

Trading Psychology Tips for Becoming a Better Day Trader

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([Newswire.net](#) -- December 4, 2018) -- Becoming a better trader has a psychological component to it that doesn't care how much of a chart whiz you are. Technical analysis can earn you thousands of dollars a month, but it's easy to let emotions lose more than you should. The path to [becoming a better day trader](#) starts with understanding that no human can ignore their emotions, but you can regulate them. Here are a few tips for getting your trading psychology right to help boost your profit margin. A trader's mental game is what separates average traders with consistently profitable day traders.

Understand that Small Losses Happen

The human brain is wired to win, so any loss—even a small one—can make you feel drained. The size of the loss can impact the feelings you feel and trigger your loss response, which makes traders behave irrationally in the face of losing. Micro-managing, poor decision making, and revenge trading are all symptoms of a day trader who does not have a good relationship with inevitable loss. Small losses mean you are sticking to your risk management plans and are not incurring any losses above what you're comfortable taking. Small losses pave the way for more significant wins.

Think 100 Trades into The Future

Day traders focus on the next trade at the moment to make a profitable decision, but truly successful traders think of the overall process. One hundred trades into the future mean trading on probabilities, but your chart analysis should help narrow the gap. Just because the market faces a downturn does not mean you are trading poorly. Don't let small mistakes impact your mental state and be willing to adjust your trading strategy based on new market data.

Proper Risk Management

The next human response to loss is fear, which can be an emotional driver when it shouldn't be. Fear saved the primitive man's life when it came to split-second decisions in fight or flight mode, but that's the last thing you want in the trader's seat when you're watching the charts. If you find yourself hesitating to make trades, you are not trading at your risk tolerance level and should lower your risk. You should be able to make trades without worrying about the outcome comfortably. Remember, [day trading](#) stocks is a game of probabilities where your job is to find the most profitable trades by likelihood.

Manage Greed

While fear can drive a trader to make poor decisions when the knife is falling, greed can have the opposite effect. A trader who sees the stock skyrocketing up wants to hold his position as long as possible, no matter what the data says. But that trader will likely overshoot their exit point and end up losing more than they could have gained. You can [maximize your gains](#) on these rising stocks by setting up a plan to take profits should your investment start to rise significantly. Greed can turn plenty of winning trades into a loss, so have a plan for taking profits to cover what you planned to make from the trade in your strategy. The rest is just icing on the cake.

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