

Hanover 35 reasons why traders fail:

1. No proven methodological edge
2. Lack of knowledge and experience
3. No trading plan
4. Failure to accept losses (causes recovery systems, irrecoverable open losses, revenge trading)
5. Poor or non-existent risk management (i.e. focusing on return over everything else)
6. Making decisions based on P/L rather than market probabilities/behavior (focusing on the money, rather than the process)
7. Undercapitalization (causes greed, overtrading, overleveraging) -- [NOTE: according to many br0kers, this is the most common cause of failure]
8. Over-reliance on money management (including ideas like same-pair hedges, baskets, grids, averaging down recklessly, martingale variants)
9. Complacency: a lack of respect for the market
10. Laziness: trying to find a color-by-number shortcut to riches (i.e. make the most money in the shortest time with the least effort)
11. Adherence to "\$250 to \$100,000 in 6 months" type notions
12. Adherence to trading [myths](#)
13. Lack of discipline
14. Lack of patience
15. Lack of resilience (unable to bounce back after losses)
16. Lack of composure/nerve (afraid to "pull the trigger")
17. Lack of stamina (quit too quickly)
18. Lack of dedication (failure to put in the required number of hours of study)
19. Failure to understand the importance of statistical validity, and the nature of statistical fluctuation
20. Failure to keep a journal
21. Over-reliance on automated systems (Eas)
22. Over-reliance on technical analysis (using tools that "don't work")
23. Exiting too early (should take higher RR trades)
24. Exiting too late (should take lower RR trades)
25. Hindsight bias
26. Confirmation bias
27. Recency bias
28. [Apophenia](#)
29. Curve fitting
30. Strategies that test profitably, but are not grounded in real market inefficiencies
31. Randomness of price movement
32. Letting outside noise affect your decision making
33. Underestimating the effect of br0ker costs
34. Underestimation of the amount of expertise that is required
35. An inability to spell the word "lose" (just kidding)