THE MARKET ALCHEMISTS

THE TRADER CURRICULUM

A WEEKLY DISPATCH ON EDGE, EVIDENCE, AND EXECUTION

THIS WEEK'S TOPIC

The Evidence Behind Confidence

I. SUPPLEMENTARY READING & PRACTICAL

Deliberate Practice and Acquisition of Expert Performance: A General Overview

Ericsson, K. A. (2008) • *Academic Emergency Medicine, 15(11)*

The foundational overview of why structured feedback, not hours logged, drives skill development. Ericsson argues that professional experience alone is a weak predictor of actual performance; what separates experts is engagement in deliberate practice, where each rep is paired with immediate feedback and a specific target for improvement.

https://pubmed.ncbi.nlm.nih.gov/18778378/

The Role of Deliberate Practice in the Acquisition of Expert Performance

Ericsson, K. A., Krampe, R. T., & Tesch-Römer, C. (1993) • *Psychological Review, 100(3)*

The original study establishing the deliberate practice framework. Using violinists as the central case study, the paper shows that the amount of structured, effortful practice — not raw talent or years of experience — best predicts skill level, and lays out the conditions that make practice actually count: clear goals, feedback, and repetition at the edge of current ability.

Superforecasting: The Art and Science of Prediction

Tetlock, P. E., & Gardner, D. (2015) • *Crown*

The book-length account of the Good Judgment Project and what separated top forecasters from everyone else. It follows an IARPA-funded tournament in which thousands of amateur volunteers predicted geopolitical events; a small subset, the “superforecasters,” consistently outperformed trained intelligence analysts, largely by tracking every prediction and revising their approach based on the record.

The Psychology of Intelligence Analysis: Drivers of Prediction Accuracy in World Politics

Mellers, B., Stone, E., Atanasov, P., et al. (2015) • *Journal of Experimental Psychology: Applied, 21(1)*

The peer-reviewed research behind the Good Judgment Project findings, including the role of “keeping score” in accuracy gains. It statistically isolates which behaviors actually drove forecasting accuracy — including probabilistic thinking, frequent belief updating, and team collaboration — with score-tracking as a consistent common thread among top performers.

Informed Practice and Superforecasting

Good Judgment Project • *goodjudgment.com*

A more accessible summary of how tracking and reviewing predictions builds calibration. It breaks the process down into a practical loop: keep a record of forecasts, compare them to outcomes, and use that comparison to refine judgment going forward — the same loop this issue is asking you to build for your trades.

https://goodjudgment.com/informed-practice-superforecasting

II. JOURNALING YOUR TRADES

- **Trade Details:** Date, time, asset, position size, entry & exit prices.
- **Strategy Used:** Why you entered the trade (breakout, pullback, trend continuation, etc.).
- **Risk-Reward Ratio:** How much you risked versus how much you aimed to make.
- **Execution Review:** Did you follow your plan? Did you close too early? Did emotions get involved?
- **Final Outcome:** Profit or loss, and what you learned from the trade.

III. ANALYSING YOUR TRADING STATISTICS

Win Rate (%)	The percentage of your trades that are profitable. A high win rate isn't necessary for profitability: you can win only 40% of your trades and still make money if your winners are significantly larger than your losers.
Avg. Risk-to-Reward	Compares how much you typically risk with how much you make on winning trades. With an average 1:2 R:R, a win rate above roughly 33% can be profitable before costs. The stronger your R:R, the less you need a high win rate.
Profit Factor	Your total gross profits divided by your total gross losses. Above 1 means you're profitable overall; 1.5 indicates a stronger edge, while 2.0 means you're making $2 for every $1 lost.
Max Drawdown	The largest decline in your account or strategy from a previous peak to a subsequent low. Large or recurring drawdowns can signal excessive risk, inconsistent execution, or an edge that needs further evaluation.
Time-of-Day Performance	Track when your strategy actually performs best. Are results stronger after 10:30? Do you lose more frequently around the NY open? Breaking performance down by time can reveal when your edge is strongest.

IV. REFINING YOUR STRATEGY BASED ON DATA

- **Eliminate Underperforming Setups:** If the data consistently shows that a particular setup is hurting your results, stop trading it. Allocate your attention and capital to the setups that demonstrate a measurable edge.

- **Refine Your Risk Management:** Use your statistics to determine whether your risk is appropriate. If individual losses are disproportionately large, reduce your position size. If your winners consistently outperform expectations, explore whether your trade management is leaving potential returns on the table.
- **Improve Your Execution:** Look for recurring execution patterns. If you consistently exit good trades too early, experiment with more structured management tools such as predefined targets, trailing stops, or alerts that reduce unnecessary interference.
- **Trade Your Best Hours:** Identify when your performance is strongest and concentrate your trading there. If most of your profitable trades occur between 9:00 AM and noon, there may be little reason to force opportunities outside that window.

V. TRACKING YOUR EMOTIONS

> *How did I feel before entering the trade? (Confident? Hesitant? FOMO?)*
>
> *Did I follow my rules? (Or did I get impulsive?)*
>
> *What did I learn from this trade about my automatic behaviors?*