
Day 13: Naming Emotions

<http://www.mindfulnessstrading.com/15day/memotions87r/>

Trading and Emotions

Many authors stress the importance of psychological aspects of trading – the need for a trader to have their mind in the right place. The aim here is to use mindfulness to assist in achieving this.

Emotions are an important issue and winning traders avoid making trading decisions based on how they ‘feel’ about things.

The problem is that we are emotional beings and we may approach each trading day with a range of emotions to the fore. These can change from day to day, or throughout the day, and can affect our trading decisions.

But the market neither knows nor cares about our emotional state and will move as it will. We must be able to see this and remain emotionally balanced if we are to avoid the great destroyer of trading funds: random trading.

Your trading decisions must be based on the information the market provides, not on some reinterpretation of this information through an unknown or random emotional filter.

So it is important to reduce the impact of our emotional state on our decisions.

Notice that this is not saying that we must remove emotions or suppress them. We are not machines. It would be a futile exercise to try to fully suppress our emotions and it is not even desirable to try.

Emotions are a key part of what makes us human. We need to find a balance between making decisions on the basis of emotions and non-emotional rationality.

Mindfulness assists us in finding this balance. It does this in two main ways.

The first is by supporting emotional stability. It’s not that we want to remove emotions: we want to reduce the impact of changing emotional states, which have nothing to do with the markets, on our decisions.

The second way is through a short exercise that helps us to recognize our emotions and their role.

Unlike in many areas of psychology and counseling, mindfulness does not place any emphasis on the role of emotions and does not pay them much attention.

Instead, mindfulness treats emotions in much the same way as we have treated bodily sensations and thoughts in previous exercises in this course.

So, you seek to be aware of an emotion, to recognize it for what it is, and let it pass through your mind.

Can you see how useful this will be in helping you to make consistent decisions based, on the information in front of you, rather than how you feel about things in general?

Task for Today

You are not going to master this task all at once and in a sense this is a move to a higher level than what we have met so far. But if you approach this task in the same way as you approached the meditations on breathing, sounds and, in particular, the body scan then you will be making a good start.

Start with the breathing meditation. This means you will have found a comfortable quiet place to sit where you won't be disturbed. Do this before you approach your trading location.

Sit in a relaxed posture but do not slouch. Place your feet directly beneath your knees and your back against the chair back. This is going to take 5 or 6 minutes.

Close your eyes. Examine any physical sensations from the chair, the floor or elsewhere within your body. Note these but don't dwell on them.

Examine how you are feeling. How do you feel? Put it in words to yourself. As ever, if your mind wanders, recognize this and bring your mind back to this exercise.

How would you describe your general mood? Don't over analyze this mood and don't look for causes. Keep your mind on the examination of how you feel.

Can you identify any emotions you are feeling right now? Do not cast your mind back to how you felt in the past or why.

Concentrate on naming the emotions you are currently feeling. If you feel something but a name for it does not readily come to mind just give it any neutral name and move on.

Have the emotions you are currently feeling persisted for a time today?

Could the emotions you are feeling affect your performance today? Are they helpful?

What is the main emotion you are feeling. Name it. Think only about it, putting all else out of your mind.

Is it likely to help you in your trading or anything else you will do today?

Stay with that thought. Now put it aside.

What is the next most important emotion you are experiencing? Go through the same process as above, naming it, concentrating on it, seeing if it is a helpful emotion and then moving on.

You may want to do this again, it's up to how you are feeling.

Then go back through your body again noticing the emotions and the main emotion you are experiencing.

Is this emotion expressing itself in some way? Is there a physical manifestation? Or is it affecting your ability to undertake this exercise?

Do this for other emotions noticing how each is expressed by your body.

Return to focusing on your breathing. Stay with it for a short while.

After a short time note how you are feeling. Try to bring this state with you as you approach your trading.

You will not find it easy to master this exercise and you may need to explore mindfulness to a greater extent than is possible in this introductory course in order to really get to grips with your emotions.