

2 TRADERS

[EP68: Trading Accounts](#)

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Darren: The more successful you are, the more likely you are to show it and you learn from that process as well. Whenever I work with other traders and I show them something I do, invariably, one or two of them -- two man stand the line -- will do something similar but with a twist . I think "Wow, that is really smart"...

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 back to the Two Traders Podcast. Hello, Darren.

Darren: Good evening, Walter.

Walter: We have this idea and I know it seems weird but it makes sense to us at some stage so we're gonna go forth and see what happens. Darren, this idea that was bouncing around in my head was how looking at people... Some people have these bodies that are, essentially, just meant to transport their beautiful mind.

It's just the body, it's just basically meant to carry the brain around. This really smart person, we call these people "Professors." That is the ultimate example of the body that just carries around the mind, the head, the brain.

Others have this really beautiful vehicles, this really beautiful bodies and they might not necessarily have much on top. Now, I am not calling... I know this is stereotypical but, for example, you could have a personal trainer.

A personal trainer is a beautiful vehicle but it's just an empty bucket up there on top. Now, my question is extending this analogy onto you, the trader, what is it that your trading account does for you?

Thinking about your trading account as your body or your vehicle, what does that trading account do for you? What purpose does your trading account serve? I am thinking in terms of psychology, that is where my groove is.

Some people, for example, would have a trading account and their trading account is simply serving the purpose of being able to tell worst stories. It might not even necessarily deep in their subconscious, really even want to win at trading because if they keep taking these losing trades and talking about how they had mine and how they've lost it, this happened and that happened.

They can tell their friends or whatever that they've got these great trading stories to tell. That is what the trading account is doing for them. It is giving them an opportunity to tell people why they should feel sorry for them.

Other people have trading account that's just used to maybe fund their business or maybe you are an entrepreneur and you are using some trading profits to run your business. Maybe you run a business that is involved in import-export so there is currency cost and and you have currency risk, so you might just almost be hedging with your trading account.

There's all different types of reasons why people might have these trading accounts and they serve a purpose. I probably know what you are going to say about yours but I'm just interested in getting your thoughts. Thinking about it, what do you think it serves you?

How does your trading account serve you as a vehicle for blank? What are some of the common ones that you think you've seen from other people?

Darren: Asking me to be really honest about myself on a podcast now. I think for me, probably it is a feeling of not really achieving what I should have so far in my life. Perhaps, I've got a feeling that I need, somehow, to prove that I am as smart as I think I am or I'm as smart as other people think or thought I was.

I probably have always felt like I need to prove myself to my parents. Fondly enough, when I do talk about my trading to them, they are as disinterested as anyone could possibly be.

I think, really, all they care about is that I am happy and if I was doing a job as potwash, I think they'll probably feel the same. Maybe it is for my own, I don't really want to call it ego but maybe self-worth. I probably need to feel that self-worth to actually succeeded in something as considered really difficult or considered beyond the average person.

Beyond that, really, it's so I can live a lifestyle that I prefer, what I have up to in this point of my life. Is that what you mean?

Walter: Yeah, that is getting pretty deep. I actually thought you are going to say something like "My trading account in the end". I was thinking more of the surface level and you are going deep.

I am using "My trading account helps me to travel", that sort of thing. That's a tool. You are right. What you have just said makes a lot of sense to me. Being able to make money from the markets and allowing that freedom, that lifestyle, that we have more freedom and could say "I don't need a job".

One of the things when you first moved away from your job to trading full time is you really want to prove to them that you are going to make it. You wouldn't want to come back and ask for a job again with the tail between your legs or that sort of thing.

You want to prove that you could do it and prove that you do not need that job and that sort of thing, prove that you can make this work. Some people needed to prove it to their partner or the parents or to their former employer when you say "I am quitting". "What are you going to do?" "I want to trade". "What? Why would you do that? That's crazy".

For me, at a surface level, it's freedom and not having a job. More than that, I think it is exactly what you are talking about. You want to prove that -- there is some sort of weird connotation that if you are a trader, you are really a smart guy.

I don't know where that comes from because to be quite honest some of the best traders I know aren't that smart. I don't really think it is related to that at all. It goes back to what we've talked about in another podcast about the higher, the best Physicist from the Ivy League schools.

They put them in there and they create these algorithms for the hedge fund and they can pull the money out of the market. The smartest guys are not working on the large hadron collider. The smartest guys are working at Goldman Sachs.

These are the things that we have in our head about trading. In the end, it's self-worth. It's kind of a "I'll show them" sort of thing, "I can do it". What's interesting is people think it is really cool to be a trader.

When I first got into trading, I actually felt I was taking a step down. I actually felt the job I had before I got into trading and before I quit my dream job, that was like the job I always wanted to have.

I thought that was coolest job ever and so I was feeling like if I am a trader, I feel like that's not as cool as my older job. In my older job, it was a lot like a...

Darren: A profession.

Walter: Yeah, I just didn't know. As a jury consultant, I thought that was the coolest thing. It's one of the things when people are sitting around and talking and saying "Oh, what do you do?". This is at the time, when everyone was in dot com thing in San Francisco.

I was on San Francisco and every one was a dot com whatever, had a website or whatever. It was... and I was a jury consultant and everyone thought that was really weird because there's only a couple hundred, three hundred jury consultants around.

I thought it was the coolest job to be the guy that helps pick the jury for the lawyers. Then, when I've thought "Now, I am going to be a trader", I felt like I don't know... I was really depressed when I made the switch.

I felt like I didn't have the cool job that I did. It was more because of what I thought people would think about me than really what I thought about trading itself. It was just the perception of what it means to be a trader versus the perception of what it means to be a jury consultant.

I guess, in my head, it was sort of related to how many people are doing it. There are a lot of accountants out there. There are a lot of lawyers and doctors and things like that but there aren't many jury consultants. I just thought it's a really cool job to have because people would go "Woah! What's that?"

They've heard about it on a movie or something but didn't really know what it was about. I've had to fight through that for a while. That was something that I had to deal with.

Darren: If you are at a party now and you are meeting other people and they ask what you do for a living, what do you say?

Walter: I'll say "I am a trader". I'll say that "I trade forex". Sometimes they do not know what that means but usually, like outside of the US, people understand because currency rights are important.

In Australia, here it is quoted on the news everyday although it was always wrong. They'll quote the rate two hours ago or whatever but it's always wrong. I'm sure it is the same in Europe, especially before the Euro. It was something that was on top of everyone's mind because they knew if you go to England, it's going to be more expensive.

If you go to Czech Republic, it's going to be cheaper or whatever. It was all something that people have on the top of their mind. In the US, although it's changed I suppose, if not it was never... In 2000, it was not something very.. You go down to Mexico and they'll give you a bunch of pesos. That is what people knew about currency exchange. That was basically it.

Darren: It's funny, isn't it? Because trading, like you say, has got a really good image. If you are a trader, you must be really smart and clever and in the top 5%. At the same time, you can tell people you are a trader and they'll just think that you're a little bit of a loser, a dreamer, a bit of a hopper and you're going to wind up losing all your money and work in McDonalds.

It's weird for something to have really get back from poker thing, really. If you say to someone -- I know there's a lot of people now -- and say "My mate's an online poker player".

Funny enough, whenever they talk about online poker players, they are always making a million every three months and five million a year whereas, the reality is most of them are losing money.

It's weird, it's called "double image". I tend not to tell people that I am a trader, as such. I tell them that I have an internet business.

Walter: Oh, really? That's funny. When I was in university and people would ask "What are you studying?" and when I say "Psychology", then people would get defensive and say "You are not analyzing me, are you?"

So then I'll just start saying "business" because it was easier. When you say "business" it's so like "Yeah, I'm in business" and people would "Ah, okay" and just let it go. But, as soon as you say Psychology, they'd just assumed that you just pry opened their brain and you are poking around them.

I guess trading is one of those things that if somebody has heard about somebody who's tried forex trading, then maybe they'll see it as "Oh no, that's crazy" but they do not know much about it and they think about it in terms of banks and stuff like that. Maybe they'll think "Oh, that's brilliant. I'm part of being a lawyer or something".

Darren: I think, also, if you look at many successful traders as well, they trade their whole life. There is an element of if you become a good trader, you've got to really love it as well. The most successful traders do. They've made more than enough money to do and have lots of options about what they do in their life and nearly all of them go on to continue trading.

I suddenly feel like that, myself. If someone came along and just ripped me a cheque and say "Okay, you don't have to look at the charts anymore" then I don't think I could do that. I'd like to continue trading.

It is not purely about the money thing. I do get some enjoyment about it and I enjoy connecting with other traders. I like the whole struggle of it, really. There's a sort of human struggle of trading and the way that there is no definitive answers and it's an ongoing task that you never really get to the end of it.

I like those elements about trading, as well. I don't want to be trading in a scenario where I need to sit in front of six screen, five days a week, and trade from London

open to New York close. I certainly don't want to do that because it loses the freedom element.

I always want to have some involvement with trading and make it a profession rather than just a means to stock a pile of cash and get out.

Walter:

I think you bring up a really good point when you say that, touching on the struggle. What's fascinating to me about traders, at least once you get away from the honeymoon when you first get into this, because often the honeymoon is just about "Oh, I've got to quit my job. I need something to make some money. This is crazy, I've got to do this trading thing. I've got to make it work".

That happens sometimes in the beginning. You'll see that but as you go through, what you'll find is those traders who stick with it. If you really listen to what they are saying, a lot of what they are doing is they are working on themselves.

It is another way of saying what you just said, this idea of the struggle. That is what's really impressive to me about trader is we're all saying "Okay. Look, this is what's going on here. I've got this issue and I need to work through it".

There are a whole bunch of people that will wake up in the morning, hit news on the alarm, get on their clothes, dress their kids, feed their kids and send the kids off to school or whatever. Go catch a public transport, they are riding the tube to work, get to work, they sit in a cubicle then go to lunch and come back to their cubicle.

Get back on public transport, go home and sit in front of the TV, kiss their kids goodnight and that's it. They could do that on autopilot all day long everyday of the week. They could do that. It's just like autopilot.

Their job doesn't actually force them to consider: what are my flaws in my thinking? What do I do wrong? What can I do to improve myself? Some of them, perhaps, will. But largely, you can go through life as a zombie and do quite well and the most exciting thing that can happen to you is some sort of office politics or something like that.

To me, that is the advantage that the traders have. We have this opportunity to work on ourselves because every time we look at our balance on our trading account, that is basically showing us it could be just bad luck, good luck or whatever. But, over the long haul, it is basically showing you how well do you know yourself.

If you do not know yourself very well, you are going to let things creep up and they are going to completely obliterate your account. If you don't know yourself, these monsters will come out and eat up all your money. That's the way I look at it.

I don't know if that is the same way you look at it. When you are touching on the struggle, I am talking about that. That's what reminded me of.

Darren: I completely agree. I see it when people criticize traders for writing books and doing similar endeavors. They'll tell, "Well, if he was a great trader then he'd be making lots of money. He wouldn't need to write a book".

They are missing the point of people that do make great trading. You are inquisitive, curious, you are always looking to stretch yourself and go into new fields. You have this breadth of knowledge if you want to be a good trader.

If you are very narrow, just into Ferraris and money or just on the big houses -- "I want to quit my job and spend the whole day on the beach" -- then I don't think you are going to have the ability to become a great trader.

I know you've done a little bit on this yourself, you could almost do like a personality profile thing. I wonder whether hedge funds do that? Do they look for certain profiles of personality that are going to make great traders?

Walter: I think some do and in Europe they do your handwriting analysis too, as funny as that sounds, as part of the deal. The thing that you said about the book, that really fascinates me, Darren, because I never hear anyone say something like "Well, if Richard Branson was such a great businessman, he wouldn't be writing books about business".

You never hear that. It only seems to stick with traders or you say so and so is such a great marketer, he wouldn't be writing books about Marketing. Do you know what I mean?

It is funny that that's the thing that seems to stick with trading and yet, in other very, very similar fields like business, you don't really hear that. I suppose you do a little bit. At university, you'll hear things like "This Professor is teaching Business or Economics or whatever but they do not really have a business or they haven't really done anything in the market. They just teach, they aren't really know, they just sort of teach it."

But then, some things in Universities, what they do now is they pull in really famous people in whatever field and they'll have them maybe be a guest Professor for a year or two or something like that just to get boots on the ground and experience for their students.

I've always found that fascinating because to me it was so obvious that, as a trader, it's very lonely and most people listening to this probably know exactly what we're talking about. I know what it's like to go into work when everyone is coming home from work.

So, everyone is coming home on the train and I am getting on the train going into the city because I am going to trade the London market. I know what that is like and it sucks. You feel like you are just out of touch, you are almost like in a goldfish bowl, you cannot connect with anyone.

I think that's one thing that is really cool about having communities of traders. Connecting with other traders and being able to talk about trading that you maybe cannot talk about that with your wife or whatever but you can with your community of traders.

The other thing is sharing. I've always thought that if you really want to be good at something, if you know something, by sharing it with someone else you will find out things about that that you didn't consider before.

That's what happens with this podcast. We get these ideas and we talk about things and they'll see it at slightly different angle because, of course, you've got a different take on it.

I may not have thought about it as much from that angle that I would have but now, because you are bringing it up, now I see it in that way. That is the same thing with sharing ideas on the internet about trading or whatever.

When you share your ideas, people will come up and say "What about this? What about that?" It is really a great way to get a better grasp of what is going on by sharing. The thing is if you've got something good, why not share it?

Are you really concerned that if you share your trading system that all of a sudden it is going to stop working? That is crazy. That is completely insane.

Darren: Yeah. That's the other great myth, isn't it? That "Oh, if I have a strategy that work really well, I wouldn't share it". The really successful traders are constantly on podcast and interviews, sharing their tips and clues and examples about how they became successful.

Actually, the inverse is true. The more successful you are, the more likely for you to share it and you learn from that process as well. Whenever I work with other traders and I show them something I do, invariably one or two of them, two man stand the line will do something similar but with a twist.

I would think “Wow! That is really smart, I didn’t consider that”. I actually get something back from it, as well.

Walter: If you’ve ever taught a class, talk to your professor and talk to anyone who teaches and you ask them this question: is teaching boring? Their answer is “no” because your students will keep you on your toes. Your students will point out things that you have not considered before, like you say.

That is like a growing thing. It’s sort of like “Okay, so I find this perfect person and she is going to be my wife. I’ll marry her” and then now, I didn’t need to talk about her anymore because I already found her.

That is crazy. It is the same idea. Like, okay you found this really great system. You are just going to start trading it and you are not even going to think about it anymore or share with anyone or talk about or anything because you’ve got to hoard it.

You have this scare in your mindset. You don’t want it to get out there, you want to make all the money. That is just crazy, it is a crazy mentality. I just do not understand that. I really do not understand why anyone would think that because you are sharing something, it does not work or because you are sharing something, it is not something that is real, it is some sort of mirage or something.

This whole idea is crazy to me and I do not understand why it only applies to trading and does not apply to this other domains that is so similar such as business. Why isn’t everyone saying that the guy who wrote the business book aren’t really a good businessman or whatever?

I guess, sometimes they do say that but it is just weird to me. You know what it is, Darren? I think, for trading, one of the reasons why it’s such an issue is because people that do not know anything about trading, they think that it is like a secret sauce thing.

If you have this secret sauce formula then that’s it, you’re it, you’re a winner. It is like that is the way to the road. That’s it, isn’t it? That is how I see it.

Darren: I think so. And the conspiracy theorist always seemed to be popular. I guess smart people can see past them. There’s a lot of people trading so I guess there’s going to be a lot of people who aren’t particularly smart.

Walter: That is fascinating.

Darren: I’m not offending anyone there.

Walter: Okay, I do not really have anything else. Do you have anything else to say? That was a fascinating discussion. I like the way that it went.

Darren: It was really good as always, Walter. It's great to tackle it with you.

Walter: Great! See you soon.

Darren: Cheers!