Fear, FOMO and overconfidence: New report by CMC Markets reveals the psychology behind trading decisions

A new CMC Markets report reveals investor success depends more on behavioral discipline and emotional control under pressure than on market information.

SYDNEY, AUSTRALIA, October 1, 2026 /EINPresswire.com/ -- In an era of unprecedented access to market information, investor success is increasingly determined not by what investors know, but by how they behave, according to a new report from CMC Markets Australia.

Inside the Mind of the Trader: Understanding Trading Psychology explores the behavioural forces that shape trading and investing decisions, revealing how emotions, biases and decision-making habits continue to influence both individual performance and broader market trends.

Despite the perception, investor returns are driven by more than earnings results, economic data and interest rate expectations. Investor behaviour remains a powerful force in determining how markets respond to information and uncertainty.

“Markets don't just move on fundamentals, they move on how people interpret and react to those fundamentals,” said Kurt Mayell, Head of Markets for CMC Markets ANZ.

“Access to information has never been greater, but that doesn’t necessarily lead to better decisions. Understanding investor behaviour is becoming just as important as understanding the market itself.”

The report highlights several common behavioural biases that can influence investor decision-making, including loss aversion, overconfidence, herd mentality, recency bias and fear of missing out (FOMO).

While these biases are well documented, they continue to affect investors across all market conditions. The report argues that many investment mistakes stem not from a lack of information, but from the way people process information under pressure.

“The challenge for traders isn't a lack of information, it's how they process it,” said Mr Mayell. “In fast-moving markets, decisions are rarely purely rational. Emotion, recent experiences and market sentiment all influence how people assess risk and opportunity.”

The findings come as investors face increasingly complex and information-rich market environments. Research cited in the report shows that emotional decision-making can have a measurable impact on long-term investment outcomes, with studies finding the average investor has historically underperformed broader market returns due to poor timing and behavioural biases.

According to Mr Mayell, these behavioural influences can also help explain market activity that appears disconnected from traditional valuation measures.

“Markets may evolve, but the behavioural patterns that drive trading decisions remain remarkably consistent,” he said. “Visibility, familiarity and recent price movement can often attract investor attention, even when those factors have little to do with underlying value.”

The report concludes that behavioural discipline is becoming an increasingly important advantage for investors. As information becomes more widely accessible, the ability to manage information, stick to a process and make consistent decisions under pressure, prove a greater differentiator than access to market insights alone.

“The real edge isn’t simply having more information,” said Mayell. “It’s having the discipline to stick to a strategy when markets become uncertain. How investors behave under pressure often matters more than the opportunities they identify.”

How to build better trading habits

Three key takeaways:

Have a clear plan before entering a trade. Establish clear objectives, risk parameters and exit strategies before entering a position.
Pause before acting on significant market moves. Be aware of common behavioural tendencies such as loss aversion, herd mentality, overconfidence and FOMO, particularly during periods of market volatility.
Maintain discipline. In markets where information is widely accessible, the ability to manage emotions and stick to a process becomes a defining advantage.

Find the full report here.

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For more information about CMC Markets, use the contact details below:

Luke Nichoslon
CMC Markets
+61403522219 ext.
email us here

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