

Learn How to Pull the Trigger on a Trade

First Let's Try to Understand Why you are Afraid?

Fear is one of the emotions that can hold you back from reaching your full trading potential. Trading is primarily a mental game and those that exercise clear judgment have the greatest odds of success. So, before we can delve into why you are having trouble pulling the trigger, we first need to understand the basis of your fears.

Throughout this article we will cover a number of topics that address the types of trading fears that develop through poor habits. As you are reading each of these scenarios, try to identify which one of these is the trigger behind your fears.

If you are able to pinpoint your shortcomings, you will be able to release the powerful trader within.

Do you Hesitate Pulling the Trigger?

Hesitation is one of the most painful fears that are expressed when trading. You are certain that you need to make a trading decision.

You have performed extensive research, identified your entry position and stop levels, yet you find yourself staring at your screen.

Unlike the other forms of trading sins, hesitating on pulling the trigger is hard to pinpoint the exact fear that is holding

you back. You just feel incapable of making a move.

Depending on the trading methodology, hesitating for a few minutes can be the difference between profitability and walking away a loser.

The most painful result of hesitating is not the financial implications, but rather psychological. You will find yourself watching winning trades play out right before your eyes, but your lack of conviction prevented you from jumping on-board.

To combat this type of fear, once your entry point has been hit, simply execute the trade. Don't think anything, just enter the order. If you don't trust yourself to follow through on the trade, place a limit order and walk away from your monitor.

This sounds simple enough, but you may experience light headedness and a fast heart rate once you have made up your mind you need to take action and not be on the sidelines. The most important thing for you to remember is that this sort of physiological response is normal. You are literally willing yourself to take action and this my friend requires mental, physical and spiritual strength.

Is it the fear of being wrong?

Another fear that could be holding you back is the fear of being wrong. This is one I am currently wrestling with on a daily basis. As a child I was a big sore loser. For me, it wasn't just about playing a game, it was about being right. I needed the satisfaction of looking back on an event to know that I had made the right call.

This need to be right was one of the things holding me back from profitability early on in my trading career.

A way to quickly notice if you suffer from this issue is if

you constantly obsess about breaking even on a trade. You may almost find yourself completely forgetting about the bigger picture of the setup and just focusing on if you are positive or negative on the position.

This constant obsession of winning and losing on every single trade will ultimately bleed over into your thoughts about a stock prior to opening the position. Instead of embracing that trading is an odds game where you hope to establish an edge, you will find yourself so worried about being wrong, that it's less painful to not put on the trade at all, versus risk the very real possibility of being wrong.

What Painful Trade from the past is holding you back?

If you follow the Tradingsim blog, I have highlighted a few trades that were so traumatic, that I remember them like it was yesterday. These trades can be both positive and negative experiences. What you will notice is that you carry traumatic losing trades with you the rest of your life. This trade, if painful enough will literally cause you to freeze in your tracks days, months or even years down the line.

To combat these negative emotions, you first need to accept the losing trade. Once you have assumed 100% responsibility for the trade, begin the process of realizing that each trade is unique and no two experiences in the market are exactly the same.

This will not be overnight, but overtime by simply taking the trades as they come, you will begin to diminish the importance of that traumatic trade as you will realize that this is a game of odds and your past transgressions have no bearings on your future earning potential.

Too Many Trading Signals?

Do your trading screens look like your intestines? If you don't know what I mean here, do you have charts on top of charts with indicators flying all over the place?

Still don't get what I'm saying, please have a look at the below chart:



Let me first ask do you feel like the more analysis you perform makes you a more effective trader? The harsh truth is that when you place so many variables in your path of success, you will likely find contradictory signals. These contradictory signals will make it virtually impossible for you to take a hard position, thus you will likely find yourself again staring at the screen unable to take on a trade.

The numerous indicators, news reports and any other edge you are trying to use becomes a curse instead of a gift.

Try using 50% less of whatever it is you are doing to see how it affects your trading. Then after you have found some success, try cutting the number of tools you use by another significant percentage. The goal here is to get things to a point where you are able to trade more on judgment and

experience and not in such a mechanical method. This process can take years, so don't throw away the baby and the bath water, but keep it in the back of your mind that you need to let go of these crutches over time.

You have publicly talked about your trade

This scenario covers when you have spoken to a family member, friend, spouse, or placed the details of your trade on the internet.

At this point whether you want to admit it or not, the fact that people know you are in the stock, will impact your trading decisions. Trust me, there is no greater need to be right than in the eyes of others.

Now instead of realizing that you may have just placed a bad trade and you need to let it go, you are having a tough time pulling the trigger because you don't want to appear that you are not in control.

So, instead of going out on StockTwits and admitting that things did not go as planned, you instead hold on just a little bit longer in hopes that things will work themselves out.

This scenario is why I do not post trading recommendations on the Tradingsim. I know that I am extremely competitive and need to be right practically in every facet of my life. My wife constantly reminds me of this on a daily basis.

So, I know the minute I post Al has taken 'x' position, it would only place me in a position where I need the trade to work out no matter what. Just so I could come back later and tell you guess what, it worked out just as planned.

Who needs that level of pressure? For me I like to quietly

take my lumps in private, but I will talk freely about my year in review, but when I'm actively in a trade, that my friend is between myself, the market and GOD.

Are you worried about what the broad market is going to do?

This example is one close to my heart, because this was holding me back in 2013, so it's fresh on my mind.

Essentially you are eyeing a stock and you know the stock is a great setup, but instead of pulling the trigger you are so worried that the broad market is going to experience a correction, that you don't pull the trigger.

To make this real, in 2013, the market pretty much went up all year long and I was able to rack up a 53% return for the year, but it could have been so much more. What was holding me back was I would see a potential broad market sell-off in the works around every corner.

This fear of the pending doom held me back from taking a number of positions, because I didn't want to be the guy holding the bag.

The way to handle this fear is to remember that yes, the broad market can make a nasty move in the opposite direction, so you need to keep an eye on the Nasdaq, NYSE, etc., but you cannot let the potential doom and gloom of a market pullback stop you in your tracks.

You must accept the risk and place the trade.

You Just Don't Believe in Yourself

This is a tough one to accept, but maybe you just don't believe in yourself. Maybe you have over time come to a point in your life where you are no longer a fan of your trading

abilities. You find fault in practically anything you do.

This sort of negative attitude will get you creamed in the market.

More than anything we have covered in this article, you must have a winning attitude in order to be successful at trading.

Without a winning attitude you will find a reason to hesitate on pulling the trigger every chance you get.

Learn to Let Go? Learn to take Every Trade?

So, we have covered a number of fears that hold traders back from profitability. Depending on where you are in your career, you can potentially see yourself in any one of the above scenarios. The fix for all of these symptoms is the same.

You must learn to accept the fact that you are trading. This means fully accepting the fact that trading boils down to a matter of odds and all you need is an edge in your favor.

Once you have determined you have some sort of edge, you place the trades and not worry about if things will work out perfectly or not on each trade, because over the long haul you will come out a winner.

Once you are able to make that leap to a point when you begin to look at the market in terms of odds, you will no longer feel the burdens of the scenarios listed above, because you will realize that these variables are just that, variables.

There is no way you can know how each one will affect your stock, so to worry or try to predict each permeation is a waste of time.

In Conclusion

Stop worrying! Trading is meant to be a fun challenge which forces you to look into your soul to figure out what makes you tick. If you find yourself unable to pull the trigger for any of the reasons listed above, take a breather. You can try our trading simulator to see if you can't figure out what is going on before investing more money in the market.

Remember, fear is a mind killer, it disintegrates from within. You must first learn to face it then control it.

Good Luck Trading

– Al