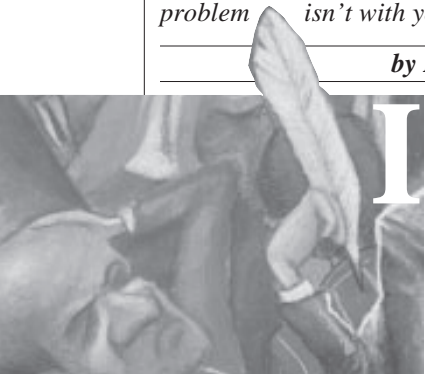


*A Spiritual Center May Help You Overcome Your Trading Problems*

# Overcoming Trader's Block

*You've done everything you can think of to profit from your trading. Why aren't you making any money? Maybe the problem isn't with your system.*

by Hal Masover



I must have spoken to more than 1,000 traders in the past couple of years at various conferences for traders and investors. I have met a few consistently profitable traders, but they have been unusual; for the most part, I met a lot of interesting, knowledgeable people with good trading methods who

despite all of that are unprofitable. Why?

The lack of success often has to do with the trader's actions in the market rather than his methods. Some traders are afraid to pull the trigger, while others have no trouble getting into trades but take their profits too quickly. Many simply override their methods for emotional reasons. These tendencies to sabotage are variations of what I refer to as *trader's block*.

One trader I know is a TradeStation expert. He has designed systems with very high percentages of winning trades and high average profits per trade. Despite this and despite all of his trading knowledge, he is not a profitable trader. Why? Consider another trader I know who has traded futures since 1972, met all the trading gurus, taken all the courses, traded relentlessly — and lost money just as relentlessly. Why?

The temptation is to look at such traders and assume they are on the cusp of becoming consistently profitable traders. Maybe — but some of these traders seem to be stuck at that point year after year.

## FORGET SYSTEMS

For most of these traders, the answer is not a new system. The first inkling I had that a trader should look elsewhere to succeed was when I attended a talk by a famous trading guru. He pointed out the importance of ceasing all trading activity anytime you find yourself in an emotionally upsetting situation. He told us about a time when his father had to go into the hospital for surgery; even though he was not able to focus, he continued to trade through this period and suffered tremendous losses as a result. Later, he mentioned that he taught Sunday school, and had been doing so for 13 years.

That struck me as something to remember: Here was a famous, successful trader, and he taught Sunday school regularly. That reminded me of a conversation I had had some years before.

I was attending an industry conference in Chicago when John Walsh, a friend of mine and a marketing consultant to the futures industry for more than 25 years, asked my partner and me how our business was doing. Things were going very well, we told him. He asked why. We started to tell him about a trading guru we were following and how he was recommending our firm and how the clients were making money — and he stopped us and said: "That's not what I meant. What are you doing in your life that you deserve so much success?"

We went on to tell him about our longtime practice of Transcendental Meditation (TM) and that we lived in a spiritually oriented community. Walsh said that confirmed what he had suspected and explained it had been his experience that those people he had met who had been successful in their business dealings tended to have a strong spiritual component in their lives. So when the trading guru mentioned he taught Sunday school, that reminded me of my talk with Walsh.

The trading guru had clearly seen that being emotionally upset, as he had been when his father went into the hospital, had interrupted his trading. An emotional upset can be a problem for almost every trader, but most traders fail to realize that they can improve their trading results by improving their emotional well-being. Back in the 1970s, a now-retired Wall Street trader named James Sinclair was quoted as saying, "In a business in which awareness is the most important component of success, the investment in awareness is the finest investment one can make."

## ONE LIFE

Many traders assume that when they perform different tasks, they actually behave differently for each task. This assumption is created by the varying circumstances and rules of behavior in each arena, but one thing remains constant — *you!* You are the same person no matter what you do, and your fundamental behavior and personality remain constant, regardless of the circumstances. If you have been relentlessly pursuing profitable trading results but not succeeding, maybe the problem isn't the tools you are using. Maybe you don't need yet another magic bullet. Maybe you already have enough magic bullets. Maybe the problem is *you*.

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ANDREW DUTKOWSKY

But take heart. Here's the good news — improving yourself should not only improve your trading, but all areas of your life.

### **PHYSICAL, EMOTIONAL, SPIRITUAL**

There are several areas in your life for you to examine: your physical health and conditioning, emotional and behavioral areas, and your spiritual life. There is some overlap, but it's useful to break these out. Let's start with the physical, because it is the body that supports our mental and emotional states.

Trading can be an intense emotional and mental activity, and the intensity takes its toll. To combat those negative effects, it is important to keep your body in excellent condition. Too many traders compound the rigors of trading with too

much alcohol, poor nutrition, and inadequate rest. This only adds to the stress that your body is subjected to with trading.

To balance the intensity of trading and to maintain the focus and simultaneous awareness needed in trading, I find that three kinds of physical exercise are needed — aerobic, strength, and flexibility. No kidding. Perform some of each type every day for the best results. Trading is a difficult arena. If you are not in top condition, how can you expect to compete with those who are? During Bill Bradley's latest bid for the Democratic Presidential nomination, I read an article about him that discussed his years as a basketball player. According to the article, something that his high school coach had told him stuck in Bradley's mind. His coach had told him that somewhere, there was a player of similar size, strength, and

talent, but that player was working harder and practicing more — and because he was, when they met on the court, that player would win.

Every moment the market is open, there are winners and losers opening and closing trades. Somewhere out there is another trader with talents similar to yours. When you two meet, who will win? I plan to be the winner, so every morning I walk half a mile and jog half a mile. Every other day, I do 45 crunches, 45 squats, and 10 pushups. On alternate days, I do 30 crunches, 45 squats, and four sets on dumbbells. Then I finish with 10 minutes of yoga stretches. In addition, twice a week I play full-court basketball. Some of you do more than that, most of you do less. When you and I meet, who will win?

There's a lot more to trading than physical conditioning, though. Let's move on to another arena — mental and spiritual conditioning. These can be closely linked by various meditation practices. I meditate twice every day for an hour. I am not a big believer in spiritual "brands"; if you find a form of meditation to your liking, utilize it. I practice TM, so that's what I know. Just doing it is more important than what you do.

I recommend meditation for various reasons. Over the last three decades there have been untold numbers of scientific studies on meditation in general and thousands on TM specifically; these studies have verified that meditators experience broader awareness and greater clarity while increasing their ability to concentrate, both of which are useful things for traders.

In the emotional arena, meditation has been shown to be an effective mechanism to relieve stress. Since trading stress is the most powerful force physically that traders have to deal with, then reducing that stress is likely to increase a trader's ability to remain calm in the ever-changing winds of the market.

The last area for preparation is spiritual. What we are really looking at is having a life outside of trading. When I meet successful traders, I ask them about their spiritual lives. All those I have met have a strong spiritual component in their lives; it doesn't seem to matter what it is. A trader might be a devout Catholic or Jew, a born-again Christian, or a Moslem. He might be a Sufi, a Hindu, a Unitarian, or a Mormon. The most common thread among successful traders is not the brand of spirituality, but the degree to which they are involved. If your spirituality consists of watching football games on Sunday, you might want to look further. Find something you are comfortable with and go for it.

### JUST PLAIN WORK

Then there's homework. Before you ever enter a trade, know *why* you're going to trade. Many traders already have techniques they like. If you don't, study. Backtest and study some more. However, I don't recommend paper-trading, because that is as close to emotionless as you can get, and trading is all about emotions. Instead, go small but use real money.

Now comes the discipline part. Record every trade you make in detail. Print out the charts. Record what your indicators were saying. Record your emotional and physical state. Record the trades you don't take and why. Record when you get out of trades too soon and why. Record everything you can think of. This way, you can separate reality from fantasy; you can see what actually happened. If you record everything, then your memory can't play tricks on you. If your system needs tweaking, the best way to find out what you need to do will be in those records. If your system works but you have been sabotaging it, the best way to find out will be in those records. It is also the best way for you to gain confidence in your system to help you stop sabotaging it.

Finally, if you find yourself confused, get out of the market and stay out for the rest of the day. This is the time to take out those records you have been keeping and study them. Break down the details and find out what you have been doing right and what you have been doing wrong and then adjust accordingly before you begin trading again. Good luck.

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**Please remember that commodity trading involves a high degree of leverage which allows for large returns, but also large losses. Due to the high degree of risk, you should carefully consider whether commodity trading is appropriate for you.**

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