



# Trading Psychology 101:

*Creating a Psychology Journal*

PRESENTED BY:

Mike B.

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# Mike Baehr

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- History Prior to Trading:
  - 23 Years in United State Marine Corps
  - Curriculum Developer
  - BA in Accounting
  - MS in Forensic Accounting
- Trading History:
  - Started Trading in 2008
  - Began Day Trading in 2018
  - Join Bear Bull Traders in 2020
- Trading Strategies:
  - Break High of Day
  - Failed High of Day Break
- Hobbies:
  - Volunteer in the Local Community
  - Cooking
  - Running (Soccer Referree)



# Overview

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- Psychology Journal
- Psychology Writing Examples
- Premarket
- Market Hours
- After Market
- Document Review
- Questions



# Psychology Journal

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- Analyzing Yourself instead of the Stock
- Pay particular attention to your thoughts
  - Prior to the trade
  - During the trade
  - After the trade
- Use written words, then convert to numerical data (OneNote/Excel)
- Centered around self awareness/reflection
- Broken down into Pre-Market, Market Hours, After Hours



# Psychology Journal

- Physical, Emotional, Mental
- Write your thoughts down, don't worry about grammar
- The closer you can record your thoughts to the event the better
- Categorize them Good, Bad, Improvements



# Psychology Writing examples

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- **What was Good:**

- I was struggling with the trading I did yesterday, but I was able to focus on the present moment and execute two solid trades today.
- I did not get frustrated when both DIS and PYPL went in my direction but I didn't take them
- I was correct in not taking DIS and PYPL: as they did not set up according to my TradeBook

- **What was Bad:**

- I was having some emotions from the previous day and during the moment I thought that it affected my ability to execute the trade on DIS. Upon further review this was not the case
- I took an impulsive trade going into the close because I saw it was pushing higher and wanted to get in. I also did not stick to my trade management plan with my FBO. Had I done that I would have made up for all the trades on Friday. I must stick to my trading plan

- **Improvement Area:**

- I need to continue to focus on the process and not on the outcome of trading.
- I need to focus on the execution of my profit taking plan tomorrow. It's ok to get stopped out just let the trade play out within the first couple of minutes. You are going to go into the red and you have to be able to handle it. Look at the trades you got stopped out on today. Decent stops and did not cost you a lot of money

# Premarket Review

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- **Physical**

- Sleep
- Exercise
- Diet

- **Emotional**

- Effects from previous day
- Effects from the morning

- **Mental**

- Awareness
- Focus

## Self-Awareness (PEMS) Review

### Physically:

- Hours of Sleep:
- PT Yesterday:
- Beers:
- Food:
- Calories:
- Weight:

### Mentally:

- Physical Rating:
- Alertness:
- Emotional Capital:
- Awareness:
- Focus Rating:

### Implementation of Improvement areas:

- 
- **What did you do Yesterday that helped you improve as a trader:**
- 
- **Pre-Market Situation:**
-

## Self-Awareness Review

### Physically:

Hours of Sleep: 7 Hours  
 PT Yesterday: 2 Mile  
 Beers: None  
 Food: Carrots, cucumber, Shrimp, Salad  
 Calories: Less than 1900  
 Weight: 211

### Mentally:

**Alertness:** Great, I feel rested and woke up without the alarm about 15 minutes before it went off. I feel ready to go

**Focus Rating:** Great, I was way more focused than I was yesterday. I did have a forgetful moment during the routine but overall I was way more focused so I going to change this to great.

**Physical Rating:** Alright, I went on a run yesterday and I don't know if it was COVID or just that I have been lazy for the past 2 months but my body was super sore while running and I was having a hard time breathing. I am going to go on another run today after the market closes. 1 mile

**Emotional Capital:** Great, I had a good day yesterday executing my TradeBook. The market was selling off and is in a down trend so the BHOD is rare and I need to be patient and wait for the right setups

**Awareness:** Great, I understand that I am sore and that I have many thing going on again today. I just need to be patient and wait for my setup while I look for 3-5 solid TradeBook setups

### Implementation of Improvement areas:

- No caffeine this morning instead going with ginger tea
- What did you do Yesterday that helped you improve as a trader:  
I did journaling, webinars, reading, and CPT reflection. I executed my plan
- Pre-Market Situation:  
Market is up 75 points

## Self-Awareness Review

### Physically:

Hours of Sleep: 8 Hours  
 PT Yesterday: 1.05 Miles  
 Beers: None  
 Food: Meat, Salad, Veggies  
 Calories: Less than 1900  
 Weight: 210

### Mentally:

**Alertness:** Good, I feel tired and sore for some reason today. My chest, arm and back. I am a little worried about what it is

**Focus Rating:** Alright, I am all over the place today with emails, telegram, web searches about heart attack and the things I got going on today.

**Physical Rating:** Good, I have been working out and my body is sore from it. I am losing weight and I am good where I am.

**Emotional Capital:** Great, I have confidence in my profit taking plan I am just not executing it today. I want to execute my profit taking plan well today

**Awareness:** Great, I understand that it is the middle Wednesday of the month, I am busy, and I not very focused so I have to be very careful with my stock selection today.

### Implementation of Improvement areas:

- No changes
- What did you do Yesterday that helped you improve as a trader:  
Completed everything
- Pre-Market Situation:  
Market is up 35 points

Date	Alertness	Focus	Physical	Emotional	Awareness	Score
7-Jul-22	Good	Terrible	Good	Great	Great	4
8-Jul-22	Good	Terrible	Great	Great	Great	5
12-Jul-22	Great	Great	Great	Great	Great	10
13-Jul-22	Good	Good	Great	Great	Great	8
14-Jul-22	Great	Great	Great	Great	Great	10
15-Jul-22	Good	Good	Great	Great	Great	8
18-Jul-22	Good	Great	Good	Great	Great	8
19-Jul-22	Good	Terrible	Great	Great	Great	5
20-Jul-22	Bad	Terrible	Good	Great	Great	2
21-Jul-22	Great	Good	Great	Great	Great	9
22-Jul-22	Good	Alright	Great	Great	Great	7
25-Jul-22	Great	Good	Great	Great	Great	9
26-Jul-22	Great	Great	Good	Great	Great	9
27-Jul-22	Great	Alright	Great	Great	Great	8
28-Jul-22	Great	Good	Good	Great	Great	8
29-Jul-22	Good	Alright	Good	Great	Great	6
1-Aug-22	Great	Good	Good	Great	Great	8
2-Aug-22	Good	Good	Great	Great	Great	8
3-Aug-22	Good	Good	Great	Great	Great	8
4-Aug-22	Good	Good	Great	Great	Great	8
5-Aug-22	VACATION					
8-Aug-22						
9-Aug-22						
10-Aug-22						
11-Aug-22						
12-Aug-22						
15-Aug-22	Good	Good	Terrible	Great	Great	4
16-Aug-22	Terrible	Good	Good	Great	Great	4
17-Aug-22	Good	Good	Good	Great	Great	7
18-Aug-22	Good	Good	Great	Great	Great	8
19-Aug-22	Terrible	Terrible	Terrible	Great	Great	-2
22-Aug-22	Terrible	Terrible	Terrible	Great	Great	-2
23-Aug-22	Great	Good	Good	Great	Great	8

# Premarket Review

- Emotional Assessment (Prior to 1<sup>st</sup> Trade)
  - Anger
  - Frustration
  - Confidence
  - Doubt
  - Awareness
- I use after each trade is taken

<i>Emotional Assessment</i>					
Anger	Frustrati	Confiden	Doubt	Awarene	Scor
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Good	Good	Good	Great	7
Great	Good	Great	Good	Great	8
Great	Good	Good	Good	Great	7
Did not Complete					
Did not Complete					
Great	Great	Good	Great	Great	9
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Good	Great	Great	Great	9
Great	Great	Good	Good	Great	8
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Did not Complete					

# Market Hours

## Trade Analysis

- (1) Trade Plan:
  -
- (2) Indicators (4 of 5):
  -
- (3) Confirmations (3 of 3): Great
  -
- (4) Risk Management Plan:
  -
- (5) Profit Target:
  -
- (6) Stop Loss:
  -
- (7) Entry:
  -
- (8) Profit Taking Plan:
  -
- (9) Analyzation:
  -
- (10) Psychology of the Trade:
  -
- (11) Overall Rating:
- (12) **What was Good:**
  -
- (13) **What was Bad:**
  -
- (14) **Improvement Areas:**
  -
- (15) **Rule Broken & Key Takeaways:**
  -

- Conduct this when I have an opportunity
- **What was good**
- **What was bad**
- **Improvement areas**
- **Rules broken**

## Trade Analysis

(1) Trade Plan: BHOD

•

(2) Indicators (4 of 5): Great

•

(3) Confirmations (3 of 3): Great

•

(4) Risk Management Plan: Great

•

(5) Profit Target: Great

•

(6) Stop Loss: Good

•

(7) Entry: Good

•

Terrible Slippage occurred

(8) Profit Taking Plan: Great

•

I stuck to Rule 16 when I got a terrible fill I got out

(9) Analyzation: Great

•

(10) Psychology of the Trade: Great

•

(11) Overall Rating: Great

(12) Current Market Conditions/Thoughts:

•Market began pushing up

(13) **What was Good:**

- I had a plan going into the trade and I executed it
- I stuck to my rules and even though it cost me on this trade. The fill was not great and I should get out because the majority of the time it goes against me on pop like this
- I did not get emotional about the trade continuing to run
- I executed my emotional assessment plan

(14) **What was Bad:**

- Just a bad fill out of my control

(15) **Improvement Areas:**

- Nothing

(16) **Rule Broken & Key Takeaways:**

- None

# Market Hours

<u>Emotional Assessment</u>					
Anger	Frustrati	Confider	Doubt	Awarene	Score
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Good	Good	Good	Great	7
Great	Good	Great	Good	Great	8
Great	Good	Good	Good	Great	7
Did not Complete					
Did not Complete					
Great	Great	Good	Great	Great	9
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Good	Great	Great	Great	9
Great	Great	Good	Good	Great	8
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Did not Complete					

- Emotional Assessment (After each trade)

- Anger
- Frustration
- Confidence
- Doubt
- Awareness

- Score of 6 or less I execute emotional reaction plan

<u>Emotional Reaction Plan</u>
1. Go to the backyard
2. Close eyes, breathe, and repeat worthiness affirmations
3. Listen to worthiness affirmations
4. Recite trading accomplishments
5. Conduct a re-evaluation of your emotional state
6. Repeat as necessary, do not go back to computer until you score a 6 or higher

# After Hours

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- When the real work gets done because you are no longer under pressure
- Review is done for the entire day
- Identify 3 growth areas
- Add additional Psychology Tools in here
  - CPT
  - Monkey Mind
- Always have more Positive than Bad
  - If I have 3 **bad**, I find 4 **positive** no matter what

## Overall Psychology Reflection

### What was Good:

- 

### What was Bad:

- 

### Improvement Area:

- 

### Growth that Occurred:

- 

### CPT Reflection:

- 

### What does the Monkey want to tell me:

- 

### Monkey Moment:

- When:
- Events Preceding:
- Why:

## Overall Psychology Reflection

### What was Good:

- I did a good self-awareness review and understood that I needed my first trade to be an A+ setup and execution or I needed to quit. This was good because I was forcing stuff and impatient which I was able to recognize, so I am walking away
- I had a plan and I had an idea of what I wanted to see right away. When I didn't get it I trusted myself and got out.
- I executed my trade management plan in accordance with trusting myself.

### What was Bad:

- I drank last night and didn't get great sleep which affected my ability to be disciplined today, so I am punishing myself by quitting trading early.

### Improvement Area:

- I need to stick to my routines and execute properly

### Growth that Occurred:

- I was able to recognize my short comings in the pre-market and evaluated my performance on the first trade and realized I should not be trading, so I walked away

### CPT Reflection:

- N/A

### What does the Monkey want to tell me:

- N/A

### Monkey Moment:

- When:
- Events Preceding:
- Why:

## Overall Psychology Reflection

### What was Good:

- I stuck to my TradeBook and executed only trades that meet my TradeBook Edge
- I executed my Partial orders according to my trading plan and within the trust of myself based off what the market was telling me
- I was patient and waited all day to trade even though no trades came up. I was able to finish all the goals I set out for myself

### What was Bad:

- Nothing other than the trades just didn't run

### Improvement Area:

- Continue to repeat this process each and every day

### Growth that Occurred:

- I feel more confident in my Trade Management plan and I am becoming more comfortable after entering a trade

### CPT Reflection:

- N/A

### What does the Monkey want to tell me:

- N/A

### Monkey Moment:

- When:
- Events Preceding:
- Why:

# Document Review (OneNote)

## Pre-Market

### Self-Awareness (PEMS) Review

#### Physically:

Hours of Sleep:  
PT Yesterday:  
Beers:  
Food:  
Calories:  
Weight:

#### Mentally:

Physical Rating:  
Alertness:  
Emotional Capital:  
Awareness:  
Focus Rating:

#### Implementation of Improvement areas:

• What did you do Yesterday that helped you improve as a trader:  
•

• Pre-Market Situation:  
•

## Market Hours

### Trade Analysis

- (1) Trade Plan:
  -
- (2) Indicators (4 of 5):
  -
- (3) Confirmations (3 of 3): Great
  -
- (4) Risk Management Plan:
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- (5) Profit Target:
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- (6) Stop Loss:
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- (7) Entry:
  -
- (8) Profit Taking Plan:
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- (9) Analyzation:
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- (12) **What was Good:**
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  -
- (14) **Improvement Areas:**
  -
- (15) **Rule Broken & Key Takeaways:**
  -

## After Hours

### Overall Psychology Reflection

• **What was Good:**  
•

• **What was Bad:**  
•

• **Improvement Area:**  
•

• **Growth that Occurred:**  
•

• **CPT Reflection:**  
•

• **What does the Monkey want to tell me:**  
•

• **Monkey Moment:**

- When:
- Events Preceding:
- Why:

# Document Review (Excel)

## Pre-Market

Date	Alertness	Focus	Physical	Emotional	Awareness	Score					
1-Aug-22	Great	Good	Good	Great	Great	8					
2-Aug-22	Good	Good	Great	Great	Great	8					
3-Aug-22	Good	Good	Great	Great	Great	8					
4-Aug-22	Good	Good	Great	Great	Great	8					
5-Aug-22	VACATION										
8-Aug-22											
9-Aug-22											
10-Aug-22											
11-Aug-22											
12-Aug-22	VACATION										
15-Aug-22						Good	Good	Terrible	Great	Great	4
16-Aug-22						Terrible	Good	Good	Great	Great	4
17-Aug-22						Good	Good	Good	Great	Great	7



## Market Hours

Emotional Assessment					
Anger	Frustrat	Confider	Doubt	Awarene	Score
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Good	Good	Good	Great	7
Great	Good	Great	Good	Great	8
Great	Good	Good	Good	Great	7
Did not Complete					
Did not Complete					
Great	Great	Good	Great	Great	9
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Good	Great	Great	Great	9
Great	Great	Good	Good	Great	8
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Great	Great	Great	Great	Great	10
Did not Complete					

## After Hours

Date	Market Process		Trading Performance & Process Goals										Trading J	
	7 Hours of Sleep	Complete Self-Awareness Review PEMS Value	Complete 4 of 4 Pre-Market Routine sections	Total Trades	66% or higher Executed BHOD Trade Management	66% or Higher executed FBO Trade Management	Overall % of trades executed Trade Management	66% or higher executed all Trades that met set up criteria	66% of higher execute EAP After Trade	If necessary 100% execute ERP	Achieve an average of 7 or higher on EAP score	100% Conducted Psychology Reflection	100% Completed Journal	
7/29/22	7	6	100%	1	100%	N/A	100%	100%	100%	N/A	10	100%	100%	
8/1/22	7	8	100%	2	100%	100%	100%	100%	100%	N/A	10	100%	100%	
8/2/22	7.5	8	100%	2	N/A	100%	100%	100%	100%	N/A	10	100%	100%	
8/3/22	6.5	8	100%	7	100%	75%	85%	100%	100%	0%	8.5	100%	100%	
8/4/22	7	8	100%	2	100%	100%	100%	100%	100%	N/A	10	100%	100%	
8/5/22	Vacation													
8/8/22	Vacation													
8/9/22	Vacation													
8/10/22	Vacation													
8/11/22	Vacation													
8/12/22	Vacation													
8/15/22	5	4	25%	1	N/A	100%	100%	100%	100%	N/A	10	50%	50%	
8/16/22	8	4	25%	1	N/A	100%	100%	100%	100%	N/A	10	100%	100%	
8/17/22	7	7	100%	15	0%	0%	0%	0%	0%	0%	-10	0%	0%	

# Analyzing a Psychology Journal

- Step 1: Develop and Maintain a Psychology Journal

Date	Alertness	Focus	Physical	Emotional	Awareness	Score
1-Aug-22	Great	Good	Good	Great	Great	8
2-Aug-22	Good	Good	Great	Great	Great	8
3-Aug-22	Good	Good	Great	Great	Great	8
4-Aug-22	Good	Good	Great	Great	Great	8
5-Aug-22	VACATION					
8-Aug-22	VACATION					
9-Aug-22	VACATION					
10-Aug-22	VACATION					
11-Aug-22	VACATION					
12-Aug-22	VACATION					
15-Aug-22	Good	Good	Terrible	Great	Great	4
16-Aug-22	Terrible	Good	Good	Great	Great	4
17-Aug-22	Good	Good	Good	Great	Great	7



**Mike Baehr**

*Performance Coach*

**Psychology for Traders**

September 21 8:00pm ET

**How to Analyze a Psychology Journal**

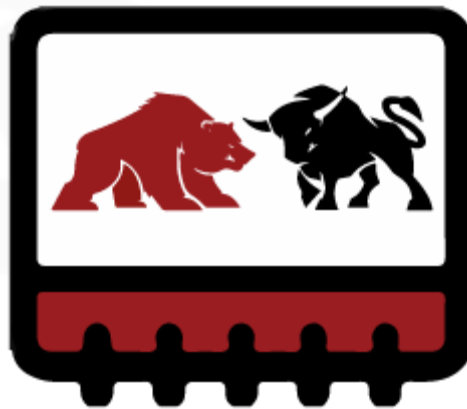




# Useful icons



# *TradeBook*



# Trilogy of Trading Success

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**Technology**

Mondays



**Strategy**

Tuesdays



**Psychology**

Wednesdays



**Mentorship**

Thursdays

# Psychology Challenge

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- Blowing up account
- FOMO
- Getting out of trades too quickly
- Hesitating to take a trade
- Ignoring Daily loss limits
- Ignoring Stops
- Inability to re-set after a loss
- Inability to re-set after a win
- Indecision causing hesitation in taking trades
- Moving stops in a way that is outside of trade plan
- Not trusting my strategy
- Over-focus on P&L
- Overtrading/taking trades that don't fit setup criteria
- Revenge trading
- Runs of red day
- Staying in trades too long
- Trading results impacting personal life

# Psychology Tools

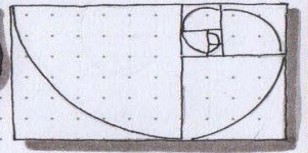
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- Tools:
  - Trading Why
  - Performance Profile
  - Vision Board
  - Performance Goals
  - Trading Goals
  - Worksheets
  - Visualizations
  - Affirmations
  - Imagery
  - Gratitude
  - Decision Tree
  - Mindfulness
  - Progressive Muscle Relaxation
  - Habits
  - What If Scenarios and Solutions
  - Routines

FINDING WHY IS A PROCESS OF DISCOVERY NOT INVENTION

# START WITH WHY

THE "WHY" NEVER CHANGES THE "WHAT" DOES



- WHY**
- ▶ PEOPLE WILL CONTRIBUTE
  - ▶ GAIN INNER STRENGTH
  - ▶ SEEK CONTINUAL IMPROVEMENT

WHY → LIMBIC BRAIN

WHAT → NEOCORTEX

- ▶ ORDER
- ▶ PREDICTABILITY
- ▶ MULTI APPLICATION

- NEED TO BELONG
- BUY INTO A CAUSE
- SAFETY & INSPIRATION
- LOYALTY
- BONDED BY SHARED VISION

MANAGE Trust

- ENABLE RISK
- IS EARNED
- BE DEMONSTRATED
- CONSISTENCY

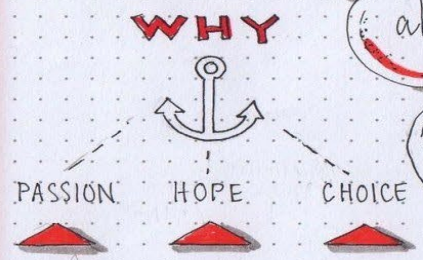
successful succession aligns to the why



SIMON SINEK

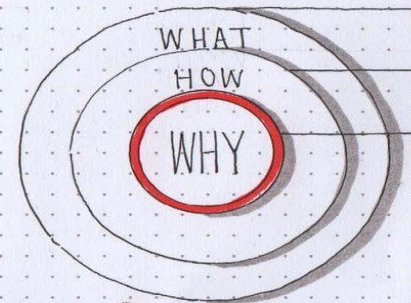
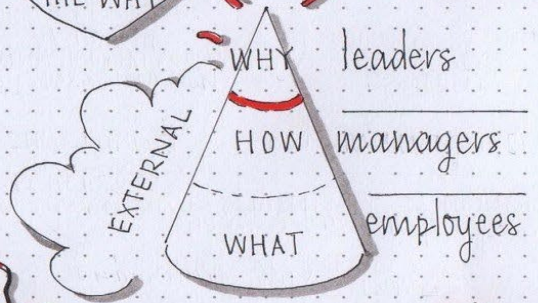
PEOPLE DON'T BUY WHAT YOU DO THEY BUY WHY YOU DO IT

Aligned & Balanced



FIND A WAY TO MEASURE THE WHY

people often confuse WHY with WHAT and lose structure



- PRODUCED ▶ CONSISTENCY **3** RESULT
- PROCESS ▶ DISCIPLINE **2** ACTION
- PURPOSE ▶ CLARITY **1** BELIEF

DECISION CERTAINTY		
THINK	FEEL	KNOW
WHAT	HOW	WHY

INSPIRING LEADER

- ▶ GAME CHANGER
- ▶ ABLE TO INFLUENCE
- ▶ CAUSE OF ACTION
- ▶ STAND OUT - STAND UP
- ▶ CREATE IMPACT
- ▶ VISION OF THE FUTURE

Influence

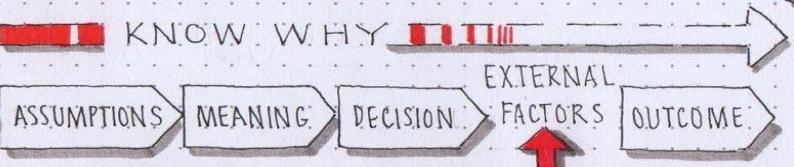


INSPIRE ★ charisma

MANIPULATE ▶ price | promotion | fear | short term | transaction

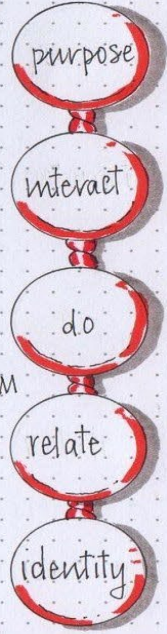
- ▲ TRANSFORM
- ▲ CHALLENGE NORM
- ▲ INNOVATE
- ▲ AUTHENTIC
- ▲ EMPOWER

THINK



WHEN DRIVEN BY 'WHY' SUCCESS JUST SHOWS UP

GLAS. LIFE



© DAN SWIEKER, 2019

DANI

# Edge of Your Trading

