

# 2 TRADERS

[EP110: The “Perfect” Personality](#)

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**Announcer:** Two Traders, Darren and Walter, pull back the curtain on profitable trading systems, consistent money management, and profitable psychological triggers. Welcome to the Two Traders Podcast.

**Walter:** Welcome to the Two Traders Podcast. It's Walter here and hello, Darren.

**Darren:** Good afternoon, Walter.

**Walter:** So, Darren, we have this question here which I think is sort of a big picture thing and I like it a lot. I'm interested to hear what you have to say about this one. The question is: Does your life view restricts you to specific trading styles, systems, and strategies?

I guess the implication here is that you're more likely to be drawn to certain type of trading depending on how you view the world. What do you say about this Darren?

**Darren:** Tricky one. I don't think anything restricts you to specific styles or systems. I think most people come to trading regardless of their background and their life with, generally, the wrong idea there about it.

I think, generally, we all have that and what we learned along the way is really that that makes a difference not on where you come from or where you're at, unless you come from field that has some sort of specific advantages -- and I'm trying to think of an example.

Let's say perhaps if you were an airline pilot. You might be particularly good at being systematic and drawing up checklists and things like that. I think, in general, we all come regardless of our view in life with the wrong expectations.

**Walter:** Right.

**Darren:** I don't know. Give me an example.

**Walter:** Let's say that you grew up in a house with eight kids so you're one of eight and you're quite poor. Whenever they threw out food on the table for dinner, it was like fend for yourselves sort of thing. You get as much you can grab as quickly as you can and so you eat fast.

You learn that you've got to take it to get it. What would that contrary to that be? What would that lead to?

**Darren:** I see your point. This idea of fractal emotions which is basically what are really our years were like and how we viewed authority figures like our parents, or older brothers, or kids above you at school, or teachers.

Apparently, there is this train of... There's this line of study of the moment that suggest that the way you deal with trading is a direct reflection on those experiences in early life. You could look at the mistakes you're making and connect that backwards with those points.

I'm pretty sure that there's some truth in what they're saying there but I think we're all going to come with baggage that isn't going to make it easier. I think the whole trading experience is about finding what you've got in your baggage through trial and error and then dealing with that. It's not a negative thing to your trading.

**Walter:** Yeah.

**Darren:** I think we've all got that. I think it's very unusual for just someone to come to trading and they just have a natural gift. I think we all have attributes and we all have issues as well which can be positive and negative on this but I think it's human nature to not be built for trading for all of us.

**Walter:** Definitely. I think it's interesting. The example I gave, to me, that sort of person would be seems like that sort of person would first go to trading looking to take quick profit. Looking to win, looking to do those sort of things and to take it to an extreme, what if you had somebody like the Dalai Lama? What kind of trader would he make?

I was trying to look at things at the extreme edges and see does that make anything obvious? Let's say that Dalai Lama was a trader. What kind of trader would he be? Any ideas?

**Darren:** Well, he's a pretty smart switch on guy, you know?

**Walter:** Yeah.

**Darren:** He will probably, his... All thing is not about having not having any go and I think he's going to probably make a good trader from that point of view because he's clearly got a background in looking at things rationally.

He might have advantages but has he got that desire and killer instinct to make lots of money and profit? He probably has them. He probably doesn't want to do that so there's probably disadvantages to that as well.

**Walter:** Yeah, I agree. I suppose I was looking at from the point of view like the Dalai Lama decides, "Trading is my new thing," you know what I mean? You're right. I think there'll be some dissonance there in terms of what he believes is he should be doing and what he would be doing if he were trading.

But, I also agree. I think that you probably have to say that he would be probably good at dealing with his losses which is a critical aspect to what we're talking about.

**Darren:** Exactly, yeah. With the whole thing, everything is temporary and that that you desire the most is going to bring you the most pain. There's a lot of work and there's a lot of sensual ideas in there that ring true in all walks of life, not just trading.

**Walter:** Yeah.

**Darren:** But, if you'll look at the most... If you'll look at really successful traders, they come from all walks of life. They come from all backgrounds and there's not like one specific personality that's right. There's a lot of elements going on in there to make a good trader.

All of them seem to have gone through a period of not being successful for a fair amount of time before they finally get somewhere with trading. Even the ones who were successful straight off the bat, usually it's followed by really bad period.

It's difficult to say. You stumble to trading and you tend to latch onto the first thing that grabs your attention. I imagine there's a bit of personality going on in there but most trading strategies and ideas seem really appealing when they're first presented to you.

If you first come into trading and someone presents scalping to you and they say, "You've got to do four or five trades a day and you make your pips in and out and you're done for the day," sounds brilliant.

Or, if someone else who's a swing trader says, "You only have to do one trade a week and you've got one that runs whole year, and you make 40% of one trade," then that sounds appealing.

They'll all sound appealing but they've all got the downsides and they're never presented to you, are they?

**Walter:** That's right, it's true. But, I think you're typically drawn to one or the other that makes a bit more sense. I remember a couple of weeks ago, we we're having a small group trading thing and one of the traders said to the other trader, "Look, your style of trading is just... There's no way I'd ever do that." You know what I mean? It's so obvious what resonates with him but I think you're right.

**Darren:** I think that's a mistake though. I really think that's a mistake to...

**Walter:** What? You should broaden your horizons?

**Darren:** Yeah, I think, whatever stage you're at with your trading. I did a thing on my thread the other week and I started exploring some trend trading ideas. I wanted to explore if you change the entry criteria and what it determines to trend but you always have a high risk/reward were less profitable.

It does change in the trend though making difference. It's just basic ideas and I made a statement that I stopped liking moving averages a long time ago. I didn't like them and they didn't work for me but then I went and explored that.

I found a really good system with using moving averages. So, if it's something you're adamant that you don't like and doesn't work for you, I still think that you can find stuff in there if you explore those ideas.

It might not be the first time you try it. You might have tried it in the past and it didn't work for you but in that time that you haven't used it, you've learned other things and you start to look at the market differently and you can re-examine those things.

I think it's always a bad idea to be very black and white and say this definitely doesn't work and this does works. It's really hard to say that on most elements of trading.

**Walter:** Yeah, it's true. I remember after I've decided not to trade with indicators then finding that there were ways of approaching moving averages or even Ichimoku Clouds, that I could deal with those.

I've said... I mean, people tend to like -- I talk a lot about trading without indicators and people tend to -- sort of assume that that means that I want to jail anybody who uses indicators or whatever and that's not true.

I don't agree with that. I think you can definitely, no doubt, do well with indicators. My main point with indicators has always been -- I know this is off topic so I'll get off a little bit but it's always been this -- when you use indicators, it's really, really easy to throw away that system and start fresh.

I think that is the big problem. It's that, we traders, we go through these stages of falling in love with a system, trading it for awhile, running into a bad streak, a losing streak, a drawdown and then throwing it away and looking for something new.

If you're using indicators, there are ways for you to delete that indicator in your chart and never see that again. What happens is you'll really never become an expert. You really never see the charts from one point of view because you're always constantly adding these new layers and making it look different.

That's my main problem with indicators. It's not that they don't work or you can't make them work and you can't make money consistently. It's just that if you'll just look at charts without indicators and just start there, I think that you're already ahead of the game. You know what I mean? You're already not that guy or that girl who keeps switching up what you're looking at. To me, that's the main advantage.

I know people like, people who... They'll say, "I'm doing really well and I'm using a system". "Okay. What are you doing?" I'll ask them and then they've kind of sheepishly admit that there's an indicator on the chart like they're in trouble or something. It's really funny but I don't think that's a bad thing

Another thing here, Darren, that's come up here is there is no one style of trader who's the best. I happen to know that there are some people, they claim --- and I'm not saying that I agree with this -- but they claim that there's a certain type of trader or type of personality that makes the best trader.

I've seen this bandit around on the free forums out there and I just want to quickly go through these lists of qualities and get your first instinct.

The **Myers-Briggs**, when you hear someone say, "I'm an EJ, I'm an E and T or F" or whatever, those four letters, that's the system or the personality that they're talking about. It's quite popular in the US where, oftentimes, they'll ask you to take one of these before you take on a job or whatever. The claim here -- and you can find this. I'll **link it up in the shownotes**. You'll find this on the internet.

The claim is that the INTJ personality makes the best trader. That is the claim. Here are the traits of the INTJ according to the **Myers-Briggs**. Someone who is quick, imaginative and has a strategic mind. Someone with high self-confidence, independent, indecisive, hardworking and determined. Open-minded and a Jack of all trades.

Those are sorts of the strengths of the INTJ. The weaknesses of the INTJ can be arrogant, judgemental, overly analytical, loathe highly structured environment -- that's a very interesting one -- and clueless in romance.

Those are the areas that they say the INTJ has difficulties with. Just curious, what are your initial thoughts on that?

**Darren:** I'm assuming that they've got some evidence to back this up. They've obviously tested successful traders and they matched those criteria or I wonder if whether it's just those sorts of personalities are more likely to be interested in trading?

**Walter:** Right, exactly. It's like, is it the rockstar who becomes drug addict or is it the drug addicts who wants to become a rockstar? Right?

**Darren:** Yeah.

**Walter:** I've always wanted to say the same thing.

**Darren:** Yeah. I mean, you could say lots of those attributes could be helpful but, I don't know. I think there's more to it than that because more people would be over successful trader trading -- and I know a lot are.

A lot of people do make really good money have become really good traders but percentage wise, that isn't the case.

**Walter:** I think you're right. I think what's going on here is that these sorts of people, these are the types of people that they've got drawn to trading. There are other ones too out there that they talk about. They say like, "This is a solid person that tends to end up a trader".

It doesn't mean they're necessarily successful but I think you're right. I think it's sort of the same thing with the rock and roll stars and drugs. It isn't that they happened to be musicians and they've got into drugs or is it that perhaps they are looking for a lifestyle that will fit their drug habit or whatever. You know what I mean? That's just kind of what they're drawn to.

I think that even though we might see a lot of INTJs in trading, maybe that's because they're successful. It's just because that's what makes sense to them in terms of a career. That seems like a viable option as a career, is to become a trader so that's why we see more INTJs in trading

**Darren:** Yeah. I think the question should be more of "do traders have a specific personality type?" Really, is what we're saying. I guess, broadly, we are all with similar personalities. I don't think it's -- I could be wrong here -- I don't like it when people say, my personality suited to be in scalper.

I just think you and I have a personality that is suited to wanting to be a trader or not, and then there's a sort of trader that you want to become. I think it's so broad and when you really understand trading and how, what is it about, I think once you grasped trading, it comes down to a more of a personal choice than anything.

**Walter:** Yeah, definitely.

**Darren:** I think if you want to become a scalper and you've always been a swing trader, you could learn to be a scalper. I'm not saying that you're going to be great at it but if you understand the mechanics of what makes a successful trading approach, then you could have a good go at most things.

You might not enjoy it. You might not personally enjoy that style of trading but I don't think we're kind of like we're all made fit a certain hole in trading. I don't think it's like that. I mean, I might be wrong. You can disagree with me here.

**Walter:** I think it's like shoes. There are certain shoes that I wear that I'm like, "Yeah, I can walk all day in these shoes." Like I feel really good. And there are other shoes that I might pick -- I've got a lot of shoes, Darren -- and I'll just go, "You know what? I'll wear them today but nahhh!" I get through the day but it wouldn't be my first choice.

I like switching them up but looking back, I'll look back now and what I've noticed, it's really interesting. When I first started trading, when I started making profit -- so just throw out four and a half years of the first, scrap that. After that point, if I start right there and I look, what happened was this. I was trading from a sort of a trend point of view when I first start making money.

I was getting in all the retracements and I moved to a more of swing points. What I call "swing points", really, it could be still during a trend and then you're taking a trade off of the end or of what you suspect to be the end of a retracement so you're still going on with a trend and then reversals.

I've traded a lot of reversals too and I've thought this is the end of the trend or just kind of a choppy market in trading that, sort of like swing points. I was trading what I would call swing points.

Swing points at the end of the retracements or swing points just in general, in market, where you're trying to pick that turning point. Now, what I've noticed is that I've become really, really comfortable trading the trends.

Again, I'm seeking the trends and I don't know if just that because I've noticed a lot of trends recently in the last couple of months or what but it's interesting to me that I'm not trading as many of those reversal points as I did years and years ago. When I say years ago, I mean like nine years ago. That's interesting to me.

I think that I like noticing that. I don't know if it means anything. I don't know. Does it mean that I'm changing my style or does it just mean that I typically, I like to think of the

fact that what I do is I look at the market and say, "What kind of market is this?" and that will determine whether or not I can find a strategy that would fit there.

Usually, it's a gut-thing. Like immediately, I look at the chart and I go, and I go look at the next chart and so forth because I look at a lot of charts. Usually, it's a gut thing to say this market is not what I like to trade and what I'm saying is I've noticed recently, over the last couple of years, I've steadily moved to that comfort level or my comfortable shoes now looking for those trends, getting in on those trends rather than trying to find those important swing points.

**Darren:** Yeah. I imagined the elements that are making it work probably remains the same, right?

**Walter:** Right.

**Darren:** I imagine you. I very much doubt you've changed your whole money management and trade management style. You perhaps just looking for different setups.

**Walter:** Right, yeah. I think so. Also, I think that I've come to the point where I really like the idea of I'm okay with more losers whereas, years ago, I am always more interested in typical. I want to have these one to one trades and I have an 80% win rate, that sort of thing.

I'm much more comfortable for having a 30% win rate now than I've ever was so that is also determined basically by the types of profits that you're looking for and things like that.

Like you say, you can be trading the exact same system that was a one to one, 80% win rate and now let's say, 35% win rate, five to one and the only difference is that you're just using different exits. It could be that.

**Darren:** Yeah. I mean that's where I came unstuck. I had this thing where I wanted to let my trades run. I wanted to get like three to one risk/reward but I had this notion that I should be getting a 50% win rate and that 50% win rate was actually a low win rate.

It's anyone I've kind of like clicked on to the fact that I could just accepted my win rate dropping and just stuck at things a little bit longer then it was the fact that I was holding my trades longer that was going to make the most money.

I was trying to force the win rate into the zone that I was comfortable with and that was just based on my beliefs that 50% was already a low win rate. As with any a bit more experienced in time and reading about other traders that I realized that the guys were making a lot more money than me were actually winning a lot less.

**Walter:** Yeah, right.

**Darren:** Now, really, once I've kind of get that idea set on my head, I can revisit other setups and styles of trading and apply those rules to them and make them much more successful but for me that bit always has to come with me.

**Walter:** Yup, that makes sense.

**Darren:** I don't want to be like low, high win rate, low risk/reward cannot be traded successfully. For me, that is a harder route but I'm not... Some people are amazingly successful doing that.

**Walter:** Absolutely, yeah. They're just different pitfalls, basically. Exactly. Alright so, Darren, maybe we should talk about that next time. The difference between high win rate, low reward to risk; and then high reward to risk, low win rate. Maybe we can talk about that next time.

Also, I've got this idea to talk about, if you're keen. Two broad methods for increasing your reward to risk ratio in trading and the differences, the plusses and the minuses and all that of the two.

If that sounds good to you, I'd love to talk about that next time, Darren.

**Darren:** Yeah, I'd love to talk about that.

**Walter:** Okay, cool! Alright, thanks for your time, Darren, and we'll see you next time.

**Darren:** Okay, Walter. Thank you very much. Bye. See you soon.