



## STS COURSE:

- Lesson 1: Introduction
- Lesson 2: Foreign Exchange Market
- Lesson 3: Technical Analysis
- Lesson 4: Fundamental Analysis
- Lesson 5: Risk Management
- Lesson 6: Psychology
- Lesson 7: Journaling
- Lesson 8: Goal Setting
- Lesson 9: Strategies
- Lesson 10: Next Steps
- Self Education Library
- Members Videos


[DASHBOARD](#)

## Journaling

### What is Journaling?

When you are trading, journaling is probably one of the most unattractive and time consuming aspects of trading the Foreign Exchange Market and it is something that a lot of traders simply neglect or have no real process in place for how to journal their trades, yet it fundamentally one of the most important things that you will probably engage in in order to enhance your future development as a trader.

So what is journaling? It is a process by which you as a trader take sole responsibility for simply analysing the fine details of a trade after it has been closed, despite it being a winner or a lose. Over the years i have adapted, changed and tweaked how i journal as i personally find it a little bit of a chore and want it to be as pain free and actually somewhat satisfying part of trading. I began my trading career not really doing too much journaling, I had a basic excel spreadsheet where i would write down the trade i took, the PIPs I made or lost and how that reflected on my account balance in monetary terms and in percentage (%) terms.

However, I had no commentary of my trades. When I say commentary i mean I had no reasoning behind why i took the trade, the criteria the trade fitted into, whether the trade met my trading rules and vitally no commentary on whether I made a mistake, or what I could've improved on. It doesn't matter if it was a winning or losing trade, unless you execute a trade and exit the position absolutely flawlessly it's important to be able to critique yourself to identify areas of improvement. So I slightly changed my approach and had both a spreadsheet to update and a separate Evernote document journaling my month by month performance, which I found fairly inconvenient updating two documents at once and having to cross check between the two. So I created the attachment below which you can download. It is a copy of my trading journal which I will discuss the functionality of later on in this section.



My 3 Year Trading Journal				
	Year 1	Year 2	Year 3	
January	0.00%	0.00%	0.00%	January
February	0.00%	0.00%	0.00%	February
March	0.00%	0.00%	0.00%	March
April	0.00%	0.00%	0.00%	April
May	0.00%	0.00%	0.00%	May
June	0.00%	0.00%	0.00%	June
July	0.00%	0.00%	0.00%	July
August	0.00%	0.00%	0.00%	August
September	0.00%	0.00%	0.00%	September
October	0.00%	0.00%	0.00%	October
November	0.00%	0.00%	0.00%	November
December	0.00%	0.00%	0.00%	December
Total	0.00%	0.00%	0.00%	Total

Click "File" and "Make A Copy" - you will need to do this to add the file to your OWN Google Drive!

### Data Collection

What is the point in journaling? Surely you can just see your account balance which you can acknowledge your performance from. Well yes, you can track your monetary gain or loss, but how does that allow you to reflect on your own performance? It doesn't. So if you're a bit of a geek like me, you can actually collect data of your own performance over the period of your trading career. Eventually you will have months, years if not decades worth of data of your performance which you will be able to use to your strategic advantage. Companies will pay millions for data collection, it's important you place the same emphasis on your own data and track record.

Why is the data so important you may ask? Well think about it. Let's say you started trading on January 1st 2018 and you track every currency pair you traded and record your percentage gain or loss on your account, and your monetary gain. If you compile all this data into a monthly summary by 31st December 2018 a full 12 months later you will be able to have complete oversight of your 2018 performance. You will be able to track what currency pairs you traded most, what month you performed best in, what month you performed worse in, what quarter of the year your performed best in, what quarter of the year you performed worse in, what was your highest percentage growth on your account in a given month, what was your highest growth on your account in monetary terms, you can track absolutely may seem not that valuable from just gathering information for one year. Imagine how valuable been trading for 3 years, or 5 years! The longer you gather the data the more accurate it is.

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You need to look for patterns and trends in your data collection. Imagine you are in your third year of trading and you notice that over the past 3 years your strategy has performed best in the 4th quarter of the year for the past 2 years. So, what does that mean for you as a trader? Well it gives you supreme confidence going into Q4 that your strategy clearly works well during that period. Similarly it can also provide you with additional focus, if you know your strategy works best in Q4 over the past two years, you can really put maximum effort into Q4 in the 3rd year in order to maximise your gains and enhance your overall performance for the year! Having oversight and insight provides clarity, and with clarity you will have a far better experience of trading the FX market.

ACCOUNT PERCENTAGE GROWTH				
	2015	2016	2017	2018
JAN	3.40%	4.10%	5.90%	8.50%
FEB	6.10%	5.90%	5.40%	9.10%
MAR	-2.20%	1.50%	-3.40%	3.30%
APR	8.50%	11.30%	9.10%	14.50%
MAY	9.40%	7.20%	5.90%	8.40%
JUN	-5.30%	-8.50%	-6.10%	-2.90%
JUL	8.20%	14.20%	11.50%	17.10%
AUG	-1.30%	-3.40%	1.50%	-3.00%
SEP	5.60%	9.30%	7.60%	6.90%
OCT	9.30%	10.10%	11.60%	13.10%
NOV	8.30%	7.90%	9.50%	9.90%
DEC	5.90%	3.10%	5.40%	4.00%
<b>TOTAL</b>	<b>56.30%</b>	<b>62.70%</b>	<b>63.90%</b>	<b>88.90%</b>

*Above: Yearly Performance Journal For Illustrative Purposes*

Check the data above, can you spot similarities on a month by month basis? Can you spot similarities in the same month in a different year? Can you spot a particular period in the year that is performing better than others? Can you see the account performing growing by a better rate year on year? If the answer to all of those questions is yes, well fantastic! It shows that you are able to interpret numbers the way the professionals do when they are tracking performance. Look at trends and in still confidence in your own ability based on past performance!

## How Do I Journal?

Let me take you through my journal, I have of course made up the numbers on the basis that I keep my finances private. As referred to above, I use an excel spreadsheet which you can download above, let me take you through the spreadsheet and explain my overall performance dashboard and the respective individual monthly journals. Again for the purpose of stating the obvious, I'm not going to go through all 12 months of journals as the process is the same on a month by month basis.



*Above: Journal*

## Recording Trades

One of the most important aspects of journaling and for future development is to record your trades. It gives you a full audit trail of all your previous trades which will enable you to monitor and track performance throughout the month as well as reflect upon the figures you have achieved as part of the bigger picture view from the whole year. Let me show you the first section of the journal...

*Above: Record of Trades*

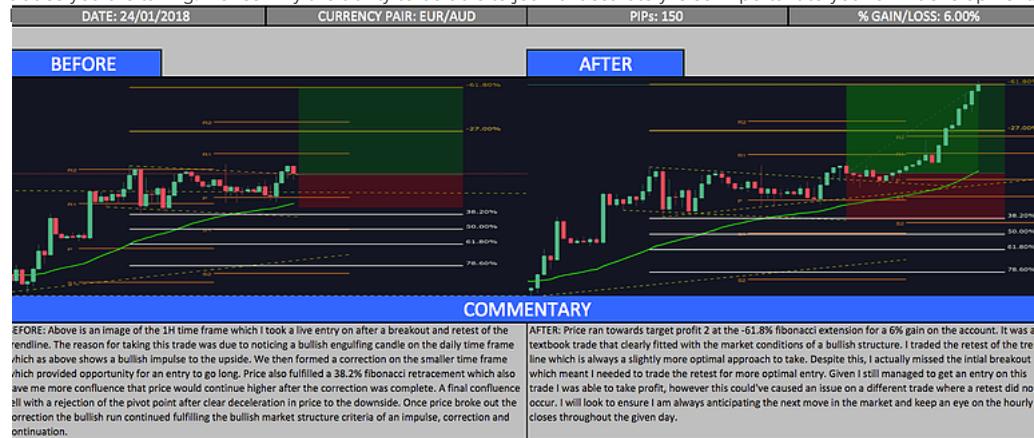
As you can see above, we have a full record of each trade taken in a given month. What currency pair we traded, the date we entered the trade, the size of our position, how many PIPs we gained or lost and what our profit and loss was as a reflection of both monetary terms and percentage terms. All of these variables you will need to input yourself and the rest of the totals that you can see at the top of the screen and the bottom will update automatically.

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Taking this approach gives you a great overview of your account throughout the month. You can see clearly your winners and losers and how your risk management reflects on this. As you can see most importantly the biggest loss during the month was only -3% on the account balance. As referred to in our Risk Management section using a 1-3% risk as a proportion of your account will leave you in a good position to achieve long term profits. As you can also see the strike rate was only 50%, meaning that out of 6 trades only 3 were winners and 3 were losers, yet with the power of risk management and risk to reward you can still pull a 9.5% account growth in a single month. However if you weren't recording any of this information, you simply wouldn't know any of these figures which are so important for your future development and progress. So, we have the figures sat in front of us which we can see to be so valuable and useful, so how do we provide the commentary to these numbers we have in front of us and actually give ourselves a constructive evaluation of our performance, well over to the next tab!

#### Self-Review

Another important aspect that will account for your growth is being able to honestly review yourself and your performance. You don't need to carry your ego into this, trading is just you vs you. Nobody else has impact on your success as a trader apart from yourself. Therefore when your journaling, simply be honest with yourself! Have the self-awareness to call yourself out on a trade that you shouldn't have taken, or an entry that wasn't optimal, or an exit of a trade that pulled out of fear. This is the point of a self-review, you can address the issues and provide constructive feedback to yourself on what you should do next time! This allows you to iron out the mistakes and focus on the winning formula that you will slowly develop over time. Please note how I also said a winning formula that you will 'slowly' develop, you won't instantly hit the charts and win after this course. You will have to put the work in and review the trades you are taking. Hence why the ability to be able to journal accurately is so important to your own development.



Above: Commentary of Trade - Self Review

My self review looks a little bit like the one above. In the 'before' shot I take a screenshot of the trade at the point of entry. I then review why I took the trade, the technical factors behind it and the confluences that were present when I executed the trade. This is the fairly standard part of reviewing trades. You want to acknowledge and write down all your technical confluences and ask yourself the following questions...

1. Did the trade fit the criteria of one of my trading strategies?
2. What were the confluences present that provided me with confidence that there was a valid trade setup?
3. Were there any negative confluences present?
4. If there were negative confluences, were they within risk parameters and did they cause an adverse effect on the trade?
5. Was the trade successful or not?

Once you've identified all the technical factors you then want to look at the actual outcome and reflect upon that trade. This is where you want to constructively critique yourself and really look in-depth to see if there was anything whatsoever you could've done better using what could be a variation of the sample of the following questions:

1. Did the trade run in line with how I anticipated?
2. Did I perform well in the trade? If so, how?
3. Is there anything that I could have done to improve? If so, how?
4. If the same setup presented itself again, would I take the trade? If not, why not?
5. What development objectives can I take forward to my next trade?

As you begin to develop a portfolio of information, the idea is that you will then start to see similarities between winning and losing trades over time. You will notice the same technical confluences for the winning trade, similarly reflect upon a higher level of performance in the winning trades that is consistent. Also you will begin to notice flaws in the losing trades, perhaps your entry wasn't optimal, then you can define how you in the future you will enter your trades. Perhaps you saw negative confluences re-appearing, for example you kept entering long positions when the daily 50EMA was acting as a dynamic area of resistance prior to your profit target, causing frequent rejections in price resulting in losing trades. Perhaps you reflected on a personal performance flaw, for example you jumped in a trade in a snap decision because you saw the market move rapidly but you hadn't actually planned ahead for the position. All of these different aspects you can then bring together to eventually enhance your own performance. The first step to this is acknowledgement, once you have acknowledge behaviours, strategies and techniques that aren't optimal to your overall trading performance you can then do something about it. Having the self-awareness to develop this in-depth level of self-review I am confident will provide you with better results in the future if completed properly.

#### Reporting Performance

So let's say you've traded a full calendar year. You've gathered lots of information about yourself and about your performance. What I always advise is that you then reflect on the year. Write a report of some sort, really fine-tune your strategies and focus on what clear strengths you have when it comes to trading and acknowledge your technical edge, then allow that performance to reflect in the following year's trading. It doesn't have to be long, just a few paragraphs perhaps focusing on your strengths, then analyse the flaws in your performance, then some objective pointers to take forward into the following year. However we'll address more about objectives in Lesson 8, with that in mind, where are we going to get the bulk of this information on to allow this process slightly easier. Well firstly we have our main dashboard of our journal, so let's take a look at it in its entirety!

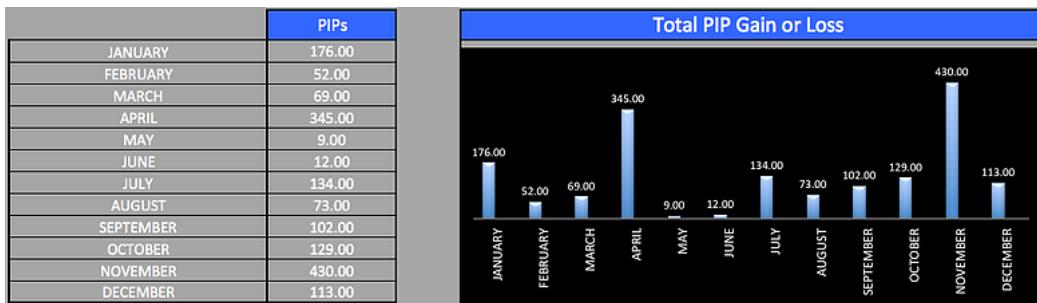
Let's Chat!



Above: Commentary of Trade - Self Review

Heading into the dashboard you will see a graphical interpretation of your performance throughout the year. For me personally, I'm a little bit more visual than constantly looking at numbers and working out percentages so I find looking at a chart sometimes a little more beneficial than focusing purely on numbers. So as above, you can see the growth of the account balance in monetary terms over the course of the year. The aim of the chart is to look just like a textbook bull market where your account balance moves in a comparable directional movement. The idea being that you want your account to be forever making higher highs and not pulling back further than the previous low! This will inevitably allow you to compound your account at the fastest possible rate. However, it does also give you sight that when you have a couple of losing months in a row to also not panic. A drawdown is perfectly normal as we have discussed before, the market doesn't move in straight lines so don't expect your account balance too. This still gives you a fantastic overview of the way your account balance moves. This chart will automatically update itself as you complete your monthly journal, so don't worry about doing it yourself, the journal does it for you!

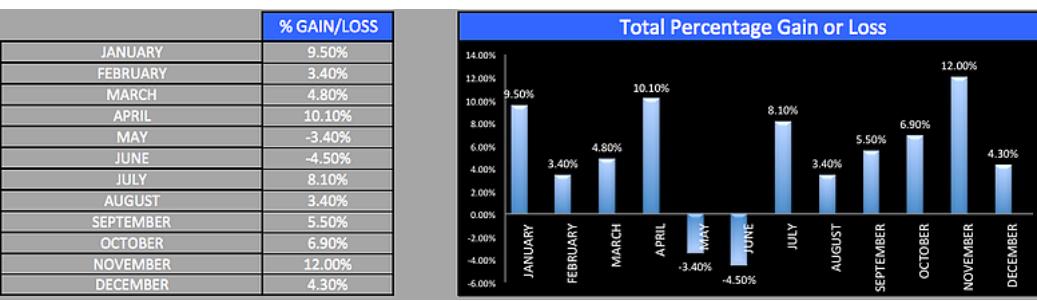
Also, we don't just want to look at the account balance to understand our performance, we can also analyse the actual PIPs that we have gained or lost over a given month and therefore over the period of a year or more. Check out the chart below...



Above: PIP Gain or Loss

Understand the amount of PIPs you've gained or lost is not necessarily a true reflection of performance as it depends on the style of trader you are. Typically you would imagine a swing trader would catch more PIPs as they look for much larger moves in the market as opposed to someone who is just day trading and may be looking for much shorter moves in the market. However, if you apportion the same risk it doesn't matter whether you catch 50 PIPs or 250 PIPs because if your Risk:Reward is the same for both trades, your payoff will be the same despite if you catch 50 PIPs or 250 PIPs. However, if you can define yourself as one trader, you may be able to discover how many PIPs is a good month, and how many PIPs lost is a bad month. You can then focus on pushing the boundaries of the 'good' months and minimising the loss during a bad month. Your aim is to continuously increase your averages and absolutely optimise your performance. Understanding the amount of PIPs you are likely to gain allows you to be able to do this as accurately as possible.

There is one final chart on the dashboard of the journal which shows the overall percentage gain or loss on your account per month. The aim of the game with this one is to obtain some level of consistency over time. The difficulty with trading FX is that returns can be sporadic, especially in the early days as you continuously tweak and optimise the strategies and techniques that you are using. With self-reflection and the aim for continuous improvement you will eventually see your returns become more consistent, being able to monitor this though is not only interesting but also highly useful for a reflection of your own performance.



Above: PIP Gain or Loss

I hope by giving you a copy of my journal you will be well prepared for your future trading endeavours when it comes to self-reflection and monitoring performance. Let me go back to my analogy of treating trading like a business. Go into any business I can almost guarantee the CEO knows their numbers and has some kind of graphical performance from previous years and monitors the company's performance closely throughout the year. The CEO wants a complete overview of the company to ensure they can understand possible issues and identify how to refine and improve strategy on a continuous basis. Use these numbers in the exact same manner, be the CEO of your own trading career and the driving force behind every single strategic move you make inside and outside the market, from the actual trades you're executing to the self-reflection and reviews you are engaging in!

Follow This 4 Step Process...

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To summarise this section I want to leave you with the 4 Step Process that if you continue to follow you will soon enough have a portfolio of do's and dont's and have critically a conscious awareness of the areas of required improvement for your future development and success as a trader!

#### Analys

Straightforward but put in the chart work. As stated before, spend time on the weekend breaking down the charts in as much depth as you possibly can. Nothing will benefit you more than spending time on the charts and actually gaining experience becoming a technical analyst.

#### Execute

Once you are completely comfortable with technical analysis and have a good feel for the currency pairs that you are trading then execute. Absolutely put your money where your mouth is and transition from an analyst to a trader! Execute the position with the strategies I have given you or whatever techniques you decide to take forward from this course and then just sit back and watch your analysis play out.

#### Review

Whether a winner or loser, review the trade. Figure out what went well and what didn't. Where you could improve and where your strengths were. Record all of the information discussed above such as the currency pair traded, % gain or loss, monetary gain or loss, pips gained or lost. Have that oversight of your performance as this will allow you to complete the cycle.

#### Refine

Once you have all your data and information absolutely critique and refine your performance for that trade, that week, the month, the quarter and the year. Define where your challenges lie and create an action plan on how you are going to overcome these challenges to leave you best prepared for the next time it comes to analysing and executing a trade. Repeat this cycle continuously and I have complete belief that you will systematically improve your trading performance over time.

#### Summary

Whilst this may seem like a little bit of an administrative chore, make sure that you have some kind of protocols in place whereby you journal your trades and do some kind of self reflection. If you're not recognising your mistakes, you can't learn from them, and if you're not learning from them it's probably costing you money. Remember, analyse, execute, review, refine! This will be key in accelerating your knowledge and understanding of your strengths and weaknesses within the FX market.

[NEXT LESSON!](#)



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