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The Trading Environment - Uncertainty

MEMDAY2015 for No Risk Training

The Uncertainty Challenge in Trading

Trading psychology advice permeates the world of traders. Yet, the majority of traders still experience a challenge that goes like this: "Why did I do *that*?" They have a plan, they swear they will not make that mistake again and BAM! they do precisely the thing they didn't want to do and swore they wouldn't do again. Most then blames themselves. They think they are weak and undisciplined. They think there is something wrong with them because they can't follow a plan. What if they are wrong? What if the advice and assumptions they are working with are wrong? What if they are doing what they are taught but what they are taught isn't really workable? That sums up the situation. First, trading is like no other endeavor on the planet. It is the most uncertain environment there is. Each tick can mean something different. A group of ticks may mean one thing during one part of the day and another during another part of the day. All chart patterns are not equal. Context means everything.

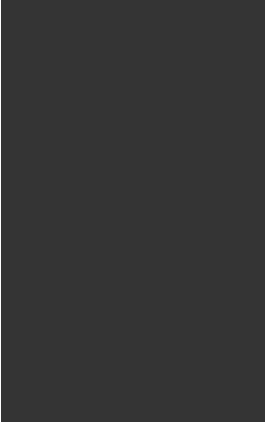


Step one is to fully embrace the uncertainty of the market. Learn to love the fact that you don't know. Or at least learn to sit with the tickles of not knowing.

The problem with that however is that research shows we try to trick ourselves into having certainty. In trading we use charts and probabilities to get the illusion of certainty. Traders gravitate toward tweaking indicators in order to increase certainty. They would be better off to learning to tolerate - on an emotional level - just how uncertain the situation is.

This is what makes it different than the [backwards bicycle challenge](#). As difficult as that is, there exists in every moment, the exact right thing to do. You know what it is in advance. You essentially NEVER know that in the market - will the next tick be the way I want it to be or not? And what does that mean? Does it mean anything? Most trading psychology advice fails to recognize this fundamental environmental challenge. It's going to be uncertain and context is going to contribute to meaning.

FURTHERMORE, faced with uncertainty, [the brain wants to make a judgment call](#). This seemingly human tendency is a large part of why you sometimes do things you don't want to do. (The other is your unconscious fractals.) The



Therefore if you can get in touch with the anxiety of the uncertainty and feel the desire to do something - do anything - you may find yourself surprised that you have more ability to wait for better choices. See the latest research strongly suggests that being able to feel and articulate all of our feelings gives us more power to choose which ones to act on. (And not feeling our feelings dilutes that same power!)

Forgive yourself for being unable to resist the urge to make a judgment call. It's not your failing but a mistake in the advice you have been given.

<https://therethinkgroup.net/trading-psychology/trading-psychology-ecourses/>