



Understanding Your Cogs

A simple guide to understanding your psychology and
thought process.

Understanding Your Cogs.

Introduction

Your mind, the foe, or friend.

I thought it would be very appropriate to write my first book on the most fascinating part of our body, the brain. The controller. The decision maker. The control center. The organ which controls our moods, feelings and decisions. It's our brain, but is it really ours? Are you really in control of how you act, and react? We all have the ability to understand technical analysis as a trader, but how well do you actually understand yourself?

This first book will be focusing on the psychology side of trading and will be written with the hope and purpose to hit right where it hurts.

We will be addressing the highs and lows, the winning and the losing moments, the days you feel you like a champion, and the days you feel like

you are lost with no purpose. The idea is to bring all the feelings we pretend we don't have, out of the shadows and into the light.

If there's one thing trading can do, it has the ability to bring us together. We all have shared similar experiences and feelings; we can all relate as one.

Over the last 5 years I have faced many situations in the market and in my own head. You should be able to relate to quite a few.

I believe we are formulated from positive and negative cogs – we have these cogs in our heads turning constantly contributing towards our actions. To truly master yourself, you must get ahold of these cogs, you must get them turning with your permission and under your control.

I am not writing this book to stroke your ego and talk about how perfect you are, so we will be focusing on the negative cogs, the impact of them and the importance of them.

Chapter 1 – The Negative Cogs.

Have you ever felt yourself acting in a way you know you shouldn't be?

I mean, we all have, we are human. The 'I shouldn't be laughing but I can't help it' moments or to phrase it differently, doing something wrong but because the majority are doing it – "Its cool right?", that's your negative cogs at work.

They get a kick out of it. That 5 second decision gives you a high. Perhaps an adrenaline rush depending on the situation.

That situation is most likely not that big of a problem. Well, I hope not. However, the truth is, destructive trading stems and grows from negative patterns and actions you have elsewhere in your life. Those actions become so embedded into you it becomes its own cog. You only have to turn it a few times before the momentum of the cog keeps it turning by itself. This is the dangerous situation many individuals, not just traders, find themselves in.

These repeated actions become a part of you as the cogs start turning and taking over you.

We all have many negative cogs, but its learning when to allow them to turn and when to pause them is what makes us, us.

Chapter 2 – Making Our Negative Cogs Turn For Us.

Your mind is your most powerful weapon, it's the Ray Gun for the body. You are not utilising it to its full efficiency if you are only using the positive cogs. Why have a Lamborghini if you are not going to drive it?

Understand your demons.

Understand what causes you to react.

Understand what ticks you off.

If you can become allies with your negative cogs, you will overtake the person who only uses their positive cogs.

The common mistake people make in this world is that they turn a blind eye to their mistakes. They cannot address themselves. They will have no problem confronting someone in the street or in a night club but the second it comes

to talking to their own demons, they shimmer back into the shadows. They will never ask themselves why they got annoyed or why they acted the way they did – the truth? Because their negative cogs turn for them, without their control, constantly.

Once you understand your demons, you control the reigns, and once you control the reigns, it turns for your gain.

Successful traders have plenty of negative cogs.

The difference? They control when and how much they turn.

So, you may be sat here reading this thinking you have plenty of negative cogs – does that mean you are never going to make it as a trader? No - that's far from the truth, just until this moment, they have been turning without your control and they have still been turning uncontrollably when you start your trading day, which reflects onto your trading.

You need to address them – but first, understand yourself. Write everything down that could be a negative cog. Every single bad action or emotion you could possibly associate with yourself.

What's the point in doing this you may ask? This is you squaring up to demons. Do you want to improve your trading by having emotional intelligence and control? You need to be harsh, but more importantly true.

Do what most people cannot do.

Chapter 3 – How Successful Traders Use Their Negative Cogs.

First and foremost, let's address *some* of the negative cogs found in a trader:

Greed & Money

FOMO

Selfishness

Revenge Trading

Ego

The reason why these words are negative cogs is because they have the potential to all become destructive, however, they all can be powerful in their own ways if controlled and therefore are not destructive.

After you have now turned a page with yourself after the last chapter, I am sure you can associate the words above with yourself in your own way & there is nothing wrong with that, you are just being honest with yourself and not letting your ego get in the way.

If you still think no negative cog is associated with you then go back and read chapter 2 properly – read this without an ego, read this with the intention to let go of your previous self.

It's easier to become a good trader if you have negative cogs currently turning rather than none at all.

We are traders because we seek more in life, we were not satisfied with the life route shown to us growing up. Could this be associated with Greed? Of course, but by controlling that cog we understand that things take time, and the corny saying "Trust the process" holds its truth.

I think it's obvious how the terms above can become destructive but let's look at how successful traders make those cogs turn for them.

Greed & Money:

I want money, you want money. We get it. Money is the sole focus for many individuals across the world. They wake up each morning and will sacrifice anything to get more money to their name.

However, when it comes to trading and these same individuals see a window to make money, they jump through the window leaving all their supplies still outside.

They trade, with no plan. They trade blind.

They think the more you trade, you have the opportunity to make more. Yes, this is true technically, however you also have now the chance to lose more. Trading is about playing great defense. Do not leave your castle to fight unless you have a plan that favors you, otherwise you are most likely getting drawn out by the enemy to be slayed.

Do not let the market tempt you to deviate from your plan. The market's objective is to get you to trade. To get you to hit that buy or sell button. It wants you to trade. It needs liquidity to move so it will draw you out of your castle with its tricks.

A good trader understands money is to be made in the markets. The FX market is a 500-year-old market and is not going anywhere anytime soon. If you do not make money today, there will be an opportunity tomorrow, and if not tomorrow, the day after. My point is, why do you need to become rich after 1 trade? With this mindset it shows you probably have never had a large sum of money before, so even if you do get lucky on 1 trade, that money will be back in the system tomorrow as you increase your quality of living as soon as you increase your income. A flaw in modern society. That's not how it

works. Trading is all about making the right decision. It's little and often, over a period of time.

The accumulation of small, but correct decisions will transform your trading.

In the moment you won't think anything of the decisions, but that's good! The decisions that make you actually think means you are stepping out your castle. You have your plan written in front of you – why do you need to think?

A good trader has the cog of greed but they do not let it control them. They allow that cog to turn so they never get too comfortable in life. They allow it to turn so they never become complacent with their trading abilities. They allow it to turn so they are always hungry to scale trading accounts.

They use the negative cog, to their advantage and make it turn for them.

Ego

To be successful, you have to envision it way before you get there. You have to see yourself in the position you want even if you are 1000 miles away.

The common mistake is people bring their uncontrollable ego and pride into trading and start taking their trading personal. The market is not coming just for you. The market doesn't know who you are or care. You are a little spec in the ocean.

Traders go on a 5-winning streak on a demo account and think they are ready to trade live – fast forward a week, they are sat there wondering what went wrong.

In that last week your ego was attacked. Quite frankly abused.

You think to yourself, “I didn’t deserve that” – once again the market does not care what you think you deserved.

The difference between a successful traders ego and yours is, their ego protects them, your ego hurts you.

Their ego believes them to be a good trader, it protects them from taking pointless trades. It stops them from trading if a setup isn’t valid. Why? Because they can’t take bad trades – it is almost like they are too good for that trade, and that’s exactly how you need to think.

Ask yourself this, do you think Simon Cowell would fly economy?

He knows his worth, and he lives by that.

Before entering a trade, think about what you could lose, rather than what you could gain.

The successful trader knows if he takes that trade, and he loses, he deserves too. Compare that to the average trader, he takes it because he wants the chance to make money and thinks he doesn’t deserve the loss because he has had a hard week.

That’s the difference in how they allow their ego cog to turn.

Chapter 4 – Negative Cogs In Action.

It was early on in my trading career I fought with my negative cogs hard, on a day-to-day basis, to the point where it would become destructive to not only my trading but more importantly my day-to-day life.

When I started trading for the first time, I really could not believe my eyes to how quick you could actually make money. I used to be so fascinated with

one day being able to use a standard lot on positions.

I used to be a lifeguard when I was younger, I remember clearly one day entering some trades prior to the start of my shift – I wouldn't be able to tell you the reasons behind the trade because there probably wasn't any. I will never forget sitting by the pool one day, where you were not allowed your phone, and just regretting my decision immediately. The thought process behind these trades were 'I just need a bigger account and then all my problems would fade away. I just need a lucky break and then I will be able to quit my job for good.'

We would have to be by the pool for an hour at a time, but as soon as my hour was up, I would run to the locker room and open up Meta trader 4. As you can imagine my risk management was all over the place so the drawdown would just make me feel awful.

These negative cogs can take you down a dark hole, and they did exactly that to me for a while.

I wanted to make money and change my life so bad but what I didn't understand in the moment but, I do know now is that I was actually setting myself back further. I thought I could make one big jump overnight and everything would be fine. That negative cog set me back further because I could not control it. When the hole got deep, I felt I had to increase the lot to try to get it all back, it's a dark spiral which got out of hand. With hindsight I now know moments like those, have made my trading psychology stronger than most, so I wouldn't change it, but if I never took hold of the cog and controlled it, it would still be spinning uncontrollably to this day.

Trading should not make you feel uncomfortable, and that's what it did for me.

The second I started to slow things down and not try to go from 0-100 overnight, things started to slowly improve. By slowing things down my negative cogs couldn't spin out of control, I was able to analyse the situation more clearly and be in control of those cogs.

Those demons inside your head do not care about the end result, they are trying to stimulate you only for the high. Only for the adrenaline rush. Whether you win or lose, they have been fed and are now stronger than they were previously. That's why you will sit there after, a completely different person, questioning what the hell were you thinking?

I fed my demons for a while; I blew account after account after account. I would fund my trading accounts with birthday money, and proceed to blow the account. I know how it feels to be at rock bottom with no light in sight.

The turning point for me in trading is when I realised, I just couldn't continue on the path I was on. I deserved more. This is at the point in time I started to control my negative cogs and get them turning for me.

Now, most people in life never trade, so they won't be put in this situation I was in. However, this means that they will just let their negative cogs spin for the majority of their life. You probably know a couple of people who are not in control of themselves, they let their negative cogs control them from dawn till dusk. Their immediate response will always be negative.

I went from being an individual who blew accounts for fun with no control over my thought process, to now being the youngest fund owner in Europe.

I have the exact same cogs, I still have greed, money, ego and the list goes on – but now I use them to my advantage, and I advise you too aswell.

I was never in control of my trading. Trading was in control of me.

Chapter 5 – Lost Potential

Potential is just a word. You could have the most potential in the world to prosper in your field, but without any true action you won't get anywhere. I say true action because you can't be doing the bare minimum and be expecting success to fall onto your lap. You would be shocked at how many traders expect to just become profitable and consistent just because they have been trading 3-4 years.

I am nowhere near where I want to be in life yet, so I am sat here writing this chapter during a 36-hour office shift. Does this mean I will automatically be successful? Not at all. However, it puts the odds in my favour more than you sitting at home full of hopium. Success is a numbers game.

You have the potential to become great. Work like you deserve it. Law of attraction suggests it will find its way to you one way or another.

If you have reached the 3 year mark in your trading career and have not yet found consistency, I would strongly recommend you to do the task mentioned in Chapter 2 as you most likely have cogs slowing your progression and if not addressed soon, well I don't mean to scare you, you will probably still be in the situation in another 3 years.

I want this to be more of a reality check rather than a scare. If you feel you are probably are not doing enough to deserve success then you are probably right. However, with that being said that shows signs that you are starting to gain control over your negative cogs. You actually can see yourself for who you are rather than pretend you are this perfect human being. Fun fact: no one's perfect.

I have worked with many individuals while teaching people how to trade who have had great potential, especially this 15-year-old I used to work with on a 1-1 basis. He could have had a 6 figure trading account to his name by 18

years of age. He was a talented boy. However, his negative cogs took hold of him.

How many footballers do you see get spoken so highly of in their younger days and then years later they vanish of the face of the earth and you end up wondering what happened to them?

What do you think happened to them?

They allow their negative cogs to force them into drifting away. They become so egotistical and assume they will make it even if they do not put in the work.

That is the vast majority of traders. They assume, perhaps even you assume, it will just land on your lap and everything will be okay.

Just like the footballer, you'll fall down the ranks as everyone passes you by.

The world is not fair nor is life. Which is another reason why you should work double time.

The truth is, you are a few thousand words into a trading book. It shows you have the determination, the drive, you are hungry, but whatever you are doing now, double it. Hit it harder than you have ever done before. There are currently thousands of traders working on their game while you have taken your foot off the accelerator.

This is your year.

Go get it.

Chapter 6 – False Reality

Every struggling trader I have ever had a conversation with assumes they need a huge change in their trading to become profitable. They spend years searching for a secret recipe - binge watching countless courses with hope that an advanced indicator combination finds them. What if I was to tell you, you need to do the complete opposite.

Have an idea in your head of 3-4 rules you like and understand. These rules could be about the trend, the timeframe or the type of entry etc. You then spend a week collecting data on 5-10 pairs over a 12-month period using these rules – by the end of this week you will see if those rules are actually profitable. If you get good results, you can then move them forward to the live market and carry out forward testing. It really is as simple as that.

I don't know why people try to pretend there is a secret sauce to trading but the truth is, it's really boring and just repetitive.

The model then may need refining if you are not happy with certain figures such as win rate or trade frequency, then you can change one of the rules or add further filters and repeat the process.

How does this have any relation to your cogs you ask?

This is you using your negative cogs, ego & greed, to your advantage.

This is you, understanding your cogs.

Chapter 7 – Final words.

I didn't really know what to expect with this book or even really have a structure to it. It was more of a case of what came to mind I would write it.

I hope this book has helped you. I hope you now understand yourself more as an individual and have an understanding of what it takes to be successful in this game.

You can only truly become a good trader when you master yourself - as you build models based on you. So, if you do not know yourself – what are you building your models on? A fake version of you? No wonder why they aren't working.

And this exact theory is why many traders never see success, as they do not know their cogs, let alone getting them to turn for them.

Now it's up to you.

Check.