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THE TRADER'S MIND

50% TECHNIQUE, 50% PSYCHOLOGY · DISCIPLINE AND
CONSISTENCY

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MINI GUIDE — TREND FOLLOWING TRADERS SERIES

The Trader's Mind

50% Technique, 50% Psychology

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Trend Following Traders Community
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This mini ebook is a reworked extract from the book *Trend Following in 2026 — Directional and Quantitative Trading with Artificial Intelligence*.

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Why the mind matters more than the strategy

Trading is 50% technical approach and 50% psychological approach. It is a concept I repeat often, inspired by Van Tharp's book *Super Trader*, and for me it is a fundamental truth for anyone who operates in the markets.

A trader with a strong, sound, competitive psychological approach will be able to produce results even with a mediocre strategy. The opposite is not true: the best trading strategy in the world, in the hands of a trader who has not prepared himself well enough from a psychological standpoint, will not work.

It may sound like a provocative claim, but it reflects what I have observed in more than fifteen years of activity, and what all the great traders confirm in their books. Technique can be learned. The discipline to apply it every single day — managing emotions and negative thoughts — is the real challenge.

■ *Our mind is like a garden. If we neglect it, weeds will grow.*

Our mind is like a garden. If we neglect it, weeds grow: negative thoughts, expectations, emotional interference. We have to learn to recognize them and pull them out before they compromise our work.

A neglected garden leads to imprecise actions that generate no profit. A psychological approach cared for down to the smallest detail simply produces higher-quality actions. Nothing more, nothing less. The actions we carry out are the result of what we have thought: if we think well, we will act well; if we think badly, we will act badly. Caring for the psychological approach means caring for our inner dialogue — what we think every day, while we execute the actions set out in the plan.

This mini guide collects the mental principles I use every day: why profit is a consequence, how to recognize the reactive voice that pushes you to make mistakes, the weeds to pull out, the three fundamental techniques, why knowledge switches off anxiety, and the right way to relate to costs and profits. These are not theories: they are the tool that separates those who last in this field from those who do not.

1. Profit is a consequence

Many people, when they approach this activity, start from the wrong place: they look for the method that always wins, the system that — in a sense — never loses. I did it too, at the beginning. It is a mistake, because the business is not about profits. In this craft, profit is not a starting point: it is a **consequence**.

Know your own market

One of the most important things I learned by reading the books of **Van Tharp** — a great expert in our field — is that the real secret to making money in the financial markets is not looking for the method that will make everyone rich. It lies in **knowing the mechanisms that govern your reference markets**: those systemic behaviors the market must produce in order to function. It is a bit like an engine: we have to understand how that engine works in order to take advantage of it.

Larry Williams used a similar metaphor: understanding trading is like learning a foreign language. There is a code behind every market, behind every methodology, and it has to be deciphered. He used to say he always felt like an archaeologist bent over the Dead Sea Scrolls, reading an ancient code.

That code really exists. But it is not so secret: often the most important truths are the most obvious ones, the ones right in front of us that we fail to value.

The novice almost always makes the same mistake: looking for something more. What we should look for instead is simplicity — understanding how the market works and which of those processes can be exploited to turn the business into profit.

Trading is a business: managing costs

In *Trading Is a Business*, **Joe Ross** explains how trading can be built like a true entrepreneurial activity. In one of his paper simulations — the “true trend method” — he shows an uncomfortable truth: **systems lose**. The trader tries to catch the trend, incurs costs, and carries on with confidence, because he knows his own system. Day after day he accumulates small costs, without overdoing it, until he catches the trend with a few trades.

The trader’s task, then, is not to earn more or more often. It is to **learn to manage the costs and the problems of every day**, because profits are found just beyond them. Costs are the most important part of the business: that is where the real work is done.

You earn even when you lose: if we manage costs well every day, we prepare a low-cost base that improves the net profit.

— Larry Williams

It is constant, systematic work. It is not a work of intuition, and it is not a work for the most intelligent people: it is a work for those who can control their actions emotionally, every single

day. Because — and this is the point — it is the data that gives us access to profits, not our forecasting abilities. We study, we observe that certain strategies on certain markets return good data, and we operate knowing that no strategy will always win.

All the great traders report the same evidence — from Van Tharp to the protagonists of Jack Schwager's *Market Wizards* series: whoever becomes good at managing costs gains control of the activity, and that control opens the door to profits. Whoever thinks only about profits, by contrast, will not see them. It is a reversal worth fixing in mind: **don't think about profits, think about costs in order to earn.**

The leverage of time

Again Larry Williams, in *Long-Term Secrets to Short-Term Trading*, points to the most important leverage of all: **time**. A profit needs time to mature; a cost, on the contrary, must be managed quickly, every day. And there is only one way to give the market time: **manage risk**. If we become good at managing risk and the costs of every day, we will consequently be able to access profits too.

No shortcuts

It becomes clear, then, why going hunting for profits without thinking about everything that comes first is gravely superficial. Easy money does not exist for anyone — even if too many commercial brokers sell this illusion. Trading does allow gains, yes, but only to those who spend competence and have respect for the complexity of their markets. Every market has its own story: it must be studied, understood, and only then do we choose the systems to exploit its developments.

The market rewards the most capable, not the most needy. In fact, it harshly punishes the inexperienced in need, who arrive in a great hurry and with no respect for its complexity.

2. Reactive or proactive: recognizing the Opponent

There is an idea I made my own while studying the Kabbalah — not as a religion, but as ancient wisdom, a tool for personal growth. It says that two forces act within us: one pushes us toward fulfillment, the other holds us back. I call that second force **the Opponent**. It is not an enemy to fear: it is a force of opposition that exists to push us to bring out our best. True fulfillment, in fact, is earned by overcoming obstacles — not by receiving everything effortlessly.

Think of a tennis match in which every ball is automatically a point: after five minutes you would quit, there is no satisfaction in it. Fulfillment is born of effort, of the limit overcome, of the stronger opponent beaten. In trading, the same principle applies.

The reactive voice

The Opponent does not shout: **it whispers, in the inner dialogue**. It suggests ideas that seem ours, but are not. The plan says: “the conditions lead to a small cost, close following the rules.” And in that moment the voice arrives: “but the market is doing this...maybe I’ll wait just a little longer.” That is the **reactive** voice: it looks for the easy solution, the immediate gain, the short-term relief. Every time we give in to it, we create long-term problems for ourselves — frustration and, above all, bigger costs.

Being **proactive** is the opposite: deciding for ourselves, following our own path despite outside influences. Competence is not never hearing that voice — we will always hear it. It is **recognizing its origin**: when that suggestion arrives, I know it is not coming from me.

Every time we change our rule while the market is doing something, we are playing the Opponent’s game, not our own.

The technique: making a STOP

The solution is simple to say and hard to do: **make a STOP**. We recognize the presence of the reactive voice, we observe it, but we stay still. We do not argue with it: we let it pass and head straight for the plan. A rule of the plan is never changed while the market is moving — it is changed, if at all, through **deliberate research work**, with the markets closed, when the mind is cool.

We never rid ourselves of our demons, but we learn to live above them.

3. The weeds to pull out

Over the course of my experience I have identified a series of recurring negative thoughts that every trader must learn to recognize and eliminate. They are weeds that, if not pulled out, compromise consistency — and therefore results. They always show up in the same four moments.

When you analyze and find no opportunity

Impatience kicks in: “maybe I should get in anyway.” But trading produces results not through many events, but through **a few high-quality opportunities**. Big profit targets often come from campaigns that required fewer, but better, trades. We must demand the best of the best from the market, even with a hint of positive arrogance. Never chase opportunities.

When you enter the market

The beginner sees the market swing and thinks: “what if I wait a little longer?”, “what if it takes off after I’ve closed?” Weeds. The trader must execute the rules of his plan to generate consistency. If the conditions lead to a small cost, he secures the small cost. Even if the market then develops a big move, it does not matter: we cannot generate profit from every event.

When you take a cost

As a beginner, after a loss, you start to doubt: “this thing doesn’t work.” Worse still: “I’ve suffered a defeat.” Costs are data, nothing more, nothing less. The market shows us data, we carry out the actions set out in the plan. You may hit a stretch with several costs in a row: that is normal. Do not interpret the data as something emotional.

When you take a profit

Here too, be careful: the tendency is to celebrate too much. It is as counterproductive as creating problems over costs. I remember an event that marked me. As a beginner, on dollar/yen, I made a profit of 500 pips in a few hours thanks to an economic news release. I naively thought I could repeat that forever. Then reality hit me: challenging the news with open risk can generate equally fast losses. That wound is still etched in me: today, if I have open risk and there is a news release approaching, I close an hour before.

▮ *Wounds are the best teachers. What we learn from pain stays etched in us forever.*

4. The three fundamental mental techniques

1. Create no expectations

The first technique: create no expectation about the outcome of the single trade. When we enter the market, beginners especially start to imagine what the market *should* do. It is a weed to pull out immediately.

Expectation is not based on data, it is not based on anything realistic: it is a disturbance, and all disturbances must be eliminated at the root. The awareness to develop is this: we can generate profit on an annual basis, at most monthly, but **we cannot have a profit every day**. The market always retains a certain level of unpredictability. After selecting and managing an opportunity, the trader simply studies the reaction it produces. It is consistency that delivers results, not the outcome of the single event.

2. Manage the data, forget the money

The second technique: every day manage the data that emerges from the market and forget the money. Our task is to manage data. Depending on how the market reacts, we know whether to carry out actions to secure small costs or to generate a profit. Anything that inserts itself emotionally between what the market tells us and what we already know we must do is a disturbance.

Imagine a researcher, a mathematician: he deals with charts, numbers, values. He does not worry that they have to do with money. We must use the same approach.

If we sit there watching the swings thinking “that’s money,” we are inevitably disturbed by our own emotional reactions. And those reactions are of no use. We handle charts, numbers and economic values, and we simply manage them as set out in the plan. That is how we secure the consistency needed to get through the fruitless opportunities and reach the ones that generate profit.

3. Do not tie your worth to the market’s results

Profit arrives at the end of the year, sometimes at the end of the month, but not always at the end of the day. If every time we face a cost we create a problem — “I’m good because I made a profit, I’m not good because I took a cost” — we are making a serious mistake.

Tying your professional worth to what the market does is madness. The worth of what we do is independent of what the market does: we have studied and planned everything needed to generate results. In the toughest periods we will have a bit more difficulty, but our worth stays high. Every time we tie costs and profits to personal victories or defeats, we undermine our consistency — and we need consistency to generate profits.

There is only one case in which it is right to worry: when we do not manage costs correctly, when a loss goes beyond the rules of the plan. There we really did make a mistake. But if we manage everything well, we move forward without dead weight. Profits are found just beyond

the costs and problems we manage every day.

5. Worry is the child of ignorance

Those who start out live glued to the market: every profit is a triumph, every cost a drama. It is an unsustainable condition, and it is not solved merely by “controlling emotions.” It is solved with **knowledge**.

Worry is the child of ignorance: we worry about what we do not know. If we commit to knowing as much as is needed, we will worry no longer.

Every opportunity we exploit — what I call a **low-risk recurrence** — has a common base that repeats and produces a limited series of reactions. Some are always fruitless, and there we secure a small cost; others generate profit. The point is to study them **beforehand**: how they form, how they react, what to do in each case. When you know the data base you operate on inside out, anxiety has no ground left: why worry about something you know?

A real case

A member writes to me: “I entered the market, it started to swing and I didn’t know what to do.” I replied with a question. Had you granted the room your plan allows? Yes. Then, as long as the market works inside the area you had already accepted, what is the problem? Your task is not to guess: it is to **observe the reaction and execute the rules**. When a rule triggers, you execute it. Full stop.

Enter when the opportunity is compatible and study the reaction. Forget the money, forget the outcome.

It is the continued application of the rules, on a data base you know, that delivers profit — not the outcome of the single event. And here psychology and method meet: the more you know your markets and your data, the less room you leave for worry.

6. The two ledgers: experience and finances

This is how I think: every day my task is to feed **two ledgers**. A ledger in terms of experience and a ledger in terms of finances.

When I work on opportunities I focus on gaining experience and studying what I do. The experience ledger grows, grows, grows — and once it has grown it cannot shrink. It is a permanent asset: once acquired, no one can take it away from you. Profits can come and go; experience, once reached, brings the financial ledger along with it. When experience reaches a certain level, profits begin to grow with consistency, confidence and strength.

The advice for those starting out

Do not worry first about the financial side: worry first about the experience ledger. If an opportunity is not convincing, it does not matter — you study it, and that day the experience ledger has grown anyway. **This too is a profit.** Whoever worries about profits instead of experience lasts very little in this field.

Either you manage an opportunity correctly, or you do not manage it: never a half-done job. But even when you do not trade, you study. The experience ledger grows all the same.

7. Winter always comes

In some periods profits come more easily and more often. But it is not always so: winter always comes. There are periods in which we can carry out certain activities and others in which we must face more complex conditions. We cannot do the same thing all year round in the same way: we need more solutions.

We have to learn to stay competitive even when conditions are hard. Celebrating too much after a profit and creating a problem every time we have to work a little harder is counterproductive: it undermines consistency.

It is consistency that delivers profit, not the outcome of a single event or a short market period.

Once this reality is digested, you simply work without creating problems for yourself. Whoever does not digest it reaches the end of the week, the end of the month, psychologically wrecked.

8. Trading is not a salary

A very common mistake, especially among those approaching this activity, is to think of trading as something that can be set up like a salary. It is not so. It must be set up as an **entrepreneurial activity**. We work to win the jobs, the contracts — and these contracts do not come in every day.

Our client is the market: it gives us jobs in certain periods. When it has nothing to offer, we wait.

We know that our market, every year, has always produced what we need. The consistency to keep in mind is not daily, but annual: the balance is struck on an annual basis, not every day. The best opportunities develop every year with a certain frequency, but not every day. We accept that there may be one or two weeks in which almost nothing gets done: we study, we gather data. Then comes the week in which everything happens at once and the result is built.

We must operate without anxiety, zeroing out emotional interference, because it disturbs both the operation and the quality of the results. Respect the timing and the ways of the markets: they have always done their job. If we know how to respect their timing, we will reach the profit targets. Caring for the psychological approach lets us operate week after week mentally fresh. This is what separates those who last in this field from those who do not.

The fresh-mind checklist

Keep it within reach. Before and after every session, read it again.

The ten reminders

- ✓ Technique and psychology weigh **50 and 50**. Tend the garden.
- ✓ **No expectations** on the single trade. Study the reaction, not the outcome.
- ✓ Manage **data**, not money. Think like a researcher.
- ✓ Recognize the **reactive voice** and make a STOP: don't change the plan mid-move.
- ✓ Your worth **does not depend** on what the market does.
- ✓ A cost is a **data point**, not a defeat. A profit is not a medal.
- ✓ **Worry is the child of ignorance**: study your events.
- ✓ Feed the **experience ledger** first: it never shrinks.
- ✓ Don't think about profits: **think about costs in order to earn**.
- ✓ Trading is an **entrepreneurial activity**, not a salary. Annual balance.

■ *The market rewards the most capable, not the most needy.*

An invitation

I share these principles for the same reason I have shared my work for years through the blog, YouTube and the community: to attract people motivated to study and improve their trading, willing to collaborate. Trend Following Traders is a true research lab — directional trading with the Cash-AR 2026 method, quantitative trading with StrategyQuant, and artificial intelligence as an accelerator — with a verifiable track record and a structured learning path.

If you want to go deeper, start here:

The blog and the guides: TrendFollowingTraders.com/blog

The full book: *Trend Following in 2026* — of which this mini guide is an extract.

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