

What Makes A Trader Successful?

By Mark D. Cook

Many people have asked me over the years what it takes to be a successful trader. The answer is not clear but here are a few thoughts to ponder and apply.

First, you must have a complete commitment to trading and do it full-time. If it is a hobby or a secondary pass-time, I know how the bottom line will be - a big minus. Trading must be addressed as a profession because if you do not treat it as such, let me assure you, those who do treat it this way will separate you from your money very quickly.

Secondly, you must fit your trading habits to your individual personality. If you are an impulsive individual, your style will reflect more trading than a calculating individual who waits for all the indicators to fall into place. The personality factor more than any other factor I know of, will determine success or failure. If you are an emotional person, admit that you are and structure your trading habits to make emotions a positive influence, not a negative one. If you are either greedy or fearful, that will affect your decision making on a position and without recognizing the governing emotion, your decisions will tend to be wrong. Whenever I am the most fearful of the market, that emotion helps make me decide to go long and buy. I know that my emotions tend to make me fearful most of the time. Whenever my fears become overwhelming, my discipline tells me to buy and discipline must win out or you are doomed to failure.

The work ethic can never be overstated. I watch the market all day long from the opening bell to the closing bell. I have kept diaries on every day in the market for the last seven years, sometimes having over 40 entries in my diary per day. If I do not do my work my profit suffers. There is no short cut in trading, the market will quickly find if you are lazy.

Planning is the objective part of trading. Start with the worst case scenario and work from there. You will never be more objective than before you execute a trade. Once you are in a trade, emotions take over so the plan must be in place before the activity takes place. Determine a plan that tells you when you are wrong and admit it. Get out, retreat, live to fight another day; these are cowardly approaches but it will keep you from the trader's obituary. Incidentally, I have been diagnosed as terminal many times and believe each rehabilitation takes a long time, but death is final.

Turn you weaknesses into strength. Happy trading.

SUGGESTIONS: Under no circumstances do we recommend naked options. -- Past performance is not indicative of future results

The Cook Cumulative Tick SM is one of the primary indicators used to determine a potential trend movement and is proprietary.