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EMOTIONAL SECRETS *of* PROFESSIONAL TRADERS

GO MARKETS

Introduction

Let's start with the ultimate truth of trading:

There is no such thing as an emotionless trade.

One of the greatest myths peddled in the industry is that you can and should trade without emotion. You are a living, thinking, feeling person, and this is not just impossible, but undesirable.

Rather than striving to aim for the impossible, channelling emotions into the areas that will serve you best should be your goal. There's a strong argument to suggest that **great traders are emotional**; they become excited by trading purpose, are motivated to learn and trade to the best of their abilities, and are able to celebrate success – providing the impetus to continue to work on their own self-improvement.

You have a challenge ahead…

A significant investment in time and thought has been put into giving you something that may be valuable to your trading development.

Although it may at first seem better to focus on your search for success, for example a set of Holy Grail entry indicators (psst – there aren't any. Your success or otherwise is determined by what you do after you're in), if you action some (or better yet all) of the below then the impact on your trading performance may be significant.

Experience shows that most who download this ebook, however, will fail to follow through, and may not even invest the time in reading it, never mind actioning it.

For some of you, what you read here will be very new. For others, it may serve to confirm you've got things up to scratch and allow you to fill any gaps that exist.

Either way, for those who are going to make this a LIVING document that makes an impact on your trading, I congratulate you. You're the ones who are serious about taking your trading to a level where it could make a real difference.

So, you are faced with a choice…

Do I put my "I knows" away and seriously consider the content, then action the things I need to action?
OR
Do I download another ebook and commit to nothing in it?

Professional traders commit to learning on a lifelong basis… I trust for many of you that it will be the first choice.

Or, to put it another way…

Can you really afford to take the risk of NOT giving this your attention? For the time it takes, you've lost nothing if it doesn't make a difference, and yet if it does, how much could your trading and results benefit?

Your choice.

Either way, congratulations are due for at least getting this far. Now, take the next step!

Mike Smith

Educator

GO Markets

Your 21 Secrets Start Here:

1. **Recognise and own the things about yourself that may impair your ability to get the best results possible.**

   The first step to becoming the trader you could be is to develop trading honesty. There are attributes and behaviours which people who continually make money out of financial markets develop and grow. Great traders are made, NOT born. Accepting where you are at now, 'warts and all', is crucial to identifying and following through with what you must do to fulfil your potential.

2. **Fear comes in two forms: Fear of losing, and fear of missing out. You need to manage both.**

   Fear is one of the worst places to come from when you make decisions and take action. Commonly, people will begin their journey as a trader with one of these dominating over the other as something they need to work on, as either can destroy capital quickly and without mercy. There are ways of identifying which is more of a problem for you, and through this process you will be able to identify them in a way that allows you to move forward into trading confidence, irrespective of what happens in a single trade.

3. Manage the increased anxiety you may feel about trading when a position gets close to a risk event being triggered.

In the cold light of day, it's easy to identify risk management actions you'll take on open positions, particularly when the trigger is some distance away.

Such risk management seems logical and you'll feel like you can commit to an action, yet as the event gets closer (e.g. a stop loss), many find anxiety levels increase significantly. People then begin to tell themselves stories about why they shouldn't take the action they originally planned. It's imperative to understand the root causes of this and work on addressing potential mismatches between planned and actual action.

4. Taking a timely loss on one trade should be viewed as a win in terms of successful long-term trading.

Quite simply, not every trade will go your way.

Logically, most of your actions and trading plans should be focused on achieving that old market cliché: "keep your losses small, but let your profits run". By being able to celebrate the fact you're doing the right thing by taking a trade off the table before it causes you financial harm, you will develop confidence in your follow-throughs, and better accept the reality of trading. This will serve you for a lifetime.

5. **Monitor your behaviours over your words and your trading plan, as your behaviour is a direct reflection of what you really believe about the market, trading, and yourself.**

One of the most important areas for you to develop is to turn your belief that trading may add to your lifestyle into a conviction that it will.

To do this, there are certain things you'll need to have in place, but none of them are an overnight fix.

Periodically monitoring what you're actually doing through the use of a journal is one of the best gauges to determine how far you've come on your journey. It will also give you the evidence you need to get closer to a point of conviction and confidence.

6. **Trying to resuscitate trades that have gone against you is usually one of the key signs that you may have a loss aversion bias.**

   There are many well-documented "cognitive biases" hard wired into our brains, and we bring them to trading too. They rear their heads in your decision making processes and during the heat of the action.

   Loss aversion can be one of the most damaging of these biases in terms of major capital depletion, and often results in outright withdrawal from the market altogether.

   Recognising the signs of a potential loss aversion bias is crucial in taking steps towards having the opportunity for a lifetime of trading, rather than regret.

7. **The acknowledgement of factors over which you have no control, while controlling the factors that you can, is an ESSENTIAL key skill.**

   One of the key factors in developing trading confidence is the feeling of being in control. To feel out of control is extemely damaging to consistent decision making, and the best way to manage this is to make sure you're controlling ALL the behaviours that you can.

   A major part of this is taking COMPLETE responsibility for your actions AND your results. It is ALWAYS your choice.

8. 'Trade what you see, not what you think' is a golden rule in trading.

As your knowledge and confidence grows through interacting with the markets, one of the dangers that appears is that you start to "think the market" as a basis for your decision making. For example, second guessing what could happen next, then using that as a means to determine whether or not you'll take the action you were going to take as per your trading plan. The problem, of course, is that with those more difficult decisions the answer might be to take a loss. Thinking the market then results in you telling yourself stories that may prevent you from feeling the feelings that are supposed to accompany a loss. Great traders use what they think to determine an appropriate market strategy, but remain true to trading what they see for their actions on ANY and EVERY trade.

9. Trading expectency is based on evidence: a record of consistent profits. Anything else is hope.

When we start our trading journey, we usually have a target in mind, often planted by those we have listened to or watched in action. We mistake this unproven target as a real expectency. The reality is that without evidence that this actually works for you, i.e. a record of what you are achieving, you are in 'hope' until you have such a record. This creates all sorts of internal risks, not least of which a feeling of urgency and anxiety when you're falling short of an expectency that is not based on reality. This invariably

leads to a trader increasing the amount of risk they take in a desperate attempt to reach a target. Unfortunately, this more commonly results in them moving further away, rather than closer to, that pie-in-the-sky dollar figure.

To be grounded in reality not only removes this problem and the increased threat it poses, but helps you to make better decisions going forward – particularly about what the next stage may be in increasing your dollar reality in the future.

10. Looking at the profit/loss columns is the worst place to start your decision-making, as basing your decisions on the money result of any trade creates a mind-shift away from the things your decisions should be made on.

As we have covered before, trading what you see is a critical behaviour to your long-term sustainability as a trader.

It is perfectly legitimate to begin with a profit target based on something like, perhaps, a resistance line above your entry, but is looking at whether the price movement has reached a level on the chart and isn't based on a specific dollar value relating to that trade.

When we start to use the information in the profit/loss column as a part of our decision making process, it moves away from being a great practice principle, and often results in many of the biases we have worked hard on resolving coming back to the surface. This rarely ends well.

11. Mastering discipline is about actioning the 4 critical areas of your trading development.

There are four disciplines you must master. All should be worked on, nurtured, and developed over a significant period of time.

1. Discipline in learning
2. System discipline
3. Discipline in decision making
4. Discipline in execution

A failure to address any one of these is likely to significantly impair your potential results, as all can provide a large contribution to creating the great trader you're aspiring to be.

12. Creating evidence is the ONLY sustainable way you are going to change from your current behaviour to your future behaviour.

Despite what some of the "gurus" would have you believe, change is rarely easy. To unearth, accept, and adjust who you are as a trader and what you have done that has not served you – for example habits that are deeply ingrained – is often challenging even with the greatest resolve. This is the case no matter how often you see or hear it.

The ONLY way to move towards new behaviours that in turn move you towards your trading purpose is to create a body of evidence that this IS the way to be. There is a clear process of journalling, reviewing the data, and then planning action based on the results of this review that will help you on this journey.

13. There is an optimum state of awareness when making trading decisions.

Many traders are either in too high a state of anxiety or don't care enough about their trading to make good decisions consistently.

The state you are in determines your motivation, your confidence, and subsequently your discipline in following through on what you need to do to create consistent results. There is a balance that MUST be maintained, and great traders recognise when this balance has been or is being altered. They then take themselves away from making decisions until they have enacted techniques to reset and restore this balance.

14. Our feelings about what will happen next are more commonly based on what has just happened, rather than being based on the bigger picture.

The mind tends to bring back patterns, feelings, and thought process from the most recent past. In some areas of life this serves an immediate purpose, but this is rarely the case with trading.

When you ignore the bigger picture of your trading reality, a recent experience that was very positive can create a sense of unfounded optimism, which then results in behaviours that are more risk-oriented. Likewise, a recent very negative experience can similarly distort your perception, resulting in missed opportunities or profits taken too early.

Effective trading involves an ability to maintain an appropriate grounding, but also the ability to re-align quickly if that is threatened.

15. One of the most common mistakes made by traders is that they carry a belief that it is possible to shortcut their learning and still get great trading results. Great traders learn continuously.

It's a human trait to tend to follow the path of least resistance, and try to achieve an aim through taking any potential shortcuts available. We want to expend the least effort and energy to attain a desired result.

This turns up in two common situations – namely, in a new trader who has invested in an education course and then fails to follow through on the learning activities provided, and more seriously in a trader with some experience who begins to adopt the "I know" principle. As a result, they miss out on development opportunities that may have helped them grow and achieve their desired results.

16. The discipline of a timely exit has far more impact on your ability to succeed as a trader than the discipline of a timely entry.

It's rare that a major drawdown in capital occurs because of a bad entry. It's reasonable to suggest, of course, that we want to optimise an entry as much as possible to give us the best chance of a trade going in our desired direction. However, major losses in trading are due to poor exits – FACT. These may be poor exits in a trade that has gone against us, AND poor exits from trades that have gone with us. Either is a failure of what we should do and will inhibit your ability to meet trading purpose.

The reality is that although most traders who have been in the market for any length of time accept this as fact, those same traders will then invest 90-50 % MORE time and effort on an entry than an exit.

17. Being a professional trader or 'trading as a business' is a state of mind, not a status.

There is no doubt that some enter the markets initially because they like the idea of having the status of being a "trader". That status is meaningless without purpose that is lifestyle driven.

The objective of treating your trading as you would a business, or being a "professional" trader, is a good one, but it is based in having key characteristics and/or skillsets in place, as well as a mentality that is focused and disciplined on achieving the aims of that "business". Anything else is more likely to fall short of what is possible.

18. Developing daily habits that allow you to make and monitor decisions efficiently and effectively will help trading add to your lifestyle choices rather than take away from them.

Being effective is ensuring you get the best results, and combining this with efficiency means that you are doing this in the optimum amount of time. This combination not only addresses the desire for positive dollar outcomes, but also reduces the impact of trading on your lifestyle.

Forming good habits, or creating a structured daily agenda/process for how you allocate time to trading, is a part of this process.

This does require you to think and plan out what will work for you, as well as the discipline to follow through – as with many of the topics we have already addressed.

19. Develop a passion for trading and trading success.

With great frequency, many of the successful traders I've had the fortune to meet have had one obvious trait that almost oozes out of them – their passion for trading success.

That passion, created by a meaningful trading purpose and the realisation and conviction that they are a successful trader, serves every aspect of their trading development and growth. It also impacts their interest in gaining a deeper understanding of the market, themselves, and in maintaining the discipline necessary to make some great trading things happen!

20. The aim of each trade is to enable you to grow as a trader.

The dollar result of any trade is unimportant in the larger scheme of a lifetime of trading. Long term sustained positive outcomes are based on consistent good decisions, effective record keeping, and a constant review of those decisions.

Reflect in detail on trades that went particularly well or had particularly bad outcomes, and what it was about you that contributed to those outcomes. It is this that will allow you to mirror the things you are doing well, and to identify and address those you are not.

21. A majority of the risks people face when trading are internal rather than external.

Let's face the facts – most of the external risks that the market poses we can account for in our risk management strategies within an effective trading plan.

Through effective strategy choice, appropriate position and sector-sizing techniques, initial and trailing stops, and the ultimate sanction of removing ourselves from the markets if appropriate, are all covered. So, if this IS the truth, then the risks that remain are ALL internal, that is to do with YOU.

Accepting this is paramount to even begin addressing some of the emotional secrets that professional traders possess.

Make working on yourself as a trader your mantra and potentially see some great things happen to your results!

Your choice.

Is it time for YOU to become a controlled emotional trader?

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