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**ENGINEERED  
TRADING  
MINDSET**

**FOR SUCCESS**

**FEAR OF  
PROFIT BECOMING LOSS**

**TRANSCRIPT #3**

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**RightMindTrader.com Academy**

## **Engineered Trading Mindset Fear of a Profit Becoming a Loss #3**

### **Fear of a Profit Becoming a Loss – Impact on Trading**

Welcome to Session 3 and in this session I want to explore with you the impact that your fear of a Profit Becoming a Loss has on your trading activities and on your trading profit potential when your White Rider is stampeding through your emotional mind.

I'm Les Meehan, founder of the RightMindTrader.com Academy and I want to remind you right now that your White Rider is undoubtedly robbing you of substantial additional profits each time you trade because you are unwittingly allowing him to control your behaviours.

But don't panic because you can win this internal battle against your trading fears and start to improve your profit results by consistently using all of the knowledge, greater understanding, and practical tools that I am providing for you in this program (more of which I will teach you soon in the next session).

OK, relax now as I teach you how exactly the fear of a profit becoming a loss, and how the weapons used by your White Rider we have previously discussed, impact on your trading profit potential.

Let's start this session by first returning to the human need and desire to 'feel like a winner' to explore how this impacts your trading.

### **Feel Like a Winner**

In session 2 of this module you learned that the feeling of being a winner is fed by your dopamine fuelled 'reward with pleasure' system. You also learned that it is very easy to be dependent on this system to boost your 'feel good' factor when you may be feeling low.

This need to feel good is one of the dangers to your trading profit potential especially immediately after one or more losses. More specifically, the need to feel like a winner creates a dangerous psychological environment of the mind in which to trade.

You need to know how your own 'I want to feel like a winner' needs are operating to fully appreciate how this impacts your trading.

But we have a problem straight away because each trader will have their own unique definitions, criterion, and rules for:

- A SINGLE WIN
- WHAT 'WINNING' MEANS
- WHAT 'FEELING LIKE A WINNER' MEANS

### Internal Criterion and Rules

This is important because being clear about these three aspects of what winning means to you can help you to improve those of your trading actions that will be negatively impacted by how you personally perceive and define the whole concept of winning.

How you perceive, think, and feel about 'winning' is determined by your underlying:

- Core values
- Beliefs
- Past experiences involving winning and losing

These basic components all combine to form your '**attitude**' to winning. Your *attitude*, together with the underlying foundation of core values, beliefs, and experiences just mentioned, will have a powerful influence on your decisions and actions.

Let's examine some possible psychological 'internal rules' and why they may or may not be useful.

Example 1 – "A win is anything other than a loss."

For example, let's say you have the 'attitude' (and underlying belief) that a 'win' means 'anything other than a loss'. This statement, 'anything other than a loss' contains the *unconscious psychological criteria* you are using to formulate an '*internal rule*'.

This unconscious 'rule' would then be applied to every trade you make to determine whether it can be considered a 'win'. You would use this rule to unconsciously categorise your trades; those that satisfy the rule are 'winners' and the rest are 'losers'.

In this example, every time you traded your unconscious mind would have the rule 'anything other than a loss is considered a win' running in the depths of your mind completely outside of your normal

awareness, so let's see how such a 'psychological rule' might affect your trading activities.

Remember, we are dealing with your fear of a PBL and we have seen in session 2 of this module how this is linked to 'feeling like a winner'.

OK, we know our example 'rule' is being used by your mind to determine if we have a 'win' situation or trade. But because this rule is quite general, there may be several situations in your trading that will fulfil this criterion equally well.

For example, not trading at all satisfies this rule and so does exiting a trade at break-even.

I know, at this point you are thinking "that's not what the rule is meant to apply to" and you're right but your unconscious mind won't know that because you gave it the general criteria of 'anything other than a loss' and it will apply this rule very literally.

Naturally, common sense tells us if you don't trade you can't possibly have a loss but does that constitute a 'win'? Of course not, but at some level this 'condition' satisfies our example unconscious rule and may influence some of your other actions.

Consider this, if your fear of a PBL is active and you have just lost a trade, your unconscious mind could easily use this rule as 'justification' for avoiding the next trade because 'not trading' actually satisfies this rule at some level.

*"This rule together with your fear of a PBL could hold you back from entering a new position even when signals are good."*

Example 2 – "A win is when you gain profit."

At one level you would think that all traders would agree, and it may seem obvious, that a 'win' is when you gain profit and that the internal rule 'a win is when you gain profit' would be a good one to use.

But even this may not be enough to help you with your trading, and may again hurt your profits, because it is still too general.

Even a profit of one pip satisfies this rule and could push your fear filled mind to grab this meagre crumb so you can receive your dose of dopamine to help you feel good.

Again, the internal rule has been satisfied but has produced an unsatisfactory trading action.

For best results and actions from these *internal rules* it is better to be more *specific with the criterion* used to create the rules.

Traders especially need a well-defined set of 'internal rules' about the whole concept of winning so their rules are *profit friendly* and *effective* when used to judge what action might be needed for a particular trade.

### **Question - How do you define a win?**

Let me share with you the most common responses I have heard from my private trading coaching clients when I ask "How do you define a 'win'?"

One is the general '*a win is any profit gained*' already mentioned.

Another is '*as long as I get a break-even or profit I feel like a winner*' which has added an additional criteria to the rule giving us a typical either/or rule.

The next most popular is '*when you don't lose money on a trade, you're winning*' which is basically the opposite of 'a win is any profit gained' but with the focus on not losing.

You may be able to sense some issues here; each of these 'rules' is too open-ended, each tends to focus on only one side of the profit/loss concept, and each could become too far reaching in the behaviours it affects.

Compare this to the type of 'rules' more experienced traders tend to make because they take a longer-term view of their trading and also define more specific criteria and rules for their concept of wins and winning.

An example I have heard is...

"A win is when my trade has reached my profit target; or within 1 or 2 pips of the target if my signals tell me to exit early."

If a trade was exited early based on this 'rule', but not within 1 or 2 pips of target, this trader would not consider that trade an actual 'win' despite the profit gained. You can see how this rule may limit how often this trader 'feels like a winner', which might have other consequences elsewhere if the need to 'feel like a winner' is important to the trader.

In these examples I have focused attention on what constitutes a 'win' and the same processes work for the concepts of 'winning' and 'being a winner'.

Each of these will have their own criterion and rules that you unconsciously use to tell you what you want to know; "Am I winning?" or "Am I a winner?"

As we have learned from this exploration of the three aspects of the basic concept of winning, your criterion and the rules based on them can help or hinder your trading success.

### **Discover your own 'Internal Rules' - workbook exercise**

I don't have space here to go into this more deeply because we have other great things to discuss, so please create the time to discover your own criteria and rules for the three aspects of winning and your concept of 'feeling like a winner' using the questions you will find in the workbook for this module.

### **Rules and Emotions**

Now you know there are unconscious 'rules' you are using to define and control your behaviours related to winning, let's turn our attention to the actual emotional experiences of the 'feeling like a winner' theme to learn how this can hurt your profit potential.

As soon as your trade moves into a profitable position your 'feeling like a winner' rules will wake up deep in your mind to start testing the situation to determine if you deserve your dopamine reward.

Let's assume one of the rules you use to decide if you are a winner is 'When there is at least X amount of profit I am a winner'.

When the trade enters a profit position this rule will engage your focus as you very closely monitor the amount of profit and your unconscious mind will ask the question "Is there enough profit yet to satisfy the rule?"

As this question pops into your conscious mind demanding an answer, your White Rider of the fear of a PBL will also come galloping into action causing you to feel afraid.

You now have an inner conflict; a battle is raging in your mind between the 'desire for profit' in one corner and the 'fear of a PBL' seconded by your White Rider in the other corner.

These two opponents, *desire* and *fear*, will be following their own *different rules* in your mind.

This battle creates a variety of powerful but conflicting feelings in your body ultimately resulting in the promotion of *stress*!

On the one hand you have a 'desire rule' which says to deserve your dopamine reward, and have the feeling of being a winner, the profit needs to be at least X.

But on the other hand your White Rider will be driving your fear with the 'fear rule' of "take whatever profit there is because in the next moment it might be gone".

Of course the market is totally unaware of these forces battling it out in your mind - and it doesn't care so it just continues doing what it does. And as all traders know, as the market price continues to change there are only two possibilities - you gain pips or you lose pips.

### **Which side will win - desire or fear?**

If the price action is in your favour, the profit in the trade increases, and now your body is crying out for the pleasurable 'winner feeling' that your dopamine based reward system can give you. As the profit gets closer to satisfying your internal profit desire rule, these feelings will intensify due to the anticipation of a reward, and as they do your ability to make logical decisions grows weaker and weaker.

Of course, let's remember there are two opponents in this conflict raining blows down on each other in your mind, so as the profit in the trade increases so does your fear of this profit becoming a loss.

### **The battle intensifies!**

The paradoxical thing about your fear of a profit becoming a loss is that as the profit in your trade increases so does your fear because there is more to lose; however if the market turns against you and the existing profit in your trade starts to fall your fear will still increase to encourage you to grab that profit before it is gone.

These two powerful emotions, fear and desire, battle it out as each moment passes and whatever decision you make about the trade will indicate which side has won this particular round of the conflict.

If your desire manages to tough it out by resisting the fear, and the temptation to grab the first profits, you will have decided to wait for the profit to reach the minimum level you have set that satisfies your rule to 'feel like a winner'.

### **Feel like a Bigger Winner!**

When it reaches that minimum amount your internal rule is satisfied and you will judge yourself to be a 'winner' but now new desires comes rushing in, the first of which is, the desire to 'feel like a bigger winner'.

The desire to 'feel like a bigger winner' will be fed by the dangerous emotion we know as 'greed' but because you have already satisfied your rule of 'feeling like a winner', the fear-based desire 'not to become a loser' jumps into the fray again and starts the next round of the fight in your mind.

Your desire and fear continue to batter each other with their respective 'rules' looking for a weakness, a chink in your mental trading armour, until one gains the upper hand.

Wow, what a mental mess and at this point your mind and emotions will probably be in total turmoil.

### **Your Mind torments you!**

Now come the teasing questions from your unconscious; do you take the minimum profit you have which will make you feel like a winner and get you the dopamine reward?

Or does your greed tempt you to risk losing what you have gained by waiting longer to see if there is more profit coming your way so that you can feel like a bigger winner?

Remember, all this is happening in real-time so while these questions remain unanswered and your internal battle rages on, continuing to bombard your mind and body with conflicting emotions and feelings, the market is going about its business and continuing to change.

### **Sense of Urgency**

This sets the scene and becomes the perfect time for your White Rider of the fear of a PBL to use yet another of his emotional weapons against you '*the sense of urgency*'!

Your White Rider throws your 'sense of urgency' into the fight to make you acutely aware that now every second counts because your trade is either gaining or losing profits while you hesitate over what to do next.

Remember this 'sense of urgency' is a weapon of fear and is designed to increase your fear of the profit becoming a loss and to tempt you to 'throw in the towel', exit the trade and take the immediate profit.

### **What will happen next?**

At this point one of five things can happen determined by your next decision and action:

### **1. RULE OK! - DOPAMINE REWARD**

The first thing that can happen is you decide your 'feeling like a winner' rule is satisfied and its time to get that dopamine reward so you exit the trade and feel happy with your result.

### **2. FEAR WINS - MINIMUM PROFIT**

The second possibility is that your White Rider of fear will win the day and you will exit the trade out of fear and grab whatever profit there is available.

The result will be you are left with a feeling of relief saying 'well at least I didn't lose' rather than the reward feeling of 'I am a winner'.

### **3. GREED WINS – YOU HOLD THE POSITION**

The third option is that your greed will win the emotional battle against your White Rider of fear and you will decide to hold on because the market is still moving in your favour and your greed is whispering that there is more profit to be had.

This emotional win by your greed will only be temporary though because your trade remains live and as the profit increases the risk, and your fear, of even greater loss also increases.

With greed winning, we now have the conditions for the next round of the conflict to continue as your trade goes into the next phase - you have passed the minimum profit level to feel like a winner and now want to be a big winner!

The danger is that the longer you hold the winning position, the more intense this need for 'feeling like a big winner' will become setting the scene for an even bigger struggle between your opposing emotional forces of fear, desire and greed.

Since the perceived risks are now greater, your White Rider will intensify his efforts in order to make you even more afraid of allowing this profit to become a loss so he can gain dominance over his new enemy - your 'greed'.

### **4. PAIN THRESHOLD – YOU MAKE YOUR ESCAPE**

The fourth scenario is you simply get tired of the inner conflict and your internal '*threshold mechanism*' kicks in.

We all have this 'threshold mechanism' and it is there to protect us from harm, it is the '*enough is enough*' reaction you get when you are suffering and it suddenly becomes unbearable.

You have reached the point of...

*"I don't care anymore; please I just want it all to go away!"*

The point at which threshold is reached is the point when you decide to escape from the emotional hurt and stress you are suffering by exiting the trade without any concern for the amount of profit (or loss) you are taking.

The result of this will at first be a deep sense of relief; relief that the cause of your hurt has now gone.

Once your emotions have subsided though, you will want to know whether you were a 'winner' or not.

If the profit you gained when you exited the trade still satisfies your 'rule' for 'feeling like a winner' then your relief will probably change for the positive as you receive your dopamine reward - you feel like a winner again!

However, if the profit is below this minimum, or even went into a loss, your hoped for 'dopamine high' may well turn out to be a 'cortisol fed disappointment' and the desired 'feeling like a winner' will be replaced by the not so pleasant 'feeling like a loser and an idiot'.

If you haven't heard of *cortisol* before, it is produced naturally by the adrenal cortex to regulate carbohydrate metabolism and the immune system and maintain blood pressure. But scientists have known for years that elevated cortisol levels (such as produced by the stress of trading): interfere with learning and memory, lower immune function and bone density, increase weight gain, blood pressure, cholesterol, and heart disease so it is easy to see how this is a weapon of fear.

Who would have thought the stress of trading could have an impact on your health in this way?

## **5. YOU FREEZE - YOU'RE A GONER!**

The final possibility is that your internal emotional turmoil will be so great that your fear and stress takes you into the 'freeze' state of your survival system.

You are overcome by the forces of doubt and anxiety!

This is a very common state for traders with trading fear and it stops you taking action on a live trade because it suspends your ability to make a decision.

You literally freeze in your chair gazing with a wide-eyed stare of fear at the chart as your trade continues moving one way or the other (remember

I said earlier that your White Rider increase the fear irrespective of which way the trade is going once it is in profit).

At this point either your trade will be stopped out (assuming stops are in place) or it will run wild until your 'threshold mechanism' gets activated to snap you out of the freeze state.

If the market is in your favour you may be lucky and exit with profits but if not there will be a good chance you will lose in a big way.

You can easily go from potential big winner to definite big loser when the freeze state takes a hold of your mind simply because you are incapable of deciding what action to take, even though a part of your mind is still screaming at you about the impending danger of a 'trading apocalypse' cleaning out your account!

Either way, it's no way! The freeze state will always be a losing state because you have let go of your control and then its over to lady luck.

## **Summary**

OK, that was an amazing journey through the emotional battles that your fear of a profit becoming a loss can create and it's easy to realise how such emotional conflict would negatively impact on your trading profit potential.

I know what you must be thinking, with all of that conflict going on in my mind and body how can I possibly remain in control of my trading?

But don't worry there is always hope for a profitable future.

With some practice it is not only possible but quite easy to control these battling emotional enemies and in the next session I will teach you some more deep-mind practical techniques you can use to help you win the war against your emotional enemies of greed and fear of a profit becoming a loss.

## **Moving Forward...**

Now is a great time for me to congratulate you for sticking with me on your journey in this program and I want to take a moment to tell you how much I appreciate and honour you for taking the time to develop your trading mind to become a right mind trader.

Let's shoot over to the next session and learn some powerful 'fear busting' techniques to unsaddle the White Rider and stop him bringing a trading apocalypse down on you. See you there!

## **Journeying Farther & Further - Journeying Together**

For most traders, trading as an activity can be a singularly solo, and perhaps even lonely, journey toward your future dream of financial freedom and ultimate happiness.

The programme you have just taken will have moved you along on your trading development journey of discovery that will have a positive impact on your trading – and possibly on your entire life and those around you.

Most journeys have a point of departure and a point of arrival – or do they?

Certainly, the journey you have been on in this programme has a clear departure point – that is to increase your development as a trader - and it has a clear objective to provide the tools to help you...

...but it doesn't have a clear destination because it is but one positive stepping stone forward!

### **Why?**

Because your trading psychology has many facets and needs and this programme is only one aspect – albeit a crucial aspect - of your whole trading psychology development to improve your daily trading experience.

Now African wisdom says:

**“To journey far, travel with others.”**

So, to travel farther and further with your trading I invite you now to continue our journey together towards a new objective and your own desired destination.

### **FREE 1-On-1 Coaching Session**

Begin the next part of your success discovery trading journey now by setting your next big objective, which I strongly believe should be, to have a COMPLETELY FREE 30 minute...

### **[Trading Behaviour Strategy Coaching Session](#)**

...directly with me.

This is the logical next step on your journey to realising your trading profit potential and creating the abundant life of your dreams.

Let me be your personal development guide on the next exciting exploration into your trading psychology.

To find out more about your next trading journey watch my complimentary '[TBA](#)' video that will explain how we will analyse your current trading behaviours to uncover any success blocks lurking in your unconscious mind.