

Stock Doc: Motivational Catalysts for the Trader

Make these affirmations part of your morning routine before you start each investment day.

BY ALDEN CASS

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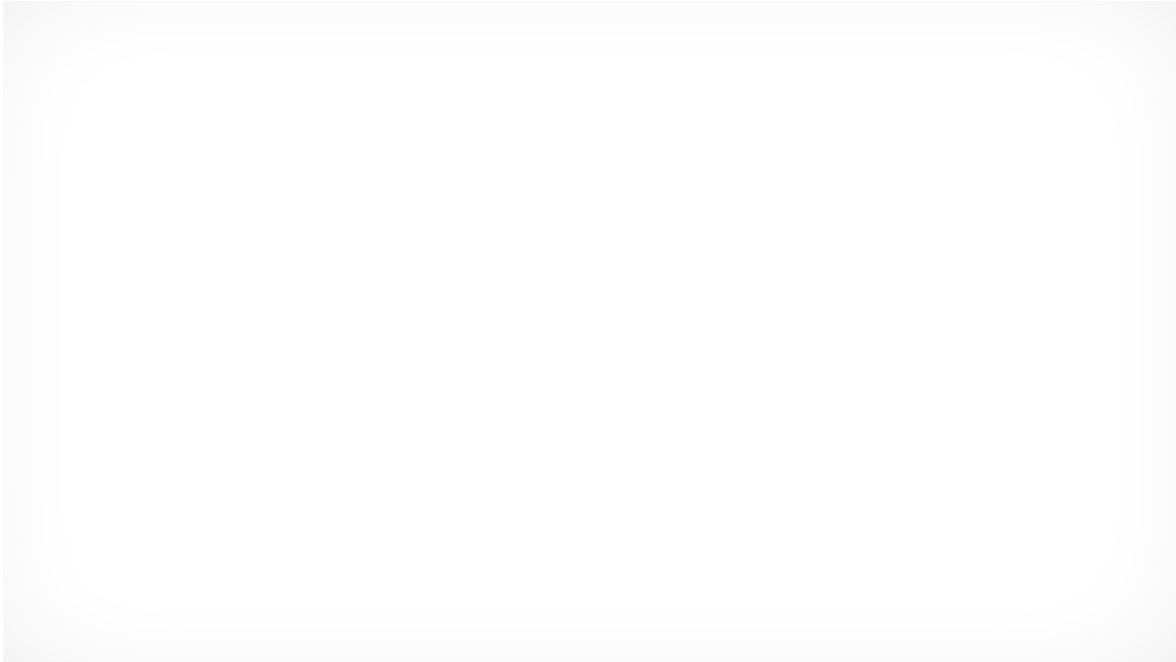
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In a volatile market, traders and investors alike endure daily fluctuations between emotional highs and lows. Facing this reality each morning can be a numbing experience that, over time, can lead to burnout and emotional exhaustion.

A long week of bad trading days can make you feel like you've gone one round with Mike Tyson in a back alley. However, a great week can leave you experiencing emotional highs that border on euphoria. These extreme mood elevations may leave you feeling exhausted, as if you've just come off the highs and lows of a three-day gambling jaunt to Las Vegas.

For many professionals, the taxing nature of working in a high-stress job, in conjunction with the ups and downs of investing, creates a daily battle to maintain positive momentum in their lives.

"Jon" is a hedge fund portfolio manager who came to me for performance coaching amidst a bad month of trading. He reported that he couldn't get out of bed in the morning and felt powerless to break out of this long streak of failure. He was emotionally tapped out and began questioning his future with the firm.



Jon mentioned that he has always been very critical of himself for mistakes and that he always compared his success with that of his colleagues. The prospect of going to work each day was growing increasingly more difficult for him.

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Alden 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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"Dave" is a relatively new prop trader who came to me as a consequence of his behavior following a huge winning streak. He had been on a tear within the past month, bringing in high-dollar returns. He admitted he felt like a "rock star" and had begun to live like one as well. Late-night partying with his younger counterparts at work developed into problems with his new fiancée.

He was noticeably hung over each morning and slowly began to take more risks with his trades each day. The alarm clock became a signal for him to reach for his bottle of Advil, and he began showing up to work well after the morning data points were already in. Despite his recent trading success, his fiancée urged him to rein it in, as he was becoming emotionally numb and reckless.

The Breakdown

Jon is more exemplary of the typical client that I see on a daily basis in practice. Perfectionists hate being wrong for any long period of time. They measure their success by the size of their monthly returns and look around the trading floor to see who has been right more frequently than they have been.

Emotional numbing and work apathy at the start of each morning are consistent outcomes for individuals struggling to produce with this mental makeup. Jon needed to stop second-guessing his strategies, as that was decreasing his risk appetite.

Dave is the type of trader I see who is in his or her late-20s or early 30s and has had the first taste of financial success. In this case, Dave had taken one good month way too far in terms of indulgence. His mood was euphoric and bordered on fanatic.

The alcohol binging could be a precursor for a depressive episode later on and would definitely hurt him in terms of remaining focused and motivated at work. Additionally, his personal relationships were crumbling as he began to neglect the needs of his future wife. Reckless trading could really set him up for an emotional collapse, but fortunately his fiancée pushed him to seek help.

Both Jon and Dave were struggling with life, but in different ways. They both couldn't get out of bed in the morning as their emotions were simply dulled.

Morning Pep Talk

For those experiencing behavioral paralysis that halts any motivation to get to work each day, try committing to some of the following motivational catalysts.

For black-and-white thinkers like Jon, this technique will make hard times seem temporary and changeable rather than permanent and hopeless. For those like Dave, it will force them to realize how much they have at stake with their career and how much discipline success truly requires.

At the start of every new day, wake up, get out of bed and recite one or all of the following:

- Today is a new day and will be a new start for me.
- I get paid to make tough decisions!
- My actions this morning will impact how I feel and how I produce later today.
- I remember how much work I put into getting into this high-stakes career. I will not take it for granted!
- I can control my thoughts and be disciplined to make better decisions.
- Swing through the hitting zone and focus on fundamentals.
- It is what it is!

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.

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