

Bad Trading Day? Pick Yourself Up and Move On

The best of us, from pro athletes to top hedge fund managers, must learn to shake off inevitable defeat.

BY ALDEN CASS

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Everyone in society goes through an occasional bad day. They happen to the best of us, from professional athletes to major hedge fund traders.

Bad days can appear in short spurts or can linger for relatively long blocks of time. In Major League Baseball, we watched the New York Yankees go into the All-Star break with a very disappointing record and place in the standings. This is a team comprised of the best athletes in the sport and they all realized that they were underachieving. Since the break and as of last week, the team had won 11 out of 14, and the Yankees narrowed Boston's American League East lead to seven games. They have turned around their slumping ways.

Many traders who have come to me in private practice for performance coaching have told me that they struggled to let bad days go. Losses would trigger in them images of poverty, the loss of a job and huge doses of anxiety and self-defeating thoughts about their competence as a trader. Consequently, one bad day or afternoon would, on occasion, spill over into a week to two-week stretch of digging out of a hole.

Having worked with perfectionists for so long, I have noticed that they are always the most critical of themselves for mistakes or poor performance. They don't need their desk manager, risk manager or their spouse to tell them that they are underperforming. They feel it and they realize it before anyone else. Loss or failure weighs on their minds and limits their confidence on future trades. It is hard to end this vicious cycle, but trust and faith in your skill is a good start.

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At the time of publication, Alden Cass did not have a position in any of the stocks mentioned in this column. 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.

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The Yankees have to take each loss as if it is a meaningless part of a bigger picture, the World Series. As a trader, you have to remind yourself of a few key points to make it through a long season as well:

- As I often tell my traders, a bad day is part of the game. It is just a meaningless data point in your long season as a trader. Huge losses can be chipped away over one or two good days of disciplined trading. Even the best traders have horrific mornings or afternoons. That is part of their season, so why not allow yourself the comfort of realizing that losses can be overcome?
- Mistakes are really learning experiences. Traders are often the first to blame themselves for the mistakes that they made in executing trades or for impulsive decisions. I had a trader who beat himself up over a bad trade involving **MF Global**. He described the negative and "bearish" thoughts that were flowing through his mind after he finished the work week in the red.

He felt like he was in a rut with his trading strategy. He needed to hear that he was disciplined, his strategy was sound and that even the best decisions informed by the most up-to-date data points don't always work out the way you plan them.

I encouraged him to take notes on what he learned that day as a trader so that he could recognize similar trading patterns again in the future. Again, the lesson to him was he did not make a mistake, he was just learning for his next opportunity.

As the summer moves on, remember to think of each day as a means to an end. I know that every day is a battle to make more money or make up for a loss, but focus on your long-term goal. Shake off the bad days, think bullish and enjoy your life.

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