In the heat of the markets it is your mental and emotional state that makes the real difference to your trading performance. If you take a moment to reflect on your own trading experience you can probably think of many examples of when your thoughts or your emotions got in the way of your trading performance, when you took actions that prior to, and in hindsight, you know you shouldn’t have done. It is my experience that in trading many traders often know what to do, but find that the real challenge is doing what they know; in following through consistently with their trading strategy.

Trading is a mentally and emotionally challenging activity and if you want to achieve success then it is important to identify your own unique ‘process of success’ – take a moment to consider what it takes for you to perform well in the markets – and then to condition it, to train yourself to focus on precisely what it takes to be successful, to develop the thoughts, feelings and behaviours that enable you to get your best possible results.

When I started working with traders in 2005 I noticed that many traders were frustrated with the lack of practical psychological techniques that they could use to improve their performance and overcome the challenges they were facing. There are many excellent trading psychology books but what they really wanted was simple, practical and defined mental training processes, a way to tangibly practise and develop their mental and emotional abilities.
This issue, I bring you three well-proven exercises that you can use as a part of your own mental training for trading success plan.

**Emotional State Regulation**

When we see top sportspeople miss crucial penalties in football, double fault on match point or miss short putts to win golf tournaments it is not because those players lack the skills or abilities to be successful in those moments but because their emotional state has changed – they are experiencing increased stress, anxiety or fear. The impact of feelings of stress, anxiety and fear also has a significant effect on trading performance due to the impact they have on our cognitive functioning, reducing blood flow to the frontal lobes. This is often why under stress states traders make decision making errors, respond emotionally and later look back and ask 'What did I do that for?'. Being able to manage your emotional state, to regulate feelings of stress, anxiety or fear can have a significant impact on the quality of your trading decisions and the results that you get.

Practising emotional state management techniques on a regular basis can help you to increase your stress capacity and give you powerful techniques to manage how you feel pre, during and after trading. One of the simplest and most powerful ways to manage feelings of fear, anxiety and stress is simply by
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learning to regulate your breathing. A very simple technique that you can use, and as taught to US Navy Seals to maintain composure, is a centering breath as detailed in the box.

**Centering Breath**

This is a great technique that can be used prior to trading to settle yourself and get ready before you trade, or in the heat of the moment, perhaps whilst managing a trade, and also after a stress event such as a loss to help to get you back into a good state before trading again.

This version of the centering breath I have taken from the book ‘10 Minute Toughness’ by Jason Selk as it is simple and easy to remember and perform. It takes just 3 steps and 15 seconds to shift how you are feeling.

1. Take a deep breath in filling your diaphragm (belly) and up through your lungs taking 6 seconds to do so
2. Hold your breath for 2 seconds allowing the air (oxygen) to circulate around your body and to get to the brain
3. Breath out slowly (the relaxation response) taking 7 seconds to do so.

Mental Training Target: Aim for 20-40 centering breaths per day to really flood the brain with oxygen and build your stress capacity.

**Concentration Training For Getting Into The Trading Zone**

1. Find a comfortable place to sit and allow yourself to relax.
2. Begin by developing an awareness of your breathing. Noticing the in breath and the out breath. Just noticing how one breath follows another.
3. Sustain this focus on your breathing for a pre-determined amount of time – 10 minutes is a good target to aim for.
4. You will probably find that your mind wanders away from your breathing. This is natural and is what minds do. Simply notice your thoughts. Let them pass. And then refocus back on your breathing.
5. Repeat until your allotted time is up.

This is a simple but very powerful exercise that helps to develop your ability to not only sustain your attention but also to be able to switch it. Two very important performance skills.

Mental Training Target: Perform the exercise for 10 minutes each day.

**Visual Power**

Perhaps one of the most powerful and beneficial aspects of mental training is the use of visualisation, also commonly referred to as mental rehearsal or imagery.

Every action, feeling and behaviour that you have is the result of the activation of a neural pathway in the brain. A neural pathway is a connection or series of connections between the neurons in the brain. Essentially each pathway is the mental pattern for the skill, feeling or behaviour. These neural pathways are created and then developed and strengthened through practise and repetition, developing a mental blueprint, and after time they become automatic – habitual. It is a bit like taking a walk through a field of wheat. The more you walk down the same path the more down trodden the wheat becomes and the clearer and more visible the path is.

Neural pathways can be developed and strengthened through the actual activation of the physical feeling or behaviour or interestingly, and importantly through the visualization of...
The mind at a neurological level cannot tell the difference between a real and an imagined experience, as evidenced through neuroscience studies using brain image scanning.

that feeling or behaviour. The mind at a neurological level cannot tell the difference between a real and an imagined experience, as evidenced through neuroscience studies using brain image scanning. In real life we can understand this by thinking about a time when you have had a nightmare. Was the fear any different to in reality? No. Your heart was pounding, you felt scared, you had clammy hands and were sweating. Your body responded just as though it was real. The utilization of specific visualization techniques can have a big impact on the speed at which conditioning of behaviour and emotional response occurs, and that the appropriate neural pathways are formed.

Using visualisation can enable you to practise and get trading time in, even when you can't get access to the markets, thus accelerating your progress. You can use it become more effective at dealing with losses or setbacks; overcome bad trading habits and condition new positive ones; access and build feelings of confidence; get mentally ready to trade the markets; or enhance the achievement of your trading goals. Visualisation should be multi-sensory (see, hear, feel) and is often best preceded by a short relaxation and performed in 5-10 minute concentrated bursts.

**Using Imagery To Overcome Trading Challenges**

Here is an extract from a visualisation exercise that is designed to help you to develop your abilities to cope with specific trading challenges you have. You can utilise the technique below very simply by taking a moment or two to relax and then reading through the script. You will soon be able to perform this by memory alone.

*And now take a moment to consider some of the setbacks, problems and difficult situations that occur for you in your trading… Picture one example now… Float forward into your imagination…. Imagine it happening to you sometime in the future…. What is it? … Where?… Step into your body and imagine yourself responding positively to that situation… dealing with it effectively… Hear yourself making positive and useful explanations to yourself… Feel your self being confident about your ability to deal with these situations…. Composed and focussed…. And experience yourself successfully resolve that problem/overcome the challenge… Coming out on top…*

**Your Mental Training Plan**

Mental training increases your trading performance potential and by practising regularly you can develop new neural pathways within your brain that increase your stress capacity, enable different emotional responses and condition new and desired trading behaviours.

My challenge to you is to commit to one of the training exercises from this article and practise daily for 6 weeks. Look for signs of progress and of the benefits of your mental training regime to your trading performance.

*Steve Ward*

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