

2 TRADERS

[EP52: Confidence In Your Trading](#)

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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. Darren is on the line. How are you today, Darren?

Darren: I'm really good. Thanks, Walter.

Walter: Today, we have this question that's coming from a listener who says that he has, essentially, allowed his inner critic and other people close to him including his partner, boss, etcetera, affect his confidence. Basically, his confidence in his ability to be a consistent profitable trader.

He said that this has a result, sort of feeds in to his fear of being wrong. The question is what do we do about these as a trader? What can you do to help get over either outside influences -- your boss, your partner, people close to you -- sort of feeding that fear of being wrong?

When I think about this, the first thing that comes to mind, maybe just because I happen to have spent ten years studying psychology, but I think of those studies where we know from functional MRI data that when you're sitting in front of a screen and they're doing these experiments and they're asking you to make a decision, they know six seconds up to six seconds before you actually choose.

They know what you are going to choose by looking at your brain. In other words, most of what drives us in our lives, most of the decisions we make everyday, they're not really conscious decisions.

We've got things going on in our subconscious, sort of directing us. When I hear questions like this, my gut instinct is to go for "look, it's subconscious, it's beyond your knowledge, it's beyond your awareness, which is the definition of subconscious". So, when you have this fear of being wrong or any other fear for that matter, it's essentially a subconscious thing.

What do we do about that? When you're talking about outside influences, first of all, I would question whether or not your partner or your boss can affect your trade. That's probably going to depend on what's the domain of your boss.

If you have a trading job then perhaps your boss can affect your trades quite literally. If your boss has nothing to do with your trading then it's entirely up to you. It doesn't matter what your boss thinks, doesn't matter what your partner thinks.

I would be wary of trying to succeed in spite of other people, though. Trying to show other people that you can do it; i.e. your partner, or your father-in-law or whoever it may be.

That's the tricky thing and I think you're better off actually trying to minimize the influence that they have or at least, talk to yourself and acknowledge that they don't really have any influence on you.

Any influence that your partner or father-in-law have on your trading is due to you allowing them to have that influence. I would definitely suggest taking control of your subconscious thought which is going to usually depend on whether you want to choose to use hypnosis or meditation, affirmations, mantras.

You can use subliminal CD's. These are the sort of tools that enable you to essentially subvert your conscious mind and directly put information into your subconscious.

That's the angle I would take on this thing and I am interested to hear your thoughts on what can this person do.

Darren:

I say, quite a bit in groups of traders that I worked with, when things aren't going particularly well -- my favorite one for when you get in these group of doubting yourself and you're questioning decisions -- I think going back to some sort of written plan just until you get in back to the boat, if you like.

Get back into your groove and confident in your decisions. I sometimes wonder when working in a group of traders whether actually it helps sharing your trades.

I think, initially, when you're learning the method it's very good to have other traders to follow. You'll understand what a valid entry is and when you should be looking to manage your trades, etcetera.

I think when things are going badly you can start to look just for their decisions and you lose confidence in your own ability to make those decisions. Other traders are just like as fallible as you. Their decisions are going to win and lose, as well. Ultimately, it's about how you make your decisions in a long term.

Still, my favorite technique is writing something simple down. It doesn't have to be an exhaustive list of rules. It's just about stepping back from the charts, noticing where you're going wrong, whether it'd be leading an entries or exiting too early.

Making a note of that and just referring to that when you get that feeling. So, this is sort of listening to your feelings and then referring to something written down.

Walter: That's a good advice. Sometimes people, I think in general, they discount the importance or the difference in writing something down versus typing something. I'm a big fan of actually writing it out long hand.

That sort of slow down your analysis and sometimes when you just typed things, like if you were to journal with a keyboard, you certainly are going to write faster than if you would write it out longhand.

We know from studies that that's totally a different thing to your brain. You'll remember more when you write it down. You'll actually consider it as well more if you write it down than if you type it.

That's definitely something that people should look at if that resonates with you. If you're listening to this, you're thinking "yeah, I really do notice that things become more clear when I do some journaling."

I think that's a pretty good tip for people out there especially traders because we fall victim to a lot of, shall we say -- it's probably not any different with anyone else -- but we fell victim to a lot of thinking mistakes.

Sometimes this will clear up when you're just writing them down. When you're writing down your thoughts, sometimes that really comes to your awareness. That's a good tip, as well.

What do you say to someone who says, "I've got these negative influences. Other people are sort of they're not really helping me achieve my goals". What do you suggest? What are some of the different solutions for that problem?

Darren: Did you mean like someone sort of specifically criticizing like "you're never going to do this" and, "why you're wasting time on this? You should be working on your other job".

Do you mean, people directly criticizing the fact that you're trading and not winning all the time? Is that what you mean?

Walter: Yeah. "Why don't you go get a real job? You can't make this trading thing work", that sort of thing. This is very common with the traders I speak to especially if you're a trader at home and you're partner is off doing a normal job.

Your partner comes home exhausted. She's been at work for eight, nine hours everyday, and they come home and they'd ask you "how it went today?" and it's like, "well, I lost money again."

That thing can really get upsetting and the pressure just mounts. Oftentimes, the pressure leads you to change your system, change your approach, take profit earlier or whatever it is. That's a really difficult thing for a lot of people.

The easy thing to say is take those influences away, like cut them out of your life. How do you do that, that's your wife? You know what I mean? That's a really difficult position for a lot of traders. I know of traders who get into that positions.

Darren: I'm single but I wasn't when I started trading so can't figure. I don't know, that would be really difficult to deal with. Obviously, you are going to feel pressured to force to win and somehow take control of the market and you can't do that.

What I learned more as I go along now is how randomly distributed winning and losing is. Even if you've got fifty percent win rate, there's no pattern to it. You can have all losing weeks, then two winning weeks.

You really need to stick with it through with the long haul to see the numbers play out in your favor. That's how I see trading, anyway.

I think if I had someone who was being negative about my trading, I think I would definitely really struggle with that. I'd be honest with you, I don't really have the answer how you can deal with that.

The big story in trading is that you do need to have a lot of self-confidence. You have to learn to take a lot of knocks and a lot of negatives and be able to come through that. Start to think clearly and rationally then, make good decisions.

I don't really know how you can deal with that. I think no matter what your home or work trading scenario is, that is something you're going to have to deal with. Overcoming your own self critic, like you say, or from people around you.

Walter: It's tough. Probably, the best thing to show someone who's perhaps being a bit negative or doesn't really see the value in all of the time and effort that you're putting into trading would be to point out other successful traders.

If you're working with another trader who's been successful, you can introduce that person to this person in your life, in your social circle, to show them that this thing can work.

I was at a workshop with some traders and one of the things that I thought was so interesting was when the traders have this exact same issue. What he found was that his partner... They went to dinner one night and it just so happen that the friend that they went to dinner with, he was friends with his trading boss, the guy who owned the prop firm that he was working for.

When she realized that their good friend knew of this successful trader who own his own prop firm, she then saw the light. It's almost like you need an example that this can work in order for the person to see it in a different way.

I would suggest, perhaps, doing that if you can. If you're working with a mentor, maybe introduce that man to the person who's a bit skeptical. That might be a way sort of working at least the possibility of this might work.

I know it's tough when you're that trader who keeps making negative month after negative month. It just seem that you're just spinning your wheels like, you're not going anywhere.

Sometimes, that negativity just feeds more negativity. I think if you can get to the point where you can present this person with a successful example of where you believe you're headed, then that might be one way around it.

It's tough if you're going to work on yourself in terms of your inner thoughts and your own personal issues. I would definitely start with some way of getting into your subconscious and feeding the thoughts that you want in your subconscious rather than what other people have given you throughout your life and are currently sort of suggesting "you-are-so".

That's what I would say. This is a tough one. It's one of those things where it's easy to, like anything, people who want to become a professional surfer or an olympic athlete or want to get into the Cambridge or Harvard or whatever it is. It's like that goal and sometimes it just feels like it's so far away when you run into problems.

It's the same thing with trading. You just need to keep in mind that the other people aren't really influencing you. The other people who think that you're not going to make it, they have nothing to do with your next trade.

If they do, then that's because you're allowing them that influence. You need to take control of your thoughts, especially those thoughts you're not aware of. That's all I can offer for this.

To say this, some people might think “well, how do you do that?” I’ll put some [links](#) underneath on the shownotes of this episode so people who are interested in [resources](#) for accessing your subconscious, that’s something I think you can do.

It’s just as easy as buying CDs, working with hypnosis or meditation. There’s many different ways to do it. There are some books that are great, too. Those things may help some of you.

If you’re running into these issues which is pretty common for traders, I would say there certainly are ways that you can tackle it. It just depends on what makes sense to you.

It’s a terrible spot to be in. You feel like you’re not going to make it and have other people would also pile on. It’s no fun but there are some [great resources](#) out there. I’ll post those underneath this episode. Any other thoughts, Darren?

Darren: No, I think you’ve covered it really well. The only other thing that sprung to mind is sometimes, if someone is being negative about the time and effort you’ve been putting into something and the result aren’t... Sometimes, there could be some positive scene as well.

If they’re watching you sat on the charts all day and you’re not winning, then maybe they’re right. Maybe you need to spend less time on the charts and perhaps what you’re trying is not working. Maybe you should try something different.

Possibly -- listening to what they’re saying -- perhaps change your approach sometimes. I’ve seen enough, I’ve seen it recently with traders I’ve worked with struggling on lower timeframes moved up to a higher timeframe and all of a sudden everything is racy.

Sometimes, it might be pose of truth in what they’re saying, as well.

Walter: That’s a great point. Sometimes, just having that other perspective can help and a lot of times if you’re trading the one-hour chart, just simple shift to the daily chart can help.

It may have nothing to do with the market conditions and everything to do with the way that you approach your trading when you’re sort of slowing it down. That’s another great idea, Darren. That’s excellent. Thanks for your time. We will see you next time.

