

How To Become An Elite Loser

I've been trading and struggling for years and for the past year I have been pretty obsessed with becoming a disciplined trader. Six months ago I started a youtube channel because I thought accountability was the missing piece in my discipline.

Through my own struggles and talking with other struggling traders every day for six months I've come to realize that most if not all of our failure comes down to one thing, not being able to take a loss... more specifically taking a small CONTROLLED red day.

These are the things that have helped me to become a better loser. I do take a lot more red days now than I used to. BUT I am no longer blowing accounts and I'm not having those horrible out of control tilt days where at the end you feel mentally and emotionally exhausted.

I really believe this is the most important skill in trading and should be your number one priority.

1. Plan for & EXPECT Losses

I knew losses were a part of trading and that I had to take them. I was ok with some losses daily but I was NOT ok with a red day. So how can we really plan for red days.

- Through backtesting, past performance or best estimate **determine your win rate**. When I finally started following my rules I found out mine was around 60%. Before this my overall green days were higher because I would break my rules and fight to get a red day back to green. That would work out most of the time... when it didn't that red day would wipe out everything.
- Figure out roughly how many red days a month you should take based on your overall win rate. With 60% I can now expect about 2 small red days a week.
- Edit the empty calendar attached to reflect this. Add in what it should look like if you follow your rules every day. You can print it and manually color the edges green or red and fill in the daily amounts. I think it might be a good exercise to do this manual option and write in the amounts, the number of trades and then color the days red or green. Handwriting has been shown to enhance memory retention compared with typing. If you have kids or grandkids or amazon you probably have access to markers and pencil crayons.
- Or you can put your data together for the month, give it to an AI like chatGPT and have it generate a P&L Calendar. You can also upload the blank calendar PDF to Canva and edit it in there instead.
- Print this off and keep it near your trading desk. It makes it much easier to take that small controlled red day when you planned for and were expecting it. **Trying for all green days is one of the best things to do if you want to keep blowing accounts and stay stuck forever.**
- Also remember that these red days can be spread out or consecutive.

2. Define A “Good Loss”

To me all losses used to be bad, I couldn't see any good losses, they all hurt and they all led to bad behavior.

A good loss for me now means:

- I took the right setup.
- I sized correctly.
- My stop was in the right place.
- I didn't touch it.
- I didn't revenge trade.
- And I didn't spiral afterward.

On days where you take a “good loss” or a small red day following your trade plan, treat yourself.

- Make a list of ideas ahead of time for how you will treat yourself. It doesn't have to be something big or expensive just think of some little things you enjoy.

3. Hard Stops Are Final

When you move, remove or don't honor your stop loss that's just another way of saying, 'I don't want to be wrong.' Once the stop is placed, it's done. No adjusting. No widening. No clicking anything unless I'm exiting. If the stop gets hit, that's the trade. Accept the loss, move on to a post loss ritual and don't even think of jumping into another trade right away.

I hate losing because I hate being wrong. I find that using the following affirmation is helpful, 'it's ok to be wrong.'

4. Accept the Loss Before Entry

Know and remind yourself going into your trade and your trading session that the end result might be a loss.

A viewer suggested this exercise and I thought it was great!

- Before the session starts look at your account balance
- Subtract your max daily loss limit from your balance
- Write that number in your journal
- Look at the number for a minute
- That is the worst case scenario for the day

If this number makes you feel sick or you know you can't accept it, **SIZE DOWN** until you can.

5. NEVER Add to LOSERS

If DCA is not a well defined and tested part of your strategy DON'T DO IT. My worst losses and single biggest loss -\$20K were a result of adding to a loser. We do this out of desperation, hope, fear of the loss and a need to be right. Just take the loss. Like all bad habits in trading sometimes we are rewarded for this so we think it's ok but when it doesn't work it wipes out everything.

6. Have A Post Loss Ritual

Even if you think you're calm after a loss, your nervous system is fired up. Have a post loss ritual. I only take one trade per day so I don't do this I go straight to post trade analysis, marking up my chart and doing my daily check in in the Degen Rehab Discord group.

Post loss ritual if you will be returning to the charts:

- stand up and Physically shake it off
- Walk away from the screens
- Set a timer at least 15 minutes
- Do some breathing techniques proven to calm your nervous system
 - 4-7-8 Breathing: Inhale through the nose for 4 seconds, hold for 7 seconds, and exhale slowly through the mouth for 8 seconds. This technique is highly effective for reducing anxiety and aiding sleep.
 - Box Breathing (4-4-4-4): Inhale for 4, hold for 4, exhale for 4, and hold empty for 4 seconds. This method is often used to bring immediate focus and calm during high-stress moments.
- Write a post loss affirmation in your journal a few times

I like this one:

'losses are a part of trading, all traders take losses, a small on plan loss will not kill me or my account. Trying to avoid a red day will result in a blown account It's ok to be wrong.'

7. Practice Taking SMALL Red Days

Il used to do everything possible to avoid a red day. Now I take them and walk away feeling pretty good. I'm able to do this now because I changed my mindset around losses and started to view them as important and because I sucked at taking them I started seeing small on plan red days as an opportunity to practice.

Start keeping track of how many small on plan red days you take - set a goal 20 reps - think of it as a muscle you NEED to train. Without this you will never find long term success trading.

When you do close it up when you are supposed to and take a small red day, praise yourself and celebrate that because it's not easy.

8. Track DISCIPLINE Not \$\$\$

We don't want to take a loss because we're so emotionally invested in being right and in the day to day P&L. Start to track your discipline wins and become emotionally invested in that instead. If you followed your rules, you won the day, P&L is irrelevant.

Put your competitive energy into being the best at following your rules not on never taking a loss or small red day.

Start tracking it!

You can track it using AI, various habit apps, manually keep a tally by your trading desk or do it in the Degen Rehab Discord in your daily check in.

We track our discipline streaks and have a leaderboard based on who followed their for the most consecutive days (I'm at 30 right and 4th on the leaderboard). In our checkin we say whether we followed or failed then add notes. The notes are stored and we get monthly progress reports with an AI analysis including suggestions to improve.

9. Reduce Your RISK

If you are trading with prop firms:

- set your max daily loss limit at 10% of your prop firm account drawdown
- Set your max daily profit target at 20% of your drawdown, twice your max daily loss limit (this eliminates ego, greed or dopamine coming in and turning a good green day into a blown account). Above all else we want consistency and this helps with that.
- You should be able to take multiple consecutive red days without losing your account or stressing too much

10. Know Your Daily Cut Off

Before the session starts you need to know:

- How much I'm allowed to lose
- How many trades I can take
- What time I'm done trading
- What emotional state shuts me down (for me it's anger and frustration)

Zero changes to the plan mid session

11. Study Your Losses

Analyze your losing days as a group:

- What days of the week?
- What time?
- Was I tired?
- News?
- Oversized?
- Missed a setup or multiple set ups and forced something?

12. Know Your Danger Signs

- Bad sleep
- Money stress
- Family stuff
- Deadlines
- Feeling rushed
- Certain news days

No when to just call it and take a no trade day or switch to SIM for the day.

I hope you found this valuable and that it puts you on the path to becoming an elite loser.

If you want to find out more about the **Degen Rehab Discord Group** visit degen-rehab.com for more info and a quick quiz to find out if it's a good fit for you!

If you trade with prop firms and want to support the channel, you can find my recommended firms Apex, Lucid, Tradeify and Humble affiliate links here:

<https://www.degen-rehab.com/prop-firms.html>

Use code **REHAB** for the best current evaluation discount.