

Weekend Study Session

September 25, 2026

Dan Fitzpatrick presents a psychological diagnosis of the behavioral pitfalls that compromise trading success. Dan Fitzpatrick explains that self-management acts as the fundamental linchpin of all trading operations; without mastering oneself, managing individual trades or overarching processes becomes impossible. Detailing the mechanics of identity damage from losing streaks, revenge trading loops, and unmanaged life pressures (such as sleep deprivation, financial stress, or personal conflict), Dan Fitzpatrick emphasizes that financial markets exist solely as cold, statistical mechanisms. Consequently, Dan Fitzpatrick advises traders to stop outsourcing emotional needs—such as seeking dopamine hits, attempting to prove personal intellect, or forcing "must-win" trades—to stock positions, urging them instead to view every loss merely as objective business information.

Next Steps:

1. Execute the Post-Trade Diagnosis Assignment: Select one losing trade from the past week and write down an honest assessment of the specific job—whether financial or emotional—that you asked that trade to perform.
2. Filter Out Fixation Tickers: Audit your current watchlist to eliminate stocks you are fixated on due to past losses or personal bias (avoiding revenge trading loops like Dan Fitzpatrick's "Oracle trap").
3. Establish an "On-Deck" and "Dugout" Watchlist System: Structure a dugout list of qualified candidates (typically under 100 stocks) and focus strictly on actionable chart patterns rather than specific ticker names.
4. Conduct a Daily Pre-Trade Life Pressure Audit: Evaluate personal stress levels, sleep quality, and emotional state before logging into the trading workstation; if personal stress is elevated, size down or sit in cash.
5. Standardize Response to Trade Invalidation: Treat stop-loss hits as simple costs of doing business and informational data points rather than personal indictments of your intelligence or self-worth.

Transcript:

0:06 Hey, welcome back.

0:08 this is a weekend study session too for managing the trader.

0:12 Now, last time, we covered managing your trades and managing your process.

0:18 today, I'm gonna go a little deeper in this into the person actually sitting at the keyboard, that would be this guy.

0:26 And this guy, OK, we want to look at the person actually sitting at the keyboard.

0:31 So, this session is really the diagnosis.

0:34 we're gonna talk about, about why you can't really outsource your feelings to a stock position, what a losing streak actually does to your identity, and it could be a big deal, man, it can affect a lot of future decisions.

0:49 this revenge trading sequence and how it runs on the rails.

0:54 Once it starts, and you got to get that thing off the rails, it's a really, really tough thing, and it's probably the most underrated, piece of all of this.

1:05 also, another biggie is how ordinary life pressure quietly turns into trading risk.

1:12 I've been there many times in my life, because I've had over the past 3 decades or so, I've had a pretty tumultuous life in a lot of personal ways, whether it's from a business partner who embezzled a lot of money or personal issues, health issues, stuff like that, and I can tell you this ordinary life pressure will definitely impact.

STOCK MARKET MENTOR[®]

1:38 your trading, unless you're aware of it and you make the changes that you need to do, so that doesn't happen, OK, so, none of this is theoretical.

1:48 I'm gonna tell you some of it from the inside.

1:50 Now by the end of today, you're gonna understand exactly what goes wrong, and next weekend, We're gonna fix it.

2:00 All right, so let's get started.

2:04 a few weeks ago, I recorded, did the first of a two-part series on trade management, and it's actually kind of like trader management.

2:15 it's a 3, it's a three-part process where, in the last, episode, I talked about managing your trades.

2:23 And then also managing your process so we've got trades in process out of the way.

2:30 Now today I wanna talk about managing the trader that means you, like that means self-management and I will say this, if you don't have this part mastered managing yourself.

2:42 The other two really aren't going to matter, and I'll tell you why, because if you can't manage yourself, you're not going to be able to manage your trades or your progress.

2:51 So this is really the linchpin.

2:55 To the other two parts of this about managing your trades and managing the process that you use in your trading.

3:04 I think this is the most important part of it, and the reason that I put it last is because it is the most important, and if you're going to remember anything, you know, remember this, you can always go back and figure out the last crap.

3:19 I just want you to be thinking about this, about managing, managing yourself, and.

3:26 I think probably every single one of you at one time or another, have, have done something, it could be hundreds of times, or it could just be once, but everybody has done the same thing at one time or another, and that is, you make a trade and then you go like, how could I have been so stupid, I can't believe I did that, I'm such a loser.

3:51 that type of thing.

3:53 By the way, I actually have registered the domain.

3:57 I'm a loser.com.

4:00 And the reason I've done that is because at some point or another, I'm gonna start directing traders to that website, where they're gonna learn all about going from, I'm a loser to I'm a winner, but that's.

4:13 For another, that's for another day, possibly even another year.

4:17 But the point is, you've got to be able to manage yourself.

4:21 If you can't manage yourself, there's no way you can manage your trades, or your process.

4:27 You're just going to be.

4:29 You're just gonna be kind of throwing darts, blindfolded, and maybe hit the board, enough times to keep you in the game.

4:37 So, anyway, with that, I'm gonna go ahead and, share my screen and get off of here, myself.

4:47 So, again, in this, in this session, we're gonna talk about managing the trader, OK?

4:55 And.

STOCK MARKET MENTOR

4:56 The way I'm looking at it is this, this last part, part one, established that trade management actually protects your capital, if you're not, I mean, you're putting your money on the line.

5:09 That's a trade, and so when your money's on the line, you have to manage that line, or you're going to wind up out of money, and if you manage it well, you're going to wind up compounding your money and that's what we want.

5:22 Progress management preserves the lessons.

5:25 And what I'm talking about when I say progress, I'm not talking about, oh, my account's progressing and it's growing, you know, no, I'm talking about your progress as a trader, and that requires you to preserve lessons you have as, as soon as you can learn a lesson and integrate it, the sooner you can kind of check that box and say, OK, I'm.

5:50 I don't have to learn that anymore.

5:52 I got it.

5:53 Honor my stops, got it.

5:55 Don't trade too big.

5:57 Got it.

5:58 If I got a hunch, don't buy a bunch, that kind of stuff.

6:03 Once you learn those lessons.

6:06 You're progressing, so you want to manage your progress in that way.

6:11 And again, a lesson, you know, you don't just learn the lesson, but you integrate it.

6:16 So the lesson only really becomes valuable when it changes the next decision, when you're at the same, the same crossroads on a trade, where before you would have, for example, removed your stop, or you would have taken a really, really big position because you had a big hunch, or where you would have had, 18 trade positions open just because you see so many things you would have done that, whereas your typical number of positions might be 10, might be 6, whatever it was.

6:54 So the next time you started seeing a bunch of opportunities and were eager to take them all, you say, well, wait a minute, the last time I had this many positions on, I didn't really even know what I had.

7:06 Therefore, when the market turned, Now I was really in deep doo doo because I didn't know what to do.

7:13 So if you don't know what you have, you certainly don't know what to do.

7:18 And so you learn that lesson, and now when you see all these things, you say, OK, hm.

7:25 Maybe, maybe I better stop and think and say I can't take all of these opportunities.

7:31 Maybe just let me filter down and take the best ones, or let's see, I see some opportunities here, but I already have a full portfolio, so.

7:41 You know, where's the weak sister in the bunch?

7:44 Where's the laggard?

7:45 Where's the gazelle with the limp?

7:48 Let me knock that out of my account so I have room for a new trade.

7:52 That's the type of lesson that once you integrate that into your trading process, that's when it becomes valuable.

8:00 Until you do that.

8:02 Every time that lesson comes back up and reveals itself as a lesson that you have not learned yet, then you're gonna go back to hitting yourself on the forehead, saying, I'm such a dope.

8:17 OK, so every decision though, the market doesn't make the decision for you, the stock doesn't make the decision for you, the option doesn't make the decision for you.

8:27 The decision always comes down to the same thing.

8:31 It comes from the same place, and that's the trader.

8:34 That's what I'm talking about now.

8:36 All right, so what this isn't.

8:40 This isn't a motivational seminar.

8:42 I'm not Anthony Robbins.

8:45 I'm just trying to help you, become a better trader, and that requires an understanding of the person that's making the decisions.

8:55 And that's you.

8:58 OK, so Think about it in this way.

9:02 Your self-management is risk management at the level of the decision maker.

9:07 It's all about risk, but what are we talking about?

9:10 What element of a trade are we talking about with respect to risk?

9:15 And you can't really discuss better trading without discussing your judgment.

9:22 The pressure, your identity, and the emotions behind the trade.

9:27 Every trade actually doesn't stop.

9:29 Excuse me, every trade does not start with the stock.

9:35 It doesn't start with the chart.

9:38 Every trade starts with you.

9:41 You are the one that's making the decision.

9:44 Never forget that.

9:46 When you forget that, now you start over trading, you start doing stupid stuff that later you know you shouldn't do, and why is that?

9:55 Because you let the stock, you let what you're seeing on the, on the screen, you let that actually dictate your actions, and you're shortcutting a major part of the trade, which is going from what you see to the brain.

10:14 To the mind, to the decision, to the mouse.

10:19 You have to be aware of that linkage, and if you, if you lose a link in the chain anywhere, Well, the good news for you is you're not gonna be dealing with that that much longer.

10:31 But the bad news for you is the reason you're not gonna be having to deal with that much longer is you're gonna lose all your dough, right?

10:38 So we don't want to do that.

10:40 So final decisions, they don't happen in a vacuum though.

10:44 You really have to stop.

10:45 I mean, think about this.

10:46 So this is, I guess, I guess now I'm your therapist, OK?

10:52 How do you feel about yourself, Bill?

10:54 Tell me all about you.

10:55 What's going on with you?

10:57 How's your relationship?

10:58 How's your life?

11:00 any family issues, any job issues?

11:03 How are you feeling?

11:04 Are you depressed?

11:05 Are you manicky?

11:07 How do you feel about yourself?

11:09 That's all stuff therapists are gonna ask you.

11:11 OK, where do you believe you should be in life?

11:16 I can tell you this, I, I'll tell you a personal story here, and one that really got me motivated, my personal feelings about where I believed I should be in life.

11:29 I graduated from high school in 1976, Selma High in the Central Valley, California.

11:36 So I graduated from high school, I bounced around, and I was, I was, you know, voted most talented.

11:42 I was one of the top guys in my class.

11:45 I had a lot going on, I got, had a lot going for me.

11:49 I ultimately went to law school, graduated, editor in chief of the Law Journal, I'm not tooting my own horn here, I'm, I'm laying a foundation for what I'm about to tell you.

12:03 So, I had a lot going on.

12:08 And it was all working.

12:10 Then I got this wild hair and decided I'm gonna go be a trader, which was one of the dumbest things that I've ever done, but it actually worked out pretty damn well, frankly.

12:22 But what happened was, over the course of the next couple of years, and if you've read any of my other books or, or know me through stock market mentor or option market mentor, you've heard this story many times, it's a sad story.

12:39 I ultimately wound up losing all my money.

12:41 And I, I'm not, and I actually wound up living with my parents for a while.

12:49 I'm in my thirties, like in my mid-thirties, and I'm living with mom and dad.

12:55 Now, in this day and age, 2026, I understand that it's not unusual for kids to be living with their parents, but this was for a different reason, like I literally had nowhere else to go, and, So that was at about 2004, 2003 or 2004, and my 30th, high school graduation, my, my, what do you, what do you call it?

13:27 My reunion.

13:30 Was coming up the following year in 2006.

13:35 And I remember thinking to myself, I don't think I can even go to that reunion because, people will look at me and then be whispering to themselves like, what happened to Dan, man, what happened to Dan?

13:50 He had so much going for him.

13:51 I thought he was just gonna go down to LA, get into the music business, and like, be a star, like he was really talented, or I thought he was, a lawyer and he was gonna become a partner in this and that, and here's the guy, you know, looking kind of homeless.

14:09 And so I really felt at that point, that was one of the lowest points in my life, where I really felt like such a loser.

14:18 And frankly, I was a loser.

14:21 When you look at all the, and now like extrapolate this to yourself though, you, you look at all the potential that I had, all the opportunities that I had, and I kind of blew them all up through a lack of self-discipline, just a lack of discipline, foresight, not thinking about things, only living in the now.

14:42 As opposed to thinking about the future.

14:45 What are my goals?

14:46 How am I gonna get there?

14:48 Where am I right now?

14:50 What do I need to do to reach my goals, that kind of thing.

14:54 I wasn't thinking about any of that.

14:55 It's just, I had an impulse, I'd do it.

14:59 And so I got to where I got, which is rock bottom.

15:02 I looked behind me, where have I come from, and I got really depressed.

15:08 And so, I looked at this, and with respect to this question, where do you believe you should be in life?

15:16 I'll tell you one thing, I believed that I wanted to be in a much better place.

15:22 I had aspirations and goals, but where did I, where did I believe I should be in life, candidly.

15:31 I believed that I should be staying in the spare bedroom at my parents' house, because I'd done so much stuff wrong.

15:38 Like it was a really, really, you know, it was, it was a really, really tough, tough situation for me, but it did kind of spur me, to start looking forward, and so I created, a better goals and had an adequate time horizon for this.

15:58 So this all kind of led to the financial decisions that I made in the future, but at that particular time, I had massive financial pressure.

16:07 I, I didn't fear falling behind.

16:10 I was behind.

16:11I knew that I was behind, and it freaked me out, because this was not the life that I had ever envisioned myself, to live.

16:21And I did feel like I needed to prove something, and so all of these things did factor in to my trading.

16:30And so, this is what happened.

16:33Now the market turns higher.

16:35I start trading again.

16:37I start feeling better about myself.

16:39I start looking at this and thinking, you know what, I'm on my way.

16:44And I did need to prove something, so I started playing catch up, like really, really fast catch up.

16:51And then the market tanked and I lost my money again.

16:56This is something I'm certainly not proud of.

16:59A lot of guys in my situation would never admit it, but I am admitting it, and the reason is because if you find yourself in this situation, hey man, you're not alone.

17:09We've all been there, and so what you need to be doing is start thinking about.

17:16You know, what are you, where are you in your life, and what are you looking for, and the financial decisions that you're making now are not going to impact where you are right now.

17:28They're gonna impact where you are tomorrow, next week, next month, next year, for your life.

17:34And it all, so it all kind of comes together, your whole life.

17:38Factors into the financial decisions that you're making.

17:43So, let's focus down on a trade level.

17:46This, you, you're only trading one at a time.

17:49This particular trade, you should be asking, OK.

17:54What do I want this trade to do for me?

17:56Am I, am I looking to make money?

17:58I mean, we always are, but that's really the first question you have to ask.

18:02And the reason is because there are other reasons why people trade.

18:07Some people feel so badly about themselves, they trade to lose money.

18:12Nobody would ever admit that, but you look at some of the things that they're doing, and they're definitely trading to lose money, and that is to fulfill their, Self-prophecy of being a loser.

18:26They continue to reinforce why they're a loser.

18:31What better way to do it than to be trading.

18:35Because that's worse than gambling, that's worse than playing a game of chance.

18:40See, in trading, you have chances, you have a lot of chances.

STOCK MARKET MENTOR

18:44When you're gambling, you know, you can make dumb decisions, I guess, yeah, the dealer has 6, and I have a 9, but you know what, I got 19, but you know what, I'm gonna hit it and maybe I'll get 21 for whatever stupid reason.

18:58The bottom line is, though, it all boils down to what you're doing right now.

19:03Are you trying to recover mentally or financially from a recent loss?

19:07Are you trying to confirm that you're still a good trader?

19:11I mean, think about me and what I was doing.

19:14the market, I, it, it tanks, I lose all my money, staying with mom and dad.

19:19I'm a total loser.

19:21Then the market starts turning up.

19:23I start trading.

19:25I'm trading really aggressively, and part of that was for me to reconfirm that I am a pretty good trader, and I definitely was trying to catch up financially.

19:35But think about this too though, guys.

19:37Money lost.

19:38Money is lost.

19:39You're not going to regain that money.

19:41You've got to make some new money.

19:42And so there is no such thing as catching up financially, but that is something that people tend to.

19:50Do you strive to do that.

19:53another thing that you have to ask yourself when you're looking at a trade.

19:58Is it because you just want to fix, you want a dopamine hit, you, you just need the action.

20:06Some people are like that, or maybe it's, maybe you're just anxious about other things and you want to zoom in, focus on one thing, and that's just trading.

20:15And I've done that too.

20:16I've done that in other areas as well of my life, getting really, really focused on one thing.

20:23And then later realizing, well, I was getting focused on the one thing, because it was the only damn thing that's working in my life, so I was excluding everything else.

20:34And so what happened, the things that weren't working.

20:37Started not working more and this one thing that I was putting so much focus on started not working as well because I didn't have the right mindset.

20:47I was asking too much of what I was focusing on.

20:52The thing that you're focusing on doesn't care about you.

20:57That's, and I'm gonna talk about this again later, but that's what you have to think about.

21:02You've got to remember that.

21:04 Seriously.

21:06 It ain't about you.

21:07 The only, the only person that thinks it's all about you is you, and I can guarantee you it's not.

21:16 And so, are you doing, why are you trading?

21:19 Are you doing it to prove that you're right?

21:21 Now, this last one, think about this.

21:24 Why are you staying in a losing trade when you're watching this thing just drain value and you're losing more and more money?

21:32 Well, you're not losing that money because you haven't closed the position, and the reason you have not closed that position is because you're sitting there going like, by God, I know I'm right about this.

21:43 The market is wrong.

21:44 I'm going to wait this out.

21:47 I see it going down.

21:48 I see it going down, but the market is wrong.

21:52 And so what ultimately happens in that case, I'll tell you exactly what happens.

21:58 You join.

21:59 The biggest class of losers because you are not the biggest loser.

22:05 You are among the biggest losers because that is an attitude that so many traders have.

22:12 They're the last of the bulls.

22:14 They think the stock is going.

22:15 Up, they think the stock is going up.

22:17 They want to prove that they're right about this.

22:20 I'm smarter than the market.

22:22 Yay for me, I'm invincible.

22:24 That's what they're doing.

22:26 And all of those traders, those stubborn traders that demand to be proven right.

22:32 They all capitulate at the same time.

22:37 That's the V-shaped bottom.

22:39 And why do they capitulate at the same time?

22:41 I'll tell you why, because they're all human beings.

22:44 They're all Homo sapiens.

22:46 They're all wired the same.

22:48 Now, is every human being wired the same?

22:51No.

22:51Is every traitor wired the same?

22:54No.

22:55Most traders work on their wiring.

22:57When you learn these lessons and you focus on your processes, you change your wiring.

23:04Whatever you do and whatever you think is how your brain gets wired.

23:09Think about it, it's real, this is a real important concept, a super important concept.

23:15What you're thinking about and what you're doing wires your brain to do more of it.

23:21This is why.

23:23I say on a very regular basis, watch the self talk.

23:29If you get down on yourself, don't be sitting there saying, oh, I'm such a loser.

23:36Sit there saying, you know what, I'm learning some lessons here.

23:39I'm going to apply what I've learned here, kind of smarts today, wow, this was a high tuition, but I, I learned this lesson.

23:46See, that's a positive thing, acknowledging a loss.

23:50But when you're sitting there acknowledging the loss by blaming yourself and saying you're a loser, you're wiring your brain to do losing things.

24:00So the last thing you want to be doing is trading to prove that you're right.

24:06Because you're not.

24:08The market gets to define what right is.

24:12You don't even get a vote.

24:14You don't have any input.

24:16By the way, you're already long.

24:18So, what are you gonna do?

24:21You're gonna buy more?

24:22Well, I guess you could, that wouldn't be too bright either.

24:25But the idea is you seriously do not even get a vote.

24:29You, you already voted.

24:31You already voted in buying the shares or taking the option trade that's going against you so badly.

24:38The only way you can go is the other way.

24:42So anyway, just keep that in mind, all right?

24:45So think about what you're asking the trade to do.

24:49It can have two different jobs on the financial standpoint, which is what we want.

24:55It can express a valid setup.

24:57Just think about my smart strategy, my smart approach, set up in stock.

25:04What's the market doing?

25:05Is it actionable?

25:07What's the risk versus the probable reward?

25:10And then are you tracking your trades?

25:12All of these things are cohesive with this financial job aspect of your trading.

25:19Are you risking a defined amount?

25:22You're going to produce an uncertain return one way or another.

25:26You don't know, but is it going to fit your overall plan?

25:30But then on the emotional side, and this is What you really don't want to be doing, you don't want to be asking for an emotional repair on a trade, that's not what it's there for.

25:42You're trading to make money, nothing more.

25:44You're not trading to get, oh, I'm, I'm a winning trader.

25:48Yay, good for me, I made a good trade.

25:50You're not doing it to erase your frustration, to prove how smart you are, or to rescue the weak, jeez, I've lost all week, now I'm down.

25:59It's Thursday afternoon, or early Friday morning, I'm down and I'm, my goal is for every week, I need to make X amount of dollars, and I'm way behind.

26:08So then you start doing foolish things on a Friday to get caught up for the week, and I don't even have to tell you what happens when you do that.

26:17I'll let you figure that out, just don't experience it.

26:20So, and think about it this way, when you need a trade to work, you're sitting there, and you, I'm sure, At one time or another, you've probably been in this situation, I know I have, where you're looking at a trade and you're just thinking to yourself, God, I need this one to work.

26:40The last 2, the last 3 haven't worked.

26:43I really need a win.

26:45I really need a victory.

26:47I gotta have this trade work.

26:50As soon as you're thinking about that, your judgment completely changes.

26:55And why?

26:56Recall what I just said, a couple of minutes ago.

27:00Because now you're making the trade about you.

27:03It's about you now.

27:05I need this trade to work.

27:07The stock doesn't give a crap about you.

27:10Don't ask the stock to care about you because it doesn't, not at all.

27:15So, when you have this change in your judgment though, because you need it to work, you might as well not use stops because they are negotiable.

27:24oh, I said a stop, well, you know what, it's gonna come down and hit that stop, but I think I'm right, it's just moving a little bit farther.

27:32So you, you remove your stop, you lift it, you move it down, or you just say stops don't work.

27:37It's a negotiation.

27:39The size that you have, you feel justified.

27:42Maybe you're even gonna buy some more if it's going against you.

27:44You have no patience.

27:46Every single tick on the chart means something.

27:51You, you derive some kind of meaning from every hit of the bid or the ask.

27:56You totally lose patience, you lose your perspective.

28:01And so the trade is really not just carrying a financial risk, which is all that it should carry, but it's also carrying this financial or this emotional responsibility for you.

28:15You're literally asking the trade.

28:18To take responsibility for your feelings, and think about it, that's about as silly as it sounds.

28:27So This is what we need to do.

28:30We need to be focused on self-management.

28:33You're bringing yourself, you're going to bring yourself into every trade.

28:37There's no question about that.

28:39Trading is a personal thing, but if you're not managing yourself, this is why I said at the outset, your self-management.

28:47Is the is the deal.

28:50When you're managing yourself, then you're taking all the lessons that you've learned, and you're learning to manage your money, you're learning to manage your process.

28:58So this is the most important part of this, you know, of this course really.

29:05So.

29:06And think about all the other things in your life, but we'll focus on this first and then we'll kind of get to that.

29:12Does a winning trade make you feel intelligent?

29:16It shouldn't.

29:17Does a losing trade make you feel incompetent?

29:21It shouldn't.

29:23Are you trying to make money or are you trying to prove something?

29:25We've already kind of touched on that.

29:27Are you trying to prove that you're smart or that you've got balls, pardon the expression, but you know what it is, huevos grandes.

29:35are you trying to prove that you can trade big?

29:40can you accept feeling, can you accept being wrong without feeling diminished?

29:46In other words, can you accept being wrong without feeling like you're incompetent?

29:53These are issues that every trader has to face, but think about it this way, a loss is information.

30:03It's not an indictment, it, it's not personal, a loss, You can make money on a, on a stupid trade.

30:13That's just information.

30:14It's, it's not an indication that you're super smart.

30:18You can lose money on a, on a really, really good trade, and that's not an indictment of you either.

30:25It's just, that's just the market.

30:27So when being wrong really threatens who you are, you know, your self-image, then this ordinary idea of risk management starts to feel like personal surrender.

30:38And be mindful of this, you know, part of trading is taking losses.

30:42You're going to take a lot of them.

30:44If you can't accept the loss, you should not be trading.

30:48The best traders.

30:51Are the best losers.

30:52Think about that.

30:53Oh, I hate to lose.

30:56Depends on how you define losing.

30:58If you define losing as every trade that I lose money on, that's losing, you're going to have a real problem.

31:05But if you look at every single trade as just a cost of doing business, that's different.

31:12So just remember that what losers are, are just information.

31:17It's not personal.

31:19So, Then what happens after you've been losing money?

31:23do you get like panicky?

31:25Do you get angry?

31:26Do you say like, I'm done trading?

31:28OK, do you get despondent and get, I've done all of these things at different times.

31:33I didn't get this out of a book.

31:35I got this out of my life history.

31:37Do you become despondent and depressed?

31:40You start drinking too much to, to feel better about things where all you're really doing is you're using alcohol as a solution to the problem that you have, and the problem that you have is not that you've been taking a lot of losses.

31:55The problem that you have is the pain that you're feeling about taking those losses.

32:01This is real, guys.

32:02I don't mean to turn this into an AA.

32:06Meeting, but I will tell you that dependency like this, whether it's in alcohol or drugs or pornography or any other thing, that's a vice, overeating, loving to find the bottom of a big Haagen-Dazs ice cream container every night, all of those things are solutions.

32:29They are solutions to the problem that you're having.

32:32And on all of those, in all of those occasions, the problem that you're having is some kind of pain.

32:39Trading can cause you a lot of pain, if you take it personally.

32:46Don't take it personally.

32:47It's just information.

32:49You're trying to get, you're learning, you're focusing, you're getting better at what you're doing.

32:54You are in a business, trading is a business.

32:57That's all it is.

32:59And somebody starting a new business, think about this, guys, you just gotta be realistic.

33:06When you start a new business, you should not expect to be the best, they say.

33:13I forget what the stat is, it's like, yeah, the, the actual stats, the common belief is that 90% of businesses failed during the first year of startups, you know, and that's not really accurate.

33:275 to 80% of new, and I'm thinking now about trading, but I'm just going to relate it to you being in business as a trader.

33:40This is a business for you.

33:42It ain't a game.

33:43You're not playing the market, you're in a new business.

33:46So 75 to 80% are still operating after one year.

33:53That, so it's like 20, 25%, let's just say about a quarter, like 1 in 4 businesses, fold after one year.

34:01So if you're, if you're still trading after a year, hopefully you're better than you were, well, congratulations, you know, you're, you're one of the three, OK?

34:11And then, The idea too is that after 2 years, 70% are in business, so we've lost more, and then about half survive after 5 years.

34:27Those are the stats from the Small Business Association, the BLS, like those are the actual stats.

34:34So if you've been trading for 5 years or more and you're still here.

34:41 Congratulations, you're in the top 50%.

34:44 So my point is, if you're just starting this, it's foolish to think that you're gonna be the best.

34:50 Hell, you should just be thinking about surviving.

34:53 Seriously, just think about survival.

34:55 Think about staying in the game long enough to get experience.

35:02 To succeed in that game, to prosper in that game.

35:06 It all starts really with how you're managing yourself, and a big part of that is, what do you do after you've lost 345 trades in a row?

35:18 Do you start taking, think about this, do you start taking it personally?

35:24 Or do you start saying, OK, wait a minute.

35:26 I've lost 4, I've lost 5 of my last trades, have all been losers.

35:33 What am I doing wrong?

35:35 What's going on with the market?

35:38 What's going on with my process?

35:40 Maybe I need to pull back.

35:41 Maybe I need to, I need to regroup.

35:44 I need to stop and look at the market and see what I'm doing wrong.

35:49 OK.

35:50 Nothing that I've just said is, is an indictment on myself as a loser.

35:57 It's what's going on, not with me, with the market, what's happening.

36:05 That's the way a winner.

36:09 Acts when he's losing.

36:11 He, he doesn't internalize it, he keeps it on the external and says, what the hell's going on here?

36:17 I'm not in here to lose money, I'm here to make money, I'm not doing that.

36:21 Let me pull back a little bit.

36:23 Close the door, close the door to the shop and say closed for remodeling, that kind of thing.

36:30 So, you want to be mindful of all of these things.

36:34 You don't want any of these things to happen to you, OK?

36:37 So think about the revenge trading idea, and a lot of people fall prey to this.

36:44 I have, I'm sure we probably all, I, I talk about my oracle, my oracle fixation, Several years ago, like you hear about Trump derangement syndrome.

36:57 I had like Ellison derangement syndrome or Oracle derangement syndrome.

37:03 Every time I traded Oracle, I lost money.

37:07After a while, I started taking it personally.

37:10Like for a while, it's kind of a joke, it's silly, but it's only partly a joke.

37:14I really hated Larry Ellison.

37:17Because I just couldn't believe I can't make money on this one tech stock.

37:21So after a while, I realized I was just revenge trading, I was trying to get back at the stock.

37:28And by the way, I see, I see a lot of you doing that in the trading room.

37:34I don't really say anything because stocks go up, stocks go down, it's your money, your experience, your lesson, but I'll see some focus on one particular stock, and you're so fixated on that stock that you're not thinking about.

37:53Literally all the other opportunities there are, you're not thinking about that stuff, and that ultimately hurts you through two ways.

38:01First of all, On any given day, any given stock is not at a place where you should buy it.

38:09The entries are very, very rare.

38:12They're very few and far between.

38:15And so if you're focusing on one specific stock, the ticker, if you're focusing on the ticker.

38:23You're asking that ticker to give you something that's unreasonable, that's an unreasonable ask.

38:31It's a big ask to say, I want to buy you.

38:35Give me an opportunity, or I'm going to buy you.

38:37I know I shouldn't be, but go up.

38:41I want to buy you, so make me money.

38:43OK, that's when you're revenge trading.

38:47So I wasn't doing it to that extent with Oracle, but I was kind of fixated on that stock, and that, and then this was the second issue or the second point that I want to make.

38:58My fixation on that stock blinded me to all the other opportunities that are in the market.

39:06At that time, so my approach to trading, it's important to have stock lists.

39:11You don't want to be scanning the entire market, but it's important to have a list of things, the criteria that have to be met in order for it to be even on your list of possible trades.

39:22I have an on deck.

39:24just use a baseball analogy, but I have an on-deck, list, and I also have in the dugout list, which is a bigger list.

39:32very few of those are at bats.

39:35It's only one batter in the box at any given time.

39:38So I'll have this list of stocks, and that's what I look for.

39:42Any of those can be giving me an actionable buy signal, but I'm focusing on the pattern, not the ticker.

39:50That's why, when, hopefully you're getting to this point too, you're at a certain point, and you got your keyboard here, and you're just banging through.

40:02 Hitting, hitting the space bar, banging through from one to the next to.

40:08 Let me go back.

40:08 What was that?

40:09 Oh, that was a good pattern.

40:11 Write it down.

40:12 Start banging again.

40:14 Oh, there it is.

40:15 Oh, that's the squeeze I like.

40:17 You keep doing that through your list.

40:20 50, 100, 150 stocks.

40:22 Mine typically don't get over 100.

40:25 Sometimes they do though, and I always go back and cull that list if I see something.

40:30 That's really broken down.

40:32 It's down 2345 days in a row.

40:34 It's just an obvious broken chart.

40:36 Well, I don't want to look at that stupid thing every day because if I do, sooner or later I'm going to do something dumb with it.

40:42 So I only want to keep the stocks that are actually working or have the potential to work in front of me at any given time.

40:50 This keeps me from doing silly, stupid things, but you focus on the pattern.

40:57 Not a specific stock.

41:00 OK, I see people fixated on Nvidia, OK.

41:04 It could maybe go up again, probably will, but how much time are you going to spend being a professional Nvidia or a Sandusky?

41:15 Some of these stocks that just had their better days and now you're still fixated on them, while other opportunities are passing you by and you're not even seeing them.

41:26 So this is revenge trading and ultimately, it will take you to big losses, and this is the sequence where you lose money.

41:36 Now it's a threat to your identity.

41:38 You become urgent and you know your trading gets really urgent.

41:44 To where you're trading it again and again and again, rules, we don't need no stinking rules, and ultimately what happens is maybe it's one bigger loss, or maybe it's just a string of losses, and that's what happened to me with Oracle.

41:59 I didn't.

41:59 Have any big losses on it, but I had a whole crap load of little losses that when you add them all together, you get bigger red font than this is, I'll tell you that.

42:08 So you don't want to be into revenge trading on a particular stock.

42:13 Also, just think about life.

42:17 are you, how much sleep are you getting?

42:19 Now, you can be, you can go overboard.

42:24 I have this aura ring.

42:26 I use it mainly just to track my sleep, but I don't get, I don't get fixated on it, like some people do.

42:36 I, I see my wife sometimes, she's got total aura, fixation, where she looks at what, oh my HRV was down, or this or that, or, oh I only got X amount of sleep.

42:51 That's a lot of people, a lot of people, if you're an obsessive compulsive type of person, if you fixate on things, that's gonna take you away from your trading.

43:02 For me, sleep.

43:05 You know, I've had a lot of surgeries.

43:08 and when I wake up in the morning, if everything's moving the way it's supposed to be moving, to me, hell, that's a good day.

43:15 We're on, we're on a good start.

43:16 My shoulder's not as sore as it typically is.

43:19 I can feel the floor underneath my feet.

43:22 Let me see if I can stand up without creaking so loud, I'm waking Jennifer.

43:27 So, I'll look at the Aura ringing, I'm digressing here a bit, but I'll look at the Aura Ring, but only generally because sometimes I do find that I get, I, I don't typically.

43:39 I, I should say.

43:42 I want to say I don't typically require a lot of sleep, but I'll just say it in a different way.

43:49 I typically don't get a lot of sleep, and I operate, I seem to be operating pretty well.

43:55 if I'm, if I could get 8 hours of sleep, would I be operating at a higher level?

44:02 I really don't know.

44:03 But I do know when I'm, when I'm under slept, when I'm overtired, that will creep into your trading.

44:11 So that's all I have to say about that.

44:13 Conflict at home, financial pressure, hey man, you know, if you've got, if you've got trauma in the house, or trauma at the bank, if there's a lot of drama there, that's going to impact your trading.

44:27 You have to be aware of that, and that just means taking a self-assessment.

44:31 So you don't have to go solve every problem there is.

44:37 Hang on.

44:40 you just have to manage those pressures in a way that doesn't impact your trading.

44:46 It's the same thing with your health.

44:48Health can be a big deal, but you've got to just manage it.

44:52Any kind of emotional exhaustion, excitement, anger, anxiety, these are all things that totally take away your edge.

45:03You've got to have an edge in trading, and the easiest way to remove that edge, to dull the edge of that knife, is to let your emotions creep into what you're doing.

45:14it's not emotional, it's not about you, it's just trading, OK?

45:19And then the last one, and this is a big one, this is the last life factor that should come in is the need for a win.

45:28If you have a need for a win.

45:32I don't know, go play bingo, or, you know, go.

45:38I don't know, go run a race with a bunch of people who can't walk.

45:41I don't know.

45:42Do something other than be trading in the market for this need for a win.

45:48It's not what you want to do.

45:51It is not conducive to good trading.

45:54It's conducive to losing.

46:03OK, so moving on, it's real simple actually.

46:08The market doesn't care if you're emotional, you're emotional, the market doesn't care where it came from.

46:13Again, I keep saying this because it keeps being true.

46:16It's really not about you.

46:20but if you have outside stress, I guarantee you, unless you just totally, this is where you wanna be, unless you absolutely.

46:30Let it stay outside, you're in a zone, you're doing your thing, and you're, you've literally removed stress from your psyche when you are trading, and that is the goal because life is stress.

46:46The only people who don't have stress in their life are those that have dearly departed and they've gone on to wherever it is that they've gone on to.

46:53there is always going to be stress in life, and what you need to do as a trader is be able to manage it.

46:59You can't eliminate it.

47:01You have to manage it.

47:02But if you are feeling that stress from the outside, it's going to impact your tolerance for risk.

47:08It's gonna impact your position size, either too big or too small, OK?

47:13It's gonna impact the degree of patience that you have, and just overall, your judgment in how you trade.

47:21And so this is really how it kind of plays out, Life pressure becomes trading risk.

47:28That, that, that can be just as big a part, actually even bigger, a bigger part than actually the numbers that you're putting in your platform for stops or entries or size, stuff like that.

47:41 This is the kind of risk that you have to that you have to manage first is whether you're under slept or you have some kind of a conflict, whether you, and some people are like this, you're never going to get over it.

47:54 It seems like you need to control.

47:56 You always have to have control.

48:00 If you've got oversized trades or your stops, you're just ignoring your stops, all of these things can lead to losses.

48:10 But they are all avoidable.

48:12 They're totally avoidable.

48:14 OK, so let's recap.

48:16 Now we've talked about why managing yourself is the linchpin of everything else in this session here, in this entire series.

48:24 We've talked about self-image, what happens when a trade gets assigned a job it was never built to do.

48:31 It's not here to be your friend, it's not here to be your counselor.

48:35 It's a trade, OK.

48:36 We went through the revenge trading sequence and I told you about my own Oracle problem now.

48:44 I don't love Larry Ellison.

48:46 I don't hate him either.

48:48 I don't know him.

48:49 I don't care, OK, but I had to go through a lot to get to that point.

48:53 So we ended on life pressure, and that is, sleep, conflict, health, emotion, the need for a win.

49:01 Again, I'm not making this crap up, I'm just recounting that I've lived it, and how every one of those, when left unmanaged, becomes risk in your account.

49:11 Now, We're gonna go into more detail next weekend, but for now, here's your assignment.

49:17 I want you to pick one loss from this week and write down, honestly, the job that you were asking that trade to do.

49:27 That's it, just notice it.

49:29 What was the job that you were asking that trade to do?

49:33 Now, sometimes you'll just say, well, the job was to make money.

49:37 OK, well, why don't you try to go a little deeper than that, OK, but just ask, what was I really trying to do with this trade?

49:44 For example, and I'll see this a lot in some of our question and answer sessions, on our, our Monday study sessions, when somebody's asking about a particular stock, and I'll look at it, and it might be, you know, it's a good company, this and that, but the chart's a mess, nobody who understands how I trade.

50:05 would ask me, OK, Dan, well what do you think about this?

50:10 And the reason I say that is because everybody kind of knows the types of setups that I look for and the types of patterns that I want to trade.

STOCK MARKET[®] MENTOR

50:19 But with that said, there's all these other stocks in the universe that you're gonna want to look at and say, well, what about this, what about that?

50:27 And I think that most times, it's because you're asking the stock to do something that it's not gonna be able to do, and that is cure your boredom.

50:36 You're just kind of looking for something to do, or it's a stock that you're fixated on, kind of like I was with Oracle for quite a while, where you're just looking for a reason to get back into the stock, OK, so these are the types of things that we're going to be looking at, we have looked at a bit, and we're gonna be looking at them more next weekend in session two, we're gonna be looking at the protocols, and this is what the pre-trade ritual that I use to get my head clear, and doesn't have anything to do with looking at the screen, exactly when it's right to walk away from the screen, and the weekly review that ties this entire series together, all right?

51:17 So, I'll see you next week.