

Template: Trading Psychology Checklist

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Based on Article: "The Psychology of Trading: Lessons from Successful Forex Traders"

Website: <https://randfx.co.za/>

A practical checklist for forex traders to enhance their trading psychology and ensure consistent decision-making under pressure.

Checklist Items:

- ☐ **1. Record Your Trade Decisions**
Log the setup, evidence, risk accepted, emotional state (1-5 scale), and reason for entry before closing the platform. This helps in understanding your thought process later.
Reference Section: A Step-by-Step Trading Psychology Process
- ☐ **2. Set Fixed Risk Parameters**
Determine and document your maximum acceptable loss for a single trade (typically 0.5% to 1% of account equity). Ensure you adhere to this rule before placing any trades.
Reference Section: A Step-by-Step Trading Psychology Process
- ☐ **3. Implement a Pre-Trade Pause**
Take a 60-second pause before executing a trade to assess if the entry matches your written plan conditions. If not, wait before proceeding.
Reference Section: A Step-by-Step Trading Psychology Process
- ☐ **4. Follow a Loss Protocol**
After a losing trade, step away for a predetermined time to review the loss against your trading plan. Document any deviations from your rules and avoid trading to recover losses.
Reference Section: A Step-by-Step Trading Psychology Process
- ☐ **5. Set a Circuit Breaker for Losses**
Establish a rule to reduce position size or stop trading after three consecutive losses. This helps to maintain discipline and prevent emotional decision-making.
Reference Section: How Successful Forex Traders Handle Common Mental Traps
- ☐ **6. Limit Your Trading Decisions**
Create a checklist of 5-7 conditions for a trade and give yourself a time limit (e.g., 10 minutes) to decide. If you can't complete the checklist in time, do not take the trade.
Reference Section: How Successful Forex Traders Handle Common Mental Traps
- ☐ **7. Cap Daily Trading Activity**
Set a maximum number of trades for the day or a hard stop on risk once you've reached your target. Follow this rule strictly to avoid overtrading.
Reference Section: How Successful Forex Traders Handle Common Mental Traps
- ☐ **8. Verify Your Trading Psychology Changes**
Keep a written record of your trades against your established rules to assess if your trading psychology has improved over time. Avoid relying solely on profit or calmness as indicators.
Reference Section: Verify Your Trading Psychology and Choose the Next Practice