



## PROPER PREPARATION

Leading trading performance and psychology coach Steve Ward this month looks at getting your head right for the trading day - especially if it's a big one

**WHEN A FOOTBALLER** misses a penalty in a cup final, a golfer misses a short putt to win the tournament or a tennis player double faults on match point, it is not down to a lack of skill or ability. It is, in the majority of cases, down to the players' psychology.

In these cases nerves and anxiety take over, fear kicks in and the added tension and stress

affect the execution of their performance. In trading the effect of psychology on performance is very similar.

Have you ever done something in your trading that you knew you shouldn't have done? Made an execution error, such as bought when you meant to sell? Not traded because of fear? Chased your losses? Traded too much? Trade

too big? All of these actions are driven by your state of mind – your psychology. Providing you have the required skills and ability to trade, your biggest barrier to long term consistent profitability is likely to be your psychology or as we often commonly call it, discipline.

If it was a World Cup final penalty shoot out and you were in the team would you step up to



## RAISING YOUR GAME AS A TRADER REQUIRES YOU TO EXPOSE YOURSELF TO MORE DEMANDING SITUATIONS, BUT THIS HAS TO BE DONE CAREFULLY.

major index, or currency pair, over a short time frame, and really put yourself in the heat of the action, take time to ensure that you follow the five key points below and give yourself a performance edge.

### FIVE STEPS TO PRESSURE TRADING SUCCESS

**1.** Be prepared – do your research/analysis and plan your trading strategy. Being prepared helps to reduce the risk of being taken by surprise and panicking in the moment, of increasing your confidence and also improving concentration and focus. There is a great phrase used in the military: ‘Proper Planning and Preparation Prevents Poor Performance’. Take heed.

**2.** Keep your planned strategy within your capability range – now is not the time to try new things and get too clever. When you push beyond the boundaries of your capability you are more likely to experience increased anxiety, which is not beneficial to trading. On the flip side this is not about taking it easy where you can become complacent. Work to the limits of your capability and be wary of going beyond at this time.

**3.** Consider ‘What If’ scenarios for events that could occur during the trading session and what you will do if they should happen.

One of the biggest traits I have seen in the most successful people I have worked with in trading (and it was also true in sports) is ‘What If’ thinking. This enables you to stay more composed and confident while you are trading and keeps you a step ahead of most other traders who are more reactive in their trading.

**4.** Manage your risk – keep your exposure within your comfort zones; high risk creates high emotion. Nothing increases anxiety and stress more than taking bigger and bigger risk, and is significantly greater when no trade management process is in place. How much risk will you take each trade? Will you be making several trades in the market? How will you manage your risk if your trades are losing?

**5.** If it all goes wrong – take a deep breath (remember to breathe out again!), refocus, do what you can, and then afterwards learn from what happened. Every now and again (perhaps more often for some) events can happen that send you into a bit of a spin – unexpected events that run contrary to your planned trades, fast moving prices, system/IT faults. In these moments staying as composed as is possible is key – and then more importantly recovering back to a good trading state – try breathing in/out to a count of five in and five out for a great recovery technique.

One of the key philosophies I have tried to ingrain into the traders I have worked with is to set yourself up for success. So often people lose money for no other reason than simply failing to do the fundamentals. Before each time you trade ask yourself: ‘Have I set myself up to trade to the best of my ability?’ If yes then off you go; if no, then take any action necessary to turn it into a ‘yes’.

Happy and profitable trading. ♦

• *Steve Ward is a leading trader performance coach who works with traders and trading institutions across the globe helping them to develop the performance skills and psychology strategies required to maximise their profitability. He is author of the book ‘High Performance Trading’, co-managed a team of forty professional traders, has traded FX and stock indices and was the consultant psychology coach on BBC2’s Million Dollar Traders.*

*Steve provides coaching and training for individuals and teams/desks and can be contacted at: [info@highperformanceglobal.com](mailto:info@highperformanceglobal.com) [www.highperformanceglobal.com](http://www.highperformanceglobal.com)*

take one?

Trading bigger markets with greater volumes, liquidity, price movement, volatility and risk can be daunting. Some traders thrive on trading these big and faster moving markets while others shy away. And mental strength is the key. Over the past few weeks, or indeed years, we’ve had some massive financial events that have provided huge trading opportunities – and huge risks too.

Raising your game as a trader requires you to expose yourself to more demanding situations, but this has to be done carefully. When you are going to trade a fast and liquid market like a