

The following is provided by

www.tradingeducators.com

**Trading Educators, Inc.
1814 Carriage Club Dr
Cedar Park, TX 78613
USA**

Phone: 800-476-7796 or 512-249-6930

Fax: 512-249-6931

Email: **support@tradingeducators.com**

NOTE

Our books are actually **full-blown courses** for traders. Each is designed to deal with a different aspect of trading.

These are not books that try to teach you some magic indicator. They teach you how to trade the reality of the markets.

You're looking right over Joe Ross' shoulder at **real trades** made in real markets. You are told when, why, and where the trade was made. You are shown his thinking when the trade was made. You see how, when, and why he entered a trade and how, when, and why he exited the trade.

We get letters and calls all the time telling us that our courses are worth their weight in gold, and we offer a no questions asked, **money-back guarantee** on every book still in saleable condition.

Trading Educators, Inc. (formerly Ross Trading International, Inc.) was founded in 1988, and has thousands of satisfied customers who have used the Joe Ross methods to **produce significant positive results** in the markets. Trading Educators, Inc. is registered with the Commodity Futures Trading Commission (CFTC), and the National Futures Association (NFA).

Chapter 19

PERSEVERANCE

Obviously, not every one can be a star trader. Yet the only way many can ever find out their potential is to persevere.

Some of the greatest trading stars have been people who have had a bulldog approach to trading. They have withstood the enormous financial strain and pressure of being net losers in the markets until they mastered their chosen profession. Along with staggering financial losses, they have stood up to the immense mental and emotional strain of losing, often over long periods of time. It would seem that for most, the only way to the top in trading is to persevere.

When starting out, the key *is* to persevere. We have seen too many traders with pent-up emotions about finally getting started. They take a trading class at a brokerage firm or a trading seminar, they paper trade for one or two weeks, they set up an account, and ‘boom’ they start pushing buttons. That’s not the way to do it. The key is to try to stay in the game. Too many times these new traders lose their stop- loss money in less than a month. The *good* news is that, if they have a stop loss and adhere to it, the financial pain stops at that point. **[PLEASE SEE OUR CONTACT INFORMATION AT THE FRONT OF THE BOOK IF YOU ARE INTERESTED IN OUR TRADING SEMINARS.]**

Every time you get knocked down, get up and try again. **ONLY THIS TIME, TRY TO HAVE LEARNED SOMETHING FROM THE LAST TIME YOU HIT THE FLOOR.**

Most people think that the only real measure of success in the market is that of making money. In a way that is unfortunate. We think that someone who sees that trading is not his cup of tea, admits that to himself, and then goes on to other things is successful in the markets as well.

That may sound silly to you, but keep in mind that there are bunches of those kinds of people out there. For example, there are those who have given up trading to become researchers, brokers, provide chart services, write books about trading, offer legal services to traders, give them psychological help, teach courses in trading, offer training for certification, set up advisory services, write computer software, etc.

Electronic Trading 'TNT' II — Gorilla Trading Stuff

These people love the art of trading. They may or may not have succeeded as traders, but they have persevered, and thereby have found a niche for themselves in a field in which they enjoy working, and hopefully are able to help other traders.

And although it seem inconceivable at the moment, there are even one or two people in this world who have found fulfillment in fields that have absolutely nothing to do with markets or trading!

Chapter 20

HONESTY AND TRUTH

In the business of trading it is rather easy to fantasize. You picture yourself making the big trade.

You see an indicator that is seemingly miraculous in the way it works, or a chart pattern that “nobody has ever seen before”, and you get all excited thinking about the money you can make with this newly discovered magic.

Pipe dreams, walking on clouds, and hitting home runs are traps that are easy to fall into when you trade.

Sometimes it is really hard to be honest and truthful, even with yourself.

When you are in a trade, you tend to see only what you want to see on the chart.

Want to have some fun? The next time you get into a trade, ask a small child what he or she sees on the chart. That is one way to get at the truth.

The sad reality of lying to yourself is that you will soon be broke and out of the markets.

How do you accomplish being truthful and honest with yourself when you are trading?

Listen to this voice of experience:

“I had that problem big-time. Here’s what my problem was, and here’s how I solved it. Just because I was trained properly and given the right mindset for trading doesn’t mean that I could automatically carry out my training and not have bad habits. I still had to overcome my weaknesses and bad character traits.

“I would get into a trade, and subsequently the trade would go against me. When that happened, I would tell myself to give the trade a little more room. As the market continued to move against me, I would fantasize that surely the market would hold at the next logical point, which might have been a high or low, or prior resistance or support.

“Quite often, that is exactly what would happen. The market would move to my logical point, and then back off for a bit, thereby trimming my already sizable paper losses and giving me hope that, ‘Surely now, the market will go my way.’

Electronic Trading 'TNT' II — Gorilla Trading Stuff

“After awhile, the market would resume its relentless search and destroy mission against me. I would then pick out the next logical point at which the market would surely stop. I would grit my teeth, and determine in my mind to stick with the trade until the trade finally went my way.

“I entertained all sorts of lying and dishonest thoughts. Worst of all, I rationalized them to the point of trading on hope.

“I took some mighty big hits in those days, hits I could hardly afford to take. Those big hits would completely demoralize me. I would be forced to get out of the markets and retreat to lick my wounds. I would go through all sorts of self-flagellation, only to return to the markets and do the same thing all over again.

“What do you do when you realize your problem, face it, determine not to make the same mistake again, and then turn right around and do it one more time?

“Here’s how I solved it at first, and how my solution evolved into what I do now.

“I decided to make myself a three bar rule. If the trade didn’t go my way by the time I saw three bars on the chart, I would get out. This was a hard and cruel rule to follow, but I stuck with it and began to cut my losses considerably.

“However, I got hit pretty hard at times if the market made a big run against me within the duration of the three bars.

“Although I hated to do it, I had to add another factor to my rule. I had to put an absolute limit on the amount of money I would risk on any trade. This caused me to develop what I call my “catastrophic” stop.

“When I added the catastrophic stop factor to my trading, my losses dropped again, and consequently my wins were greater in relation to my losses.

“Then I noticed that the penetration of a curve fitted, offset moving average made a good protective stop (see [ELECTRONIC TRADING 'TNT' III — TECHNICAL TRADING STUFF](#).) Not only that, but it gave me a real number at which to set my stop. Another good thing was that it was a number that not everyone else would be using.

Electronic Trading 'TNT' II — Gorilla Trading Stuff

“Again this helped my dollar win to dollar loss ratio. I was on the right track, and as a byproduct of what I was doing, I was learning to be honest in my trading. I no longer had to lie to myself. I had contrived a mechanism for getting myself out before I got killed.

“Finally, once I began to think honestly and truthfully with myself about what was happening in the market, I came up with the method that I use today.

“I move my stop up, when I’m long, as soon as a price bar fails to make a new high. Conversely, I move my stop down, when I’m short, as soon as a price bar fails to make a new low.”

There are many other ways to fantasize and be dishonest with yourself.

What lies are you telling yourself? Are you one who moves the trend line in order to convince yourself that the trend is still going your way? Are you one who keeps lifting his stop in order to give the market more room?

Perhaps you’re one who, when the heat really turns up, walks away from the trade in the hopes that the next time you look, everything will be all right.

Whatever it is that you lie to yourself about, you need to confront it and come up with some way to get around it. You need a device or gimmick to cause you to break the bad habit.