

Why you break your own rules.

The psychology behind the 6 habits that blow evals.

You know the rules. You wrote them. Then a trade goes red and you break them anyway. Here are the six ways it happens, why your brain does it, and the rule that stops each one.

01 Overtraded

"One more trade to get back to even."

02 Oversized

"I just need to win it back."

03 Moved the stop

"Give it room, it'll come back."

04 FOMO

"It ran without me, so I chased it."

05 Traded on my phone

"I could just trade from my phone."

06 Hesitated

"I can't pull the trigger."

Win. Win. Size up. Lose big. Revenge. Blow.

01 Overtraded

“One more trade to get back to even.”

You planned 2 trades. You're red after 2. Trades 3, 4 and 5 are taken to get back to zero.

WHY YOUR BRAIN DOES IT

After a loss, the goal quietly changes from trading well to getting back to even. Researchers call it the break-even effect: people who are down take bets they'd normally refuse, as long as the bet offers a way back to zero (Thaler & Johnson, 1990). The setups didn't change. Your reason for being in the market did.

WHAT IT COSTS

Trades past your cap come from the weakest reads of the day, and each one pays commission and a stop. In a study of 66,465 households, the ones who traded most earned 11.4% a year while the market returned 17.9% (Barber & Odean, 2000).

THE RULE

Write your max trades before you trade. When you hit it, the platform closes: green, red or mid-setup.

02 Oversized

“I just need to win it back.”

A loss puts you down \$400. The next trade goes on with 2 contracts instead of 1, sized to make the \$400 back in one shot.

WHY YOUR BRAIN DOES IT

Losses make people take risks they'd reject when calm. Prospect theory found that people turn risk-seeking when every choice in front of them is a loss (Kahneman & Tversky, 1979). Professionals do it too: futures traders at the Chicago Board of Trade who lost money in the morning took more risk in the afternoon (Coval & Shumway, 2005). A win streak does the same thing from the other side, because gains start to feel like house money (Thaler & Johnson, 1990).

WHAT IT COSTS

The loss picked the size, not the setup. Same win rate, bigger losers. It's how a normal red day becomes a daily loss limit breach.

THE RULE

Size is written down before the session and doesn't change until the next one.

03 Moved the stop

“Give it room, it’ll come back.”

Your stop is 20 points away. Price gets within 5. You drag the stop out to 30.

WHY YOUR BRAIN DOES IT

A loss hurts about twice as much as the same-size gain feels good (Tversky & Kahneman, 1992). A stop turns a loss on the screen into a loss in the account, so your brain hunts for any reason to wait. It's called the disposition effect: people hold losing positions too long and sell winners too early (Shefrin & Statman, 1985; Odean, 1998).

WHAT IT COSTS

A moved stop turns a planned loss into an unplanned one. It works often enough to become a habit and fails big enough to take out the trailing drawdown in one trade.

THE RULE

Before entry, write the dollar risk and say it: I accept this loss if it happens. The stop never moves further away.

04 FOMO

“It ran without me, so I chased it.”

You passed on a setup. It runs 40 points without you. You buy near the top of the move.

WHY YOUR BRAIN DOES IT

Missing a move hurts because you can picture the version of you who took it. Regret theory describes it: people make choices to avoid the feeling of regret, not only the loss (Loomes & Sugden, 1982). Attention does the rest. Individual investors pile into whatever grabs attention, like big moves and headlines (Barber & Odean, 2008). The move picked the trade, not your criteria.

WHAT IT COSTS

A chased entry fills late, at the worst price of the move, with the widest stop and the least conviction.

THE RULE

A pass is final for the session. Want that setup? Write it into tomorrow's rules.

05 Traded on my phone

“I could just trade from my phone.”

You're away from the desk. Price hits your level. You enter from the app with no full chart and no stop in.

WHY YOUR BRAIN DOES IT

A phone makes trading faster and thinking shorter. Researchers followed the same investors before and after they started trading on smartphones. On the phone, they bought riskier, lottery-like assets and chased past returns more than they did on a computer (Kalda et al., 2021). The phone also shows you a fraction of what your plan assumes you checked.

WHAT IT COSTS

Phone trades skip confirmation by design, because there's nowhere to put the chart. They're the trades most likely to be sized wrong and least likely to have a stop from the start.

THE RULE

The phone is for flattening only. If you can't take the trade at your desk with the full chart up, you don't take it.

06 Hesitated

“I can't pull the trigger.”

After two red days, your setup prints. You watch it. It works without you.

WHY YOUR BRAIN DOES IT

Recent losses get priced into today's decision. In one experiment, people who had just lost a round became less willing to invest in the next, even though investing paid off on average every round. Participants whose emotional responses were impaired kept investing and finished with more money (Shiv et al., 2005). Fear audits your edge at the one moment it could pay.

WHAT IT COSTS

The trades you skip tend to be the clean ones. Skipping is how a plan that works posts a flat month. And the skipped trade that runs is where FOMO starts.

THE RULE

When the criteria are met, the order goes in. Grade yourself on placing it, not on whether it won.

It's one loop, not six habits.

Win. Win. Size up. Lose big. Revenge. Blow.

A hesitation lets the move run. FOMO chases it. The chase gets stopped. Oversizing tries to win it back. Overtrading keeps going. The moved stop is the last rule to go.

Most traders have one habit that starts the loop. That's the one to fix first.

How to find yours

1 Write your rules before you trade.

Max trades, size, dollar risk per trade and your session window.

2 Log today's session.

Which rules held and which broke. Two minutes, every session.

3 Watch what repeats.

After a few sessions, one habit keeps showing up. That's your Psyke Issue.

Psyke does steps 2 and 3 for you.

Write your rules, log today's session, and Psyke names your Psyke Issue from your own sessions.

psyke.trade

SOURCES

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