



## THE BIGGEST CHALLENGES & FACTORS THAT CONTRIBUTE TO OUR SHORT-TERM LOSSES

If you struggle with your trading, remember this is not by accident. You had to learn to do those things that are blocking your advancement.

### 1. Lack of Correct Knowledge and Experience

Too often, with the best of intention, traders have read or been taught the wrong thing. Once you learn the right things it takes years to incorporate them into the decision-making process. Reflect on a two-stage process.

- Stage one is unlearning the information that is blocking your progress. This is likely to be as challenging as learning the right thing.
- The next stage is beginning to incorporate the correct information.

### 2. Emotional Decision Making

A shallow discussion will quickly incorporate greed, fear, and impatience. I believe we must look much deeper to really address the issue. I would suggest that you consider the four most common heuristics or cognitive biases.

#### a. Availability Heuristic

This involves relying on readily available information that easily comes to mind. This bias can lead to overestimating the likelihood of events based on their ease of recall, rather than being more objective.

#### b. Confirmation Bias

This heuristic involves favoring information that confirms our pre-existing beliefs or expectations while disregarding or downplaying contradictory evidence. This bias can easily prevent you from considering alternatives.

#### c. Anchoring

Anchoring occurs when you rely too heavily on an easily attainable initial piece of information. The anchor may cause you not to seek other information, as well as undervaluing other factors.

#### d. Overconfidence Bias

Individuals tend to overestimate their own abilities, knowledge, or the accuracy of the judgments. Who among you considers yourself a below average driver?



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### **3. Overtrading Or Excessive Trading**

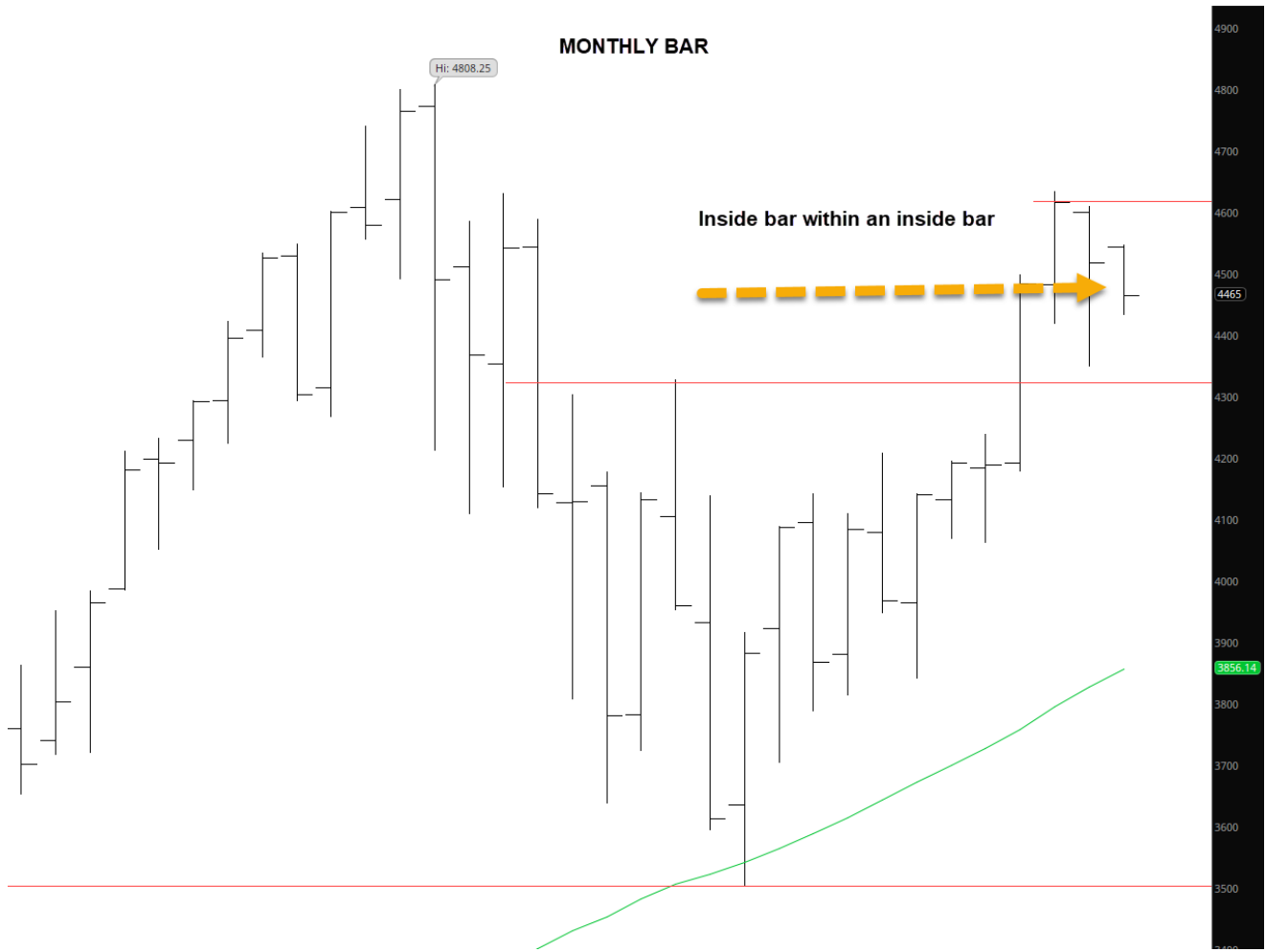
Often this occurs from a lack of understanding of what trading really is. When you are seeking constant market action, you're constantly exposing yourself to unnecessary market volatility. Once you have opened yourself to this habit, it is extremely hard to change. But, in order to be successful, you must change. I believe, based on experience, that you have learned to make these impulsive decisions. As learned habits, they become incorporated into our subconscious.

### **4. Poor Risk Management And / Or Financial Discipline**

While it is far too complex to cover here, I believe the starting point to changing this behavior is to focus on how to monitor a trade for continuation.

### **5. Failing to Recognize What The Market Is Doing, As Opposed To What We Want Or Need The Market To Do**

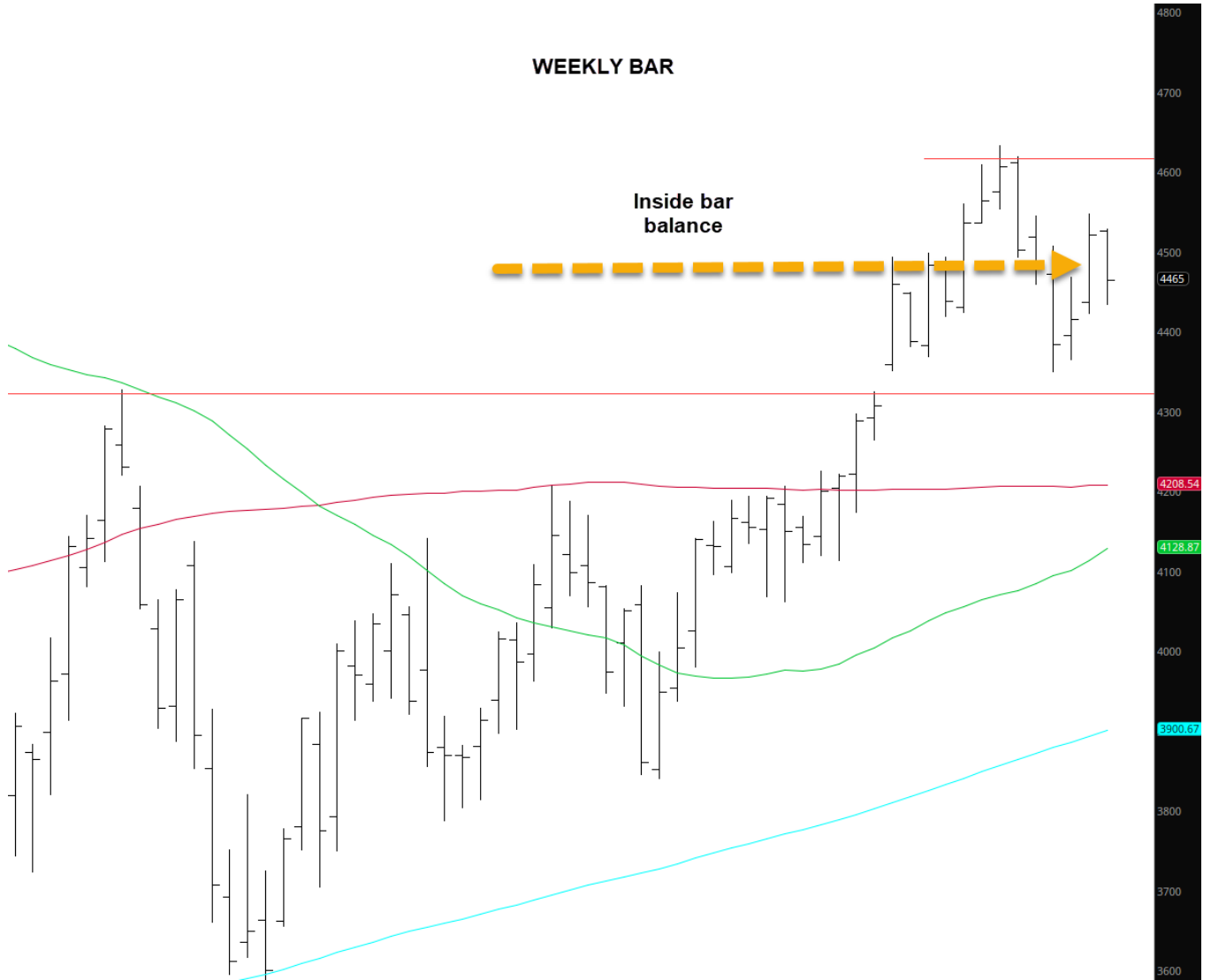
This is very personal to me, as it is a constant challenge for me. I have developed the habit of openly reflecting on this for every trade to combat it. This habit of reflecting has become ingrained in me now.



**BALANCE WITHIN BALANCE**

This is one of my favorite patterns for short-term trading. The reasoning: the tighter the balance, the greater the odds that a breakout from balance will be dramatic.

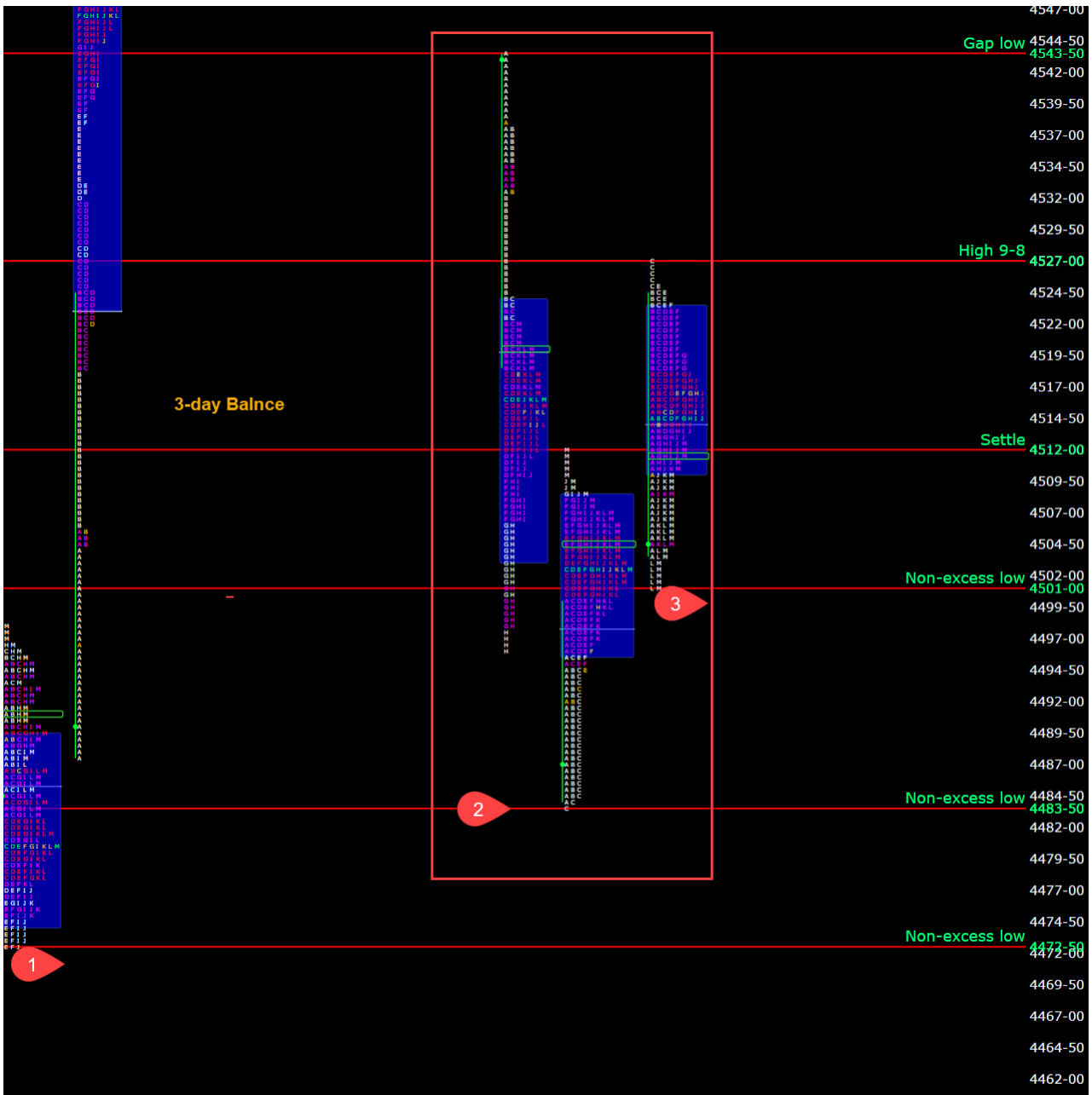
# RECAP & PREPARATION REPORT FOR 9-11-2023



Like the monthly bars, the weekly bars confirm the balance.



Consistent with the balance demonstrated via both the monthly and weekly bars, the daily bar shows price resting almost centered between the 50-day and 100-day SMAs.



The market is showing balance all around. When a market presents us with balance, the message is the market requires more information before offering us a meaningful directional auction. Economic releases are scarce to open the week. Wednesday and Thursday see CPI on Wednesday and PPI on Thursday. Both releases are likely to trigger volatility. I have a downward bias related to 3 non-excess lows (see profile image above). My Profiles are in 2 tick increments. A 1-tick increment would show only 2 non-excess lows.