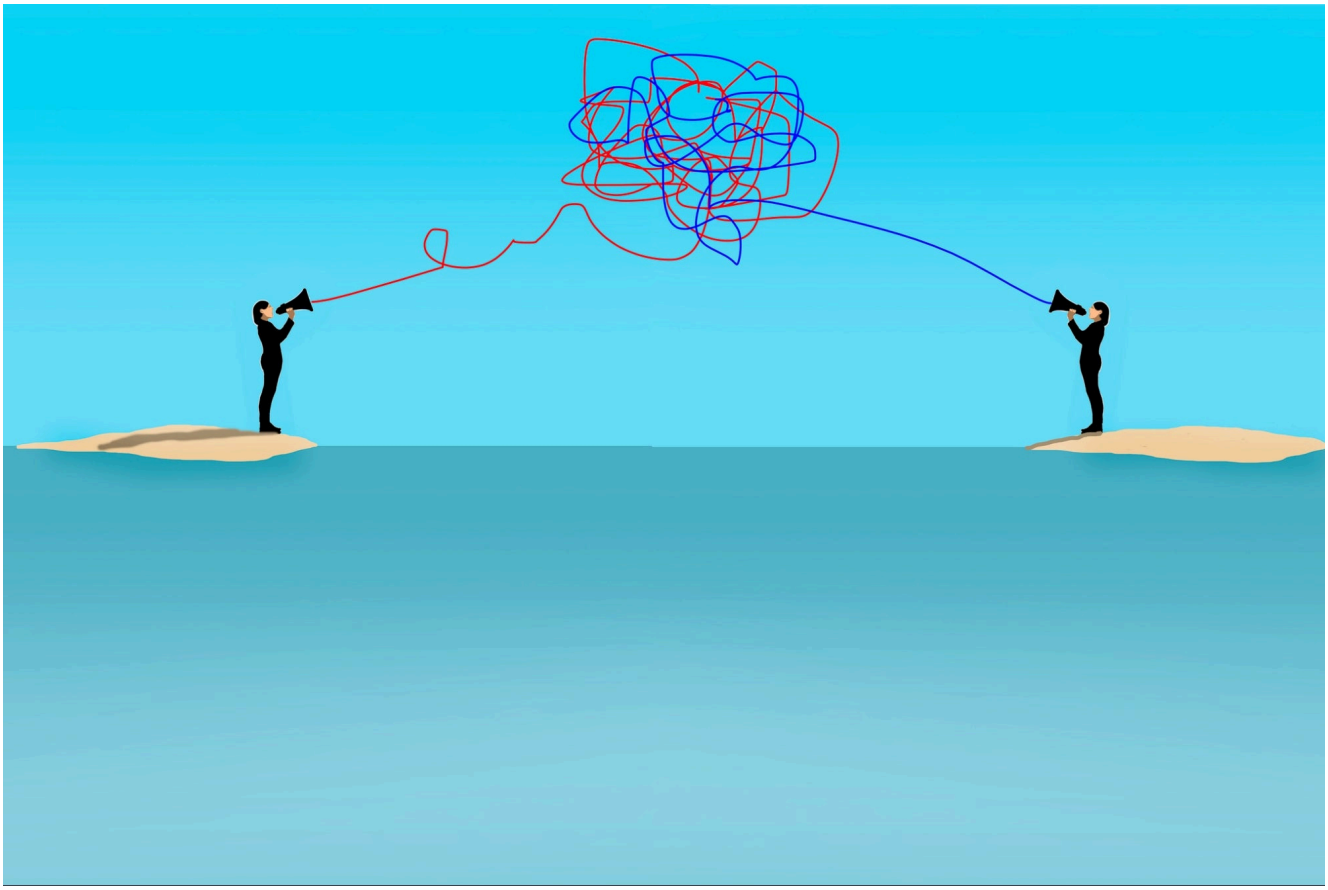
Why Your Inner Voice Might Be Sabotaging Your Trading Strategy



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We all know how social media provides an endless stream of opinions, confident recommendations and even downright wrong information. Long before we were exposed to social media, we got all of that same type of chatter from an even more familiar source — our own brains. It comes in the form of self-talk. If you are day trading, this self-talk can be dangerous.

This article will explore how it's dangerous and what you can do about it.

Pretty much every waking minute, we're bathed in self-talk. It's been that way for as long as we can remember. This

communication is especially potent because it's not coming from the "bad guys" that we're trained as kids to avoid. Because it originates in our own minds, self-talk can seem like it should have our best interests in mind.

If self-talk were confined to low-consequence situations, that would be one thing. But when we hear this internal play-by-play commentator while day trading, that can get really expensive.

Let's look at the types of day trading self-talk that can tie a boat anchor around your success. What's interesting is that this phenomenon is not confined to beginner day traders. If you continue in this profession, the talk is never far away, as you'll see in a moment.

Related: **Before You Start Day Trading, Know These Stages**

Let's first think about what self-talk beginners experience:

"I have my homework cut out for me! I need to read up on company financials, watch MSNBC, and get a real feeling for the stock before I take a trade."

That's wrong on many levels. First, it's a way of saying: "Ready, aim, aim,…" where you never get to the "fire" part. You can analyze for a long time and never feel ready. Also, how do you choose the stock to analyze? You can do all that work, and the stock you chose ends up being a sleepy non-mover. On top of that, MSNBC talking heads do not provide useful guidance about what trade you should make in the next five minutes.

Day trading is about getting in and out of your trades today, not someday. I look for *the* stock that has shot into the limelight today, sometimes out of nowhere. Maybe it had news of a new drug approval, a merger announcement or an unexpectedly strong earnings report. I want to be trading the stock that's at the top of everyone's trading screens *right*

now. That has nothing to do with their balance sheet or income statement.

“I should trade that meme stock I’m hearing about on social media — if I’m right, cool. If I’m wrong, at least I can point to everyone else in the same boat.”

At the point I just made earlier, notice that I said “the stock that’s at the top of everyone’s trading screens” and not “the stock being mentioned on TikTok.” What counts is what traders are focused on right at this very moment, not what social media influencers are chatting about.

Let’s say you’re not a beginning day trader, but you’ve reached the point when you’re net positive over five or six weeks. Congrats! That really is an accomplishment you can be proud of. What does self-talk sound like at this stage?

“Okay, that was a really bad trade, but I’m so close! I can make it up on the next trade.”

On your journey to get to this point, you learned that you need to know — ahead of time — when to bail out on a trade and also when to bail out for the day. In the heat of the moment, it’s so tempting to put those rules aside and take just one more trade. It’s true that it might be profitable, but — no matter how that trade works out — what you just lost that’s even more valuable is a hunk of your self-discipline. Believe me, it’s not worth it. Pack it in for the day.

Maybe you finally get to the exclusive club of traders who’ve made this their profession, like me. I’ve placed more than 20,000 trades in my career. Surely I’ve built up an immunity to negative self-talk, right?

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I wish. When you’re a beginner and you make a dumb trade, hey,

you’re a beginner! But what about when you’re a pro and you make a rookie blunder that just costs you the price of a Lexus? Your self-talk has a ready answer:

“Maybe I’m losing my touch.”

The correct thing to do is ignore that inner heckler, but this is where you might compound the problem and do what’s known as “revenge trading” to prove that you still have it. You mash the buy button and most likely soon regret it. Here again, the correct move is to resist the temptation to take an emotion-fueled trade.

But what if you’ve sat back down at your computer for several days in a row and have now lost the equivalent of a Bentley? Your self-talk starts to look more like that famous “silent scream” painting.

There’s only one thing to do: You need to check yourself into what I call “Trader Rehab.” I’ve done it many times. It’s where you calm down, go back to small trades, low daily trading limits and basic principles, and gradually rebuild your confidence.

The market is agnostic. It doesn’t care if you create millions of dollars in profits or if you lose your shirt. The thing that decides which it will be is your combination of knowledge, discipline, and actions.

You’ll always have self-talk. Sometimes it can even be positive, as in “We’re really showing those nay-sayers that we could make it in this business!” But if you want to play the long game as a day trader, you’ll always be alert to the self-talk pitfalls. You will be ready to head off those instant emotions with rational, pre-arranged actions that allow you to step back, get some perspective and carry on

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