
Disciplined Trading

To successfully translate analyses and forecasts into profitable trades, it is essential to submit oneself to a rigid trading discipline. Without it every analytical method – even behavioural analysis – will fail.

Often, traders engage themselves without any in-depth knowledge of financial markets, only to lose money unnecessarily simply because they allowed themselves to be led by their »gut feelings«.

The »holy grail« – that secret recipe that assures profits going into the future – probably isn't a forecast at all, rather a strict discipline.

Behavioral Finance, by pressing us to be conscious of our weaknesses, is an essential starting point. The computerized trading model, which is supposed to emulate the rational agent, is perhaps the most important tool. When every market protagonist possesses the necessary discipline, this will finally mean a step towards true market efficiency.