



The 7 Deadly Sins of Trading

The following is a guest post from [T3 Live](#).

Greed, for the lack of a better word, is good.

That's what Gordon Gekko said in the classic 1987 film *Wall Street*.

And indeed, a little greed goes a long way.

Greed can push you to work harder to bring home a bigger paycheck.

It can push you to save more money for retirement.

But greed can also eat you alive... even if you have all the money in the world.

Greed is only one of the 7 deadly sins you've heard about from religious texts or pop culture.

And as you're about to learn, they all apply to trading, and they all have cures if you understand them.



Lust is often associated with sexuality.

But there's another kind... the lust for money and power at all costs.

That's a recipe for disaster for 2 simple reasons.

An obsession with making more money can push you to take bigger and bigger risks.

You'll put yourself in harm's way when there's no good reason to.

It can also push you to cross ethical and moral boundaries.

Remember, once you cross that line, there's no turning back.

The Cure for Lust

Replace your desire for money with a desire to learn.

As you become a more skilled and experienced trader, you'll likely earn more money.

So focus on building your skills and gaining experience, NOT the potential rewards of skills and experience.

It's like dreaming about buying a Ferrari before you've even had a job. It's downright childish.

Grow up, get good, and the rewards will come.



44% of lottery winners go broke, according to [a 2015 study by the Camelot Group](#).

Why?

Because most people can't handle sudden wealth.

Traders are no different.

Once a trader achieves financial success, he'll be tempted to overindulge in everything from food to clothes to travel to cars to real estate.

An upgraded lifestyle means upgraded living expenses

So what happens when that trader has a bad month or bad year?

Panic, frustration, and inaction.

When the mortgage is due today and there's just \$28.71 in the checking account, it's pretty dang hard to focus on **the charts**.

The Cure for Gluttony

As you earn more money, save a higher percentage of what you take home.

Let's say that after a year of trading, you have \$25,000 left over when all your taxes, trading expenses, and bills are paid.

And let's assume you feel comfortable spending \$7,500 of that on "fun stuff" like new clothes, travel and entertainment.

That's 30%.

On your next \$25,000, take it down to 25%.

And the \$25,000 after that, reduce it down to 20%.

The exact numbers don't matter.

The point is, by scaling down your spending, you'll keep a safety net in place for the rough times.



It's okay to want a bigger house, a nicer car, and private school for your kids.

And it's okay to dream about having \$10 million in your bank account.

But if you're trading just to make money to buy more stuff... go do something else.

To become a great trader, you must love the process of trading.

It's not easy to stare at computer screens for 9+ hours a day, trying to make sense of news and charts and price action.

Most people burn out from it.

But the best of the best can't pull themselves away!

The Cure for Greed

Revisit what you really love about trading.

Is it the process of scanning through 200 charts to find the one that speaks to you?

Is it the rush of adrenaline you get when you nail a trade?

Or is it just plain fun?

Your trading results are important. If they're not, you shouldn't be in this business.

But it's equally important to enjoy the process.

So shift your greed for money to a greed for sheer enjoyment.



Experienced traders often get nostalgic for the 'good old days' before [high frequency trading](#), decimalization, and overactive central banks.

Many of these traders run into trouble because they do more complaining than learning.

Instead of learning new skills, they get left behind.

Evolution is a cruel beast.

And it comes for the weakest traders first, the ones that don't adapt.

It's 2017.

The strategies you use today may not work 3 years from now.

What are you gonna do about that today?

The Cure for Sloth

Put yourself on a regular schedule for continuing education and personal development.

Don't give yourself the option of NOT improving.

You could set a goal of reading 2 new books a month.

Or learning 4 new chart patterns.

Or writing out 3 case studies about your best — or worst — trades of the month.

The possibilities are endless.

And don't forget about improving your non-trading self.

Some of the biggest trading lessons are learned away from the desk, in sports or leisure

activities.



An angry trader is one that just lost money. And once you're angry, you're usually on the verge of losing more.

Because if you're angry, you're impatient.

If you're impatient, you'll make more bad trades.

And if you make more bad trades, you'll get even angrier.

That's when the 'revenge trading' starts.

That's when you lose \$2,000 in the morning, and you're determined to 'make it up' with more trading.

Before you know it, you're down \$5,000.

And then \$10,000.

And so on. And so on.

The Cure for Wrath

Clean up your mess as best you can.

And then walk away from your trading workstation.

Don't trade again until you have your anger out of your system.

Talk to your buddies, watch a funny movie, or take a walk.

But get it out of your system.

And if you feel like you're getting out of control too often, seek professional help.



On Wall Street, you can make \$1 million a year and still feel poor.

Why?

Because the guy next to you made \$2 million!

Traders are competitive by nature.

It's no wonder so many love sports, martial arts, poker, chess, and video games.

But many traders become obsessed with outdoing their peers.

Even teammates on the same desk can become enemies!

The guy next to you is killing it. He's dropping \$4K on dinner. And on Friday, he's flying first class to Miami to party.

The biggest question on his mind is "which Ferrari should I buy next?"

He's getting everything you want and it's eating you up.

The Cure for Envy

Be nice!

If you know a trader that's absolutely killing it... you should make them a friend, not an enemy.

Why?

Because that trader's got something to teach you!

Motivational speaker Jim Rohn said "We are the average of the 5 people we spend the most time with."

And he was right.

So if you want to become a great trader... a good first step is to surround yourself with traders that are better than you are.

And odds are, you've got knowledge and ideas to offer in return.

Smart, successful people aren't threatened by sharing what they know. They're excited by it!



Pride is the most serious of the 7 deadly sins.

When you think you're better than the folks around you, get ready to fall.

That "I'm on top of the world" feeling is a sign of vulnerability.

When you grow too prideful and too happy with your P&L, you set the stage for your own demise, one step at a time.

It starts with coming in late and skipping your premarket prep.

After a week of that, you start leaving early too.

And worst of all, you stop learning because you think what worked yesterday will work tomorrow.

If you weren't blinded by your past success, you'd see your downfall coming a mile away.

But you don't.

Slowly, your results get worse and worse.

You lose \$1,000, then \$5,000, then \$20,000.

And by the time you realize where you went wrong, you're broke.

The Cure for Pride

Instead of cheering every big trade you make, celebrate smart losses.

Let's say you're down \$3 in **Apple** (AAPL), and it's hitting your stop level.

You have a gut feeling it's time to double down.

But instead, you follow your discipline and accept the stop loss.

Celebrate the fact that you stuck to your guns, and avoided the risk of letting a small loss become a big one.

The long-term value of discipline outweighs the short-term pleasure of a big trade.

Celebrate accordingly.

If you enjoyed this thing piece and you'd like some more hardcore lessons, check out [this free eBook from T3 Live](#) -- "Unsexy Trend Analysis Secrets That Generate Beautiful Profits."

[Link to Disclosures](#)

We wish you much success!

Steve & Holly Burns

[New Trader U](#)

[Our Books](#)

[New Trader U Shop](#)

[New Trader University eCourses](#)

Read the original article at:

<https://www.newtraderu.com/2021/07/14/the-7-deadly-sins-of-trading/>