

# TLC

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## Trade *Smart* – *Trading Psychology*

*Navigating Trading Pitfalls*



## Risk Disclaimer

As a small percentage of the total Contract for Difference (CFD) value is required as deposit, your profit or loss can rapidly exceed that deposit. Seek advice if you don't fully understand the risks. CFDs carry high risk and are not suitable for everyone.

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Profitable traders focus on their skills and identify performance gaps in:

### **Risk Management**

- Define and accept risk
- Think in probabilities

### **Money management**

- Adequate position size
- Trade system with positive expectancy

### **Psychology**

- Peak performance is only achieved in the state of coherence.

...and a trading strategy that you can execute well



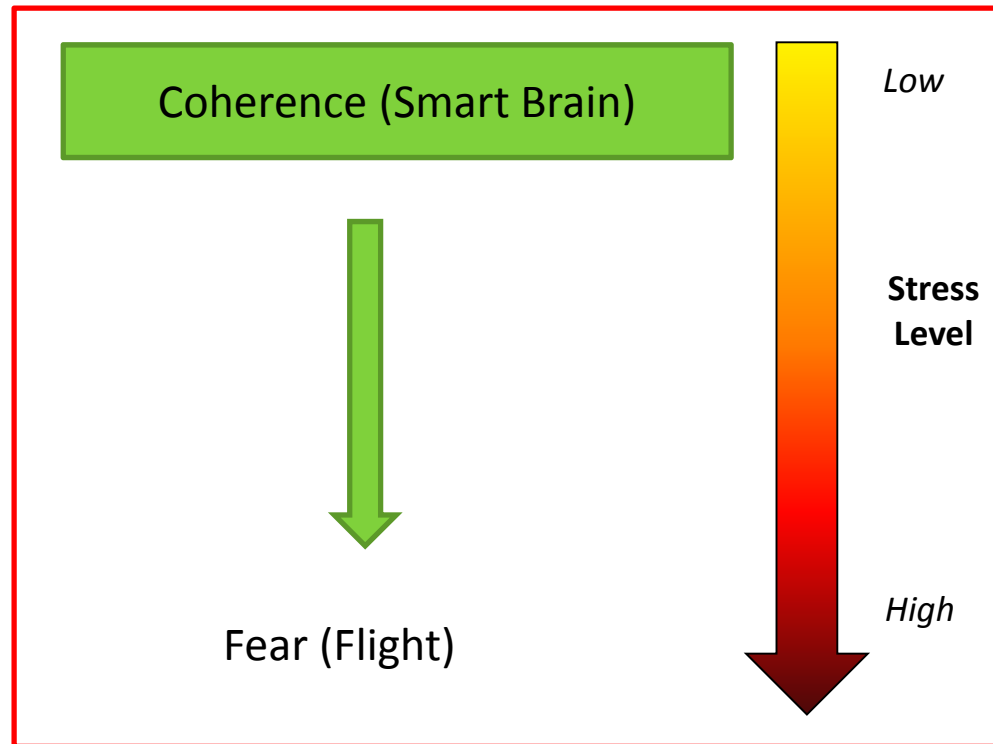
Trading performance is a result of managing monetary and emotional capital

- The core of a traders role is making decisions under conditions of uncertainty and risk
- Increasing mental resilience is key

Peak performance is only achieved in the state of coherence

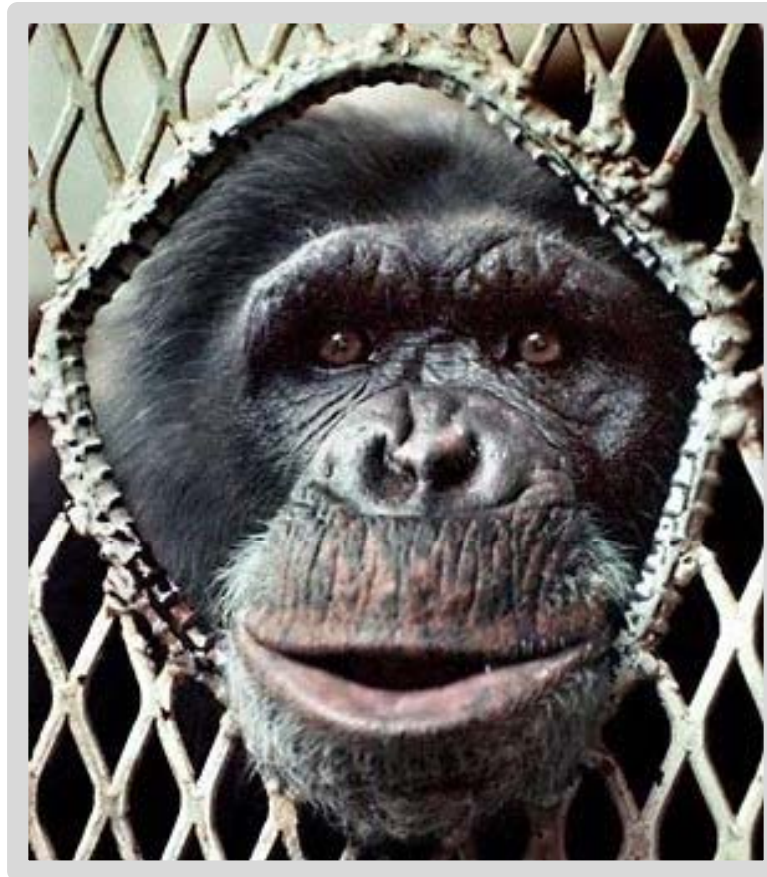
State of the Brain

*Illustrative*



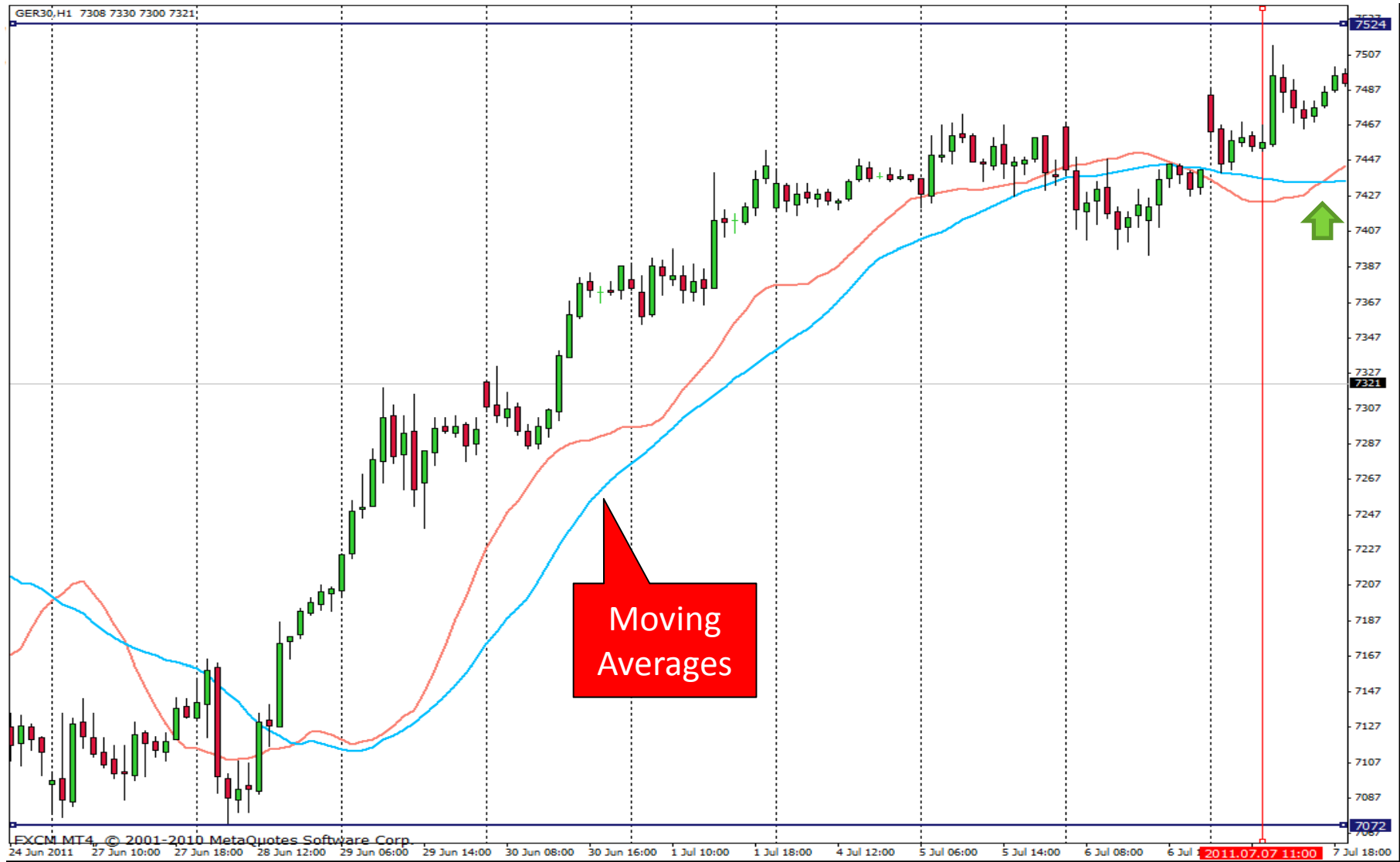
## Stay Calm and Execute the Plan

Keep the Chimp in the Cage



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## Scenario 1 – DAX 30 / 1 Hour Chart



# Spain and Italy risk being sucked in

### News analysis

Spike in yields signals deepening of eurozone crisis, say **Richard Milne**, **Rachel Sanderson** and **Miles Johnson**

Protect Spain and Italy – the European Union’s aim in its messy handling of the sovereign debt crisis has always been to ringfence its third- and fourth-largest economies from the problems of smaller countries.

But this week, that policy has been thrown into serious doubt for the first time in the 18 months since Greece’s problems hit the headlines.

The yields on Italy’s government debt, by far the largest bond market in Europe, yesterday hit their highest levels since October 2002.

Meanwhile, Spain’s borrowing costs have flirted with a euro-era high, which was reached only two weeks ago. Both countries are paying their highest-ever premium over Germany for their borrowing.

The latest increases were sparked when Moody’s, the US credit rating agency, downgraded Portugal by four notches to junk status on Wednesday night, amid continuing fears of a Greek default. Bank shares have been pummelled, with Italy’s UniCredit falling 20

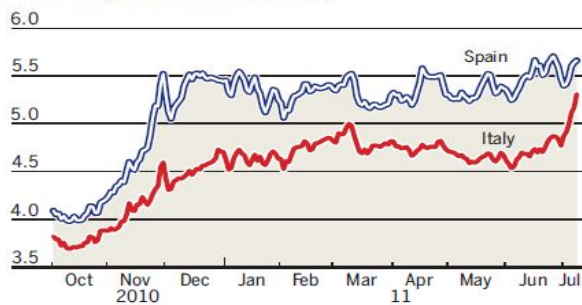
### Contagion crisis



Demonstration in Madrid against austerity measures

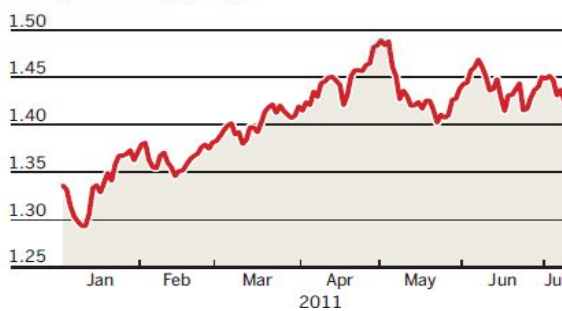
### Spanish and Italian yields have hit decade highs . . .

Benchmark government bond yields (%)



### . . . while the euro has come under pressure this week

Euro against dollar (\$ per €)



cial institutions, hold more than half of the country’s sovereign debt.

“Italy has the same problems today as it had 12 months ago, when the market did not consider including it in the ‘Pigs’. The paradox is that Italy is facing these contagion fears even after these rights issues,” he says.

In Madrid, the mood is more nervous, despite two years of austerity measures and reforms. Concerns over a stalling economy, unknown real levels of regional debt, and a banking sector stricken by the country’s real estate collapse have provided weighty ammunition for those sceptical of the government’s claims to have “decoupled” from its rescued neighbours.

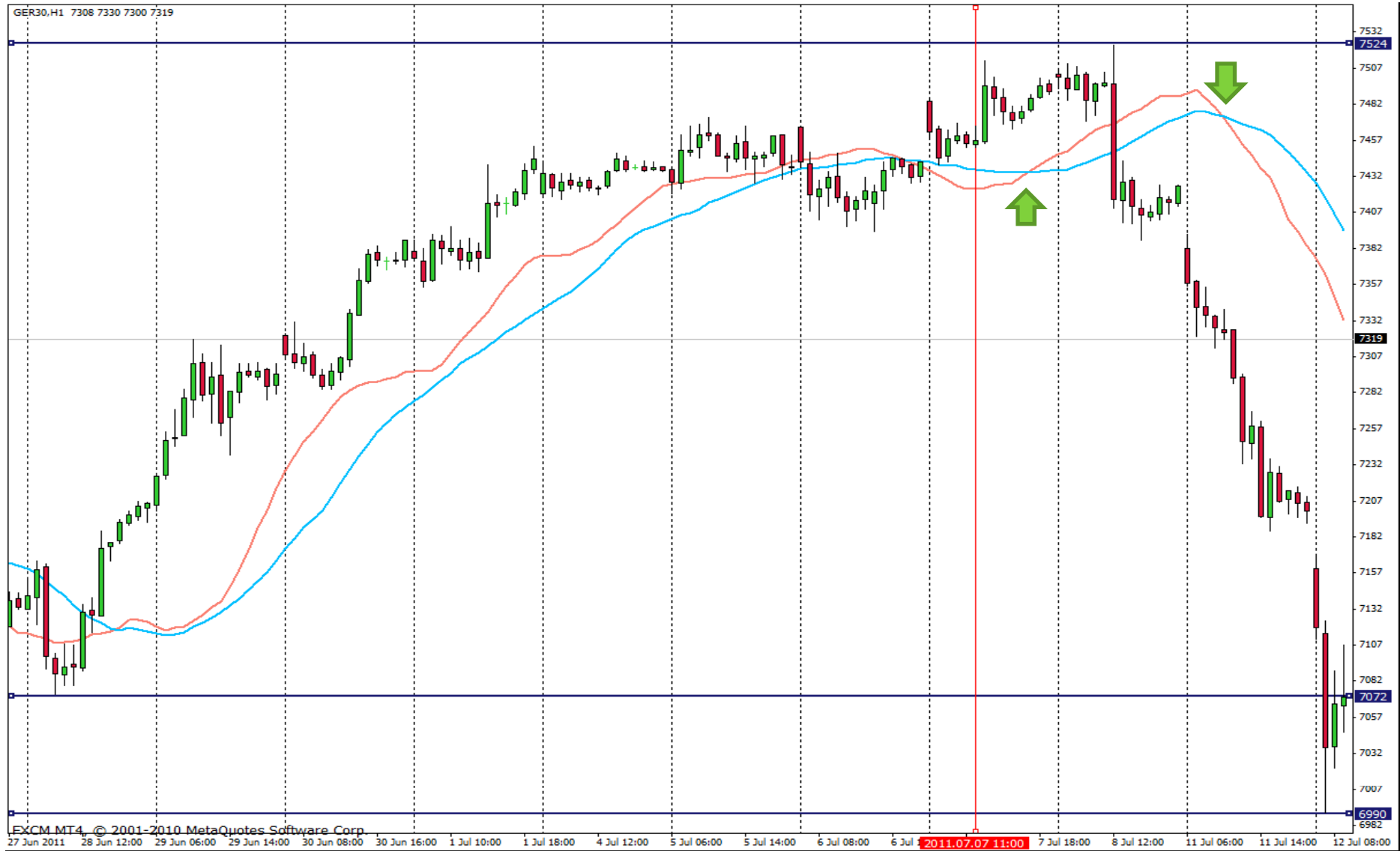
Spain has now issued more than half its planned €93.8bn of gross medium- and long-term debt for this year. Elena Salgado, the finance minister, this week described demand for Spanish debt as “extraordinary” and said the country would have no problems financing itself.

“It is not a Spanish question. It is an instability, a volatility that is effecting the debt markets in general,” she said when asked about rising interest payments for Spain.

But Miguel Angel Fernández Ordóñez, governor of the Bank of Spain, said in May that a spread between German and Spanish bonds

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## Scenario 1 – DAX 30 / 1 Hour Chart



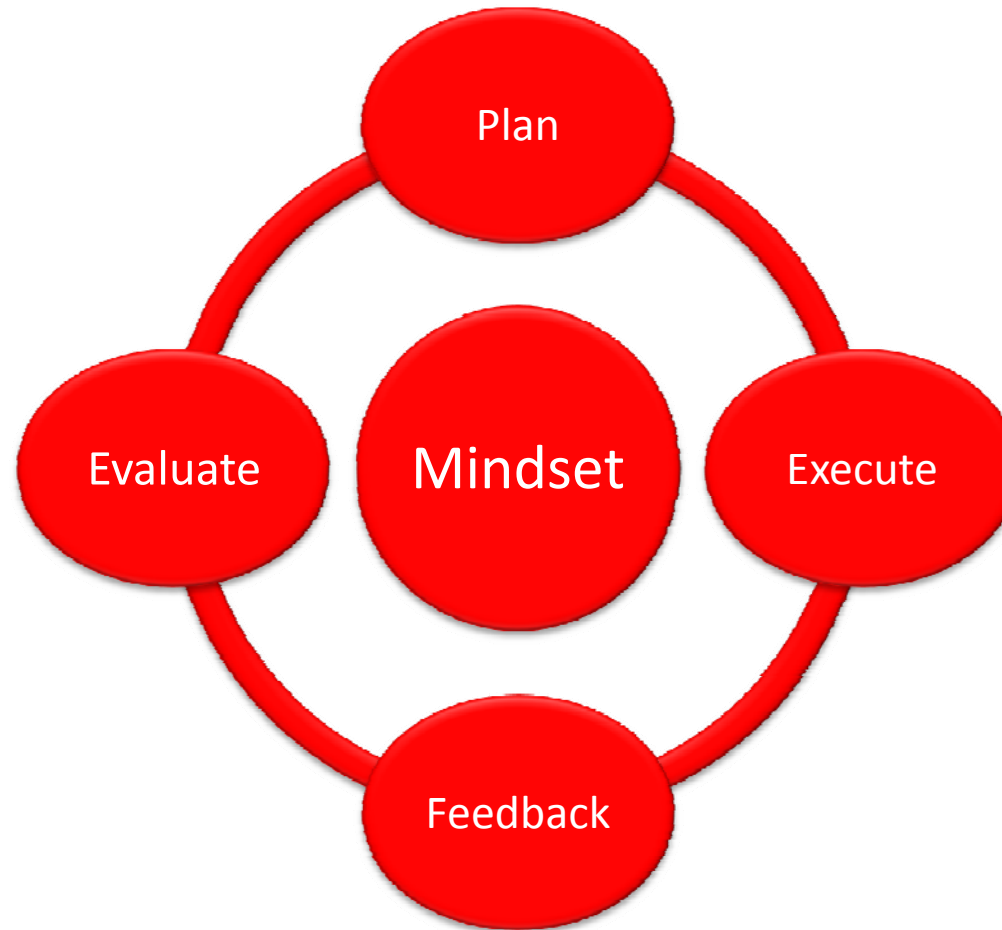
› **Be agile: Learn by practice and repetition.**

- Plan: Implement What They have learned
- Execute: Focus on flawless execution of the trading strategy
- Feedback: Gather feedback on performance
- Evaluate: Learn from strengths and weaknesses (keep a trading journal)

**Recognize the need to change your trading and do it**

Trading Performance Cycle

*Illustrative*



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## Trade *Smart*

*Navigate Trading Pitfalls for Sustainable Success*

