

Index

- Adventure seeker (impulsive personality), 91–92, 100
- Analytical thinkers (list makers), 89, 100
 - examples of, 89–91
- Anger, 24–27
 - learning to express, 26
 - tied to fear of success, 112–115
- Anxiety, learning to observe ones own, 176–177
- Arrogance, versus confidence, 70–71
- Assumptions, thinking about, 84
- Automated trading systems, 156
- Avoidance behavior, 37–39, 78–79
 - case studies of, 35–37, 79–80
 - quiz and exercise about, 39
- Biological components of stress, 6
- Body language, of company officials, 154
- Breakdowns and breakthroughs, 188–192
- Breaks from trading, importance of taking, 193
- Breathing exercise, 189
- Calmness, *see* Relaxation
- Capital preservation, importance of, 130
- Capital usage, perfectionism and, 123–129
- Capitulation on the upside, 163
- Case studies:
 - avoidance behavior, 35–37, 79–80
 - data analysis, 150–155
 - fear factors, 112–114
 - fear of commitment, 115–118
 - fight-or-flight alarm, 4–5
 - fundamentals and momentum, 132–135
 - getting out of winners too fast, 18–21
 - greed, 66–70
 - handling competition, 45–50
 - handling emotions, 66–70
 - high-conviction ideas and, 30–34
 - holding onto losing trades, 15–18
 - information gathering, 154–155
 - insecurity, 77–78
 - misapplied meditation and visualization, 72–77
 - obstinacy, 103–104, 106–109
 - perfectionism, 125–127
 - psychological energy, 59–60
 - realism about risk, 136–137
 - risks of trading despite stress, 30–34
 - risk within parameters, 137–138
 - self-analysis, 141–142
 - short selling, 160–162, 167–170
 - strategy adjustment, 145–146
 - strength and weakness evaluation, 142–143
 - stress of losing trades, 59–60
 - using positive memories, 120–121
 - visualization, 173–176
 - visualization misapplied, 72–77
- Catalyst-driven traders, 152
- Childhood events, stress reactions and, 7

- Commitment, 115–119
 - case study of fear of, 115–118
 - importance of, 196–197
- Competition, 44–45, 50–51
 - case study in handling, 45–50
- Confidence:
 - versus arrogance, 70–71
 - insecurity and, 96–97, 100
- Consensus, short selling and, 166–167
- Data analysis:
 - anxiety's impact on, 147–148
 - case studies in lowering stress by, 150–151
 - case studies in optimizing data, 151–152
 - case study on interpreting data, 154
 - case study on variant perception, 154–155
 - determining relevance of data, 153
 - importance of, 149–151
 - ways to gather data, 152–155
 - without stress, 155–157
- Defensive behavior patterns, 39
 - helpfulness, 41–42
 - helplessness, 39–41
 - procrastination, 44
 - self-pity, 42–43
- Depression, 10
- Digging deeper, *see* Information, gathering of
- Discipline:
 - psychological energy and, 59–62
 - using to combat fear, 55–57
 - vision and, 84
- Discomfort, inherent in trading, 129
- Earnings, short selling and missed, 165–166
- Egotism, insecurity and, 77–78
- Emerson, Ralph Waldo, 115
- Emotions, *see also* Negative emotions
 - euphoria, 27–28
 - observing of, 171–173
 - recognizing truthful, 193
 - short positions and, 163
- Envy, *see* Competition
- Euphoria, 27–28
- “Everyone’s doing it” mentality, 81–82
- Exercise, value of physical, 61, 144, 187
- Exercises, *see also* Self-assessment
 - avoidance behavior quiz, 39
 - breathing, 189
 - helplessness quiz, 41
 - image awareness, 190
 - journal writing, 192
 - observation of emotions, 177
 - self-evaluation, 194–195
 - visualization, 191
- Failure, *see also* Risk management
 - case study of fear factors, 112–114
 - commitment and, 115–119
 - fear of success and, 111–115
 - moving beyond fear of, 119–121
- Farman, Slim, 118–119
- Fear, 14–21, 53–62
 - case study in using positive memories, 120–121
 - case study of fear factors, 112–114
 - case study of getting out of winners too fast, 18–21
 - case study of holding onto losers, 15–18
 - commitment and, 115–119
 - learning to observe, 176–177
 - moving beyond, 119–121
 - perfectionism and, 53, 57–59
 - psychological energy and, 59–62
 - starting with clean slate and, 62
 - of success, 111–115
 - uncovering sources of, 54–55
 - using discipline to combat, 55–57
- Fight-or-flight alarm, 2–4
 - case study, 4–5
- Focus, handling stress with, 173–176
- Fundamentals:
 - case study between momentum and, 132–135
 - understanding of, 157
- Fundamental shorts, 164

- Goals:
 impulsive behavior and, 83–84
 information gathering and, 155–157
 progressing toward, 185–187
 setting realistic, 84
- Greed:
 case study of handling emotions,
 66–70
 risk management and, 64–66, 70
- Groupthink, 81–82
- Guilt, 21–22
- Helpfulness, as defensive behavior
 pattern, 41–42
- Helplessness, as defensive behavior
 pattern, 39–41
 quiz and exercise, 41
- High-conviction ideas, trading on
 despite stress, 29–30, 34
 case study of, 30–34
- Hobbies, 188
- Image awareness exercise, 190
- Imitation, impulsive behavior and,
 82
- Impulsive behavior, 80–84
- Impulsive personality (adventure
 seeker), 91–92, 100
- Indecisiveness, 51
- Information, gathering of:
 anxieties impact on, 147–148
 case studies in lowering stress by,
 150–151
 case studies in optimizing data,
 151–152
 case study on interpreting data, 154
 case study on variant perception,
 154–155
 importance of data analysis,
 149–151
 short selling thesis and, 165
 relevance and, 153
 ways to gather data, 152–155
 without stress, 155–157
- Insecurity, 71–72
 case study of, 77–78
 case study of misapplied meditation
 and visualization, 72–77
 confidence and, 96–97
- Intuitive thinkers, 92–94, 100
- Journaling:
 exercise, 192
 insecurity and, 72–77
 learning from experience and, 110
- Justification, for impulsive behavior,
 82–83
- Kahneman, Daniel, 136
- Life principles:
 changing negative thoughts and,
 180
 creating new, 178
- List makers (analytical thinkers), 89,
 100
 examples of, 89–91
- Long-term value traders, 152
- Long versus short methodologies,
 167–170
- Losing trades:
 case study of holding onto, 15–18
 case study of stress of, 59–60
 insecurity and, 97
- Macroeconomic theses, 130
- Macro shorts, 164
- Management:
 analytical thinkers and, 90
 body language and information
 gathering, 154
 impulsive personalities and, 92
 obstinacy and difficulties with,
 105–106
- Market reading, 130
- Mastery, defined, 185
- Meditation, 173, 188
 case study of misapplied, 72–77
- Mental rehearsal, *see* Visualization
- Methodologies, short versus long,
 167–170
- Micro-shorts, 164

- Mind-body connection, 61
- Missed earnings, short selling and, 165–166
- Mistakes, learning from, 57–59, 62, 118. *See also* Past performance, review of
- Momentum, case study between fundamentals and, 132–135
- Motivation, finding right, 194–196
- Negative emotions, 13–14, 63–64. *See also* Fear; Insecurity
- anger, 24–27
- arrogance versus confidence, 70–71
- articulating of, 172
- case study of insecurity, 77–78
- case study of misapplied meditation and visualization, 72–77
- greed, 64–70
- guilt, 21–22
- impulsive behavior and, 80–84
- reframing of, 179–181
- why not to avoid, 78–80
- worry, 23–24
- Nutrition, importance of good, 144, 187–188
- Objective, choosing of, 182
- Obsessive-compulsive behavior, 8–9
- Obstinacy, 101–103
- case study in, 103–104
- case study in controlling, 106–109
- difficulties with management and, 105–106, 109–110
- Optimists, 94–96, 100
- Overconfidence, 70–71, 96–97. *See also* Obstinacy
- Overintellectualization, 97
- Panic reaction case study, 4–5
- Paralyzed analytical thinkers, 90–91
- Parameters, case study of keeping risk within, 137–138
- Passive-aggressive behavior, 44
- Passivity, 34–35, 95
- Past performance, review of, 137–138, 156, 181
- Perceptions, case study on variant, 154–155
- Perception shorts, 164
- Perfectionism:
- analytical thinkers and, 89
- case study in taking more risks, 125–127
- fear and, 53, 57–59
- finding solution to, 124–128
- problems arising from, 123–124
- self-evaluation questions, 128–129
- Personal history, stress reactions and, 5–7
- Personalities, 87–88
- adventure seeker (impulsive personality), 91–92, 100
- confidence and insecurity, 96–97, 100
- intuitive thinkers, 92–94, 100
- list makers (analytical thinkers), 89–91, 100
- making most of, 97–98
- optimists/realists/pessimists, 94–96, 100
- stress reactions and, 7–8
- success and, 98–99
- Personal problems, leaving outside office, 144
- Pessimists, 94–96, 100
- Planning, *see* Preparation
- Positive attitude:
- risk management and, 142–143
- using stress to advantage, 181
- Positive memories, case study in, 120–121
- Preparation, *see also* Strategy
- handling stress with, 173–176
- risk management and, 130
- Priorities, defining new, 183
- Procrastination, as defensive behavior pattern, 44

- Psychological energy, maintaining, 59–62
 case study in stress of losing trades, 59–60
- Psychology, risk and, 136–137
- Realism, case study about risk and, 136–137
- Realists, 94–96
- Reframing, of negative thoughts, 179–181
- Relaxation:
 exercises, 173
 risk management and, 143–144
- Relevance, of information, 166–167
- Responsibility, assuming for trades, 125, 144–146
- Rest, importance of getting enough, 144, 188
- Retrospective distress, 95
- Reviews of trades, value of, 51
- Risk management:
 case studies of fear and greed, 15–21
 case study about keeping risk within parameters, 137–138
 case study in self-analysis, 141–142
 case study in strategy adjustment, 145–146
 case study in strength and weakness evaluation, 142–143
 case study on fundamentals and momentum, 132–135
 case study on increasing risk, 125–127
 case study on realism about risk, 136–137
 guidelines for, 130
 positive attitude and, 142–143
 principles of, 138
 psychology and, 136–137
 relaxation and, 143–144
 responsibility and, 144–146
 self-analysis and, 137–142
 steps to taking bigger risks, 149
 vision and, 132
- Self-assessment:
 about attitude toward risk, 137–142, 156
 about negative thoughts, 181
 case study of, 141–142
 exercise, 194–195
 perfectionism and, 128–129
- Self-confidence, *see* Obstinacy
- Self-pity, as defensive behavior pattern, 42–43
- Sharpe ratio, 69–70
- Short selling:
 case study of difficulties of, 160–162
 case study of short versus long methodologies, 167–170
 difficulties of, 159–162
 short squeeze and, 130, 162–163
 steps in the successful, 164–167
 types of short, 164
- Short squeezes, 130, 162–163
- Short-term catalyst-driven traders, 152
- Short versus long methodologies, 167–170
- Sleep, importance of, 144, 188
- Stages of stress, 8–10
- Strategy:
 case study of adjusting, 145–146
 importance of having and following, 144–145
- Strengths, case study in weaknesses and, 142–143
- Stress, 1–11. *See also* Stress, using to your advantage
 as constant, 197
 fight-or-flight alarm and, 2–5
 personal history and responses to, 5–7
 personality factors and, 7–8
 risks of trading despite, 29–34
 stages of, 8–10
 symptoms of, 11
- Stress, using to your advantage, 171–183, 186
 case study of visualization to diffuse stress, 173–176
 changing priorities, 183

- Stress, using to your advantage
 - (*Continued*)
 - choosing objective, 182
 - life principle and, 178
 - observation exercise, 177
 - observing of emotions, 171–173
 - reframing negative thoughts, 179–181
- Stubbornness, *see* Obstinacy
- Success:
 - personal characteristics and, 49–50
 - personality and, 98–99
- Supply versus demand shorts, 164
- Symptoms, of stress, 11

- Timing, short selling and, 166–167
- Trades, ranking of, 153
- Triumphs, concentrating on, 23–24, 192–193

- Uncertainty, inherent in trading, 129, 182

- Vacations, importance of taking, 193
- Variant perceptions, case study on, 154–155
- Vision:
 - power of, 117
 - power to change ones own, 185–187
 - risk management and, 132
- Visualization, 61, 188
 - case study of diffusing stress, 173–176
 - case study of misapplied, 72–77
 - exercise, 191
 - of past successes, 120–121
- Vocabulary, as clue to distressing thoughts, 179–180

- Weaknesses, case study in strengths and, 142–143
- Winners, case study of getting out of too fast, 18–21
- Winning, concentrating on process of, 194–196