# The Trader Curriculum

*with Dr Vee · November 15, 2026*

## Dive Deeper: The Science Behind This Week

*Sources and further reading for "Your Expectations Grew. Your Skills Didn't."*

### I. CORE REFERENCES

*The three mechanisms from this week's LEARN section.*

**Festinger, L. (1954).** *A theory of social comparison processes. Human Relations, 7(2), 117–140.*

The founding paper on social comparison. When we lack an objective standard, we evaluate our own abilities by comparing ourselves to others, and we tend to compare upward, toward people we see as slightly better.

**For your trading:** Trading results have no built-in benchmark, so your mind borrows one from the traders around you. If the people you watch are years ahead of you, your goalpost moves to where they are, not where you are.

**Baron, J., & Hershey, J. C. (1988).** *Outcome bias in decision evaluation. Journal of Personality and Social Psychology, 54(4), 569–579.*

Participants rated the same decision, made with the same information, as better when it happened to turn out well and worse when it turned out badly.

**For your trading:** Grade each trade on whether you followed your plan, not on whether it made money. A rule-breaking winner is still a mistake you will be tempted to repeat.

**Hayes, S. C., Strosahl, K. D., & Wilson, K. G. (2012).** *Acceptance and Commitment Therapy: The process and practice of mindful change (2nd ed.). Guilford Press.*

The main clinical text on ACT. It describes cognitive fusion (treating thoughts as literal truths that must be obeyed) and cognitive defusion (noticing thoughts as passing mental events).

**For your trading:** Try putting "I'm having the thought that…" in front of the urge to size up. The thought is still there, but it stops being an order.

## II. ADDITIONAL FINDINGS

*Research that deepens this week's theme.*

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**Thaler, R. H., & Johnson, E. J. (1990).** *Gambling with the house money and trying to break even: The effects of prior outcomes on risky choice. Management Science, 36(6), 643–660.*

In real-money experiments, people took more risk after a prior gain (the "house money effect"). After a loss, they were drawn to bets that offered a chance to break even.

**For your trading:** Both halves describe the classic sizing errors: getting bigger after a good run, and getting bigger to win back a bad day. Your size should be set by your rules before the session, not by your P&L during it.

**Gervais, S., & Odean, T. (2001).** *Learning to be overconfident. Review of Financial Studies, 14(1), 1–27.*

In this model, traders learn about their own ability from their wins and losses but give themselves too much credit for their successes. Overconfidence is highest early in a trader's career, and overconfident traders trade too aggressively, which lowers their own expected profits.

**For your trading:** This is exactly the trap in this week's story: early success makes expectations grow faster than skill. Success can make you overconfident, even though overconfidence doesn't make you more successful.

**Masuda, A., Hayes, S. C., Sackett, C. F., & Twohig, M. P. (2004).** *Cognitive defusion and self-relevant negative thoughts: Examining the impact of a ninety year old technique. Behaviour Research and Therapy, 42(4), 477–485.*

A simple defusion exercise (repeating a word aloud for 30 seconds until it loses its meaning) reduced both the discomfort and the believability of negative self-related thoughts more than distraction or thought control did.

**For your trading:** You don't need to argue with "I'm wasting my potential." Creating distance from the thought works better than trying to suppress it.

## III. FOR DEEPER READING

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- *Thinking in Bets* by Annie Duke (2018): "resulting," and how to separate luck from skill.
- *How to Decide* by Annie Duke (2020): practical tools for judging decision quality apart from the outcome.
- *Trading in the Zone* by Mark Douglas (2000): thinking in probabilities, one trade at a time.
- *Trade Your Way to Financial Freedom* by Van K. Tharp: the chapters on position sizing.