



**ENGINEERED
TRADING
MINDSET**

FOR SUCCESS

FEAR OF LOSING
TRANSCRIPT #3

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RightMindTrader.com Academy

Engineered Trading Mindset Fear of Losing #3

Fear of Losing – Impact on Trading

Welcome to Session 3 where we will explore the impact your Pale Rider of the fear of losing has on your trading.

I'm Les Meehan, founder of the RightMindTrader.com Academy and in this training session I want to teach you some of the 'dark weapons' your Pale Rider may be using against you in your actual trading.

The problem is your Pale Rider knows exactly which of your 'fear related emotional buttons' to press to create the various symptoms of the fear of losing and as we saw in the session 2 it isn't only the 'money buttons' that get pressed.

As you have learnt throughout this programme, these fear related emotional triggers directly influence your trading decisions and your trading activities.

I want to start by teaching you several important aspects of how your deeper psychology will be impacting on your trading and then later discuss what I call your Pale Rider's '5-Card Trick' that also disrupts your trading and damages your profit potential.

Loss Aversion Trading

We start then with loss aversion trading.

Financial experts have identified loss aversion as a major factor when making decisions related to money and wealth. And as all traders know, your trading decisions ultimately relate to money in some way despite any of the other deeper underlying psychological issues explored in this programme.

As a trader you cannot escape the fact that your decisions affect your money and interestingly, although this may sound crazy at first, research shows that most people would rather *avoid losing money than acquire more*.

Research also shows that the psychological hurt you suffer from losing is *twice as intense* as the pleasure you experience from gaining.

Let me digress a moment to relate a dramatic but true story of how this loss aversion syndrome can manifest in reality.

According to Ori and Ram Brafman, authors of 'Sway: The Irresistible Pull of Irrational Behaviour', people will often make poor decisions simply to avoid some perceived loss and the following dramatic example comes from their book.

Captain Jacob van Zanten

The event involves Captain Jacob van Zanten, once a well-established and respected pilot who headed the safety program for KLM, a Dutch airline marketed as “the people who make punctuality possible.”

In the spring of 1977, on a flight from Amsterdam to the Canary Islands, Captain van Zanten learned that a terrorist bomb had exploded at Las Palmas airport, where he was supposed to land. Along with a number of other flights, his was diverted to a smaller airport 50 miles away.

After landing the plane safely, he started worrying about a number of problems that would result if he didn't take off soon.

At the time the government had instituted a mandatory rest period between flights for pilots, which meant he could be imprisoned if he took off after a certain time. The Captain knew that staying overnight would mean putting the passengers up in a hotel, which would be costly for the airline. He also worried that if he waited much longer it meant losing time, money, and his and the airline's reputation for punctuality.

Ultimately, the 'loss aversion' pressure got the better of Captain van Zanten and it seemed like a now-or-never moment for him. So he decided to take-off in a thick fog despite knowing the risks and not receiving take-off clearance, simply because he wanted to avoid the perceived losses he felt would result from waiting longer.

Unfortunately, he didn't see the Pan Am 747 across the runway until it was too late, and 584 people died in the collision.

The pressures and potential consequences of lost time had piled up, and Captain van Zanten acted against his better judgment, hoping to avoid them.

Loss Aversion Triggers

Although this is a dramatic example of how loss aversion can cause disaster, it is not difficult to relate the 'loss aversion triggers' in this true story to the underlying psychology discussed in session 2 of this module and to your own trading experience.

Let me run through just two of the 'triggers' in this story and connect them to trading.

Trigger #1 – Protect what you have

The first is protecting what you have.

In the airline story the Captain was head of safety for the airline and a well-respected pilot and so the powerful need to protect his reputation and status is likely to have contributed to his 'loss aversion' psychological pressure.

For traders, the desire to protect your money, protect the profit in a live trade, or protect your reputation as a 'successful trader' will directly contribute to your own 'loss aversion trading' behaviour.

Trigger #2 – Competitiveness

The second trigger is competitiveness.

The Captain clearly also felt he had to 'compete' or 'perform well' to uphold the 'marketing promise' of the airline as 'the people who make punctuality possible'.

In trading, competitiveness manifests as: the need to win, the desire to 'beat the market', the need to be seen as successful to others, and the need to prove how competent you are especially to yourself.

As a trader, you may also have some 'promises' that you have made to yourself that you feel compelled to keep because your competitive nature won't let you quit or give up on a decision.

Self-promises, or decisions already made, may occasionally turn out to be disastrous if your competitiveness prevents you admitting the promise or decision is no longer relevant (this of course may also be connected to your Red Rider of the fear of being wrong).

So, when you are 'loss aversion trading' you are more likely to make decisions and create behaviours that are *designed to avoid losing your money* rather than *gaining more and increasing your trading account*.

Four specific 'loss aversion' aspects

We have already discussed the general symptoms of the fear of losing in *session 1* of this module and here are *four* of the 'loss aversion' specific aspects to become aware of or to look out for in your own trading:

1. Intense emotional reaction to losses

As previously mentioned in this module, no one really likes to lose because it hurts emotionally (and perhaps physically if you are say, a boxer).

Normally, what you perceive as a minor or small loss probably won't bother you too much or if you lose something that has little emotional value attached to it.

However, if you become aware that your *negative emotional reactions to even the smallest loss have increased*, you can assume that you are in 'loss aversion trading mode' and need to intervene to change your thinking and physiology with some of the deep-mind techniques I am teaching you in this programme.

Remember with all of the topics in this programme, the quicker you become at recognising what is going, the sooner and more effective you can be at stopping or changing things.

2. Too afraid to enter new trade

The next aspect that impacts your trading is when you become *too afraid of losing to even to enter a new setup* no matter how good the market signals look.

If anything will stop you making money as a trader, it is obvious that avoiding trading is the one!

3. Hesitate to exit losing trades

Third we have *hesitating to exit losing trades*.

Your Pale Rider loves this one because it is probably the number one 'profit killer' for most traders and is a direct result of the fear of losing and a clear sign of loss aversion in action.

Like Captain van Zanten, it is amazing and baffling how often, in a loss situation, traders will make 'poor decisions' and do 'crazy things' like moving a stop or adding to a position that actually make the loss even worse. But all the time they are hoping it will make things better.

4. Changing the plan

The fourth aspect is *changing your plan or setup*.

As you know, most successful traders plan their trades carefully to create setups with a favourable edge and then wait for the right signals before executing the plan.

Once your Pale Rider has joined the psychological party though you may notice a strong desire to 'mess with the plan' as a way of avoiding losing.

Now many traders like to monitor their trades in real-time so they can take *considered action* to maximise profit and/or minimise loss and this is fine - as long as it is being done for the right reasons and is not a *knee-jerk reaction based on fear* or a part of loss aversion trading.

The 'Esau Syndrome'

OK, the next topic to have an impact on your trading related to the fear of losing and that your Pale Rider will have in his armoury is known as the *Esau Syndrome*.

The Esau syndrome is the name used in psychology for the behaviour people tend to exhibit when given the choice of instant gratification over longer-term greater benefits.

The name comes from the bible story of Esau and his twin brother Jacob. Esau was the older twin of Isaac and Rebekah and the bible tells how a very hungry Esau gave up his birthright for some bread and stew in an agreement with his younger twin Jacob who was cooking food. This is a story showing how powerful the appeal of instant gratification is against the appeal of later and greater reward.

In your trading you can expect your Pale Rider of the fear of losing to tempt you very strongly, using this Esau syndrome, with 'instant profit' i.e. instant gratification, over the possibility of 'bigger profit' later.

When your fear of losing is dominating your thoughts, and the feeling that something might be taken away from you is strong, and your emotional hurt of having seen your trading account dwindling down is intense, expect your trading behaviours to change and for your 'plan' to go west as you adopt some or all of the loss aversion trading actions previously discussed.

Pale Rider '5-Card Trick'

Let me now take you on a little journey into a rather insidious 5-step process that you can expect your Pale Rider of Profit Death to initiate based on the

deeper psychology of the fear of losing we have now come to know and understand better.

I call this your Pale Rider's - '*5-Card Trick*'

Your Pale Rider has a powerful psychological '*5-card trick*' in hand to use against you and the first card he plays is the...

1. Want something to value card

Your Pale Rider wants to encourage you to start thinking about wanting something to value. This is to connect you to something you will be afraid to lose and in trading that will normally be the money in a trade i.e. your stake, your profit, or your loss.

But remember, we have discussed many other things that you value emotionally and any one or more of these may also be the target that your Pale Rider connects your mind to. Remember, trading psychology and the dark weapons used by your 4-Horsemen is rarely only about the money!

Once your Pale Rider has your mind and emotions firmly connected to something of value, the second card he plays from his hand is the...

2. Single focus on valued item card

The single focus on the valued item card is played to encourage you to be '*single-minded*' on what you now perceive to be valuable.

The '*single-focus*' card cranks-up the emotional pressure by making you turn all of your attention toward the valued item so you '*forget*' other things and fail to do what is needed during the trade; possibly doing things too late or too soon or just doing crazy profit-sabotaging things.

Remember Captain van Zanten, whose single focus became to protect the reputation for punctuality of himself and the airline and how this drove him to break some of the cardinal rules of flying protocol resulting in the death of 584 innocent passengers.

Remember also that this may well lead to '*information blindness*' and/or '*risk blindness*'.

3. Make the item more 'precious' card

The third card your Pale Rider likes to play is the *make the item more 'precious' to you* card.

With his 'precious' card he again cranks-up the emotional intensity so you start to feel this item is 'precious' to you.

That is, it moves up your 'emotional value scale' and takes on more significance and importance.

Again, this 'item' could be: increased profit, reduced loss, need to win, need to feel good, desire to be the best, or any other factor your unconscious mind and the Pale Rider considers relevant to your trading.

Remember that we give emotional value to both materialistic things like money and to the non-materialistic aspects of our own Self.

Be very aware when you sense that your attention is becoming fixated and take steps to break this emotional hold your Pale Rider has gained over you.

Your Pale Rider's fourth card that he gleefully tosses into the mix is the...

4. Ownership card

The ownership card is played to create in you a belief that this item is rightfully yours.

It is usually obvious when discussing materialistic things that when you own something it is rightfully yours and you can think and feel that way about it.

However, for the things that don't actually exist or that we only perceive to exist like the profit or loss in an open position (which only really become real when the trade closes because they can always change from one to the other), it can still cause us to feel we rightfully own them in this moment.

You can become so fixated that the profit or loss in a trade is rightfully yours or that the market somehow 'owes' it to you that you make irrational decisions and take irrational action that you later regret.

A strange psychological phenomenon around this whole concept of 'ownership' is that some of the 'psychological' things or personal character traits that are part of who you are may not actually feel

rightfully yours. For example, after a substantial win you may want to feel and celebrate the success of this win but at some deeper level feel that you somehow 'don't deserve' the win or the money and that it is 'not rightfully mine' due to past 'lack of self-worth' issues or some other deep-rooted cause. No surprise then when on the very next trade you do something weird and blow the lot; only to be baffled as to what you just caused to happen.

Cunning players

OK, we need to remember that these 4-Horsemen are cunning players of your mind, and play dirty, so it comes as no surprise that your Pale Rider also cheats during these psychological card games.

Once your Pale Rider knows he has you intensely focused on, and emotionally attached to, the valued item he slips his fifth and final 'ace of fear' card from under his cloak and smugly lays it before your trading mind.

5. Taken away from you card

This 'ace of fear' is the taken away from you card which creates in you the feeling that you might soon have your valued item taken away from you without your consent.

His psychological 'ace of fear' card makes you feel that your 'trading house of cards' will come tumbling down as your valued item is snatched away from you and this is the moment your Pale Rider, with an evil grin, really lets fire with both barrels of your fear of losing.

Since the ultimate item of value for financial success as a trader is your profit, and the fear of losing is the most potent dark weapon being used against you to stop you realising your true profit potential, it is imperative that you understand as much as possible about your Pale Rider and his dirty tricks so that you can apply the deep-mind techniques you learn in this programme against him.

Summary

OK, this has been an intense session in which we have now explored some very important aspects of how your fear of losing can impact on your trading so let me summarise them as a reminder.

First we learned about 'loss aversion trading' and how powerful the 'loss aversion syndrome' can be both psychologically in influencing your thinking and feeling, and physically in influencing your behaviours and actions.

We then explored 4 ways in which loss aversion may manifest and impact in your trading.

- 1) Intense reactions to loss**
- 2) Too afraid to enter new trades**
- 3) Hesitating to exit losing trades**
- 4) Fear-based changing of trading setup/plan.**

Next we learned about a fifth aspect of the fear of losing known as the *Esau Syndrome* which is basically the difficult to control urge for instant gratification instead of longer-term greater gains.

We also learned that the emotional hurt caused by loss was much more intense than the pleasure gained from success and that this too is a dark weapon of your Pale Rider.

Last but not least, you learned of what I call the Pale Rider's '*5-Card Trick*' - a 5-step process to direct your mind and attention into a fear-trap based on our deep-seated need for possession, ownership and security.

Moving Forward...

Now this is the penultimate session in the final module of your programme and I want once again to applaud and honour you for making this journey so far and having the discipline and dedication to gain the most from your journey.

But hang on, we are not finished yet!

In the next session I will teach you three new powerful deep-mind techniques and also explore a topic of crucial importance to your trading success so remember;

- Be patient with yourself
- Be determined to have your success

and...

- Be bold in moving forward toward your dreams.

Let's go over there quickly and continue the journey together now.

See you in session 4!

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.