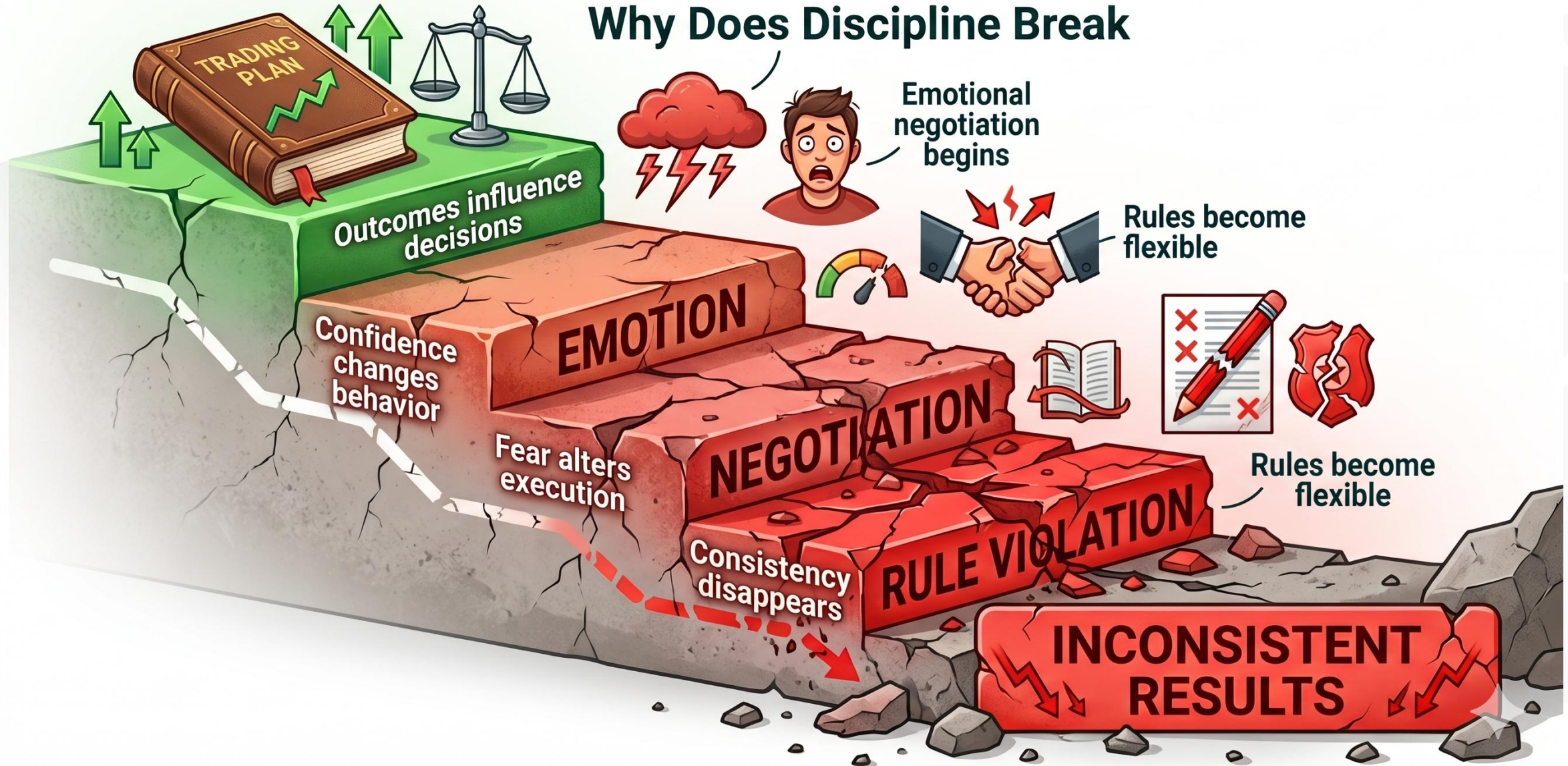


Understanding Discipline

The Discipline Pyramid

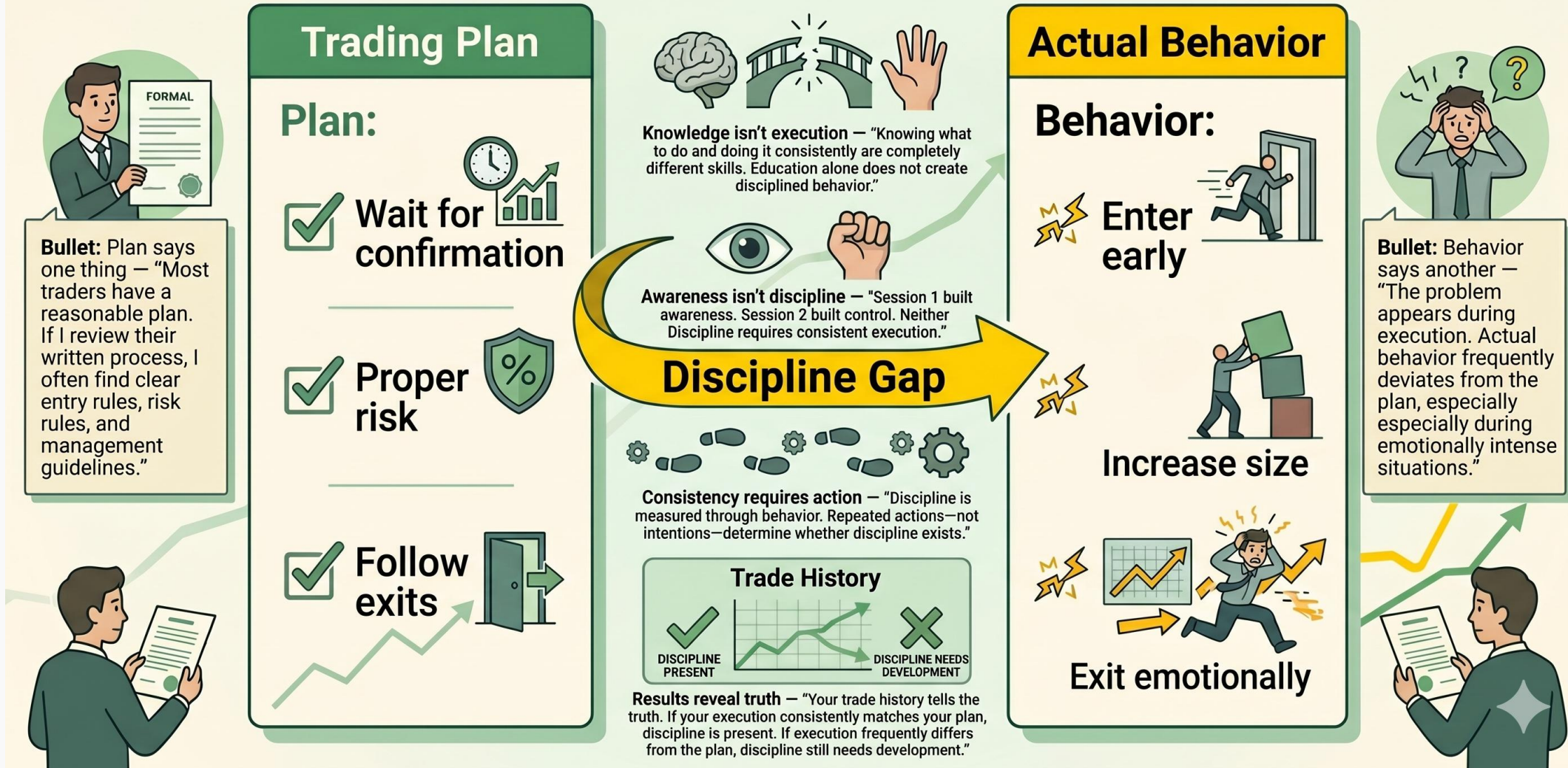


Understanding Discipline



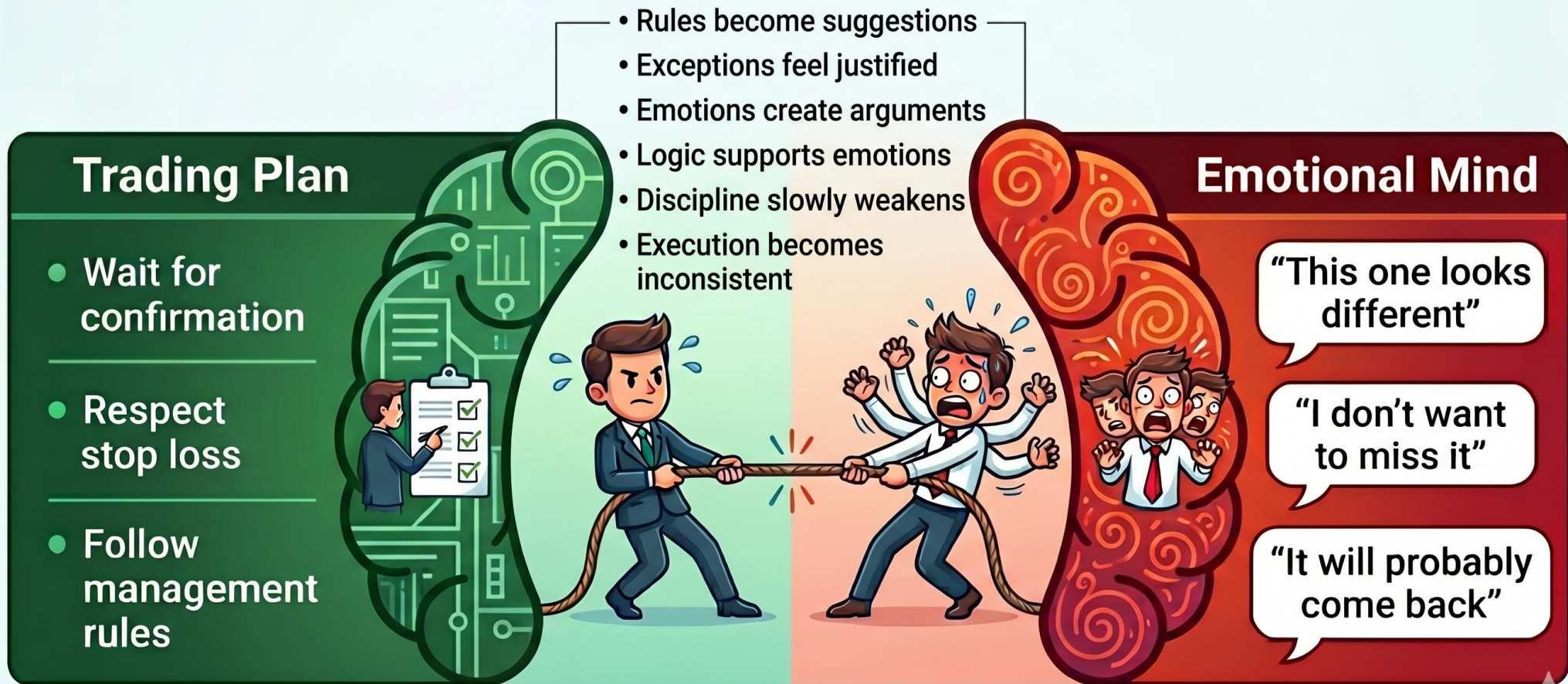
Understanding Discipline

The Discipline Gap



Trusting Your Process

The Internal Negotiation



Trusting Your Process

The Probability Curve

Instructor Notes

- Trust Your TradeBook Edge
- Edge requires repetition
- Outcomes vary naturally
- Trust survives losses
- Consistency reveals edge

1 Single Trade

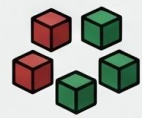


→ Random



Single outcome

2 Ten Trades



→ Mixed Results

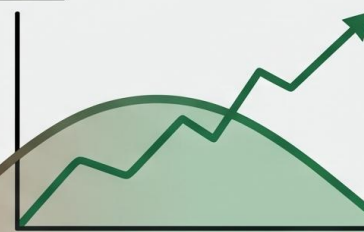


Varied outcomes

3 Fifty Trades



→ Edge Appears

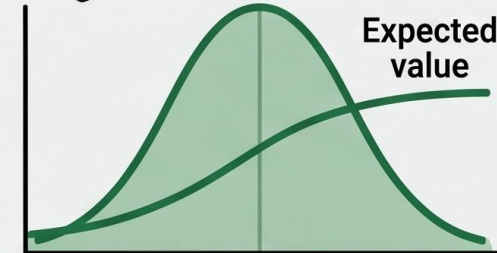


Edge revealing

4 One Hundred Trades



→ Consistent Expectancy



Expected value



Edge revealing

Edge confirmed

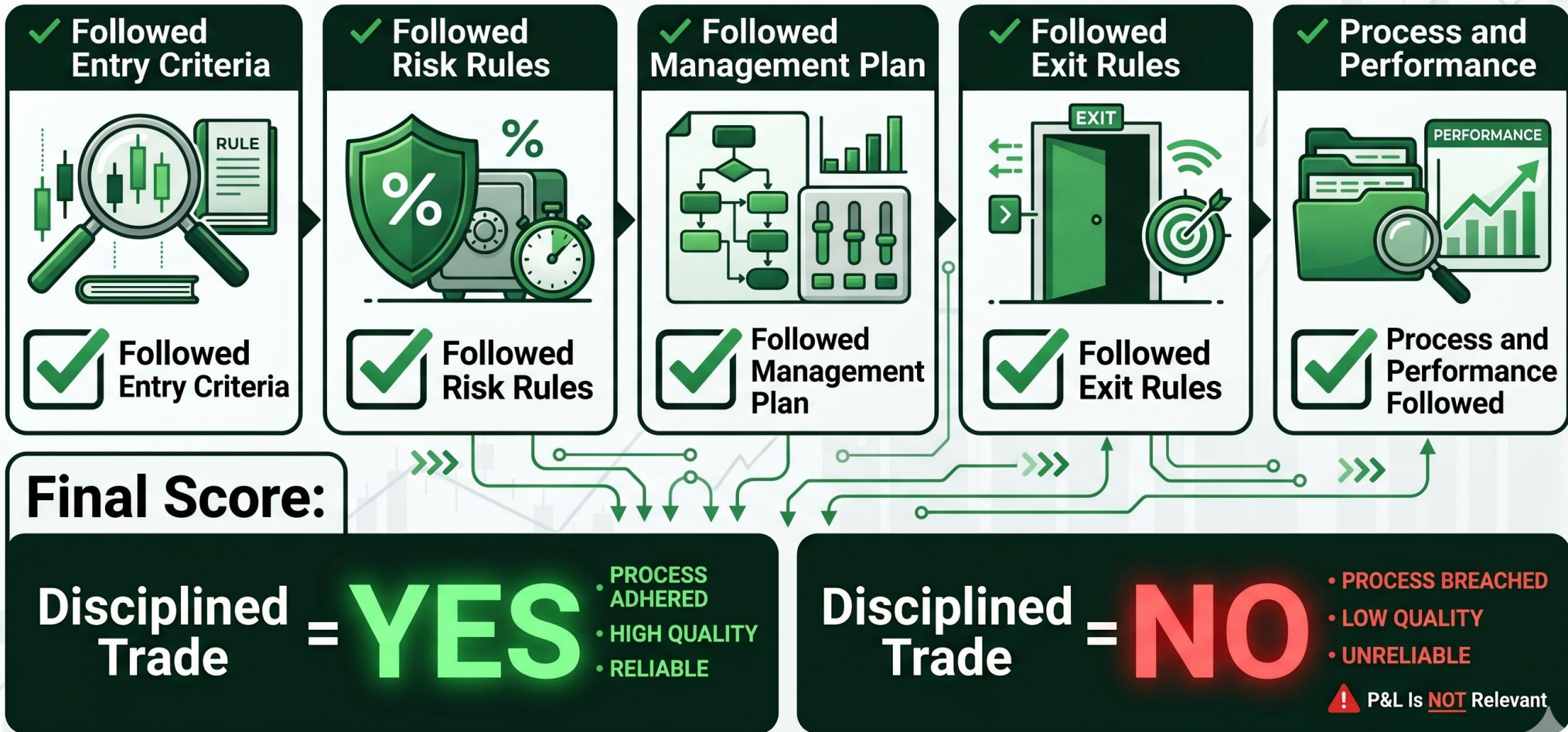
Building Disciplined Execution

The Discipline Loop



Building Disciplined Execution

Disciplined Trade Scorecard

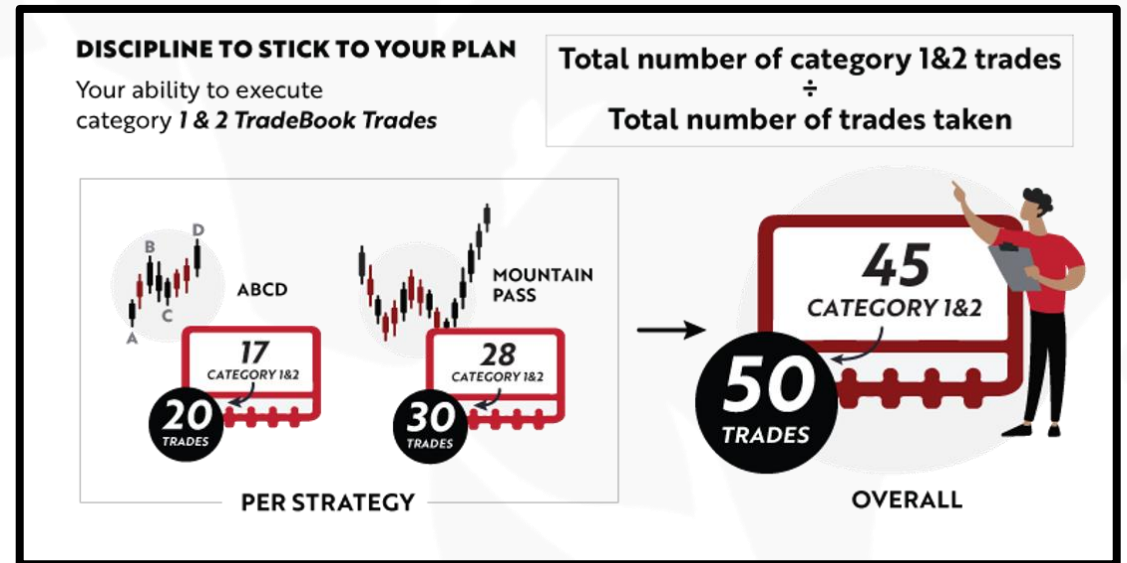


! Important Note: P&L is explicitly excluded from discipline evaluation.

Building Disciplined Execution

- Define Process
- Define Performance
- Define how you view **Breakeven** trade that makes money
- Define how you view **Breakeven** trade that losses money (slippage)

<p>Category 1 Trade</p> <p>Good Process Good Performance Trade Worked</p> 	<p>Category 3 Trade</p> <p>Poor/Good Process Poor/Good Performance Trade Didn't Work</p> 
<p>Category 2 Trade</p> <p>Good Process Good Performance Trade Didn't Work</p> 	<p>Category 4 Trade</p> <p>Poor/Good Process Poor/Good Performance Trade Worked</p> 



Good Process, **Bad Performance** (Category 3 or 4)

Bad Process, Good Performance (Category 3 or 4)

$$45 / 50 = 90\%$$

Monthly Exercise

- Goal is to Execute 20 Cat 1/2 Trades
 - Take a Trade
 - Evaluate the Trade
 - Assign a Category

- Deliverables for Next Session:

- Winning %
- Average Winner
- Average Losser
- Average Trades per Day
- Discipline Percentage
- Most Common Violation
- Most Improved Area
- My confidence increased because I consistently followed my process by...



DISCLAIMER

BearBullTraders.com employees, contractors, shareholders and affiliates, are **NOT an investment advisory service, a registered investment advisor or a broker-dealer** and does not undertake to advise clients on which securities they should buy or sell for themselves.

You understand that **NO content published as part of the Bear Bull Trading Room and its Website constitutes a recommendation** that any particular investment, security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

You further understand that **none of the creators or providers of our Services or their affiliates will advise you personally** concerning the nature, potential, value or suitability of any particular investment, security, portfolio of securities, transaction, investment strategy or other matter.