

Stock Doc: Facing Fastball Pressure

Successful hits, or trades, in high-pressure at-bats require a great deal of self-confidence.

BY ALDEN CASS

Apr 27, 2007 12:03 PM EDT

[READ AS SINGLE PAGE](#)

The opening day of my semi-professional baseball league last Saturday presented me with my first live pitching situation since last year.

While I was mentally prepared for the start of my fifth season in this competitive league, weather constraints over the past month had limited practice sessions to indoor batting cages.

The opposing team's first pitcher was decent, throwing a great deal of junk with moderate velocity. But in the fifth inning, they brought in their ace long reliever to try to maintain a 7-4 lead. I waited on deck to bat against this 24-year-old ball player, who reminded me of the young blond-haired flamethrower depicted in the final scene of the movie "The Natural."

Before I walked up to the plate for my turn at bat, I carefully monitored my thoughts. I had a feeling that this would make for a great analogy to trading under high-pressure situations. Careful as I was, I was so impressed by the pitcher's velocity that I caught myself thinking, "Wow, this guy throws a lot faster than the previous pitcher. I hope I can make contact."

ADVERTISING



This self-defeating line of thought was making me more nervous than usual, and I was certain that if I continued to think this way I would not succeed. I was giving the pitcher too much power and not giving myself the credit that I deserved based on my stats from years past. I was freezing up in anticipation of an event where I felt uncertain. I needed to find a way to reclaim my mental edge.

Recommended for you:

Tesla Shares Hit One-Year Low as Safety, Liquidity Concerns Mount on Carmaker

Tech Gets Wrecked, Oracle, Google, Tesla and Nike - 5 Things You Must Know Before the Market Opens

Global Stocks Slide as Tech Sector Slump Rattles Bulls

At the time of publication, Alden Cass had no positions in stocks mentioned.

Cass is a performance enhancement coach and clinical psychologist for Catalyst Strategies Group (www.catsg.com) who specializes in working directly with individual and teams of senior investment executives, including high-profile CEOs, top hedge fund and prop traders, investors, and financial advisors to help them achieve their financial and personal goals. He works to modify behaviors that are hampering their performance and to give them the mental edge within competitive work environments. He is a licensed clinical psychologist and an expert on the use of psychology in the financial services industry. He has conducted behavioral healthcare studies on retail stockbrokers that indicated that 23 percent of the group measured met criteria for major depression. His research has been presented at both national and international conferences (APA, ICPP). He is a major contributor to columns in On Wall Street Magazine and Traderdaily.com. Cass has also conducted workshops with the Securities Industry Association, Money Management Institute, Trader Monthly Magazine's Peak Performance Workshop, The

Wall Street Branch Managers Meeting at the Federal Reserve Bank of New York, and the London Bullion Market Association, the Silver & Zinc Association, the Investment Management Consultants Association (IMCA), and the Investment Products Association (IPA).

He has appeared in the following media: The Today Show, Fox News Live, New York Magazine, Businessweek, Lou Dobbs Moneyline CNN, CNN money.com, CNBC London, Financial Times, London Financial Weekly, Washington Post Radio, NY Newsday, On Wall Street Magazine, E-Trade "On Air," BBC Radio, Reuter's Business Newswire, New York Times, Boston Globe, Absolute Return Magazine.

Continue Reading →

(Page 1 of 3)

READ AS SINGLE PAGE

Facing Ambiguity

These thoughts and feelings I had at the plate remind me of a young trader who came to me for performance coaching last week. "Roger" was working on a thought log during the week, trying to drill down on self-defeating ideas and control emotions that had been hampering his disciplined trading strategy.

He struggled on specific trades requiring quick decisions and fewer data points. He was pressing because he wanted to improve his very average profit/loss. Roger was a good trader, but when trades became ambiguous to him, he pulled out of his positions prematurely, costing him his much needed returns. He was correct more times than not, but on two recent trades involving **Vonage** and **Amazon**, he froze up, feeling overmatched by some early obstacles.

I offered him a mental tip for remaining focused, poised and confident, even when the adversary seems to be very formidable and the situation seems uncertain.

Reach for an Anchor

Whenever clients face an ambiguous trade that they feel only 40% confident about, I ask them to focus on two things in particular. Specifically, I urge them to pin down their history with similar trades or positions, and use those past experiences as an anchor. Then, we identify the type of emotion or physiological sensation that they experienced when they were ready to pull the plug on a trade prematurely.

It is important for them to conjure up ballpark statistics regarding their success/failure ratios on similar types of trades or positions. Ironically, on recent ambiguous trades, Roger was successful 70% of the time.

Regarding his emotional awareness, Roger realized that he felt pangs of anxiety and insecurity when faced with an early roadblock. He noticed that his face flushed and his muscles tensed. His thought log indicated that thinking about those past losses he'd

incurred by pulling out prematurely made him feel angry. My solution for him was to focus on his evidenced-based "anchors" to boost his confidence and to stay strong throughout the trade, even when things get ambiguous.

After we met, Roger was able to use his anger as a cue to thinking about his 70% success rate on positions that he wavered on. He stuck to his guns and stayed strong with his convictions. He dug in and stayed for his at bat. As Woody Allen was once said, "80% of success is just showing up."

Confidence At Bat

Now comes the pitch. This guy threw the ball hard, much harder than others I had faced, with speeds that reached about 85 miles per hour. Lenny Dykstra would have eaten this guy up in his prime.

But I'm sure Lenny would agree that no matter how good you are, if your timing is off from a lack of practice, your confidence can be negatively impacted when facing a power-packed fastball. Lenny at least was a professional hitter; I, on the other hand, am a 31-year-old psychologist, a mere mortal.

The first pitch to me was a blazing fastball down the middle and was called for a strike. I took the first pitch to get my timing down and size up my opponent. I was definitely impressed with his velocity, but I changed my thinking about the situation.

Instead of waiting for a pitch and thinking, "I hope that I make contact," I shifted to a more confident mindset and said to myself, "I have taken out pitchers like this in the past five years!" I remembered a few similar David-and-Goliath battles where I rose up at the end. On this day, with a 2-and-2 pitching count, I singled up the middle to keep a rally alive.

Please write to the Stock Doc with your trading, emotional or investing dilemmas. Dr. Cass always welcomes comments and stories, for which he'll try to offer valuable solutions in later columns.

IF YOU LIKED THIS ARTICLE YOU MIGHT LIKE

Stock Doc: Two-Faced Dollar Doldrums

The "Stock Doc" looks at the strong dollar policy.

Alden Cass | Nov 19, 2009 4:00 PM EST

Your Inner Super-Trader

Attention Traders: Interested in improving your trading acumen? Read this.

Alden Cass | May 28, 2008 7:19 PM EDT

Open Book: Think Like a Bull, Avoid Disaster

Stressed by the market? A new book looks at how 'bullish thinking' can save the day.

Alden Cass | Mar 29, 2008 11:55 AM EDT

What Traders Can Learn From the New England Patriots

To maintain perfection requires some serious introspection. Here's how it's done.

Alden Cass | Jan 14, 2008 3:33 PM EST

Stock Doc: Adultery on Wall Street

Dr. Cass offers advice for a reader who strayed from his marriage.

Alden Cass | Nov 10, 2007 11:16 AM EST