



Are you lying?

Trading is a very personal thing. We sit in the comfort of our own homes when the rest of the world is all out at work and we are kings of our domain. We can hit buy and sell at any time we like and are accountable to no man.

And that's where a potential problem arises. If no one other than ourselves is holding us accountable for our trading actions, we are susceptible to making a series of poor decisions but knowing there is no consequence other than losing money.

That last sentence may seem strange 'no consequence other than losing money', but there are thousands of traders around the world that do this regularly and simply have the attitude of 'oh well I'll top up my trading account and start again'. Well this is simply an unacceptable attitude to have. Having to top up your account if you are a newer trader is certainly a possibility but the 'attitude' of thinking that way is what's incorrect.

How does a trader try as much as possible not to put themselves into the camp of having to top up their account? easy answer - by not losing money. So why do most traders lose money? Well one reason will be through ill discipline of which we'll return to shortly...

Lying

Like I said earlier, most traders feel no accountability - but they should. How many traders have ever told their partner a lie when asked how their trading is going? Come on, yes you, I bet you have told a little lie at least at some point in your trading.

If a partner/family member or friend has ever asked how your trading is going have you ever;

1. Said its going well, when in fact you have been losing.
2. Said its going well when in fact your account is going sideways.
3. Only volunteer how great your day/week has been after having a winner but failing to mention when you've had prior losers?



Okay, there's just three scenarios but I'm sure you can think of plenty more. For many traders, it's embarrassing to admit to having had a losing day/week/month to their partner or friends. The feeling of losing money in the first place is bad enough right? So why would you want to tell the world about it?

That's a good point and trading is a highly personal thing. But you should at least have one person who you can confide in. Trading is a journey and not always a smooth one. Having a partner who you can speak to about it is important and I'll get to why in a moment.

I understand why some traders don't like to discuss their trading with partners or friends. Simply put, they fear being told to quit something that they are determined to master. And for that very reason, you should keep your trading personal as you don't need to be attracting more negativity to your worthy endeavour.

However, we need to have someone to talk to about our trading. A partner is the most likely candidate hence why I have used them most in this article (admittedly in not all cases can a trader discuss trading with their partner).

A solution

I mentioned earlier that one big reason (not always) why traders lose money is through ill discipline. If a trader is ill disciplined (takes trades through boredom, or over confidence etc), how do they stop being ill disciplined?

One way would be for Kym or I to sit in their office with them and watch them trade for a day. A can pretty much bet that if we did that, we wouldn't see a single trader be ill disciplined! So if all it takes is having someone looking over their shoulder, why can't they be disciplined all of the time?

Because they lie! If a trader makes themselves accountable to another individual and they have to show them what they have done each day, they may just find that they trade better knowing that they cannot afford to trade with ill discipline if they have to show what they did.

If you could remove those trades that come along every now and then that you simply took through boredom or over-confidence, what difference would it make to your bottom line? I suspect quite a nice difference.



So here's a solution. Start discussing exactly what happened to your P&L each day with a partner or someone who will hold you accountable for your actions. No lying, show them what you've done, it will make you a better trader.

If you are a newer trader, your P&L is likely to be more erratic and it may be too early days for you to start this process as you are still learning. However, put it into your trading plan that at a certain point (name it) in the future, you will start discussing your trading P&L activity with someone. You may just find it both unburdening and rewarding.....

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