



## **Trading Insights**

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You must realize that trading is a zero-sum game. Meaning that for every winner there is a loser. Successful trading is “Survival Of The Fittest”! When you win, you are taking someone else’s money!

Trading skills usually focus on being a “Scalp” trader, “Counter-Trend” trader or “Trend” trader. Historically, the most money in trading is made by following “Trends”. There are intra-day trends, intermediate trends, and there are long-term trends.

As trend traders you must realize that you may incur many losses while attempting to catch a significant trend. And you must also realize that you may incur “Draw-Down” periods after strong periods of performance. This is where knowing your style of trading and trading without a fearful mindset will give you the confidence to trade through periods of “Draw-Down”. Controlling your risk by calculating the proper “Trade Size” and using “Stops” is very important.

Trend traders are followers of the market, not forecasters! Trend following trading systems apply rules to enter trends at significant times and exit trends at significant times. Volatile markets that go up and down occur, and at times can create “Draw-Down” for the trend trader. The problem is not that this happens, because it will happen. It becomes a problem if it causes fear. The trend is your friend, while fear is your enemy.

Trend traders are usually on the correct side of significant market moves. Big trends are usually what make trend traders profitable. Missing these trends make trend traders unprofitable. Significant trends usually occur after periods of volatility which causes the unprofitable trend traders to second guess taking trades because of the fear of being stuck in volatility again and incurring more losses. Missing the next big trend is disastrous!

Fear is generated from a variety of sources personal to the trader. If you feel fear, you must ask yourself why. Your answer will determine your weakness as a trader. Deny your weaknesses and your losses will create more fear which will again remind you of your weaknesses. When this occurs enough you will either work to overcome your weaknesses, quit trading, or go bust.

Traders that experience thoughts of fear or failure should not take them lightly. Instead they must find out what are causing these thoughts and take action to nullify them. Traders that fear failure will ultimately fail. Traders that fear success will not succeed. If you have these thoughts, then don't trade until these thoughts are dealt with openly where they will be less powerful than if they were denied. You must confront them and remove their power so they don't occupy your thoughts.

A trader's improperly managed fear can manifest losing trades even with a well tested and sound trading system or approach.

It is important to realize that you must react and be aware of the risks of trading the financial markets. Many "positive thinkers" preach that if you think ONLY positive thoughts and say ONLY positive affirmations you will succeed. While this may be a good start, it falls very short of what is really needed.

You must live in full awareness. Let your positive beliefs lead you to take the action necessary to succeed. For traders to blindly enter the financial markets and start trading simply because they are thinking positive is to ignore the full spectrum of what is possible while trading the markets. You must acknowledge both sides of the coin, the good and the bad. You must acknowledge and react with full-awareness.

To react with only positive thoughts or only positive outcomes would cause you to neglect attention towards risk control and ultimately you will go broke. On the other hand, to live in the fear of only losing will cause you to react with fear, anxiety, negativity and aggression which is equally destructive.

But to trade the markets with the reaction and pre-emption of full awareness without fear, anxiety, and despair allows a balance that manifests itself into a positive reality creating a feeling of abundance and good will.

Trade Well!

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