

## What are 3x5 “Flash Cards”?

In my view, part of a winning trade presence is developing a trading paradigm that is more congruent with how the markets are actually structured. As I teach in my *Psychology of Trading* course, the markets function differently than other financial arenas and they are structured in such a way that to profit from them requires a different point of view on price action. The markets are not created by things like economic fundamentals, political actions, analysis of competing forces, etc. They are created by what people *believe* about those things relative to what they *believe* the price of something *should* be. In other words—the markets are a belief structure that appears to be a function of price when, in fact; it is a function of *what people do with the price*. *The markets are not “Prices” ...The markets are “People arguing about prices” ...*

You cannot profit in a zero-sum market if you remain ignorant of how they are structured and how prices are moved. And that brings us to the issue of creating an accurate paradigm of thought for trading. Your “Trading Paradigm” of thinking is going to be different than what your “real world paradigm” of thinking would be.

Every human being has a thinking process that would be considered his “real world” point of view. In the markets, I call this “Cultural Myth and Self-Sabotage” Every person sees things the way they do and makes actions/efforts from this point of view only because it functions reasonably well for them as far as the expected/intended results are concerned. When they experience conflict, pain, discouragement, etc., it is only because what they expected or intended and what reality was around them were (from their point of view) incompatible with the “should” factor. In other words, what they thought “should” happen either WAS or WAS NOT reflected by the ACTUAL results they have in front of them.

In the markets, if we do enough research and study, we conclude the market “should” do such-and-such. When it doesn’t and we have a loss—that loss was created not by the market—but by how we choose to see things. In other words, if you would have “seen” that the market was due to go the OTHER way...that would have been the trade you did. At this point, whether we have a gain or a loss, we usually conclude that the method of analysis was in error or correct—not that our thinking was incorrect or correct. The market didn’t move because of the forces of economic pressures made it move; it moved because there were more orders on one side or the other—and that is all that matters.

Creating a paradigm of thought that is more aligned with the forces that make the market move rather than all the things we think make it move, is the reason why we must use something like 3x5 “flash cards” I call them “3x5’s” because I write them on 3-inch-by-5-inch recipe or index cards; the same kind of cards you used when you were in school for notes or other reminders. No matter what we personally believe about the world around us or of ourselves—our current thinking is incompatible with getting on the right side of the order flow. We have to change our thinking to something that is compatible with how the markets actually function.

We change our thinking by re-programming our thinking. We re-program our thinking by putting new thoughts into our minds. We can choose those thoughts anytime we want, and we can make those new thoughts part of our world if we choose to. By re-programming your mind and thoughts—you re-program your behavior. Your goal with 3x5 “flash cards” is to put enough of the market-congruent thinking into your head so that it changes your trading behavior enough to become closely aligned with the actual underlying market structure. In other words, your results would become based on an understanding of market forces—not on what you think “should” happen. You can re-program your thinking into that new way by reading 3x5’s several times a day.

Your current thinking patterns are not conducive to this level of market success. If they were—you would be doing more winning trades than losing trades and you would be taking 80-90% of the profit available from that understanding. If that isn’t happening at this point for you—then the problem is inside your head. The problem is HOW YOU SEE THINGS...not the market itself or your willingness to participate.

So, if you want to succeed at trading—you have to change those thoughts to something that is compatible with the market as it is structured. To re-program your thinking you MUST have some method of control over your thoughts. I personally wrote down the thoughts I wanted to have all the time on 3X5 “flash cards” and repeated them to myself until I was satisfied those thoughts were controlling my execution. You don’t have to use 3X5 cards with thoughts written on them—but you will need to do something that provides you the same or better control.

Listed below are sample 3x5 cards I use regularly. I have currently have over a thousand of them all indexed and organized by global references, such as “Controlling Downside Risk”, “Achieving More Business Growth”, or “Improving My Relationships”, things of this sort. I review my cards at least twice a day and often more. I use them to create a thinking pattern in my mind that would allow me to reach the goal I am seeking. They are great for just maintaining a positive frame of reference every day. When I feel that I am losing focus in a particular area—I select cards from my library of thoughts and re-focus my thinking by reviewing those cards twice a day at a minimum.

I write them out by hand and I always place them in “quote marks” along with where they go in my files. I use about 10-12 at a time and I usually say them out loud to myself. I try to remain standing and hold myself in a positive posture to make my whole body/thinking relationship as congruent as it can be for maximum focus/results. I find it helps me anyway.

As you become more familiar and comfortable with the process you will begin seeing results to your daily effort. Once that happens let your thinking develop on how best to continue using this tool. As you come up with new trading ideas and new thinking, you will also find yourself “needing” to make changes or enhancements to keep that growth going. That’s the time to write out new cards and begin a file system for your older ones. As time goes on you will find that you “slip” in some areas you had made progress in—that is the time to go back to your 3x5 files and look up one or two that were vital to your growth before—now the process of daily

affirmations using 3x5 cards can reinforce growth as well as keep you growing. It's a powerful tool when used regularly.

Here's a few samples of 3x5's I have in my collection:

"I never break my rules. I follow my rules every day"

"Today I begin a new life—my future is what I make it today"

"I do something every day that leads to better health, better wealth, and better relationships"

"I cannot break my discipline—the minute I do that—I lose"

"My trading career is only one-day long. I must remain 100% disciplined for only one day"

"I let my stops work. I don't liquidate ahead of my stops. I look for places to ADD to winners on pullbacks that miss my stops"

"I don't get emotionally involved with my trades. I run protective stops. I roll my stops to protect gains. I always stay focused and I always accept my results"

"There is no such thing as failure; there is only results. If I don't get the results I want I study my behavior and then change it to produce better results"

"The markets are unlimited opportunity. I don't have to do anything until my edge shows up. I am not missing anything"

"It doesn't matter what positions I have on; if a viable signal shows up I take it and manage that trade like any other. There is no such thing as too many trades"

"There is ALWAYS another profit opportunity so if nothing happens today—no big deal. Tomorrow will be here tomorrow"

"I accept overnight price action as part of the process of winning. I don't have to get up all night to check positions. Whatever happens –happens—that's what the stops are for"

"It's not MONEY...it's just NUMBERS. It's not money until I withdraw the numbers from my accounts and they clear my bank"

"Expect ranges to hold—especially if volumes appear lighter"

"I allow no toxic influence in my life. No negative people—events—environments—food"

“Don’t Rush...If I miss an overnight signal—so what?? I WAIT for the next signal. I NEVER chase the markets”

“Everything I do must move me away from poverty and toward financial independence. I ask myself constantly: Will this I am doing now push me closer to my goals?”

“Success is a habit—I acquire it by discipline to doing my plan every day”

As you can see—they can be very different than the thoughts most of us seem to let run through our heads every day. For me, most of my 3x5’s are about raising the bar on my performance, my expectations and my behavior. I think that would be a common theme for most traders.

Take some time to write a few for yourself and try using them. It typically takes about 3 weeks for any new activity to become a habit and begin to show some benefits. Don’t quit on it and if you run into any issues/problems trying to use your personal 3x5’s please feel free to use the “contact me” form and ask a few questions.

Note to the Reader:

By offering you the material provided throughout my website at no cost to you, it is my intention to help the serious trader shorten his or her learning curve. In my view, there is no “easy way” to develop your winning approach or to create a market-centric trading paradigm; there is only a “consistent way” that is a result of two things working together: Your increasing level of personal discipline and your increasing knowledge of how to create a non-attachment mindset.

If you find that your pathway is reaching a frustrating point, or that you find yourself at a place in your growth where you just can’t seem to get beyond; it is very likely that you are at a point in your trading where working with a qualified mentor/coach is the next step for you. If (or when) you get to that point and you are willing to consider finding a mentor/coach, please consider using the “contact me” form on my website, I still accept traders interested in working with someone and it might be a good fit.