FOREX FUNDAMENTALS — MODULE 6

Trading Psychology & Discipline

Overtrading, revenge trading, and plan adherence — the mental game that determines whether the rules you've learned actually get followed.

MODULE 6 OF 7

Trading Psychology & Discipline

Every rule covered so far — stop losses, position sizing, risk-to-reward — is simple in theory. What actually determines whether a trader survives is whether they follow those rules when it's uncomfortable to do so. This module is about that gap.

Overtrading

Overtrading is placing trades outside your plan — often out of boredom, impatience, or a need to "do something." More trades doesn't mean more opportunity; it usually means more exposure to setups that don't meet your own criteria.

Revenge Trading

This is the pattern of trying to immediately win back a loss, usually by increasing size or abandoning the plan entirely. It's driven by emotion, not analysis, and it's one of the fastest ways to turn one manageable loss into an account-ending one.

The fix is procedural, not willpower-based: build a rule that after a loss (or a set number of losses), you step away for a defined period before the next trade.

Plan Adherence

A trading plan is only useful if it's followed on the trades where following it feels hardest — not just the easy, obvious ones. Discipline shows up specifically in the moments where the plan says stop and the emotion says continue.

Why This Matters More at Flagship

The FDR (Flagship Discipline Rating) system doesn't reward the biggest single win — it scores consistency: Sharpe Ratio, Profit Factor, Trade Size Consistency, and Daily Trade Consistency. In other words, it's measuring exactly the behaviors this module covers. A trader who avoids overtrading and revenge trading naturally scores better, independent of any specific strategy.

KEY TAKEAWAY

- Overtrading and revenge trading are emotional responses, not strategies — and they're the most common cause of avoidable losses.
- Build procedural rules (cool-off periods, daily trade limits) rather than relying on willpower in the moment.
- Consistency and discipline aren't just good habits — they're literally what FDR is designed to measure and reward.

Next up: Module 7 — Intro to Prop Trading & FDR: how challenges work and what comes next.