

Vow to Be a Winning Trader!

This is the time of the year that many people make resolutions to lose weight, stop smoking, be better husbands or wives or parents-well, you get the idea. For those of you that are just learning to trade, or are early in your trading careers, I suggest you consider making a New Year's resolution to be a winning trader. But don't make that vow without knowing what it entails! It's not just saying the words or wanting to be a winning trader that makes it so. What do I mean? Read on.

I recently did a live trading session at the Las Vegas Traders Expo. In fact, I was one of five traders or educators that traded live for about an hour. At the end of the day, there was a panel discussion featuring the five of us and the audience could ask us questions. One mentioned that he had brought up a member of the audience during his session and after pointing out one of his trading set ups unfolding in real time, he let her place the trade entry order while the rest of the audience watched. She ended up making a small profitable trade. He said that he wanted to show the audience that he could teach anyone to be a winning trader.

The rest of us on the panel looked at him skeptically and then we all began asking him questions. Suffice it to say that although we all felt some trading skills could be taught to most people, we disagreed with him that everyone could be taught to be a successful trader. Did he budge from his statement? Not a bit. Did we change our minds? Not one of us.

To me, this discussion got to the very heart of what makes a successful trader. While running one of the largest institutional trading desks in the US, I taught literally thousands of traders over a 15-year period. And recently, I have been mentoring well over 350 professional traders at the Chicago Board of Trade and Chicago Mercantile Exchange. I have watched some of the most talented traders fail miserably and leave the business, while others with much less talent flourished and are still successful traders to this day. I have taught people 'right off the street' that truly did not have a clue what it took to be a winning trader and watched them blossom before my eyes. So trading can indeed be taught. But to steal a line from one of the panelists that day in Las Vegas, 'it's called **trading**, not **winning**, just like it's called **fishing**, not **catching**!'

I can teach just about anyone how to spot repeatable trade set ups. I can teach them about the importance of using stops and taking trades that have a high probability of being successful, with good risk-reward ratios. I can preach to them about the necessity of keeping a trading journal and taking images of each of their trades so they can review their trades for strengths and weakness in their own trading. But all of those things do not make anyone a winning trader. There is an aspect within each of us that probably determines whether any one of us will be a winning trader: are we willing to do the work and exhibit the discipline needed to become a winning trader? If you are not, nothing I show you or teach you-and nothing anyone else shows you or teaches you-will make a difference in the end. If you cannot master yourself, you will not be a winning trader in the long run.

Trading is not about looking at an indicator and deciding if the price of what you are watching is going to go up or down. Trading is about knowing how to recognize what is happening in that market, how to take advantage of it, and having the discipline to follow your plan. And getting to that point as a trader takes education, practice, and dedication.

I use a charting package that allows me to replay up to four days of data, tick by tick, at any speed from normal up to 300 times faster than normal. That allows me to pick days from the past in any futures contract, currency, or individual stock and then practice trading on a random day, over and over, honing my skills. I have taught hundreds of professional traders that now use this software; yet I can count on one hand the number of them that take the time to practice and hone their skills once the market closes, even though they know it will make them more successful traders.

So let me revise the statement made by the one panelist from the Las Vegas Expo in my own words: almost anyone can be taught some of the tools used when trading. But to be a long-term winning trader, you have to find the desire and discipline to practice, learn your trade, and then follow the rules you set up for yourself. Then you must take the time to review your trades on a regular basis with brutal honesty and work on improving your weaknesses while playing to your strengths as a trader.

Now is a good time for you to consider making a New Year's resolution to find the discipline and drive you'll need to become a winning trader. The sooner you start down that road, the quicker your journey will begin.

This is why my motto has always been: **"Master Your Tools, Master Your Self!"**

I wish you all a Happy, Healthy, and Prosperous 2008!

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