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You're a reasonable person, right? And not stupid either – no one could pull the wool over your eyes easily. You work hard at becoming a better trader, think logically about problem solving, and are ready to address any gaps you have in your performance that are holding you back from becoming a professional trader (one that is generating a sustainable and abundant lifestyle), right?

If this is true, then what is holding you back from the success you know is possible in your trading? The hard work, the motivation, the mental focus, and the willingness to learn SHOULD open the door to success based on your rational and unfettered calculations. Thinking from an assumption of rational detachment, this SHOULD give you the edge. But it doesn't, even if you are doing everything right. That much is verifiable based on the health of your trading account – not by the story you keep telling yourself about your trading. BUT, rational evaluation SHOULD give you insight into solving the problem. Yet, another year passes and the pattern of choking in your trading performance still stays stubbornly in place. What gives?

What if there were a blind spot in your exquisite mind that blinds you from seeing the problem that keeps you stuck in your current level of competency in trading? Essentially a blind spot in your cognitive perception that keeps you blind to what you are blind to. Well, there is. And what I ask you to notice, as you read this article, is how you analyze the information that is brought forth and what conclusions you draw about this information, me, your approach to trading as a logical and rational human being, and the status of your trading.

Blind Spots in Perception Are the Norm – They Just Don't Seem That Way to the Rational Mind.

Mental (or psychological) blind spots are similar to their cousins – physical blind spots. Successfully driving a car requires that you anticipate where these blind spots are, or there will be trouble. Just about everybody knows about the blind spot that occurs when a driver is looking at his driver's side rear view mirror. It only takes a few close calls for you to anticipate that you cannot see other vehicles in your mirror's blind spot – and you compensate by either looking over your shoulder before changing lanes or have a concave mirror that expands the observable area accessed by the rear view mirror.

That's a physical blind spot that every driver (hopefully) learns to compensate for – or else. Human beings also have biological blind spots in their biologically derived perception that magicians and card tricksters have been taking advantage of since antiquity. The "sleight of hand" of the card shark is simply taking advantage of gaps in our evolutionary perceptual map even when the trick is being played out right in front of our eyes. Yet, we remain blind to the trick, even when we are shown how the trick works.

So not only do you have physical blind spots and perceptual blind spots built into the very fabric of DNA, there are also cognitive blind spots built into the way the mind processes information and forms conclusions. And these cognitive quirks of our sense of self-preservation dominate our psychology and the world view we stridently hold on to – whether it makes sense or not. Social psychologists call this phenomenon Cognitive Dissonance. And once a person (a trader in particular) is settled into a world view, their perception is distorted with that viewpoint. This cognitive blind spot is called cognitive dissonance. And it is what keeps



The Need for Self Preservation Gives Rise to Self Justification

Human beings, traders included, fall into beliefs that support their need to maintain the integrity of their self image. This need is firmly rooted in the biological mandate to survive. For the sake of self (and biological) preservation, the brain will maintain a particular organization of the Self once it is formed, with single-minded purpose. When the brain becomes the mind, the psychology of the self has to be maintained at all costs. It has to maintain the belief that you are a rational being that can decipher the code of successful trading. And the code is "out there" and not in the psychology of perception.

From this detached rational perspective, the trader comes to believe that the answer is "out there". To take a mirror and look at the current psychological organization of the self for success in trading would be an attack on the integrity of current psychological organization. And since the Self Preservation bias of the brain/mind is on auto-pilot with a bias to be right, it will push aside any information or experience to the contrary. And it will make excuses that justify mistakes.

This is how strong the bias to be right is – that it would cast aside evidence that the problem is not "out there" in systems, new gurus, new indicators, or new methodologies. After all, the brain and psychology says, we have a perspective to preserve. (i.e. "I'm a reasonable person, so I must be right.") And it creates an explanation that supports the continuance of the current "rightness" of perspective.

So what does the mind do? It self-justifies its behaviors, actions, and beliefs – even if it costs money to do so. Let me give you a couple of examples of how this shows up in a trader's language that supports his unwillingness to change. These are explanations that I hear ALL THE TIME – they are that common.

"Yeah, I know that something is wrong in my trading and that I need to work on myself also. And as soon as I find out what is wrong with my trading, I will start working on myself."

"I'm still learning how to leave my emotions out of trading. Someday, when I finally do that, my trading will take off."

"I know that success is near – I can feel it. If I keep pushing, I know I will break through. I wish it would hurry though, I'm almost out of trading capital and may have to start looking for a job soon."

"I know that the problem is with my psychology, but I can't afford to spend the money on my self-development. Until my trading improves, I simply can't afford to work on myself."

"This psychology stuff is a bunch of BS. I was successful before and I will conquer trading also. I just don't understand why it is taking so long"

"All I need to do is to produce a purely mechanical trading system, so that my psychology is a non-starter. In theory I know this is right. All I have to do is build the system."

"I know that psychology is important in trading. I read about it and watch videos, but somehow psychology is not working for me. I've read enough to know what the mind needs to look like, but I keep waiting for my psychology to change with the knowledge I have."

"I'm going to eventually get to where my mind is right. I just need to work through it and keep working my system."

"Yeah, yeah, yeah – I know I need to do something about my head. I'm consistently losing money and realize that the problem is me. But I keep putting it off, thinking that things will get better. They have to. I can't afford to go on like this."

Do you see the self-justification of maintaining losing ways and the need for self-preservation as expressed in the explanations that the traders give? It is so strong that the trader justifies his/her continuance of a limiting pattern despite the pain it is causing. This is typical with MOST TRADERS and it keeps them stuck in their self-limiting (but stable) beliefs.

By the way, all of the statements above come from traders who are either losing money or are leaving chunks of potential profits on the table – and have been trading for a number of years. These are not newbies who don't have the experience to know better. Can you also spot the self-justification that allows the trader to continue their self-limiting ways? Yes or no? (This is important.) You may even find the self-justification narrative that you keep repeating to yourself like a mantra.

They don't see the self-justification that blinds them to continued mediocrity. They are blind to what they are blind to. All of them create a narrative that continues their current self image or self organization, even if it is harming their performance in trading. The very rational and logical mind they believe in is causing them to be short sighted in their evolution as a trader. Yet, the "rational mind" they are using to solve their problems keeps them from seeing the very solution they are looking for. It has become the obstacle to their ability to learn.

And they are perplexed by their continued lack-luster performance. But, like a repelling force, they cannot even begin to look at their current organization of self as a large part of the problem. If they did, it would produce the discomfort of dissonance. So, to preserve the integrity of the Self as it is currently organized, they stay stuck in beliefs that consistently show they are ineffective in managing the probabilities of uncertainty found in trading, evidenced by the health of their trading account. This is the self-justification of cognitive dissonance.

Learning to See What You Are Blind to

In Mindfulness, you learn to step back from your thoughts and beliefs and recognize that they are not you. In fact, you and your thoughts, you and your beliefs – are separate. But the Observer of the Self has fallen asleep and you have fused to your thoughts and beliefs as if they were you. And now through the psychological device of cognitive dissonance, you are blinding yourself to explanations that do not fit into your comfort zone.

The first step though this is to notice that your rhetoric and your performance do not match up. Performance follows operating beliefs you hold about your capacity to manage uncertainty. If the desired performance is not there (and you can trade successfully in simulation), then become a detective. The detective knows he is missing a piece of the puzzle. And he is looking for what he cannot currently see.

You must become the detective. But you are looking for something (beliefs about the Self) that are so ubiquitous, so familiar, that the belief flies underneath the screen of your radar. As a detective, you know it's there – you just need to learn how to see what you have not been able to see.

As a homework assignment for an awakening inquiring mind, I ask you to explore this question to help you break through the complacency of the self-justification of your cognitive dissonance that keeps you stuck in your trading performances, despite all that you have tried.

What are the self-justifications that I use to maintain the status quo of my trading performance (that counter the black-and-white evidence found in my trading account)? And do these self-justifications allow for a current organization of the self that can produce an effective trading performance?

You can use the explanations (quotes) I gave above as a starting point. The difference between trading and the rest of your life is that trading will not let you get away with ineffective, but well justified, beliefs. The drawdowns and the ticking clock of time eventually force traders out of their stupor. The key is to learn before you run out of capital or out of time.

At the bottom a trader has to decide if he has to be right or if he wants to be effective. Letting go of "being right" is uncomfortable at first. But by choosing to become an effective trader, you become humble enough to appreciate that mistakes were made – and you made them. And now you are going to learn from them, rather than justify the continuance of ineffective beliefs.

Rande Howell