

Twitter Thread by Trader knight



Trader knight

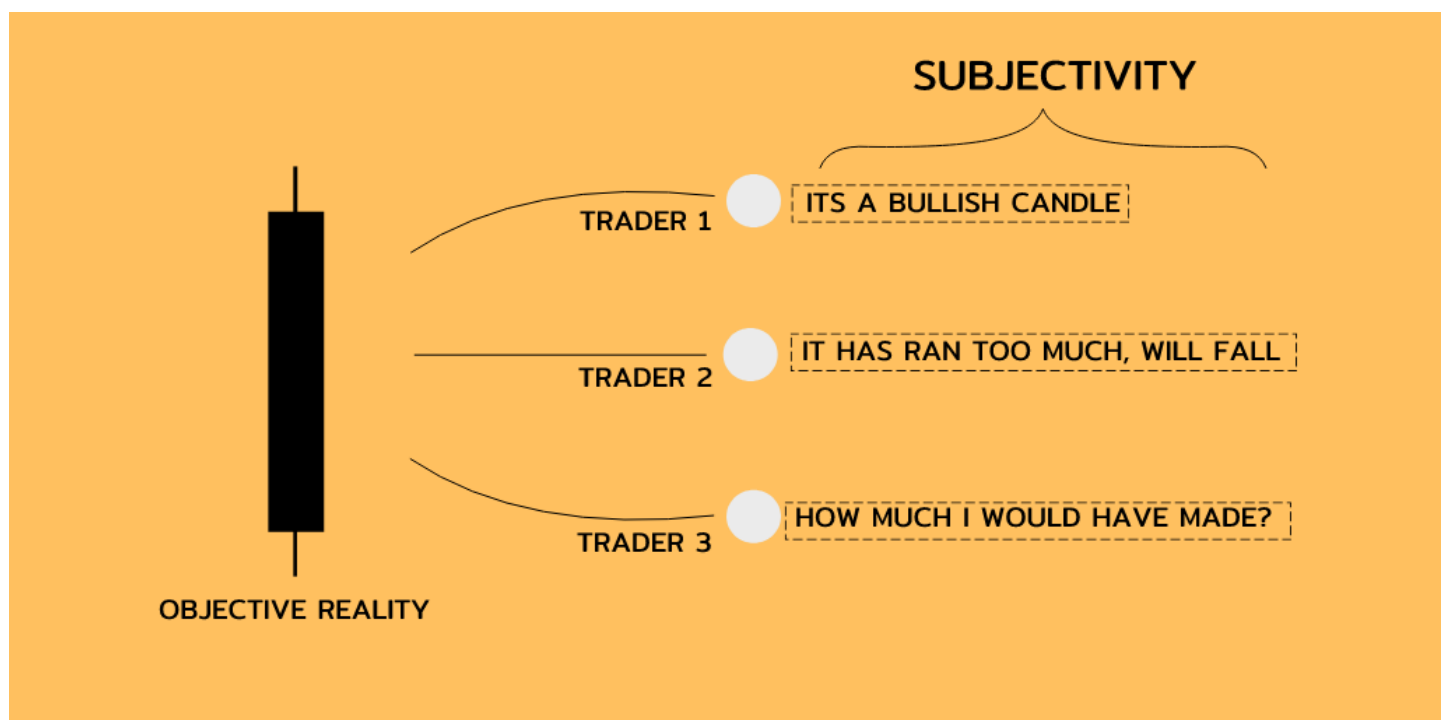
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Objectivity- Undistorted by emotions or personal bias.

What is objective Trading?

Trading in which decisions are taken on pre-decide rules, decisions in objective trading are not decided by Feelings or opinions.



What is subjective trading?

It is discretionary trading, in which one uses his intuitions and Analysis to take trading decisions.

Is one superior to other?

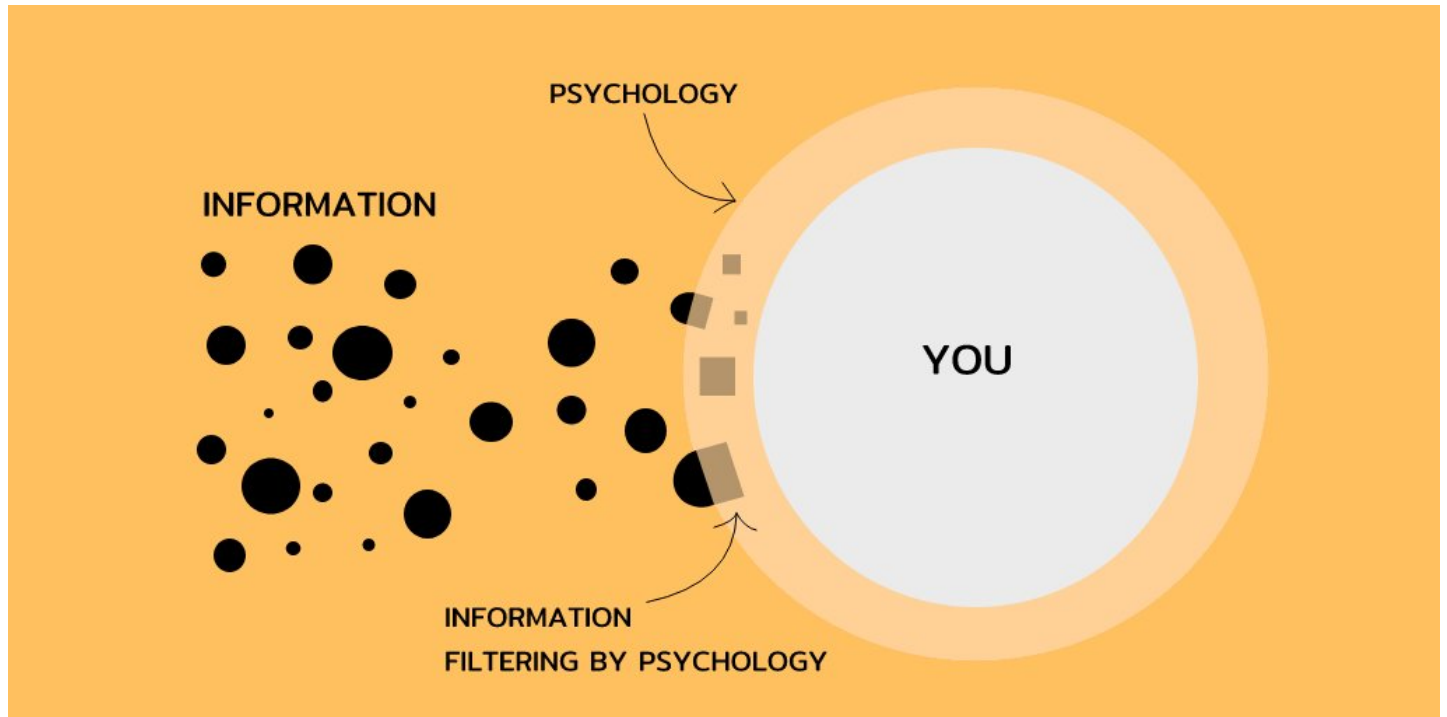
The rules in a mechanical system are going to be decided by you, the plan is going to be made by you,

the positions sizing and all other aspects are going to be made by you.

So your psychology is going to filter the information coming towards you, even in a mechanical system as well as in discretion.

WHATS THE USE OF OBJECTIVITY-

I am a Discretionary - Rule based trader.



So, I take trades based on my analysis, my entries are discretion based, but the exits , position sizing and Risk management rules are pre decided.

WHY USE SUBJECTIVE TRADING?

The biggest benefit that objective trading do is that it makes the chances of you thinking less during the time of taking an execution decision.

As a beginner trader you will not have much experience, and you will inevitably do a lot of mistakes.

So, to lower these mistakes we use the rules so that we have a clear plan of what we are going to do.

And when we have a clear plan, our main focus will be on execution of the trading strategy.

So, in my view both, Mechanical systems as well as Discretionary trading works,

Its upon the person how one uses it.

Definitely Mechanical system lower the chances of your psychology getting over you as you have rules for everything.

But psychology kicks in when you have a 20% draw-down, a long losing streak, unfavorable Market conditions.

Work on your psychology, whatever type of trader you may be, Pick the one that best suits you and pursue trading in that direction.

Also, these are only my beliefs. And not necessarily be yours.

Cheers,

TRADER KNIGHT