

## Developing and Maintaining Deep Trading Confidence

One of the most prevalent misconceptions in trading is the belief that the trading system you use is the most important factor in trading success. If that were true, there probably wouldn't be so many different trading systems. And for sure, when one trader found success in a system, then every trader using it would also be successful. So, it follows that perhaps skill would also be an important component. That comes with practice. So why are so many traders who have been "practicing" for many years still unsuccessful?

Developing and maintaining a winning attitude is basically synonymous with confidence and it's something traders accomplish over time. It's not a one day epiphany. Confidence grows as skill grows and positive performance becomes routine...not hoped for, but completely expected. Confidence is one of the most important "success factors" in trading. You can't consistently achieve your goals without it.

While you may know what confidence does, many traders don't know what confidence is, how to get it or how to maintain it. So let's take a more in-depth look at what it takes to develop super-solid trading confidence.

First, let's define it. What is trading confidence? Many traders believe it's an on-off switch where you either have it or you don't. It may feel like that some days, but a lack of confidence doesn't equate to an absence of confidence. A lack of confidence is simply not having enough of it or not having the right kind.

Think of confidence as something that occurs on an ongoing basis and develops in layers. It's a process, not an event. The continuum ranges from low to high and the layers range from thin and fragile to thick and resilient. So, how can you develop high confidence that is thick and resilient and works well under pressure?

In its simplest form, trading confidence is feeling good about your abilities and having positive thoughts when you trade. These positive thoughts must be true and believed to the core of your being. Every cell in your brain must know these thoughts are true beliefs and not hopeful wishes. Traders with shallow confidence can't "shake off" their losing trades, mistakes or that pesky negative number in the P&L box. Their mindset is dominated by thoughts of whether they will trade well. Their mind habitually snaps into panic mode after just a couple of losers and their stomach is in knots. Rather than a daily joy, trading is a painful experience the majority of the time. Often, the joyousness of wins doesn't soothe and heal the painful mental scars of our losers.

To paraphrase, "The bitterness of a really bad day lingers on long after the sweet taste of a great trading day has faded away".

The classic example of this is the trader whose confidence is evident on the first trade or so but immediately disappears after one or two losers and immediately reappears after a few good ones. It's an emotional roller coaster and we can't possibly trade correctly when we're going for that ride. Shallow confidence is at the lowest end of the continuum because it is based solely on hope and often flimsy knowledge. It is thin and fragile because it is not based on active mental strategies. Trading confidence doesn't happen because we're aware it exists and that it's important, it happens because we work at it every single day.

Every trader would be far better off acquiring "deep confidence". Deep confidence is a super stable, consistent and reliable mind set where traders totally believe they can trade well on almost any given day. Do you wake up in the morning eager to kick some candle tails and say, "I am going to win today" or do you think, "gee, I hope I do well" or maybe "Lord, please don't let me lose again today?" The confident trader never lets one or two bad trades affect them. Their confidence is built by active mental strategies and isn't performance-dependent. Think about that.

When confidence is performance based, it's like a tire with a leaky valve stem. You constantly have to pump it up to get where you want to go. But it constantly tends to deflate. But when your confidence is based on active mental strategies, it would take an army to tear it down. To achieve this level of confidence, you need to have a trading strategy that you have proven to be consistently profitable over any period of time AND you need to know that you have the skill and knowledge to make that strategy work for you almost every day. Not every trade, of course.

Deep confidence is demonstrated by how you think, what you do and how you react after an occasional mistake or string of losing trades. It's an overall and pervasive sense that you can consistently execute when you need to. It's trusting your abilities and it's disciplining yourself to have more confidence in your trading than you have doubts. Doubts will creep in. We're all human and some negative thinking is inevitable. But those thoughts should be fleeting and totally incapable of influencing our trading decisions in any way.

Traders with deep confidence trade this way because they use specific strategies that make them feel totally secure in the markets. You must dive deep with your confidence and approach every trade thinking "I can trade well because I am a proven professional!" rather than worrying "I hope I trade well today."

Trading is 20% execution and 80% mental.

Deep confidence comes from carefully setting down layers of different types of confidence. These layers are interrelated and form a mental approach that is thick and resilient like rubber, not thin and fragile like glass.

Deep confidence is the psychological security that we can hold up under pressure and the physical security that we can perform skillfully at will. You can think positive but all is for naught if you can't perform.

Therefore, to set down your first three layers, create confidence by setting and achieving personal trading goals.

Which goals? Well, nothing builds confidence more rapidly and sustains it like having reliable skills that you know work.

Imagine how confident you would be if you knew your skills would be there every time a good or high potential trade appeared? Without that confidence level, the human mind, filled with hope and doubts will find a way to sabotage trades no matter how good they are.

It's faith in our respective trading skills that builds unshakeable confidence, not striving for perfection. Physically working on your game to build confidence is the first layer. Your second layer comes from your "positive decision" to work on your trading strategy (practice and study). Your third layer is a product of the first two because having a plan and practicing engrains an extra deep order of confidence, one that comes from "sincerely knowing" you have done your homework.

My son bought me a bottle of cologne called Swagger a while back. The name makes me think of John Wayne. Nobody had swagger quite like The Duke. That guy had deep confidence written all over his face. When he "swaggered" into a room all heads turned his way and nobody got in his way. Your goal should be to trade with that same fearless deep confidence. Attack those trades like John Wayne would go after the bad guys. He knew he'd win and so can you.

This unshakeable inner sense of rock-solid confidence, once achieved, is with us all the time. Not always evident externally and visible, but real and tangible on the inside. Unaffected by the ups and downs of trading performance, once achieved, it will always be there to faithfully serve you throughout your trading career.

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