



TAYB 010 – Episode 1-9 Highlights

Steve [00:08] Hello, I'm Steve Ward and welcome to Trade at Your Best. In these podcasts, I'll be drawing on research and practice from the fields of psychology, physiology and neuroscience and peak performance combined with my own experience of working with thousands of traders at institutions across the globe to provide you with knowledge, insights and practical strategies that I hope will help you to trade at your best and achieve your trading potential. This podcast series started with us thinking about becoming a better trader and I hope that a few episodes down the line now that you've been able to get some knowledge or some insights or ideas for action that have enabled you to do that in some way. If that has been the case, then please let me know. It'd be great to know what's resonated, what stuck, what action you took, and how it's helped you. In this episode I wanted to revisit and quickly recap on some of the key themes and strategies that I've covered in this first series of trade at your best.

[01:15] We started in episode one looking at the focus really on becoming a better trader. And I think really, know, this is about having a mastery approach. Some of my clients have been highly successful, highly experienced traders and the one thing that interested me is that desire. Still looking to get better. And this was the same one I worked with elite athletes and it's the same with working with some really great poker players. It's that mindset about wanting to get better the mastery of the craft. And, and probably I think for many people, mastery of self through mastery of the craft is a huge part of, of being able to achieve your performance potential. It's thinking about for yourself, what would you like to achieve in your trading and we talked about the idea about who you need to become, who is it you need to grow into to achieve that?

[02:08] Remembering that you're already part of the way there. So what progress have you made? And then thinking about what are the next small steps, what the things that you could maybe keep doing that are working well. Are there things to maybe start doing that you're not currently doing? Are there things that you are doing that are no longer helpful? I think also again, you're just reminding yourself of why it's important to you. You know, what is this? You put in a lot of time and effort into trading. So if you want to become better, you're going to have to put in more time and more effort. So just really hooking into why that's important for you and that's where the commitment can really come from.

[02:48] We then moved on and looked at the idea of situational awareness, this moment to moment awareness of what's happening to yourself in others and the environment in the markets. And it's a key skill to have if you're wanting to be able to self regulate to be able to manage a thought, emotions, urges a stress response for example, then you need to be able to notice it happening. So, it's a really key mechanism for self regulation, which we could also translate as self control and we could also in trading terms, label it as discipline. The great thing about situational awareness is that it can be trained and it can be developed. And we talked about how one way of doing that is through practices such as mindfulness type exercises. And for me, the developing of this present moment awareness is probably one of the most, if not maybe even the most important mental skills required for high performance, not just in the markets but actually probably in any performance domain.

[03:55] We then took a look really at what is a good trading decision and thinking about the focus really needs to be on making good trading decisions and maybe not so much on making money on the PNL important note, that is, I shared some research about how an excessive focus on outcome or result PNL will most likely increase your levels of stress and anxiety, increase loss aversion and ambiguity aversion, reduces your learning, reduces your risk taking. So not particularly helpful. None of those are going to help you to maximise your market returns. What's the alternative? Well, I shared a case study with one of the traders I worked with, how we were able to kind of place more focus on how you make your decisions, getting into the trading process, the steps that you take and really shifting the focus to essentially on becoming a better decision-maker on developing your trading process, getting better at decision making and really getting curious and in how you do what you do and it's all about really the interaction between, there's you, the trader, there's the markets and there's results and I think it's just really balancing it all off and looking at okay, well if you've got an outcome, a peanut outcome, what did you do now? What were you thinking? How are you feeling? What behaviors were happening in the context of, how the market was also behaving at those times and kind of looking at it a bit more of a wholesome picture. I think also just taking the time to reflect, not just on how much money did I make or lose? But getting into how you made a decision is a really important step to take

[05:37] In trading. A lot of challenges come because there are some situations that arise when we get uncomfortable. So we've talked in the podcast about getting comfortable with being uncomfortable and just comfort can come from many sources in trading. It can come from losses, it can come from making mistakes, from boredom, from a sense of regret we could have made a better choice and, and from being wrong. And I explained, I guess that often our attempts to avoid discomfort can lead to behaviours that undermine our efforts to kind of get the best returns possible. And the goal is maybe not to get rid of discomfort, but to focus on becoming more comfortable with the discomfort. In the short term, we can become comfort seeking when things are challenging. We can have this bias towards avoiding pain or getting pleasure, but it's kind of very much around kind of feeling good.

[06:34] And when we're in those challenging situations and we get that drive towards comfort and feeling good, the payoff is that we may not be taking the action, which actually serves us in our best interest in the longterm, which may be, let's call that doing the right thing. So there's kind of this short term comfort versus kind of there's longterm consequence. And then the, in the short term, this kind of drive to kind of feel good, avoid pain, get pleasure versus the longer term kind of doing the right thing. Following the process. We talked about a few techniques for kind of managing that, but I think part of it is just recognising that discomfort is normal in all high-performance domains. There's going to be discomfort. Trading is no different. We need to accept that. We need to maybe allow it and embrace it and make room for it. Recognising every time it's uncomfortable. That is a time to practice the skill of dealing with discomfort. There is no other time to practice it. And also allowing ourselves to gain more exposure to it. Let the body adapt to it as it would do to any stress response.

[07:39] You've also had a look in the series at the psychology of losing and, and really, just recognising the importance of being able to learn to manage losses in the most effective way. Possible losses and losing runs, they happen to all trade is, I've never worked with any trader who's had any kind of experience in a market who's not had losses and been through some pretty significant losing run but it's how you deal with them that matters the most. And I think, again, there's a few things you can do that are helpful. Definitely. I, I see. And I feel that being more process focused and less results focused, being less attached to the outcome of the trade helps you to experience less anxiety and stress. It makes it easier to kind of manage the psychology of losing. Being able to see losses as opportunities to learn from and to kind of get feedback from.

[08:33] I think it's a very useful perspective to take. And definitely if you can shift your perception, change that perspective, it can shift how you feel and behave. You know, after taking a loss at a very pragmatic level. I think the amount of risk you take, your position sizes have a big impact on the size of your losses and therefore your experience of them. So having an awareness of your own for loss, both financially but also emotionally aiming to keep within that is really important as well. Not just in terms of taking the loss, but also how quickly you can recover from it.

[09:10] Another theme we've touched on in the podcasts, and this probably ties into a bit of what we talked about with discomfort, is about uncertainty and being able to embrace uncertainty. It's central to the trading environment. You know, it's a part of the markets and it's not going to go away. So if it's not going to go, we can fight it, we can resist it, that's not helpful or we can embrace it, we can allow it, we can work with it for sure uncertainty can create feelings of discomfort and anxiety, but attempts to avoid that are often leading traders to take behaviors which are not helpful, risk aversion or looking for trades kind of extremely high probability, extreme high levels of certainty, which again, probably for most, most people not helpful. So we need to find ways that are right for you of managing the uncertainty that might be simply adopting the mindset of impermanence, recognising that everything is constantly changing, you, the markets, the world. And that can be a very useful kind of a mindset to adopt. I think also pragmatically planning for uncertainty as your preparing

researching and planning your trades, looking at different possible events in scenarios and thinking about what you might do in those scenarios if they occur before you actually get into the market. So that kind of idea planned uncertainty again can be very, very useful.

[10:43] We've also taken a look at emotions and trading and I think key takeout here that I'm trying to go over to you in the podcast was really about this idea of working with your emotions. Many traders still have a sense of it would be better to trade without emotion. Yet we know the neuroscience shows us that that's not really possible and actually maybe even not even helpful. Emotions are integral to how we make decisions that deepen our neurobiology. They're messengers so they are, they're serving a purpose and they're also energy mobilisers. So we actually need them to make good decisions. And again, the work of Damasio, Antonio Damasio, clinical neuroscientist, again with his patients, with challenges to the emotional centers in the brain, very difficult to make emotion. So we know we may not want to be like that is your reality.

[11:37] So what can we do? Well, the key really is to work with them. This is a, this is probably a new paradigm for many people and we talked about three main skills here. Firstly, awareness. So being able to notice and potentially name the emotions as they arise. We talked about accepting about allowing the emotions and maybe what can help you to do that is to think about emotions as data. What's it telling me? And then the third stage is action. So how can I integrate emotions into my decision making process? Can I stay action focused so I can, I have the emotion without the emotion having me. But actually, also are the actions I can take based on the message of the emotion that might be helpful.

[12:25] And then we went on to to look at a bit about the physiology, what's going on in the body and remembering to look after the body because your brain sits inside it, you know, the brain is embodied, it's inside operating inside that context and your cognitive abilities are affected by how much energy you have available. You know, and we, we looked at the the pro board decision making study. We saw some high levels of variants based on the chances of being paroled based more so on time of day than on crime and sensitive things and so on. So pretty significant shifts and changes. And it's just about recognising that fatigue has a big impact on decision making. If you can show up each trading da with a bit more energy in your system, then that is going to be an edge.

[13:20] And where does that energy coming from four key building blocks that we talked about? Sleep, recovery, nutrition and physical activity. Nothing new, no mystery there probably for anybody. But I think again, it's that commitment. It's recognising there is a strong connection between your physiology and your psychology and your neurology. And we talked about maybe physiology like being the platform almost like the foundation of all. So really taking time to build some good habits around sleeping well recovering well, eating well and moving well, can have a big impact on your performance and your decision making.

[14:03] We kind of came to, I guess towards the end of the series we started look at the idea of an upgrade from discipline 1.0 to maybe a newer model, let's call it 2.0 essentially a shifting away from being too attached to the idea that we need to have a plan and trade the plan in a rigid fashion. But just maybe having the mindset or having the awareness that there are times when flexing your trading behavior to meet change in market environments is actually probably going to be the most effective action to take and probably actually is key if you're going to maximise your returns from the market, but you need the skill and do you need the awareness and you need the judgment to be able to differentiate between when you are flexing to meet changing market conditions. So strategic flexing versus when you're flexing just to feel good so you're flexing, you're moving your stop loss to avoid taking a stop to avoid the pain of losing or your flexing by getting out of a winning trade early so you can have the pleasure of feeling good in that moment.

[15:13] So again that is it a strategic flex or is it kind of more of a feel good? Flex is really important and it's that awareness to be able to kind of differentiate between one and the other. That's really key. And I think we talked maybe about kind of four key skills that might be useful component parts to think about building to kind of have that discipline in 2.0 model. One of those was committed action to kind of, what you need to do and you commit to it. You've got the situational awareness to read what's going on externally in the market and internally within yourself. So you kind of got awareness of context, internal and external. You with those skills can notice if you are drifting away from committed action and it's unhelpful and then you've got the psychological skills to be able to manage that. And then if you have the awareness that the market dynamics are changing and the most effective action isn't the one you're currently taking, then that fourth component part is having the behavioral flexibility to be able to adjust your trading behavior to meet the change in market demands.

[16:25] The focus of these podcasts is to help you to improve your trading performance, to become a better trader, to move closer to achieving your trading potential. Improving performance requires taking action. So I'd like to invite you to take a few moments to reflect on the contents of this podcast episode, to think about what was interesting for you, what resonated and caught your attention. And to consider how you might apply it within your own trading.

[17:00] Thank you for listening to this episode of trade at your best. I hope you enjoyed it and found it useful. If you've got any questions or feedback about this episode or suggestions for future ones, then please get in touch through the podcast page, www.tradeatyourbest.com. This is also where you can find any links or resources mentioned in or related to this episode, and if you'd like to find out more about me and the work I do helping my trading, investing, and banking clients to perform at their best, then please visit the performance edge consulting website, www.performanceedgeconsulting.co.uk.