

The 3 Biggest Psychological Triggers That Can Make Or Break A Trader

Do you know traders with strong technical skills who are not fulfilling their own expectations? Do you know them intimately?

Would you like to know what prevents traders from achieving their own ultimate success?

What if I were to tell you that there are **3 major psychological triggers** that stop you?

These triggers are simple. You probably have thought about them. However, sometimes they disguise themselves as something else, so you might not recognize them.

If these triggers are not dealt with, **they might cause feelings of:**

- Misery
- Hopelessness
- Carelessness
- Laziness
- Recklessness
- Procrastination

Super traders know that it is a mental game. They recognize these triggers and know how to deal with them. So what are they?

Psychological Trigger # 1:

The first trigger is the biggest of them all. It shows up in so many different ways. See if any of the following signs apply to you:

- Being stuck
- Having problems pulling the trigger
- Experiencing problems with capitalization
- Unwilling to make mistakes
- Being frozen at the screen

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- Unwilling to take any chances
- Having zero tolerance for drawdown
- Doing analysis, paralysis
- Feeling overly-challenged by committing to a trade
- Letting positions run much longer than you should have

Have you guessed this first psychological trigger? Yes, it is **FEAR**. Since traders can have partial successes, they might not recognize it as quickly.

What differentiates a super trader from other traders? They recognize their fears and are willing to do what most traders won't.

Courage is not the lack of fear. It is acting in spite of it.

I realize that this is easier said than done.

I remember in 2002, when the markets were going further and further down, I was looking at my portfolio in a state of denial. I was hoping and praying that the market would come back up. I was not willing to really look at things. I must admit that by the time I looked at the market, I had lost 66% of my portfolio. I was not happy.

So what can you do when you realize that **fear** is stopping you? **There are 4 steps** that you can take:

- 1. You have to look at things the way they really are, instead of the way you want them to be or you hope them to be.**

You might ask, Nazy, what the heck are you talking about?

Let's go back to the example above. As my portfolio value was going down and down, I just did not want to face it. I rationalize it and thought, no worries. It is going to come back! It had always done so in the past and it is going to do it again....

Do you know what I am talking about?

Unfortunately for me, it did not come back. By the time I came to my senses, I had lost 66% of my portfolio. I was one of the lucky ones...

If I had paid attention, instead of putting my head in the sand, not only I could have stopped the losses, I would have made money...



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2. **Take Action** – If the market is going against you, either take the profits that you have or stop the losses.

You may have heard that the definition of “fear” is anticipation of pain. Well, when you take an action, you’ll know where your P&L is and you won’t have to anticipate it.

You might say that unrealized loss is not a real loss. My response to you is, “What about loss of opportunities?”

3. **Come up with a new strategy** to make money in the current market. When the market changes, you should reevaluate your strategies and assumptions. If you are using your old strategies without verification, you will miss the opportunities that will make you money.

Have you heard the definition of “insanity”? Insanity is doing the same thing over and over, and expecting a different result.

4. **Pull the trigger** – Don’t be afraid to get back in the market. This is not about jumping into the market and chasing deals. This is not about listening to what people are saying is the next hottest thing.

You pull the trigger only after you have done your home work and have come up with strategies that you believe will work in the current market.

*There is quote by Warren Buffett which says: "**A public-opinion poll is no substitute for thought.**"*

Fear may be one of the biggest triggers, but it is not the only one.

Psychological Trigger # 2:

Let’s look at the second psychological trigger that could make or break your career as a trader. Some examples that you may recognize in yourself are:

- Being married to a strategy
- Having to be right
- Not willing to look at alternative approaches
- Not admitting to a mistake
- Being too strict
- Money becoming a game



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- Using excessive leveraging without using a system

You have probably guessed it. Yes, it is **ego**. We all need a healthy ego, which I also like to refer to as “confidence.” There is a fine line between confidence and ego. The challenge is how to walk the fine line which may get in the way of making money.

One of my clients shared with me that after making so much money that he could afford to buy all his toys and live as a celebrity, the challenge was gone. He felt invincible. He was trying to find another way to challenge himself.

He was not paying attention to his system anymore. He was not satisfied with the smaller gains of 6% to 8% on each trade. He was only looking for huge trades. He was leveraging his position to the hilt. He became careless and started losing money. Then he started to justify his losses and why he shouldn't have had the money to begin with.

While I was working with him, he realized that he could have his cake and eat it, too. He is back in the market, making a lot more money and enjoying his life.

So what can you do right now? Let's gain some clarity about where you are and how you are behaving. Get a pen and paper and start answering the following 10 questions:

1. How do you define yourself as a trader?
2. What is your risk tolerance?
3. Do you use a system when you are trading?
4. Do you have a system to evaluate your strategies?
5. When the market condition changes, do you come up with a new strategy?
6. Are you looking for the market to always provide you with excitement?
7. Are you using leverage? If so, in what format?
8. Do you get bored by the things that come easily to you?
9. Have you allowed your losses to run too long? If so, does this happen occasionally or often?



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10. When the market goes against you in a trade, what is your strategy to pull the trigger on the next one?

Have you answered these questions? If not, go back and do it now...

Can you guess who said the following?

"I have missed more than 9,000 shots in my career. I have lost almost 300 games. On 26 occasions, I have been entrusted to take the game winning shot...and I missed. I have failed over and over and over again in my life. And that's precisely why I succeed."

If you have guessed Michael Jordan, you are right...

Psychological Trigger # 3:

Now that you know about the effects of fear and ego, you might have guessed what the third psychological trigger is. Take a look at the following signs:

- You have to get in at the exact entry point
- You're only looking for the big wins
- You grab as much as you can
- You're not being responsible
- When there are huge profits, you let it run without taking any profits

Did you guess this third trigger? Yes, it is **greed**. Greed causes people to become myopic and only look at one angle.

One of my friends told me a story about someone who was working for her. He was brilliant and great at analyzing deals, however he had a huge problem with execution. He wanted to get in at the exact entry point and maximize the upside. Many times, he would come close to the entry point, but not at the exact number and would **miss the entire deal**. As they say, he was "missing the forest for the trees."

A client of mine told me that during one of his trades, he was up 200%, yet was not willing to realize any of his gains. Even when the trade started going against him, he did not sell his position. It got to the point where he lost all of his money. If he had at least sold half of his position, he would have been ahead of the game.

So how can we deal with our greed? Following are **5 tips**:



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1. Instead of having an entry point, have a range – when you get within a range, trade.
2. Have a drawdown limit for each trade and stick to it.
3. Define your profit expectation – My dad says that an unhappy winner is in a much better place than an unhappy loser. It is better to have a cap on your gain rather than a loss.
4. You do not have to make all of your money from one deal. We may forget that there is always “the next deal”. There is so much to go around and so many opportunities.
5. When the markets are going in your direction, take some of your profits (preferably your investment) and let the rest run.

We've all experienced the 3 psychological triggers: **fear**, **ego** and **greed**. The important thing is to realize to what degree and how they impact our performance as traders.

Once you've notice these triggers, you'll realize that these short-term setbacks are not the end of the road. By using some of these tools and tips to face them head-on, you will better manage challenges and enjoy much more success as a trader.

If reading this report has inspired you to take action, but you don't know where to start or how to make a specific idea work for you – I will give you 20 minutes of my time to help you get started. That's a \$167 value consultation – free. Pick my brain on any mental barrier that stops you from your trading success.

There is one catch – my time is limited so I can only give away 10 of these free sessions each month. It's always first come, first serve so you may have to wait a couple of weeks.

Simply email my administrator, Karen Braschuk at Karen@MentalEdgeTrading.com and she will schedule a time for us to talk.

Here is to making trading success your habit™,

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P.S. By the way, you have no obligation to purchase anything during or after this call

