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# Market Psychology (I)

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In this article I am trying to write and explain about the most important and common traders mistake in the Forex market.

I hope you enjoy this item and try to control your emotional when you are trading.

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Market analysis is not complex, your personal character is too complicated! Before become a good trader try to have a control on your emotional sense by knowing your personality and ability.

### Let me ask a simple question.

What will you do when you figure out that on open position your analysis is wrong. and order is conducted without SL/TP?

- 1- I will close my position.
- 2- I will wait maybe I will be lucky and market come back.

The question is have you ever been in the same situation?

I think most traders in their life at least once experienced kind of condition in this market. Some time they close their position and then they saw oh no market come backed ! And sometimes they wait and don't close and market goes against their position.

After this mistakes they think they are unlucky trader!

If you rely on your chance to win some money, my suggestion is betting and gambling will be better idea than entering in Forex market .

### The other questions:

- 1- Are you brave enough to accept your fault?
- 2- With knowing your position is wrong why you still want to keep it?

I know the answer because some time you close your position and then you saw market go through your position! this is very bad situation. But how we can prevent to interfere with such a bad situation. You should be wise person to accept your fault without any hesitation.

**Trader must be tolerant and wise.**

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#### WISE TRADER DEFINED AS:

Even if you have some loses on trade accept your fault and close your position and if continued loses on trade do the same.try to correct your analyzing market if your think your analysis some how is wrong.

Why are you not sure you entered point is in right place?. And why you don't accept your defeat?

This will happen because sometimes we misunderstand the reaction of Forex market and I will explain why .

Some time you hesitated either open a new position or close you previous one?

As I mentioned above the most important facts that help to trader become a successful is control his/her emotional sense.



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**Mistake 1:**



You confuse yourself by gathering a lot of information's! When you collect a lot of unneeded information's this will be harder to analyze market correctly and in a result can't make a fast and right decision.

Why more than 90% of traders are lose their money?

Are they have no enough knowledge to analyze market?

They have no idea about Forex indicators, patterns or etc?

traders on trade has to choose between BUY or SELL option one of them that mean trader chance to win is 50% minus brokers spread then why most of traders lose their money?

If you can't find a strategy to increase your 50-50 to 55-45 chance to win that means you are on mistake.

in order to increase your profit you need to find a strategy to increase your 50-50 win chance to 55-45 .

I strongly believe that, the market is not only complicated by itself but also is simple to understand and analysis.

Why you facing with a lot of problem to understand market status?

Don't collect a useless information!

would you remember when you hadn't have a lot of useless knowledge such as technical, pattern, you were better trader ?

Usually traders are trying to learn most technical, fundamental regulation and rules and following economic news and.....

The above items are effect to increase knowledge but these advantages are good just for economist not traders!

what is your goal?Do you want to be a Forex trainer or would you like to be an expert in economic or analyzing market on financial TV?

OR

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DO YOU WANT TO BE A GOOD TRADER?

TRADERS VIEW ON MARKET SHOULD SIMPLE AND EASY.

Most time I witness many traders drawing a lot of indicators, lines in their chart and following various news and in the end they open wrong position!

What are they doing?

The careful Trader to open position try to check market with all possible parameters such as Fibonacci Gann Elliot wave pattern, support resistance channel

Moving/ RSI/ PSAR MACD .....and in all frame times M1 M2 M5 M10 H1 D1!!!!

and in the end will lose his/her capital then blame that loses for his/her lack of knowledge and try to learn more about analyzing and gathering wasteful information to become successful trader.He's only mistake is not looking to market simple.

the first mistake solved by looking simple to the market and take it easy.

### Mistake 2:



We need to learn how to manage and control our emotion in Forex market. Training is very important facts, my suggestion before open an account and trade with real money you need to get a very good self confidence on trade by opening demo account and train your self to become professional trader. Always stick on your demo account even though you are trading with real money too.

**Don't leave your demo account.**

### Mistake 3:

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From time to time traders modify their SL! Or TP this is very dangerous act because it cause you emotional reaction.

For what reason we should modify our SL or TP specially SL?

Because some time we saw that market touched our SL and then backed!

I should say again be wise and brave to accept your fault and try to not change your SL.

Some time when you increase your SL limit it helps you to lose poison back to profit again. but unfortunately many traders alter their SL till become a CALL MARGIN!

Trade without SL is the worst trading strategy.

Remember that SL means you know when you close position in negative situation. I don't mean that, put specify price, some time you open position without execute SL or TP on orde but you know when you should close manually your position in lost or profit.

When you set clear number on SL you should trust your strategy and also rely on your chance too. Might be a few times market will touch your SL only! It's not important you will learn from the situation and find better place to perform your SL in the next trade.

the most dangerous trade actions is keep lost positions in long time and wait till back to profit.

### **Mistake 4:**



Some traders thinks they are professional analyst but they are on mistake .

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What are you expecting from yourself?

Would you like your brain to work and analyze market like a machine or Like your PC CPUs?!

If you think so, it is better to design and apply expert advisory on trade.

Try to analyze market in long time frame it will expand your chance to win

Let me explain why?

EUR/USD spread in the most brokers is about 2 pips.

IF you open position on EUR/USD with 100 pip SL and 100 pips TP your winning chance is less than 50% and about 49%.

How to calculate this?

If market goes against your position on 98 pip lose your SL will executed and if market go in favor of you, need 102 pips to make a profit.

100 pips profit = 102 pips movement

100 pips loss = 98 pips movement

$98+102= 200$

then your winning chance is 98 divided 200 = 49%

But if you open position with 10 pips SL and 10 pips TP your chance to win will decrease to 40%

### Mistake 5:



The Forex market is 24 hours a day and 5 days a week(24/5) and most traders think they should conducted buy or sell at any time they open their pc or laptop this is very bad manner. Traders need to check and analyses the market and if they find suitable condition to trade then should enter in the market otherwise it better leave your desktop and enjoy your life. We all mankind and need rest, love, food and game, sport fun and etc...

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don't rush ! When you made profit withdrawal and enjoy your life for some times.  
and try to avoid a become addiction to trade.

### Mistake 6 :



Don't Trade when feel you are not right or you are in bad mode.

### Important Note:

if you lose a continually leave your trade immediately for a minimum 2 days don't worry you have enough time to trade in future. Sometimes when we lose we want compensate that lose very fast and this will affect on our feeling to make a wrong decision!

### Now The most important question:

Are you a good trader?

You need take your time to answer these questions:

- 1- Can you control yourself in your personal life when some thing or someone annoy you or make you angry?
- 2- Do you scare or enjoy in park's machine?
- 3- Do you scare or enjoy when you are watching terrible movies ?
- 4- Did you make a profit 3 months in row on demo account ?

### If your response are :

- 1- Always i can control myself.



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2- I enjoy in the park.

3- Enjoy.

4- Yes.

And If above answer included in your personality means you have enough potential to control yourself in FX too.

I highly recommended that, if you are sensitive and nervous person you are not right person for this market and remember Forex is not fun game it could be converted for big gambling means can take all your money. If you have extra money and you don't need it or you have no idea what to do with them then donate them to the charity like UNICEF and etc.

## Conclusion



Always practice trade on demo account.



Always accept your fault and don't blame on the others.



Don't trade like a machine.



Try to analysis market in long frame time.



Be wise and patient.



Stop trading for while when you lost money in continuously.



Enjoy your life with profit that you earned.

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