

Trading Psychology – Learn from Tennis Champions to Develop Mental Toughness

Occasionally, we get to 'look' inside the mind of a great performer. This year's programming for the Wimbledon Tennis Championships offered such an opportunity. What many consider the greatest tie-break in tennis history - the completion of the fourth set of the 1980 Wimbledon Men's Final between John McEnroe and Bjorn Borg - was replayed point-by-point with both McEnroe and Borg providing commentary. We got to see and hear what was going on in the minds of two great tennis champions.

Momentum Shift

McEnroe won the tie-break, 18-16, bringing the match to dead-even with one set left to play. Although the match was even, momentum had clearly shifted to McEnroe as he overcame Borg's deft, expert play.

Commenting 30 years later, McEnroe said he knew the momentum had shifted. Borg had had several match point chances during the tie-break, but couldn't convert them. McEnroe thought Borg was demoralized and that the Wimbledon Championship was his to take. Borg admitted he felt down and expected to lose. In fact, he said he was "sure of it."

A Career-Defining Experience

But McEnroe did not win. Borg found deep within himself the will to overcome McEnroe's momentum and won the 1980 Wimbledon Championship.

John McEnroe said this loss was a significant moment in his career, but not in the way you might think. Borg's mental ability to dig deep within himself and not let the loss of the tie-break defeat him was eye-opening for McEnroe. He witnessed in Borg an exceptional level of mental toughness that he, too, wanted to possess. McEnroe was inspired to work on his mental game and soon became one of the great players in tennis.

A Lesson for Traders

How many traders become demoralized by a loss and then become entangled in their emotions? When things looked bleak, Borg dug deep. He didn't feel sorry for himself or shift attention to his emotions. Instead, he remained committed to his game and kept his focus on what mattered most – executing the right actions.

Like tennis, trading abounds with setbacks and adversity. Everyone makes mistakes and has losses. It takes a certain amount of mental toughness to overcome the adversity.

Mental toughness is about doing what needs to be done in order to trade well. It's taking the actions necessary to keep yourself in the trading game. When a trader makes a mistake or suffers a loss, it often marks the beginning of a downward spiral where things quickly go from bad to worse. Feeling pressure, more mistakes are made, and perhaps more losses are suffered. Let's look more carefully at how this can happen.

How Mental Chatter, Stress and Emotions Take You Out of the Trading Game

When a mistake is made or a loss suffered, the naturally tendency is to go inside and focus on what the mind is saying, on our bodily stress, and how badly we feel. This is nearly automatic.

After a loss, for example, you might hear your mind say something like, *“Another loss! It’s the same old thing. I’m never going to be successful in trading. I’m a loser.”* Pretty depressing, isn’t it? How can a trader trade well when buying into such thoughts? Believing such mental chatter takes you right out of the trading game.

Such self-talk will also tend to produce stress and unwanted emotions. A loss is seen as a threat and causes our body to react with tight muscles, a queasy stomach, or sweaty palms. Emotions such as anxiety and fear seem to confirm what our thinking. But attention has shifted off the market to the trader’s internal experience. Sound trading decisions now become difficult.

This focus on downbeat internal experiences takes the trader out of the trading game. To trade well, focus needs to be external, concentrating on the market. No one can trade well when their attention is on what their mind is saying and how they feel.

Three Tips for Mental Toughness

Borg modeled mental toughness well. Rather than focusing on the tie-break he had just lost and letting defeating thoughts and emotions take center stage, he focused on what he needed to do to beat McEnroe. By developing mental toughness, you, too, can stay focused on what matters most for your trading.

Here are three things you can do to start to develop mental toughness:

1. **Be aware of what is going on in your mind, body and feelings.** Slipping into an internal focus seems automatic because we aren’t fully aware of it as it is happening. By being aware of what the mind is saying and your feelings you can catch yourself before the downward spiral gets going.
2. **Know what trading actions are important to take.** These are high-value actions (HVAs) under the trader’s control. These HVAs are relevant to trading and they include identifying a sound trade setups and solid entry triggers. You must know these cold and be committed to executing them.
3. **Commit to high value actions regardless of how you feel.** This means being willing to accept unwanted thoughts and feelings because trading well is more important than feeling good. Maintaining an external focus and initiating positive trading actions may not be easy when feeling down, but it’s certainly not impossible.

Like all skills, mental toughness takes practice.

Trading HVAs

Like Borg, when faced with a disheartening challenge, traders need to pull deep from within and keep attention focused on the right things. You may be down and feel like the world is against you, but allowing those thoughts to dominate will only mar your trading. The goal is to succeed and the only way to succeed is to execute the right actions. Traders should focus on what I call high-value actions (HVAs) - actions that are under your control and bring about effective trading.

You can never control the market and you can never control how any given trade will turn out. But, you can control your actions and apply HVAs to your trading. Trading HVAs include: identifying the next high quality trade setup, projecting a reasonable target, assessing risk/reward, finding the entry trigger, and managing the trade. If you focus on HVAs, you are putting yourself in the best position to make a next good trade no matter how dismayed you may feel.

HVAs and mental toughness are skill sets possessed by every successful trader. You are invited to learn more about these and other trading skills at the author's website:

<http://www.tradingpsychologyedge.com>