Trading Psychology

6 Characteristics of Successful Traders

Dr. Brett Steenbarger, PhD

Dr. Steenbarger is the author of ‘The Psychology of Trading’, ‘Enhancing Trader Performance’, ‘The Daily Trading Coach’ and ‘Trading Psychology 2.0’, with an interest in performance enhancement among traders, drawing upon research from expert performers in various fields. The author of the TraderFeed blog, Brett has been a valued contributor to our Report since we first launched in 2005. We thank Brett for the following article:

I've seen traders succeed in very different markets, over very different time frames, and with very different strategies. Here are common elements I've noticed among the most successful traders:

1) Capacity for Sustained Focus - Quite simply, the successful ones process more information--and sustain the search for unique information--better than their peers. This enables them to see what others do not;

2) Originality and Creativity - I have never met a successful trader who traded in the ways that trading texts describe. There is always something unique to the successful trader, and very often it's looking at unique information or looking at common information in unique ways;

3) Learning From Mentors - There may be completely self-taught genius traders, but the best that I have met have learned from other successful traders. Indeed, it's common for the great trader to have multiple role models and synthesize lessons from each;

4) Emotional Resilience - Some traders bounce back from losses and setbacks better than others. The successful ones actively learn from the setbacks--and then move on. The less successful ones fail to learn from their experience and often fail to move on;

5) Attention to Detail - In football, it's often the blocking and tackling that ultimately wins the game. In basketball, it's running the plays and the defense. Less successful traders focus exclusively on "setups" to get into trades. Successful traders develop rules and processes for sizing and managing positions to maximize reward relative to risk.

6) Always Working on their Game - As Merritt Black at SMB Futures recently noted, the intensity and consistency of the review process is very positively correlated with success. Just as in sports, the successful traders review markets, review their trading. They are studying "game film" to prepare for the next contest. They aren't focused on getting rich; they're focused on getting better.

Quite simply, the best traders start with distinctive strengths and then cultivate those through rigorous tracking of performance and learning. There is a winning process long before there are winning outcomes.

Further Reading:
What *Really* Creates Your Trading Success?

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10th Signal to Achieve Jim’s New Profit Targets
By John Atkinson and Jim Berg

1) Introduction

In our weekly ‘Investing & Online Trading Report’, we feature all the details of recent changes which Jim Berg has introduced to his Trading & Investing Plans, established over his 30+ years in the market.

These were added in direct response to the increased volatility experienced in today’s current market conditions, with the aim of improving overall profits.

In particular, these changes include:

1. Extra entry criteria added to his proven ‘Weight-of-Evidence’ stock selection filtering conditions
2. Amended Profit Targets for short term trading

In recent weeks, 10 of Jim’s Trading Signals have achieved his new Profit Targets* - each within 0.9 to 7.4 weeks.

This equates to 90.9% of the first 11 new Trading Signals added since 28th December 2018 have now reached Jim’s new profit Targets*.

(The 11th Signal remains OPEN and we will look at its progress in a later Edition of our weekly ‘Investing & Online Trading’ Report.)

In today’s update, we feature one of those closed Trading Signals, then summarise the current status of ALL open & closed notional Trading and Investing Signals positions, as at Friday 15th March 2019.

2) Closed Trading Signals Notional Trade: Ramsay Healthcare (RHC)

Entry Analysis:

Each week, in our ‘Investing and Online Trading’ Report, Jim Berg currently:

➢ Scans and filters the entire Australian market as well as the USA (Nasdaq and S&P500) markets to find those shares /stocks which meet most of his Entry Criteria. He then

➢ Publishes his updated Watch Lists exclusively for Report Members to watch over the next 2 weeks - to see which (if any) subsequently pass Jim’s remaining Entry Rules*.

For instance, in Edition 706 of our weekly Report, Jim included Ramsay Healthcare (RHC) in his list of ‘JB Alerts’ as it:

1. Was in a rising trend AND
2. Had recently given a JB Alert Signal, as part of Jim’s proven ‘Weight-of-Evidence’ Entry Rules*.

In addition, each night, on behalf of his Members of his ‘Done-for-You’ Signals Services, Jim continues to scan and filter the Australian market to select those shares which met all of his latest Entry criteria that day.

For example, on Thursday 7th February 2019, Ramsay Healthcare (RHC) triggered a confirmed Entry Signal for trading when it passed ALL of Jim’s revised Entry Rules for current market conditions*.
That night, Jim notified his Signals Service Members of this new Entry Signal, as shown in the following extract, from his Trading Signals Members’ Entry Log.

In our weekly Report, we teach the importance and show Members how to test, measure and use a proven and documented Trading and Investing Plan – including knowing precisely when you will get out, BEFORE you get in – both at a Profit (if the stock price moves in your direction) AND at a loss, if not.

The Entry Log extract above shows that Jim suggested a maximum entry of $58.75 based on his documented Rules* and set his Initial Stop set at $55.93.

This equated to a planned trade loss of -4.8% on the capital invested* - if the trade were to go against Signals Members and to trigger Jim’s Initial Stop.

Ramsay Healthcare (RHC) Daily Chart

RHC Trade Management:

Jim’s suggested maximum Entry Price of $58.60, i.e. at 15c below Jim’s limit was met the next day, Friday 8th February 2019, (as also shown in the Entry Log screenshot above)

On behalf of his Signals Members, Jim and his team then monitored RHC daily (along with other open notional Signals positions) and progressively posted an updated Signals Master Log every night - with the latest prices, Stop Loss type and values.

Ramsay Healthcare (RHC) subsequently rallied and on Thursday 28th February 2019, RHC was exited at $64.46, using Jim’s revised Rules for today’s current market conditions -- at a +10.0% notional profit in just 2.9 weeks*.

* The past performance of ShareTradingEducation.com (STE) products is not and should not be taken as an indication of future performance. Caution should be exercised in assessing past performance. STE’s service, like all other financial services, is subject to market forces and unpredictable events that may adversely affect its future performance.

Full details of all of Jim Berg’s Investing & Trading Rules are presented to Report Members.
3) Current Status: Notional Trading and Investing Positions

Over the last week, Jim has added:

A. 3 new ‘Rising Shares in a Falling Trend’ positions and
B. 2 more new Entry Signals for Trading and Investing, based on Friday’s close, ready for when the market re-opened on Monday 18th March 2019.

Table 1 below summarises the results, as at Friday 15th March, for the 14 open and closed notional positions which have been added so far in his ‘Done-for-You’ Signals Services since 28th December 2018, using Jim’s revised ‘Rules’, as documented in our weekly ‘hands-on ‘Investing & Online Trading Report’:

This Table compares the present overall outcome using daily charts for short term trading vs (primarily) weekly charts for investing. Currently:

- 10 of Jim’s 14 notional Trading Signals have been closed at a 10% profit
- Nil Trading and only 1 Investing Signal is showing a closed or open loss
- ‘Letting profits run’ ($17.0k) with 14 positions using weekly charts is currently $4.1k ahead of locking in 10 short term profits and leaving 4 positions open ($12.9k) with daily charts
- The individual ‘closed’ notional trade durations varied between 0.9 and 7.4 weeks

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<td>(for 4 Trading &amp; 13 Investing Signal positions)</td>
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<td>Max open notional Profit</td>
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* Based on $12,500 notional position from a $100k notional portfolio

Jim Berg is now looking to add more new Entry Signals to his Australian ‘Done-for-You’ Trading and Investing Signals Services

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