

Two Traits for Trading Success

There are two things every trader must do to succeed. He must trust himself and trust his system. These may sound like minor details to some but I believe these two items lay at the core of most trading problems. The important thing to realize is that you need both.

One without the other is an imbalance and trading results will reflect it. You can trust yourself all you want but if you don't have a system that you can follow and trust then your overconfidence will drive your account into the ground. If you have a good system but don't trust yourself enough to execute it then you will do exactly the wrong thing at exactly the wrong time. The challenge is to grow both together and really that is the only way to assure success.

In my experience the way to grow both is through the four part cycle of practicing your system after market hours in as real a manner as possible, executing your system in real time, evaluating your results to identify weak areas that need work and finally continue to practice over a large series of trades working out the issues along the way. Those who have read my articles before know that I am big on practicing outside market hours so this should come as no surprise. I just believe it is too costly an exercise to only limit your trading experience and growth to real-time market hours. Not to mention that the learning curve will be at least five times longer than if you were to practice every day on a scale of five trades for every one you take in real-time.

Within a year of doing this you will have covered your market and your system by executing maybe thousands of trades in real and practice sessions. Even after just a few weeks of doing this you will notice a growing trust in yourself and your system and the process will become a habit that hopefully you will never break.

Good luck in your trading!