

"What is Holding You Back?"

by

Ruth Barrons Roosevelt

"The biggest obstacle an investor faces is himself." Ben Graham

When it comes to trading, we have met the problem, and nine times out of ten, the problem is ourselves. That is good news and bad news. The good news is that we are responsible, and therefore we can do something about it. It's within our control. The bad news is that it's us. As one prospective client once said to me, "Ruth, if there's anything wrong with me, I don't want to know it."

"Know thyself." It has often been said, "How well do you know yourself as a trader?" When it comes to myself, if there's a bad thing a trader can do, I've probably done it. Hopefully, I don't keep doing it. In what ways are you your biggest trading/investing obstacle?

Does fear or greed dominate your trading decisions? Or do they alternate depending on conditions? Have you learned to moderate fear to caution and greed to desire?

Do you act too quickly or too slowly? Do you try to gather so much information before you act that by the time you're ready to act, it's too late? Traders often have to trade on the rumor and get out on the fact. When the facts finally arrive, the move may be over. Do you precede your trading signals by jumping in before you have a valid entry only to find yourself in a losing position for a trade that never develops? Do you just pop in to see what happens only to regret it?

Does your greatest difficulty lie in your methods or in the consistent application of your methods? If your chosen methods produce more losers than winners, you're already in trouble, particularly if you consistently apply them. On the other hand, if your methods produce more winners than losers but you cherry pick the trades so that you have more losers than winners, you're also in deep trouble. You need to know which it is and correct it.

Is your intuition reliable? Are you in touch with it? Do you trust it? When that still, small voice tells you to act, is it experienced inner wisdom, or is it merely the voice of emotions getting excessive? Can you tell the difference between subconsciously trained valid insight and the rumblings of wild emotion?

How do you feel about loss? Do you accept it as simply the cost of trading to win? Do you hate it so much, you fail to cut your losses in a timely fashion and hang onto the growing losses until they overwhelm you? Do you wait until the pain of staying in is greater than the pain of getting out? Or to avoid undue loss, do you place your stops too close and experience death by 1,000 stops?

Are you able and willing to honestly assess your strengths and weaknesses, so that you can utilize your strengths and overcome your weaknesses? Or do you justify poor trading results with a rash of false explanations? Do you, on the other hand, blame yourself when it's merely a rough, tough, patch in the market? Make it your business to know the truth as best you can, so that the truth can free you up to be the best trader you can be.