



This image is no longer available. Visit tinypic.com for more information.

There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, September 21, 2012

Uncertainty

Have you ever bet on a Money Wheel ?

Money Wheel is a crude Roulette. Money Wheel simply have a couple of symbols on it. To play, place a bet on one of the symbols on the betting table and spin the wheel. If it lands on your symbol you win. Long back we used to bet on this and lose money during village fairs and temple festivals

I don't remember feeling bad or getting frustrated after a loss. I think it was because we were well aware of the probabilistic nature of the game and the results are uncertain and random. We never did bet more than we could afford to lose

What about a trading loss? We feel upset, angry, and betrayed after a loss. We feel betrayed by the Market, We feel betrayed by our method and start doubting it. (I am sure Some of us may even feel betrayed by the person who taught the method and will curse him) The problem is we are not accepting the uncertainty of the Market. The only thing certain in trading is the Uncertainty. No matter how good your analysis, no matter how perfect your set-up, once you enter a trade anything can happen. Anything can happen at any time! Even a single order can cause a flash crash in Markets ([Read](#))

Embrace the uncertainty and accept the probabilistic nature of the market. Do enough back testing and forward testing before accepting any method. Do not bet on it until you have total trust on it. If you are convinced that the method is effective, stick to it. Never be tempted to throw away your trading system due to a loss because losses are expected from time to time. Take massive action and conquer the final [slippery slope](#)

Posted by [SMART Trader](#) at 12:28 PM



2 comments:

Anonymous [September 21, 2012 at 7:04 PM](#)

I think "success of the trader's system" on the left side of the chart is the big problem in embracing uncertainty. I was able to accept risk 12 years back when there were no charts and computer with me...but now with computers i "sliced the eternity(Market)" it boosted my confidence. My confidence in system everyday tells me "there is not that uncertainty" - Nishant.

[Reply](#)



[SMART Trader](#) [September 21, 2012 at 9:43 PM](#)

Nishant

Thanks

Most of the trading related psychological problems are in fact method related. As Pradeep Bonde said "Methods trump Markets"

ST

[Reply](#)

Add comment

Note: Only a member of this blog may post a comment.

Enter your comment...



Comment as: [Google Account](#) ▾

[Publish](#)

[Preview](#)

[Newer Post](#)

[Home](#)

[Older Post](#)

Important Posts

- [Disclaimer](#)
- [Glossary](#)
- [Rants 'n Raves](#)
- [Structure and Patterns](#)

Download E-Books

- [Decision Points](#)
- [Structure and Patterns](#)
- [Rants N Raves](#)
- [TRADE-SCORE](#)
- [Video Promo](#)

[Statcounter](#)

Reciprocal Links

- [Lance Beggs @ YTC](#)
- [URD @ charttechnicals](#)
- [KPL @ vfmdirect](#)

Blog Archive

- [2015](#) (100)
- [2014](#) (274)
- [2013](#) (299)
- ▼ [2012](#) (338)
 - [December](#) (23)
 - [November](#) (28)
 - [October](#) (28)
 - ▼ [September](#) (27)
 - [Actionable Analysis](#)
 - [Brian Hoffman](#)
 - [28092012](#)
 - [Price Flips](#)
 - [27092012](#)
 - [26092012](#)
 - [25092012](#)
 - [24092012](#)
 - [21092012](#)
 - [Uncertainty](#)
 - [20092012](#)
 - [Losses](#)
 - [18092012](#)
 - [17092012](#)
 - [Round Numbers](#)
 - [14092012](#)
 - [13092012](#)
 - [11092012](#)
 - [10092012](#)
 - [Decision Points](#)
 - [07092012](#)
 - [Reading :Complicated !!](#)
 - [06092012](#)
 - [05092012](#)
 - [04092012](#)
 - [03092012](#)
 - [Location](#)
 - [August](#) (30)
 - [July](#) (33)
 - [June](#) (33)
 - [May](#) (33)
 - [April](#) (27)
 - [March](#) (31)
 - [February](#) (42)
 - [January](#) (3)