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The Mastery Of Self

We do everything for a reason. The reason behind any act is, for the most part, unconscious. If we want to change a behaviour we need to identify the reason, the underlying objective, and examine it. We need to examine it to determine whether this objective, this assumption, supports us in what we want to do now.

Most of the beliefs, or rules, that govern our behaviour now, were formed in early childhood. They have become predominantly unconscious beliefs and their effect is to dictate the way we respond. Most of these beliefs continue to support us well, but some have long outgrown their value.

My baby son Arthur, does not yet know that touching a hot stove is painful. At some point he will burn himself and he will start to form a set of beliefs about hot things that will, by governing his behaviour, protect him from getting burnt. He won't necessarily remember these early experiences with heat, but his new beliefs will continue to guide him for the rest of his life.

When it comes to trading, most of what we have learnt to date and the beliefs that we have formed about success are inappropriate.

When we are trading we need to be:

- Quick to cut a loss
- Flexible to the ever-changing flow of information
- Take the lead from the market rather than try to control it
- Comfortable with uncertainty and risk

What are we taught about success?

- Not to be a quitter
- To be decisive, not fickle
- To take charge/control
- To dictate
- To stamp out uncertainty

It is not difficult to see that what we believe about success in all other areas of life will work against us as traders. Lets look at some particular behaviours in trading.

Not cutting losses, what is the likely thinking that would result in this behaviour?

- Losing is bad (If I lose then I am a loser)
- Being wrong is bad (we all learn this at school!)
- To take charge/control
- I want to be right all the time i.e. perfectionist
- And snatching profits:

Fear of losing what we have (losing is bad again)

Need to feel good (I am not good enough)

Ultimately I think we struggle as traders because we want and need to feel good about ourselves and we are looking to the market for this affirmation. We are reluctant to take a loss because we think a loss is bad and that it underlines our fear that we are bad (a loser). We snatch profits because we are desperate for information that supports the idea that we are good.

If I have an unshakeable belief that I am good, then I would not look to the market for approval; we only look for something we think we don't have. To resolve this problem we need to simultaneously work on and build the belief that we are already perfect and we need to shift our neediness away from the market and seek affirmation from another source.

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