

How Does Rich Forex Traders Deal with Mistakes?

Finding the right trading system/strategy is very important in Forex. It is as important as is in investing in education and practice. But some, if not most, of the traders today have neglected the psychology aspect in their trading, that is why there are so many who lose most of their money inspite all he preparations in trading. The way you think and deal with your emotions is as important as having a money and risk management plan. In order to succeed, it is a must to establish balance in all the factors that affect your trading.

5% of Forex traders achieve the ultimate goal, to be consistent in their profits. What is the difference of this 5% and the rest except for their profits? These group of traders grow from mistakes, every mistake is an opportunity to grow and be a better trader. This is what winners are made of.

Most of the fatal mistakes in trading can be avoided with making a system of trading. A plan includes:

- the criteria we have to get in and out of the market
- money management plan
- risk management plan

The most important thing at the end of the plan, the discipline of following your strategy without any emotional barriers. You cannot let your trading be a roller coaster of emotions that you are sad when you lose and happy when you win. In the end you will avoid trading anymore because you are "tired of the pain".

Every time we win a trade, it can only make you feel pleasure and you are either so happy that you don't want to miss the next move, or become fearful of the possibility of the loss that you don't trade and hardly win any money the next few trades that you make.

Here are steps you can do when handling failures and mistakes

- Be ready to change your belief

Nothing is permanent but change. Education, whatever what we have learned during the first parts of the trading career, does not end there. Most of the education as a trader comes in the live trading itself. Instead of feeling gloomy and mad, accept mistakes and learn to smile.

- "What is my mistake?"

Identifying your mistake can help ease the emotional side. You analyze the nature of your mistake, saying to yourself that you won't make that same mistake again. For an example, Trader Joe doesn't follow a system, one possible reason behind this is that Joe is afraid of loosing. Joe asked to himself " why am i afraid ". Joe realize that he finds it difficult to follow a certain system and signals. Realizing the mistake may take the blame out of oneself and already suggests options in how to proceed next time.

- Lessons learned

Think of all the possible reasons that you learn from what happened. Good consequences are those that make better traders after dealing with the mistake.

- Take Action

After doing a mistake, traders often don't take action. Taking a mistake and remembering it will make you better decisions, making you confident, making you more money. Understanding the fact that the outcome of any trade has nothing to do with a mistake will open your mind to other possibilities, where you will be able to understand the nature of every mistake made. This will open you doors as you go along and take proper action.

To quote P. Diddy, " ...that won't kill me, can only make me stronger..."

Most traders feel lost and hopeless everytime an opportunity is missed or mistake has been made. Losing money and mistakes are part of Forex trading. How you deal with however, matters.

About the Author

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