

# Trading Psychology - 7 Steps to Becoming a Great Trader

By Dr. Gary Dayton

I am often asked by traders I meet, "How do I become a successful trader? What does it really take?" In any endeavor - whether the goal is to become a competent trader, surgeon, athlete, psychologist, musician, lawyer, or pilot - the path is the same: Dedication to the goal, a lot of hard work, and a willingness to keep picking yourself up when you fall, over and over. I would like to be able to say it is easier than all that, but it really isn't.

Here are seven essentials needed to become a competent, successful trader. With dedicated effort, these steps can help you to eventually become a great trader:

1. **Have a vision about your trading.** Understand why you trade. It is never just about the money. Money can be had in any endeavor. Develop perspective on why trading is so important to you and what characteristics you want to possess that distinguish you as a trader. Be clear on these. This is motivating, and helps you to keep committed to your personal goals when things become difficult. Trading is a tough business with lots of adversity. If you haven't got a clear sense of what you are all about in your trading, you will find trading very difficult.
2. **Make a commitment to your vision and turn it into a daily mission.** Put into daily practice what you need to do to reach your goals. Put the work in even when other things that are more 'fun' or appealing tempt you to get off track. Do these every day, day after day and don't let up. Keep a journal and track your progress -- not just on the money, but more importantly, on *your personal progress* as you grow and develop into a competent trader. It's the only way to become good and eventually great at trading.
3. **Know what you can control and what you can't.** You can't control whether a trade is a winner or a loser. You can control how you react to the market. Before you can become a consistent trader, you must first control how you respond to the market and your actions. We can always be in control of ourselves and how we act. Being able to regulate our actions has a lot to do with how we see ourselves as a trader and our vision for ourselves.
4. **Focus on the process of trading rather than the outcomes of your trades.** You can control how you select your trades, set risk, enter, manage, and exit your trades. You can never control how they will turn out. Place your attention on what you can control - the process of trading, not the outcomes. The process is where you can make a difference.
5. **Develop the necessary mental skills to trade well.** Technical skills are important, but so are mental skills. Spend time learning how to stay focused on the present moment. Learn how to 'mentally park' losses and trading errors. Learn how to let winning trades run and cut losing trades short. These are all crucial mental skills that are not found in reading the MACD or price bars.
6. **Practice your trading.** A major league baseball player doesn't just show up at the ball park and expect to play well; traders shouldn't expect to just show up at the screen and trade well either. It takes serious, dedicated practice to develop excellence.
7. **Make one trade at a time.** Keep your focus on this trade and this trade only. Bring all of your knowledge, skills, and abilities into focus on the current trade. Let previous trades and future trades go - they have nothing to do with the current trade.

One of the best ways to put these essential skills into practice and become a successful trader is through the trading journal. I'd like to invite you to claim your FREE instant access to a short form trading journal - the Trader's Daily Review which you can download from <http://www.TradingPsychologyEdge.com/DailyReview>

You will get a Daily Review sheet (pdf) you can use to improve your trading each day. You will also get a practical download explaining how to effectively use your Daily Review.

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