

Manage Your SELF

This is a different take on trading psychology. It is all about you, the individual: your behavior, patterns, emotions, moods and habits as they relate to the vicissitudes of what the markets in futures tend to do. This includes issues such as one's attitudes and beliefs about quick riches, dynamics of how you feel about money and wealth, reasonably based hypotheses about why and what the market can be expected to do, your ability to know your own mind but remain effectively tentative with conviction, dynamics of your relationships with others that may play a role in how you feel and respond, as well as your capacity and willingness to clarify and order your circumstance to facilitate an environment optimal to sound trading practice.

The first premise, of course, is that you can never know, or believe with certainty, what the market will do, nor should you have a singular mindset about it. Further, what you believe about a market—e.g., optimism, pessimism, etc.—is greatly about you as a person and your personality. In this context, it is highly useful to consult with an independent observer who is trained to see behavior and help with behavior management, and who is attuned to the specialized area of trading in the futures markets.

Concentrate

Futures trading is exciting, dogged, ruthless and devastating all at once. Trading in futures markets requires a good appreciation of what risk really means in practical terms and whether you are factually and

psychologically equipped to deal with it. You also must figure how this activity would fit into the style, obligations and commitments you have in your life overall. As it is extremely easy to lose money and significantly more difficult to make money in the futures markets, concentration on trading must be front and center in your daily routine to the degree necessary—yet not overwhelming to your emotional and capital reserves.

It is important to be able to summon your best powers of concentration for choosing a position and managing it. Concentration and clarity suffer when you feel anxious, pressure, stress, distraction and problems of mood.

You must be able to apply great discipline, diligence and dedication—all of which speak to you as the human being at work. Depending on your personality, for example, you can become so preoccupied with your dedication to trading that it results in obsession and a failure to picture the forest through the trees. A person can become plagued with guilt, self recrimination or arrogance in reaction to inevitable consequences, such as whipsaws, endemic to trading in futures.

Keep an Even Keel

Therefore, it is imperative to fully understand that the unintended will happen, as well as to know how to and be able to sustain calm without having to mask roiling emotion. One key to success is to be calm and methodical in general and at every point in the trading journey, including when trades are going well. Learning and seeing how your life can become more calm is a valuable goal, not only to trading but to living in general. This is a significant objective in pursuing psychological consultation

about yourself with regard to trading. Also, your life and personality are de facto unique to you. Hence it is your makeup and point of reference to the markets and to the world overall that bear heavily on how or if you succeed.

The stress of competition and the challenge inherent in futures trading in exchange for a potential payoff is good. But the stress reflected in high blood pressure, lack of sleep, anxiety, neck pain, a short fuse and irritability hurt your trading, your life and yourself, as well as hurts those who matter to you.

We all know that taking a loss is not fun. When you add that to your best efforts and a frenetic pace of life, mood can suffer immensely. Depressed mood can inhibit performance and make life and trading a drudgery instead of an adventure. Problems of mood can color trading choices and stymie good and clear decisions. Mood and emotion can also bring about paralysis of will, fear and, alternately, impulsive reaction.

Be Prepared

To mitigate these problems, it is important to be prepared for the unwanted contingency, to have a plan and to execute it with calm and verve. One key is to recognize that you don't know everything there is to know and specifically to be aware of that reality. The irony is that sooner than most endeavors you might undertake, trading in futures must be learned first hand. Reading about it is a distant substitute for hands-on experience. Hence, if you are a novice who is considering futures trading as a potentially longer-term, serious activity—not, for example, like a game of chance or a battle with the markets—and if you want to figure out how and what you

must know, at minimum you need to subject yourself to the arduous course of trying it in real time to see the many practicalities and snares that otherwise cannot be appreciated.

None of this even begins to address how to protect yourself financially in trading with what must of necessity be a limited budget—i.e., how much you are rationally willing and able to lose. The prudence of trying to glean from the accumulated trading wisdom of others is an aid in such a task, but by the same token, not easy to obtain. Altogether, there are myriad additional considerations, once you better know and have management of yourself, that make up the larger trading mix.

At the outset, one of the biggest pitfalls is that of having unrealistic expectations as to what it takes to survive in the game before you might ultimately succeed. This, in turn, has everything to do with you, the human, central to the formula for success.

First and foremost a person has to be emotionally and financially ready to lose on many, if not most, positions. One of the most common tendencies is to hold on to a losing position in the hopes that it will come back, break even or work after all. Virtually no one is immune to this predilection or to moments of letting one's guard down, but it is you, the individual, who must have a handle on yourself, anticipate this tendency and keep it in check. It is you who must get a grip on the nature of the exercise, which includes both the markets and yourself, before engaging in trading in the futures markets.

Cultivating a balanced perspective about what you face and working on honing your behavior management skills

will help you prevent inordinate loss. It behooves you to keep a careful tab on how you behave, for what reasons and the results, and to keep a record of how markets behave and the seemingly discernable reasons for their moves and the results.

Good Zzz's

The markets never sleep but you do and you must. This means you need to avoid setting yourself up for unduly risky scenarios. You also must eat good food at the right time and move your body musculature as it is designed to function. The Zen of trading implies that you not get too emotionally invested in any one trade and that your comfort level entering, being in or exiting a trade is sound. Also, you might recognize that history is not always a guide nor does it always repeat itself. The end goal is for patterns of your trading to be methodical and considered—something to be worked on in reasonable, incremental steps, knowing that luck is opportunity based on a great deal of preparation.

Then there is the whole matter of managing time and space, space being your personal and social space to think and do with as much grace as possible. This effort is compounded by the consistently increasing speed of existence in a techno-reality world. An independent specialist in behavior management can help with this task. Both trading and personal life benefit greatly by improving time management and personal “flow.”

Multitasking

Regardless of whether you use fundamental, technical or both types of analysis in trading futures, you must be

aware of a multiplicity of variables—great and small—and manage them simultaneously at any given time. Some of these involve the intricacies of basic trading protocol. Can you manage everything in your trading activity and in your life, and still avoid frenzy? Is stress your constant companion? Are you too eager or too slow to respond? These are matters of human personality and behavior with both reasons and means of control. Markets can and will move against you, but there will be no such thing as waiting them out.

Further, you may not get a second chance to step into a play you miss, and you may feel like suffering hesitation or regret. As has been pointed out repeatedly, another opportunity is always available. It is all too human to lament what is missed when it works out well and all too natural to dismiss or forget it when a trade does not work. It is highly useful to work on yourself to become as rational and detached as possible.

Get Serious

Trading futures in a serious way is serious business. In fact, trading futures might be seen as the most difficult, if not alluring, course to achievement and economic success. Your psychology has everything to do with everything. It is wise to be as knowledgeable about and focused on yourself as a human engaged in trading as it is to be about the trades themselves. Good luck and Godspeed in your trading.

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