

2 TRADERS

[EP74: Uncle Point](#)

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Darren: If you know what your problem is and you cannot stop repeating it, it does pose the question of whether you deeply ingrained in you and you were never able to change...

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. Walter here. Hello, Darren.

Darren: Good evening, Walter.

Walter: We are going to talk about chucking in the towel in this episode. The idea, I guess, here is when do you sort of hit that uncle point. I don't know. Do you say "uncle"? Is that something you say in the UK? Is that something that people say, say "uncle"?

Darren: No, I haven't heard of that saying.

Walter: Well, I guess it's an American one. It means like if you were a little kid and your big brother had you pinned down to the floor, you are squirming and you are trying to get out of it, you know you are not going anywhere because he's stronger and bigger and older than you. He'll say "Say uncle". So, uncle just means that "I give up".

Darren: Okay.

Walter: When do you say that? That is basically it. When do you say "uncle"? When do you throw in the towel and quit being a trader. Are there any signs? Are there reasons to do so?

Darren: The reason why I emailed this proposal for this podcast to you was that recently, a friend of mine who has been trading for a long time -- really smart guy, good trader -- has contacted me this week and said that he was... That was it for him with trading.

He was chucking in the towel and it was making him unhappy. It was affecting his life negatively and he wanted to go on with his life and trading had become a negative thing. It's just kind of bull home to me, this realization that we all think that we are going to make it in the end.

We give a lot of our lives over to trading, our time. We, perhaps, neglect relationships and we try really hard for lots of money out at it. As we know, not everyone makes it and I guess there's a lot of people that get to the point where it is not making them happy.

It has become something negative and they have to throw in the towel. None of us really believe that that's going to happen to us. It begs the question about how we go about trading as well and whether we do try too hard, if you like.

We should be a little bit more hobbyist about it and do it in the background. I know it is really hard to do because there's people that are attracted to trading. It is something challenging and you are going to get absorbed to it and give everything.

It is just a little bit of a wake up call to me that there's a lot of people getting into trading now. There are negatives associated with it and a lot of us are not going to make it. I suppose, really, I am just saying that it is something that we should consider.

Do we draw a line? If I lose this amount of money then I'm chucking in the towel in or if it starts affecting my relationships with my girlfriend or my family, I am going to chuck the towel in. I know it's a bit of a negative podcast but it does bring up some interesting questions.

Walter: Yeah, absolutely. The psychologist in me sort of thinks about this idea that they used in Psychology where they say when something comes up, is it affecting others in your life? If so, then it is a problem.

For example, alcohol. The classic is alcohol. If you are drinking, it affects your ability to show up for work, to maintain good relationships. If it's gotten to that point with your alcohol, then you know that it is going down the path of alcoholism.

I guess it would be... I think about this the same way. The key part that I heard from you was this idea of hobby. It is difficult because you get these type A people who were really successful in what they do and then they tried to apply everything to trading.

They get all the spreadsheets and everything and their retirement money and all these and everything sort of laid out and they are going for it. I think it's almost like that when you are trading and you never know what the next trade is going to do.

You'll never know if it is going to bring a winner or a loss. It's nice to have that point of view where you can sit back and watch it like watching a basketball game or rugby match or something like that, almost like an interested observer. I think that is really a healthy way. I know it is really difficult for people to do that but I found that, for me anyway, that's a fun way to trade because you do not have a skin in the game.

Even though you do, it's all your money but you are looking at sort of detached and you are sort of watching it as if you would watch a game on TV. It's like "Okay, there is a score, they score. Yeah, that was a win" or "Oh, they fumbled", that sort of thing.

And, I know it sounds crazy, but in a way it makes it so much less psychologically damaging. Certainly, if it is affecting your life, people have lost their arm, they've lost their lives.

People do all kinds of drastic things when they get into deep so I agree, Darren. I don't think it is necessarily for everyone, or even for everyone all the time. If it gets to that point where it is affecting your life, it basically means that's it, it's time to stop.

I guess, your question is how do you when it is time to stop?

Darren: Yeah. Or, is this something about how some of us are approaching trading that is fundamentally wrong? It's funny, actually, where I know a lot of traders that have other jobs, good jobs, and they do that alongside trading and they don't seem... Obviously, they are not affected so much by it because they have other streams of income.

They have other options and they have other stuff that means it cannot be all absorbing. If you have a bad day trading but you've got another job as well then, it is not necessarily going to be the only thing on your mind when you go home.

Whereas, if you give up work and you've decided now that you are just going to trade for a living and that sure thing, then a bad period or a losing period or mistakes you've made are going to seem much more important.

It just begs the question, should we just lay off a little bit and nurture other interests? It could be associated with trading themselves, website business or a forum or some community with traders and some other things to work on until you are focused.

We get sucked in. I know it certainly, I did. Now, I've structured things so that that does not become a problem to me. I'll tend to work solidly as a trader for two months and then I'll have a month where I am still trading but, generally, I'm loafing around and treating it more like a holiday.

I force myself to take a backseat from it and appreciate a few other things but even when I am trading, I have other business interest that I worked on as well. It is the problem making our sole focus and giving too much to the actual process of just trading.

Walter: If you have other things, if you are into programming... I know some people like, there's a guy in the forum who has a risk management software company for traders,. He's focused in on trading but almost like an ancillary.

Just sort of slightly off because it's easy to get deep into it and you can really throw yourself into this stuff especially when you first get started and you almost don't come up for air.

You just always sort of all trading and you are trying to figure this stuff out, trying to make it work. I think that there is a real danger there and one thing that can help in terms of your question, Darren, when to start throwing the towel is if you have a trading buddy.

This is something that I'm trying, connect people up with other traders in our forum, in our community. If you want someone to be accountable to, this is really a good idea. You can do this.

If you know other traders, you can set up a situation where you speak to each other every week, you talk about what you've done. That other person is to be very blunt to you and say "Well, let's see. Now, this is really affecting your life here. Your trading seems to be getting completely out of control. Is this really something that you want keep doing?"

These are the sorts of things that your trading buddy should be able to tell you, to keep you on track, to make sure that things are going as they should. When you have a drawdown, is it just a drawdown?

Is it a normal thing or is it something that you are doing that's not right? Are you breaking your rules? Are you getting too aggressive? Is this affecting your relationships and your job or whatever?

These are the sorts of things that you can do with your trading buddy and that is a really valuable relationship for people to have. It is often the case that it's better if this person is not your spouse but it is better to have someone on the other side of the world who you can really be honest with unlike any other relationships.

That's something that someone listening to this might want to pursue. Find a trading buddy. Find someone at a forum or at a trading meetup or someone that you know who is a trader and see if you can connect with that person. In that way, you can also make sure that you are on track.

That person, you might say with the outset, "Okay, you are going to be my trading buddy. We are going to meet every Saturday on Skype and when we do, if there ever becomes a point where you think I should stop doing this, you should let me know because you are my trading buddy. You are the one who is going to have an objective point of view seeing how my trading is going and let me know whether or not you think I should throw in the towel".

Darren: I wonder how many retail traders actually trade with other people face to face. I imagine it's like how anybody does that. I mean, I'm constantly in contact with a lot of traders but we are only either talking on Skype or some sort of internet media.

There's never any face to face, like you would say, in a proprietary trading where you sat with other traders. I wonder whether that would help us as traders, as well. I know there is a meetup in London but I never went to it. That was like a personal thing.

Would that be helpful? I did hear of a guy who trade with his wife and they sit down in the office together. I think that is the only one that I have ever heard of.

Walter: Yeah. I know husband and a wife in Spain that do that. They trade the one-minute Europe.

Darren: Yeah, I was sure you told me about them.

Walter: Yeah, I've been trying to get them on because it'll be a great interview but they are pretty shy. That is what they do. They trade the London open on the EUR on the one-minute chart and then I think they only do it for like two hours a day or maybe three hours a day.

They come out of the rooms and they debrief then talk about it. They take summers off, the Northern hemisphere or somewhere and they're off the whole three months. They boat around the mid and that sort of thing but they seem to be very successful. As you might guess, I think the wife might be slightly more successful than the husband which is always the case for trading and always seems to be the case.

It's true, isn't it? There is something about trading that attracts introverts and people who don't necessarily want to deal with the employees at the office, that sort of thing.

I think that is part of the deal. I do not know, maybe I am wrong but I get a sense that sort of like with rock and roll. Is it that rock and roll sends you down the path of drug addiction or is it that people have that propensity to be drug addicts gets attracted to rock and roll?

What came first? I think that there's a little bit of that in trading as well which means when we get back to this idea of throwing in the towel, you do not necessarily have that support network, do you?

It is difficult to have an online support network. It can be done but when things get bad, who do you turn to? Let's say your spouse does not even like you trading. Your

spouse does not want you to trade because it hasn't worked out and really thinks it is a crazy idea.

You do not know anyone else. You do not physically sit down with anyone else who trade and so, now, things get rough and you need the support network. You need people to help you out in your time of need because you are a bit down. You do not have that because, as a trader, everything's online and everybody is in different corners of the world.

It is a bit tricky, isn't it? I think Skype, webinars, that sort of things, you can get a little bit of that and I think having a trading buddy is a great option for that. You are right, Darren. It is one of those things where trading is isolated.

Maybe introverts are attracted to trading, perhaps. I don't know if that is the case but it could be. It also could be just, simply, we are the type of persons that feels like we are going to make it on our own.

We do not need a job, we do not need a boss. We are going to make this trading thing work and that is why we are attracted to trading in the first place. We are quite independent and maybe wary of other people and this is really the path that we choose. It's a tricky one.

Darren: I imagine it is quite a difficult decision to make as well. To say that "It is not working for me" after a long time and this person had certain amount runs of success as well. It was not all bad. He had periods where he was contacting me and saying "It is really clicking for me now" and he was doing really well.

Sort of the irony is he is making sort of displaying the qualities that a really good trader needs to have which is knowing when to cut your loses and he is displaying that ability now. At the time he was deciding that he no longer wants to trade, I have my suspicions that he will come back and may do really well.

I think that really, more than anything, he just needed to completely stop trading and walk away from the charts for a bit. I hope he comes back and makes some money .

Walter: Yeah, you're right. What do you think would've happened for him to come back to trading? What would have to happen?

Darren: I don't know. I imagine that the problems he is experiencing now have always been his problem and maybe with some time away, he'll realize that it's difficult, isn't it? If you know what your problem is and you cannot stop repeating it, it does pose a question of whether you deeply ingrained in you, you'll never be able to change. Maybe that

has been his realization and he's decided it's his time to say goodbye to trading and try something else.

Walter: No, it's not.

Darren: Not a very cheery podcast.

Walter: To me, something like that. I don't know the situation and I really do not have a place talking about this but if I were in that situation, I would have to say like "What is it about me -- in my experience, in my history -- what is it about that has led me to this point?"

In other words, is there something going on subconsciously? Have I seen this pattern repeatedly? Is there something going on subconsciously that is affecting me? For example, if you are somebody like myself who's gone through as a kid, you went through several divorces and your father was only with you basically when you were really young. My pattern was someone who would walk away.

Whenever there was something like a relationship or something where I've got to the point where I was not really sure if this person was still in it for the long haul, I would be... I have to be the first one to walk away.

Well, if you are the first one to walk away then someone else cannot walk away from you, can they? You know what I mean? So, that is like the pattern that I had. That is something that I had to come to realize.

I don't know the situation. Like I said, I really don't have reason but I would say that to me, there could be some gains made if you've just try to work on the subconscious. That is just my bias, is to do that.

Maybe he does not want to. Maybe it's not important to him to go, for you to step in and go "No, no" because he told you for a reason, right? It could be that the reason was just "Hey, you are probably not going to hear from me for a little while 'coz I am not going to trade. I am done trading".

It might have been because he wanted to you to go "No, no. Don't do it. Stop, this is what you are really good. This is going to work for you. You just have to look at it from a different way". You know what I mean? There was something going on. There was a reason why he said that.

Darren: Yeah. It did cross my mind but it is very difficult when it comes to trading. It is tricky giving people advice in trading, isn't it? When someone tells you that something is

making them unhappy then you do not want to be the person that encourages them to prolong their pain or making it even worse, do you?

It is a tricky subject because people get, like you say, completely absorbed in trading. It becomes a big thing for them and a lot of us are hanging our hopes and dreams on the outcome of this.

It is not just like a job for a lot of us. For a lot of us, it's a lot more than that. I am always really cautious of encouraging people too much about where they should go with it.

Walter: Yeah, absolutely. You got it. Exactly! You do not know if it is affecting his life. To me that is the test. Is it affecting your life? "Yes, it is affecting my life". Well, then it is time. That makes a lot of sense.

Darren: It's like "The Fisher King". Have you seen "The Fisher King"? The Robin Williams film.

Walter: No, I haven't. I know what you are talking about but I haven't seen it.

Darren: Yeah. He was a New York DJ and he was always telling people what they should do. They should fight back against the banker or something and some guy goes out with a gun, takes it literally and shoots a lady banker then his life implodes.

So, I am always cautious. Like you are saying earlier, if any of my friends say they want to get into trading now, I am really cautious about showing them anything because I know how difficult it is.

Walter: Yeah, absolutely. You kind of earn your stripes. Earn your pips the hard way, don't you? At least, for most of us. I don't know.

Darren: Anyway, you better pick a more cheery subject for us next week.

Walter: Yeah, we better do that. It is a good one to look at because people don't look at this. Like you say, people have their optimism bias, don't they? They just assume that they are above average, that they are going to make it, that it is going to work for them, that they are going to crack the nut.

Even if you do for sometime, you might hit that point where you are just like "Okay, it's not worth it anymore" so, it is an important thing to consider for sure. Thanks for the topic, Darren.

Darren: Okay, Walter. Nice talking with you again and I'll see you next week.

Walter: Great! See you.