

# Luck, Rituals and the Successful Trader

*If a routine helps you concentrate, it's useful.*

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**BY ALDEN CASS**

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A week ago, I was reading an article in the *New York Post* about yet another brutal New York Yankees loss, this time to the Oakland A's. The Yankees, thus far, have been a disappointment, considering their overall talent and payroll. After they were held to one hit against their opponent on this day, a few of the Yankees spoke out on the difficult spot in which the team had found itself.

First, Johnny Damon commented that his teammates were not finding luck during their at-bats and that things were just not going their way. Jorge Posada later professed to the media that luck is something that you go out and make for yourself, and said that his teammates had been "going through the motions as of late."

Last, but not least, battered relief pitcher Scott Proctor decided to change the course of his season by setting his cleats and baseball glove on fire, all in the name of cleansing and starting a new winning streak.

As you can see, there are a variety of ways to manage a losing streak and change your luck -- that is, if you believe in luck.

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Traders are a superstitious breed and often put a great deal of faith into ritualistic behavior in the workplace. Some believe that luck can affect a trading week or month, and believe that something as simple as walking to work on the same side of streets can actually influence the outcome of whether they succeed on a given day.

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Cass is a performance enhancement coach and clinical psychologist for Catalyst Strategies Group ([www.catsg.com](http://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

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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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I've had clients who refused to wear short-sleeved shirts in the summer because they felt that wearing long-sleeved sweaters enabled them to be successful throughout their careers. In other cases, I have known traders to smoke a specific number of cigarettes by a certain time each day in order for them to feel as if the smokes were giving them the best shot at success.

It is easy to find these ritualistic behaviors humorous and excessive from an objective perspective, but to the actual trader who has made millions, tinkering with their success formula can create severe anxiety and panic.

Professional athletes, much like traders, refuse to change their rituals while their performance is hot. They don't shave before games, they abstain from sexual activity, and at times they don't even wash their uniforms. "Crash Davis," the ballplayer in the movie *Bull Durham*, said it best when he told a fellow teammate, "Never f--- with a winning streak."

Even during my hot streaks as a semi-professional ballplayer, I have fallen prey to such traditions as not washing my hat and always conducting the same stretching exercises before each at-bat. I have resisted my girlfriend's repeated requests to wash my hat, all in the name of a hitting streak.

## The Lesson

At the root of all of these obsessions and rituals is the prevention of anxiety during a complex or stressful activity. In any profession that is rooted in daily performance outcomes that are monitored by others, we are all looking for a mental edge. We try to reduce our anxiety level by whatever means possible so our performance is not impaired.

In my experience, I believe rituals are great when things are uncertain and you are on a losing streak. Scott Proctor of the Yankees is looking to make a psychological change for the better by burning his cleats and baseball mitt. He can now compartmentalize his bad performance and feel as though he is a new player, ready to perform at an optimal level. However, rituals tend to be easily discarded once the streak dies and the individual realizes that he or she has as much control over the outcome as the gods of luck do!

I invite you to send me some daily rituals that get you through each day, and I will post them in a later column.

*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 solutions in later columns.*

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