

Template: Forex Trading Mistakes Avoidance Checklist

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Based on Article: "Common Mistakes Forex Traders Make and How to Avoid Them"

Website: <https://nairafx.ng>

A practical checklist to help forex traders identify and avoid common mistakes that can erode their capital and impact their trading performance.

Checklist Items:

- 1. Control Position Size**
Ensure that the size of each trade is proportionate to your account balance. Avoid risking too much on any single trade to prevent significant losses.
Reference Section: Top trading mistakes that erode capital
- 2. Set Hard Stop-Losses**
Establish a fixed stop-loss level for each trade and adhere to it. This helps prevent emotional decision-making and protects against large losses.
Reference Section: Top trading mistakes that erode capital
- 3. Avoid Overtrading**
Limit the number of trades you execute to those that meet your criteria. Fewer trades can lead to better focus and reduced transaction costs.
Reference Section: Top trading mistakes that erode capital
- 4. Use Multiple Indicators**
Do not rely on a single indicator for trading decisions. Incorporate various indicators to get a more accurate view of market conditions.
Reference Section: Strategy and analysis errors
- 5. Conduct Comprehensive Backtesting**
Test your strategies across different market conditions (trending, ranging, high volatility) to ensure they are robust and adaptable.
Reference Section: Strategy and analysis errors
- 6. Emotional Management**
Be mindful of emotional triggers that can lead to impulsive trading decisions. Consider establishing rules for emotional situations like revenge trading.
Reference Section: Psychology and behaviour traps
- 7. Stick to the Plan**
Once a trading plan is established, commit to following it. Avoid making hasty changes or adjustments during periods of stress.
Reference Section: Psychology and behaviour traps
- 8. Evaluate After Each Trade**
Review each trade to identify what worked and what didn't. Learning from past trades is crucial for growth as a trader.
Reference Section: Tools, workflows and resources