


**"One of the most important trading books in years...
an instant must-read."**

— **BRENT DONNELLY**, author of *Alpha Trader* and *The Art of Currency Trading*

STEVEN GOLDSTEIN



**MASTERING
THE
MENTAL
GAME
OF
TRADING**

**Harnessing the power of the inner self
to fuel trading outperformance**

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STEVEN GOLDSTEIN



Harriman
House

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About the Author

Publishing Details

Praise for *Mastering the Mental Game of Trading*

“What I LOVE, LOVE, LOVE about this book from Steven is that it helps you sharpen your mental game by sharing entertaining and enlightening real-world stories from his 25 years of trading experience and then coaching traders. This is a special book of trading wisdom that needs to sit on your bookshelf.”

—Mike Bellafiore, co-founder of SMB Capital and SMB Training

“I have known Steven for many years; he is the best trading coach I’ve seen. He’s also an excellent writer who can seamlessly mix compelling stories and practical information. His real-world trading experience, his years of coaching, and his ability to communicate clearly make *Mastering the Mental Game of Trading* one of the most important trading books in years.

Mastering the Mental Game of Trading is full of actionable advice, useful models, and powerful frameworks for thinking that will help you master both your outer and inner trading game. Steven’s decades of experience, his empathy, and his expert coaching and trading knowledge make this book an instant must-read. I strongly recommend it for traders of every experience level.”

—Brent Donnelly, author of *Alpha Trader* and *The Art of Currency Trading*

“An inspiring and thought-provoking book that uniquely views trading performance and alpha generation through the lens of purpose, presence and process. The journey through the book is vividly brought to life by Steve’s own front-line trading experience and the stories of many others. Essential reading!”

—Mark Randall, market veteran, performance coach and co-host of the *AlphaMind* podcast

“This wonderfully written book demands thoughtful introspection. It is a far cry from the cookie-cutter coaching books and instead encompasses a life philosophy for traders. It unravels the intricate relationship between emotions, decision-making and financial success in the world of trading. I could read it once a month – it is that enjoyable!”

**—Linda Raschke, renowned trader featured in Jack Schwager’s
*New Market Wizards***

“Steven Goldstein’s experience encompasses both a 25-year career as a proprietary trader and a second career as a highly regarded trading coach. In fact, several of the best traders I have ever interviewed have engaged Steven as their trading coach. Most traders don’t realize that the inner game of trading (the disciplined control of one’s mental state) is as critical to success as the outer game of trading (the strategy and its execution). Traders typically fail because of a deficient or non-existent inner game rather than due to a poor outer game. In *Mastering the Mental Game of Trading*, Steven Goldstein guides the reader through the process of integrating the inner and outer games of trading. The lessons of the book are brought to life through actual trading anecdotes drawn from both Steven’s own experience and those of the traders he has coached.”

—Jack Schwager, author of the *Market Wizards* book series

“Steven’s easy to read book deftly addresses the most important subject in creating sustained success – what goes on in your head. He adroitly tackles the complexities of developing an effective strategy for the ultimate edge in any endeavor – the mental game. As one of the few performance coaches who first traded for his living, Steven is a mental coach whose words should have weight in any trader’s arsenal.”

**—Denise Shull, leading performance coach for hedge funds and
professional athletes, author of *Market Mind Games***

“In his book *Mastering the Mental Game of Trading*, Steven Goldstein first lays a foundation for understanding the “inner” and “outer” aspects of

trading, explaining the interplay of the trader's ego and self. He then shows how this interplay depends on the specific trading game that we're playing and the phase of the performance cycle we are currently in. Filled with real-world examples of mental game mastery and specific strategies for achieving that mastery, this book is a valuable resource for beginning traders and experienced money managers alike."

—Brett N. Steenbarger, PhD, professor of psychiatry and behavioral sciences at SUNY Upstate Medical University and author of *The Psychology of Trading: Tools and Techniques for Minding the Markets*, and several other major books

I dedicate this book to my late sister Joanne Goldstein (1967 to 2001), my best friend for the first twenty years of my life. Jo was a special person and inspiration taken from us, and this world, much too young.

ACKNOWLEDGEMENTS

I am deeply grateful for the incredible individuals who have played significant roles in this journey. Although there are too many to mention individually, I would like to express my immense gratitude to some key people.

First and foremost, I want to thank my amazing wife, Lisa (aka Lisa-Lou), for her unwavering support throughout my journey as a trader and coach. She has been my rock and has stood by me through it all, including the entire writing process of this book. I could not have accomplished any of this without her strength and support. I am also grateful to my wonderful daughters, Gaby and Holly, who have endured my occasional moods and have grown into inspirational individuals in their own right. I cannot thank them enough. Lastly, I would like to express my appreciation to Ollie, whose presence since coming on the scene has often lifted my spirits.

I dedicated this book to my sister, Jo, who was my best friend for most of my life until her sudden departure. Although her loss deeply affected our family, it also revealed the profound strength and character of my parents. Witnessing their resilience has had a profound impact on me and has been an inspiration to our entire family.

Navigating the world of markets can be challenging, but the friendships I have formed along the way have been instrumental in both surviving and thriving. While it is impossible to name everyone, I would like to extend my heartfelt appreciation to a few remarkable individuals.

My oldest friend in the markets, Sue, the petrolhead from down-under, has been a constant presence and sounding board throughout

this journey. Spike (Richard Vater), my market-brother, has always been there with a sharp wit and a much-needed put-down should I get ahead of myself. Justin, my broker turned close friend, and Bill, another broker and my very first coaching client, have all made life a little easier and a lot more fun.

Lifelong friends from my days at Credit Suisse, including Yasser, DJ, Hatchy, Markey G, Tony, Simon, Alan, and others with whom I may have lost touch, have been a great source of support. Likewise, I want to acknowledge those from Amex, particularly Ash, whose impact is felt throughout this book, and the unstoppable Shep. I am also grateful to Karen 'Kazza' Jones, a brilliant technical analyst who followed me from Credit Suisse to Commerzbank, and all those at the Society of Technical Analysts, who have been unwavering supporters of my work.

My gratitude extends to my peers in coaching, Peter Burditt being foremost among them. I owe him an immeasurable debt of gratitude for catalysing my growth as a trader and inspiring me to become a coach. I also want to express my thanks to my AlphaMind collaborator, Mark Randall, for his unwavering support and insightful contributions throughout the writing process.

Numerous exceptional teachers have influenced me on this journey, notably Sally Denham-Vaughan and Marie-Anne Chidiac 'MAC,' whose insights from Gestalt have permeated this book. Maria Illiffe-Wood, my book coach, whom I met at the Welwyn Garden City Co-Coaching forum, has been instrumental in my coaching journey, alongside the incredible fellow coaches in the WGC group.

I must express my heartfelt thanks to the team at Harriman House, particularly Craig Pearce, for their unwavering support and guidance throughout the writing process. Special mention goes to Nick

Fletcher for his expert editing, which transformed my appalling English into legible content.

While I cannot mention them individually, I extend a massive thank you to all the traders and client organisations I have worked with over the years. I could continue with more acknowledgments, but this would turn into a book of its own.

FOREWORD BY PETER BURDITT

I HAD THE PLEASURE of coaching Steven almost a quarter of a century ago when he was a trader at a leading investment bank. A decade later he and I met up again, and I told him that with his understanding of the market, his industry expertise, and moreover his strong ethical compass, he was the perfect candidate to pursue a future as a trader coach. Having been global head of markets strategy myself for a top UK investment bank, and having later trained in Gestalt psychology and coaching traders, I knew what a rewarding career it was to help traders realise their full potential.

And I have been proved right!

Over the years I have had the pleasure of witnessing Steven's transformation from a successful trader to an exceptional performance coach. Acting initially as his mentor and supervisor, in recent years I have had the privilege of partnering with him on numerous coaching projects. I am honoured and delighted to provide a foreword for Steven's book. He offers an unparalleled perspective on the themes that prevent traders reaching their full potential and how to unlock them.

I have witnessed first-hand how our innate pathologies, emotions, heuristical biases, and rigid egos can significantly impact and hinder performance. This is exacerbated by the unpredictability and volatility of financial markets which offer a mirror to a trader's mindset. The mastery of our mind is the key differentiator that separates an average trader who merely punches the tickets from an extraordinary trader, one who reads the market consistently,

weathers the storms with courage and perseverance and sets the stage for exceptional performance. Developing the ability to remain calm and focused against the daily challenges of uncertainty is the cornerstone of success. In working with traders for over 25 years, I know that the processes Steven uses change people's lives. This is why I am excited that he has taken the time to write this book to share his successful techniques with a wider audience.

In *Mastering the Mental Game of Trading*, Steven offers a unique perspective on how traders can improve their mental game and achieve greater success. Drawing upon his extensive experience, both as a trader in the hot seat and as a trading performance coach working with some of the best in the industry, he shares practical steps and insights that can help traders develop greater self-awareness, overcome emotional biases, and become more objective in their decision-making. How many times have we heard traders complain that the market is wrong? The market is never wrong, it is our mindset in successfully riding the waves that is not right!

By introducing his powerful Performance Process Cycle model, Steven provides traders with an actionable framework that identifies their strengths and weaknesses, which results in their improvement. Using real-life examples, he shows how his model can help traders navigate the challenges of the trading world with greater confidence, agility and success.

Trading in financial markets is an exciting and rewarding endeavour, but it's not easy. It requires a unique set of skills, knowledge, personal mastery and experience to succeed. In a world of diminishing margins, increased computerisation and unparalleled volatility, today, more than ever, traders need to develop high-performance skills to navigate the fast-paced and ever-changing landscape of the markets.

As you read this book, I encourage you to reflect on your own attitudes and behaviours, and to embrace the insights and guidance that Steven provides.

Peter Burditt

Peter Burditt is a senior associate member of the Royal Society of Medicine, an APECS accredited master coach, founder of Strategic Development Consultants Ltd and an FCCA (retired).

INTRODUCTION

THIS BOOK IS about *you*.

Like most traders, you probably know intuitively that the activity you are engaged in is fundamentally a mental game, fought mostly in that space that exists between your left brain and your right brain, and pitting you the trader against your self in a psychological battle.

To truly excel as a trader, you must conquer these internal psychological challenges while at the same time facing the external challenges presented by the markets, and your ability to navigate them successfully. Mastery of this psychological battle, the mental game, is the key to achieving exceptional performance and reaching the success you desire in trading. This starts with gaining a deeper understanding of the mental game of trading, and then learning how to master it.

Ground zero for this mental game is the relationship you have with your self. As human beings, we go through a constant ebb and flow of emotions when it comes to our own sense of worth – on the one hand, we might possess unwavering faith and confidence in ourselves, while on the other hand, we grapple with creeping doubts, insecurities, and our own personal inner demons. This tumultuous relationship is one that many can relate to, and it forms the foundation of our daily struggles and triumphs.

In the volatile, uncertain, and complex world of markets, we often think the answers to the challenges we face in the market, lie out there. We seek more knowledge, better insights, deeper analysis, faster news, additional research, the opinions of others, different behaviours and new skills; and yet all along, the most powerful

answers lie within. It is within ourselves, where our power and potential lies.

You, and your self can do amazing things when you have each other's back, when you and your self are aligned, working towards the same purpose, trusting one another, backing one another, and being compassionate in support of each other, you and your self can be an amazing team, each other's number one ally. When you do so, you can win the mental game.

But it's not easy, the mental game happens largely below the level of consciousness, in an arena, the markets, which often pitch you against yourself, for their own benefit. They don't want you winning, because if you do, they don't.

I have been that trader who fought that mental game for many years. Though I suspected that the answer was within, I kept searching for it *out there*. This search proved to be fruitless and led me down a familiar path of repeating the same instinctive patterns of behaviour, the same habitual responses, and feeling the same internal frustrations.

Eventually, a fortunate set of circumstances took me on a different route.

This new path involved a journey of self-discovery, a journey into myself, a journey to find out who I was. From that point on, my fortunes as a trader changed significantly.

Later, that path took another turn, towards a new career as a performance coach working with traders. I started getting up close and personal with other people's internal challenges. I helped them to look inwards, to drive better performance by helping them discover their selves in the context of their trading, so that they too could start to understand and improve their own mental game.

This book aims to shed light on this internal conflict, using models, ideas and stories from my own and other traders' experiences of how the conflict manifests in people's work as traders. As you read it, I encourage you to reflect on your own inner battles and to think of what and how you could start to change in ways that help you emerge from them victorious. Winning these battles is what mastering the mental game of trading is all about.

This book is about *you*.

HOW TO READ THIS BOOK

Mastering the Mental Game of Trading is not a book of answers, and while it *is* a trading book, it is not a book *about* trading. Rather, it is a book about you, the trader; or you, the performer, if your world is not trading. Its learnings are applicable in all walks of life, all areas of performance, all fields of practice. It is a book of awareness-raising. As we become more self-aware, we become more conscious of the discrepancies between our selves and the way we are acting and behaving. This enables us to become more conscious of how we are in the moment, even in the face of difficult and conflicting emotions. This in turn empowers us to start responding in ways that give us greater ownership over our behaviours, decisions and actions. Heightened self-awareness is ultimately restorative and healing. It drives better, more effective and more productive performance in whatever endeavour you are engaged in.

As you progress through the pages of this book, you will be introduced to thought-provoking models and new perspectives on trading and markets. These are supported by real traders' stories, as well as my own experiences from almost 25 years as a trader for institutions such as Credit Suisse, Commerzbank, and American Express Bank, followed by more than a decade working as a coach.

The purpose of this book is to catalyse your own reflections so that you become more aware of your own mental game. I encourage you to proceed with curiosity and an open mind. Try to challenge and question your own thinking; you might discover things about yourself that can help you master your own mental game.

Part One of the book, Chapters 1 to 7, serves as an introduction to the fundamental aspects that underpin its themes. Key concepts, ideas, and models essential to the book are introduced here, with the 'Performance Process Cycle' serving as the primary framework. The Performance Process Cycle outlines the various stages of a trader's process, emphasizing how navigating the unpredictability of financial markets can impact their psyche and subsequent behaviour. Another critical concept in the foundational section is the 'Two Trading Approaches' model, which distinguishes between two related but opposing types of trading. The model encourages traders to reflect on their approach, risk process and mindset to assess whether they align with the type of trading they practise. Together with other ideas raised, these concepts provide a robust foundation for the book, setting the stage for further exploration.

Each of Parts 2 to 5 takes a deep dive into one of the four quadrants of the Performance Process Cycle, using stories and examples that bring to life the concepts and ideas introduced in the foundational section. These sections add flesh to the bones of the Performance Process Cycle.

Many of the stories used in this book are taken from my experiences and the experiences of my clients, because I believe this is the best way to convey my findings in a way that you, the reader, can relate to and empathise with. Yet as a coach I have to guarantee confidentiality and discretion to my clients and their employers. While my clients have given me permission to share these stories,

the identities of those involved have been anonymised, as have the contexts in which the stories are set, to ensure full confidentiality is honoured.

In the first chapter of this book, you will be introduced to the intricate idea of the self and the various internal struggles that arise between our genuine core self and our ego. The chapter delves deeper into how our ego's negative influence can hamper our efforts to achieve self-mastery. By delving into this crucial topic, the chapter highlights a practical example from my personal journey, emphasising the self-challenge that traders, performers, and individuals in high performance environments face.

PART ONE:
FOUNDATIONAL
ELEMENTS

Chapter 1: The Mental Game – Mastering Your Self, the Key To Trading Mastery

It is not the mountain we conquer, but ourselves.

Sir Edmund Hillary, mountaineer

THE JOURNEY HOME from my trading job at a bank in the heart of London was more unpleasant than usual. It was summer 2007. The train was crowded, hot and sticky; and there was nowhere to sit. This was not helped by the fact that the two previous trains were cancelled, as always seemed to happen on the hottest days on the Thameslink service.

As I stood on the train, I contemplated a conversation I'd had with my colleague, Ashley, at my trading desk earlier that day.

It had started with me throwing my pen down in frustration, cursing and kicking-out in anger, as the market started to gather speed in the wrong direction.

"You're doing it again," I heard Ashley say.

"What?" I said brusquely, as I turned to him.

"You know, that thing where you start beating yourself up."

"Oh, that. Well you would do the same if you were half the idiot I am," I said, just proving his point.

Then he said something that didn't really land with me at the time, but which I later contemplated as I stood on the train.

"I just don't get it," he said, before pausing to take a sip of his four-shot Starbucks Americano. "You sit here every year with no

customers, no client flow, no obvious edge, and yet every year you make money. Every year, without fail, you produce profit from nothing. It's like you're an alchemist. If I had that ability, the last thing I would do is beat myself up."

Ashley was not someone who generally heaped praise on others or showed compassion. He was a great mate, and like great mates we spent most days ribbing each other and bantering. Serious conversations were rare – or even, close to non-existent.

I looked at him, but before I could respond, a shout from one of my brokers disturbed the moment. I turned back to the screens, the profound comment from Ashley now lost in the mayhem of markets.

Several hours later, on that train, Ashley's comments had made their way back into my consciousness.

"An Alchemist," he had said. He was right. I had no flow, no customers, no margin or spread to capture. The trading seat at the bank was not part of a franchise, and thus had no inherent value. There were no gifts that came my way. The risk appetite of the bank I worked at was best summed up as, "Trade, but don't lose money," and I never did. I started with nothing, yet always ended up with something considerable. That's quite an ability when you think about it.

Then my mind turned to another comment from Ashley: "You know, that thing where you start beating yourself up."

I reflected on that.

Being beaten up, both physically and mentally, does things to your mental state. It undermines you, weakens you, puts you 'in your place.' It makes you fearful and keeps you afraid, changes your behaviour, causes you to hide and not take risks, to act meekly from a place of fear. It depletes your mental capital.

I was doing all of those things to myself. I was undermining myself. I was getting in my own way.

Taking on the market – playing the ‘outer’ game against an external opponent – is hard enough at the best of times. It becomes a lot harder when you are undermining your self by losing the ‘inner’ game within your mind at the same time.



I hung up my professional trading gloves in 2010, after nearly 25 years. I made a choice to indulge my other passion – helping people – by deciding to focus on developing myself as a performance coach for traders.

I continued to trade, though as a side hobby rather than a serious venture.

My new career gave me the time and opportunity to reflect on many of my trading activities. The conversations I went on to have with traders from all manner of backgrounds would spark recollections of many of my experiences that now, with the sort of distance that time gives you, enabled me to view these with a rare degree of clarity.

I have reflected regularly on that conversation with Ashley and on how I would “beat myself up,” as he put it. I’ve thought about the negative spiral I was in, and how a few simple words from a colleague helped me to find a way out of it on that occasion.

As traders, we can easily lose ourselves in our trading and often get in the way of ourselves. Exiting this negative pattern is simple in theory, yet so difficult in practice.

In the moment, I was unable to see how lost I had become, but with greater self-awareness I could have extricated myself from that state

much earlier. The reality is that most of the time we are blind to ourselves in the moment.

That does not need to be the case for you.

CONQUERING OURSELVES

My behaviour was not something unique to trading or investing. It demonstrated a core part of the human condition and a feature of all high-performance activities, from sport to music, acting to martial arts, leadership and entrepreneurship to acts of endeavour.

Success in all performance activities relies on developing mastery over your self. Self-mastery is the objective of the mental game.

The mental game of trading occurs at the nexus of two distinct yet interconnected games: your inner game, where you strive for self-mastery, and your outer game, where you face the market as you navigate your external environment. How you fare in the outer game affects your inner game, making it essential to maintain balance between these two aspects of trading.

Your inner game is played in your mind and is the foundation block your outer game rests upon. A weak and fractured inner game will not sustain an outer game, no matter how strong it appears.

Your inner game relies on the quality of the relationship you have with your self – the relationship between you and your ego.

As you engage in your outer game, your relationship with your self gets sorely tested. Doubt your self, fail to believe in your self, fail to back and trust your self at key moments, and your ability to execute your outer game effectively will be severely compromised.

Equally, if you over-value your self, or have such levels of self-belief that failure is not in your lexicon, your inner game will be too rigid in

the face of ground-shaking tremors. When this happens, it will inevitably collapse. A degree of fragility is a good thing!

YOUR RELATIONSHIP WITH YOUR SELF

The quality and nature of your relationship with your self lies at the heart of your mental game. There are two parts to you which we shall focus on through this book. Your 'self' and your 'ego'.

The ego is often a difficult concept to fully understand, let alone describe. Even in the world of psychology, people have not settled on its exact meaning, or in some cases, whether it even exists. Rather than attempt to provide a comprehensive definition, over the next few pages I will explore the practical ways in which the ego differs from the self and clarify its significance in a way that hopefully will resonate with you.

The ego gets a bad wrap in trading. On the face of it, this is deserved. Careers can be destroyed when a person's ego betrays them, sabotaging their ability to stick to a successful process.

Traders are often told to leave their egos at the door of the trading room. But being able to do that is as realistic as separating yourself from your shadow. Your ego, like your shadow, travels with you wherever you go.

Let us expand on this analogy by imagining that your work relied on you not being betrayed by your shadow.

You would seek to understand your shadow, and you would try to gain a greater understanding of how your shadow impacts your work. You would then make adjustments to how you work, finding ways to work with your shadow so that it does not corrupt your ability to work effectively.

This might sound abstract, but more jobs depend on our shadows

than you might think. Hunters, soldiers, spies, police (when following a suspect) – all require a firm working relationship with their shadow.

Now let us apply the same thinking to your ego.

What should you do if your work could be undermined by your ego?

This is of course a rhetorical question – I don't expect you to know the answer at this point. Few people do, and fewer still do anything about it. They carry on regardless.

I am going to up the ante on this question. The quality of your relationship with your self, which is impacted by your ego, is significantly more important to your chances of success in trading than any company results, decisions of central bank policy-makers, announcements, chart formations, or data releases.

There is an alternative perspective to consider with the ego, though this rarely gets aired much in the self-help litany. Think of any great sportsperson, actor, comedian, musician, leader or entrepreneur.

None of them achieved what they did without being driven to succeed by their ego.

We can say the same about masters of the academic worlds, scientists, engineers. They had to impose their ego and their will on others to break through barriers and overturn established ideas.

Changing people's minds and attitudes does not happen by itself, it needs people to drive it. Nelson Mandela, Mahatma Gandhi, Martin Luther King Jr, Lech Wałęsa and other titans of liberation movements could not have enabled momentous change if their egos had not encouraged them to project themselves.

The ego works both ways. It has a bright side and a dark side. Working successfully with your ego – not banishing it or silencing it –

leads to victory. Your ego requires balance, understanding and taming. Not too much, but not too little either.

When the great pit trader Marty Schwartz said: "The most important change in my trading career occurred when I learned to divorce my ego from the trade," he had learned to tame his ego. He hadn't banished it. The purpose of this book is to help you move towards achieving mastery of your mental game, by enabling you to strive towards attaining this state.

WORKING WITH YOUR EGO

The ego is neither your enemy nor your ally. It is just a part of you that functions in the background – a part of you with a job to do. Think of it as a virtual, metaphysical organ. Just as you need your physical organs for healthy bodily functioning, your ego is needed to ensure a healthy mental state. Each organ has its own job to do, and each must remain in balance to work effectively. The ego is no different.

From an evolutionary perspective, the purpose of the ego is to be your 'relational guardian'. It seeks to ensure safety in your relationships with others in your world, and with aspects of the world around you.

The ego can be considered a legacy of our ancient primate operating system, and perhaps even older mammalian operating systems. For our primate ancestors, the ego's role was to help its host avoid rejection and then ejection from its social group.

Ejection was an existential threat – potentially a death sentence. If a primate was ejected from a group, it had to be accepted by another group quickly, otherwise its survival was unlikely.

The ego worked to ensure its host primate acted to retain the

approval of its fellow group members or, if ejected, would be accepted by another group.

The ego remains a central feature of how we operate and function. Even though the process of evolution has changed us a great deal, we remain social and relational beings who need the support and approval of others. "No man is an island," remains as true now as it was when John Donne stated as far back as the 17th century.

The ego steers its host towards acting in ways that win the admiration of its peers. The ego wants its host to be respected. It wants its host to maintain its sense of identity, so it can identify with its peers and they with it. It wants its host to be promoted within the peer group, making ejection less likely and ensuring the group provides it with security.

To do this the ego uses a system of rewards and punishments distributed through the body's nervous system. When it senses a favourable outcome, it sends rewards in the form of positive neurochemicals which make us feel joyful, happy, even elated.

The moment the ego detects an unfavourable outcome – one that may be a threat to its host's standing and status – it sends a shot of negative neurochemicals through its host's nervous system. These seek to make the host attentive to these threats and ensure it takes action to earn the favour and support of the group.

The ego values security and dislikes uncertainty, since this makes it vulnerable to negative outcomes. Safety is not 'the absence of threat', it is the ability to connect with others and have their support.

The neurochemicals we receive from our ego contribute to our mood, our state, our decisions and our behaviours. They give rise to the emotions that make us jittery, jumpy, fearful, nervous, anxious.

One minute your trade is in the money, and the neurochemicals you

are sent make you feel like a king. Seconds later the trade drops deep into the red, and you receive new neurochemicals that make you feel like a clown.

The ego has an agenda whereby it wants you to be admired and liked. This agenda is great when it aligns to the task you want to succeed in. Making money will win you praise from your managers, team members, stakeholders, and your self of course.

However, when the ego is not aligned to your task, its role as guardian can become problematic. In these incidents it tries to take control of your actions. It is in doing this that it ends up sabotaging you in your attempts to fulfil your task. This is self-sabotage. This will be fleshed out later in the book, but a simple example of it occurs when traders interfere with a planned trade, because they fear losing gains or making losses. The ego wants the praise, and thus overrides the trader's process.

Engaging in a battle of wills with your ego is common, but it's not a fair fight. If your ego triumphs, you'll turn against your self, and your potential will be limited. If you triumph, and succeed in defeating your ego, your ego is not down and out. Such victories are only ever temporary. You can never truly beat your ego.

However, you should remember that your true self is capable of great things once it has learned what to do and has the freedom to pursue it.

As traders, it's essential to continually fight the battle to tame our egos, as Marty Schwartz did. Only by doing so can you succeed in the mental game of trading, and ultimately succeed in trading. Those who master this skill learn to contain their egos and stay focused on trading, while using their ego as motivation to achieve success.

In the next chapter, I will introduce you to the Performance Process

Cycle, the main model of this book, which aims to help you take control of this fight with the ego, and which in many other ways can empower you to overcome the various challenges which can undermine you as you play the mental game of trading.