JWS TRADING SERIES

03

RISK & PSYCHOLOGY

The volume that decides whether you survive.

WELCOME

Before we start

Here's the uncomfortable truth the thumbnails never tell you: most traders don't fail because they can't read a chart. They fail because they bet too big, refuse to take a small loss, and let one bad day become a catastrophe. Strategy is maybe 20% of trading. This volume is the other 80%.

Everything in here is simple. None of it is easy. That's exactly why it works — the traders still standing after five years are the ones who did the simple things every single time.

— Shannon

CHAPTER ONE

Position sizing — the 1% principle

The single most protective habit in trading: risk only a small fixed percentage of your account on any one trade — many traders use around 1%. Not 1% of your account as the position size, but 1% as the maximum you'd lose if your stop-loss is hit.

How to work it out

Say your account is $1,000, so your risk budget per trade is $10. You want to buy a coin at $100 with your stop-loss at $95 — that's $5 of risk per unit. $10 ÷ $5 = a position of 2 units ($200). If the trade fails, you lose $10. Annoying, survivable, forgettable.

- At 1% risk you can be wrong 20 times in a row and still have 80% of your account. At 10% risk, the same streak wipes you out.
- The size of your position is decided by your stop distance — never by how confident you feel.

SHANNON'S NOTE

Confidence is the most expensive feeling in trading. The trades I've felt surest about have taught me the most expensive lessons.

CHAPTER TWO

Stop-losses and the maths of drawdowns

A stop-loss is a decision you make while calm, executed later so you don't have to make it while panicking. It converts 'how much could I lose?' from unknown to known — and known, small losses are the operating cost of trading.

Why big losses are mathematically brutal

- Lose 10% → you need 11% to get back to even.
- Lose 25% → you need 33% to recover.
- Lose 50% → you need 100% — a double — just to break even.

This asymmetry is the whole argument for cutting losses early. Small losses are recoverable by ordinary trading; big losses require extraordinary trading, which usually means extraordinary risk, which usually means the end.

- Set the stop where your trade idea is proven wrong (e.g. below the support you bought at) — not at a random round number.
- Never move a stop further away to 'give it room'. That's not a strategy; it's a hope.

CHAPTER THREE

The four emotions that empty accounts

- FOMO — buying because price is flying and everyone's posting gains. You're not early; you're their exit. The antidote: there is always another trade. Always.
- Revenge trading — trying to win a loss back immediately, bigger. The market doesn't know you lost and doesn't owe you anything. The antidote: a hard rule — after two losses, I'm done for the day.
- Euphoria — a winning streak convincing you the rules no longer apply to you. Winning streaks are when accounts quietly take on the risk that kills them. The antidote: same size, same rules, especially when winning.
- Paralysis & despair — a bad run making you afraid to take even good setups, or want to quit entirely. The antidote: drop your size, go back to demo, rebuild trust in your process.

SHANNON'S NOTE

I write down how I'm feeling BEFORE I open the charts. If the answer is bored, angry, or desperate — I don't trade that day. The market will still be there tomorrow.

CHAPTER FOUR

Your rules, written down

A trading plan is a one-page contract with yourself, written while calm, followed while not. Yours will evolve, but it should answer at least these questions:

- What do I trade, and on what timeframe?
- What has to line up before I enter? (Volume 02's routine: trend + level + pattern)
- How much do I risk per trade, maximum? (Chapter 1)
- Where does my stop go, and what's my target?
- When do I stop for the day? (losses, number of trades, or time)
- What gets journalled after every trade — win or lose?

The finish line that isn't

There's no moment where you've 'made it' and the rules stop applying. The rules ARE the trading. Everything else — the patterns, the indicators, the videos — only works inside them.

KEY TAKEAWAYS

My risk rules

- [ ] I know my exact risk per trade in dollars before I enter
- [ ] My position size came from my stop distance, not my confidence
- [ ] My stop-loss is placed the moment my order fills
- [ ] I never move a stop further away
- [ ] Two losses = done for the day
- [ ] Same position size whether I'm winning or losing
- [ ] Every trade goes in the journal — including the feeling

ABOUT

Journey With Shannon

I'm Shannon — founder of JWS and a lifelong learner sharing the journey as I go. This series documents what I'm learning about trading, in plain language, the same way my fitness guides document exactly how I train. I'm not a financial adviser and I'm not selling a strategy. I'm sharing the homework.

If these guides help you, the best way to support the journey is to follow along:

linktr.ee/journeywithshannon

IMPORTANT

Please read this

This guide is general information and education only. It is not financial advice, and it does not take into account your objectives, financial situation or needs. Nothing here is a recommendation to buy, sell or hold any cryptocurrency or other asset.

Cryptocurrency is high-risk and largely unregulated. Prices are extremely volatile, and leverage multiplies both gains and losses. You can lose all of the money you put in — never trade with money you cannot afford to lose.

Crypto assets and the platforms that offer them may not be protected by the consumer safeguards that apply to regulated financial products in your country. Consider speaking with a licensed financial adviser before making investment decisions.

Past performance — mine, anyone's, or any pattern's — is not an indicator of future results. Shannon and JWS accept no liability for any loss arising from the use of this material.

Some links connected with this series (including exchange sign-up links and book links) are affiliate links. They cost you nothing extra and help support the free resources.

Keep going.

That's the foundation series complete. Practise on demo, journal everything — and when you're ready, watch real setups form on the free JWS alerts feed.

linktr.ee/journeywithshannon

WATCH REAL SETUPS FORM

Free live alerts — t.me/jwsalerts

Live feed + outcome tracking — trade.journeywithshannon.com

Alerts are information, not trade recommendations — apply Volume 03 to everything.