

12 Characteristics of Highly Successful Traders – EminiMind.com

For those serious about trading for a living, the following is a list of characteristics found in every highly successful trader. Realize that 1% of the people who play this game take 99% of the profits. That means 99% of people who call themselves “traders” are forking over all their money to the 1% of serious and consistently profitable traders.

The list of typical success traits such as discipline, focus, passion, commitment, determination, and confidence can be found in almost every trading book and, if applied, right can act as a framework for achieving success in all aspects of life.

These 12 traits of highly successful traders are a result of in depth comparison of hundreds of the world's top traders, many of which are talked about in the books [Market Wizards](#) and [New Market Wizards](#) by Jack D. Schwager.

If you want to make it in this game then strive to acquire these traits of highly successful traders...

Discipline: It's all or nothing

So you think you're disciplined? If you're not disciplined 100% of the time, you cannot call yourself disciplined. This is something you must exercise each and every time you place a trade. If you break your rules just once, you cannot call yourself disciplined.

As an active participant in the markets there WILL be times when you feel that it'd be okay to act on your intuition, not following your plan that you so diligently laid out, because “this time is different” and “I will only do it once” well, unfortunately it doesn't work that way. The notion of “Cut me a break and I'll never do it again” causes traders to blow up their accounts. You MUST live to trade another day.

The market pays you to be disciplined.

Losing the right way

Trading is a game of statistics, and as such nothing is 100%, you will have losses, every trader does, what separates the highly successful traders from the perennial losing trader is how they lose. The following 3 rules are indisputable to the success as a trader.

1. Always use stops

A trader who doesn't use stops is at the same risk as one attempting to cross the Atlantic Ocean...by row boat. You may have a target in mind, but once the storm comes, you're almost sure to drown.

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2. Never turn a winner into a loser

Once your trade is going in your favor and crosses a pre-determined target you must get your stop to break even. This allows you to limit the number of full stop outs, putting you in control of your risk.

3. Never take a big loss

If you've followed rules one and two then rule #3 will result by default. The only type of loss that can hurt you is a big loss and can wipe out days, weeks, or even months of profits. As a starting point, never risk more than 1.5% of trading capital per trade.

Follow these three rules to manage your losses and the profits will come. Don't follow them and it will be like swimming with an open wound in shark infested waters; you will be torn to pieces.

Commit to learning

The markets are constantly changing and adapting, you must do the same. Before you begin trading a new market you must fully understand how it works. Some of the world's greatest traders can be found trading the [futures markets](#). These traders have tens of years of experience and have traded through the various cycles of the market, what makes you think you can beat them?

Make the promise to yourself to never stop learning and you find yourself constantly exposed to new opportunities as the market evolves. However, it all begins with the fundamentals, so know your market.

Discover your inner personality

No better place will you uncover your true self than in trading. The markets have a way of exposing your flaws and dragging you out of your comfort zone. It is imperative that you match your trading approach to your personality or else you will be stuck in a battle which you cannot win.

Highly successful traders know themselves better than any other industry professionals. In trading, your emotions are tested to their breaking point, your reactions to winning and losing are exposed, and your will power to persevere is challenged. Just like in golf, there is no hiding behind anyone else, you are held accountable for your actions as a trader.

Be honest with yourself; build your [trading plan](#) to fit your personality.

Think for yourself

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This is one of the hardest traits to acquire, but all highly successful traders think for themselves. Don't let others influence you or change your mind about a position. Turn off the talking heads on CNBC, and come up with your own ideas.

*The fruits of your success will be in direct ratio to the honesty and sincerity of your effort in keeping your **own** records, doing your **own** thinking, and reaching your **own** conclusions. The average man doesn't wish to be told that it is a bull or a bear market. What he desires is to be told specifically which particular stock to buy or sell. He wants to get something for nothing. He does not wish to work. He doesn't even wish to have to think."*

- Jesse Livermore

No one can predict for certainty where the market is headed, do your own thinking.

Clarity in your plan

It is true that most plans fail, but you will be far more likely to succeed if you have a [trading plan](#), than if you don't. Ask yourself the following questions and refine them until you have a crystal clear framework for moving forward as a trader...

- **What is my motivation to become a trader?**
- **How will my life suffer if I don't give 110% in becoming a trader starting right now?**
- **What is my current net worth?**
- **How much money do I need to support myself, my family, and current lifestyle?**
- **Do I have a habit of making impulse purchases?**

A self analysis of yourself should be answered honestly and clearly to act as a framework for building a career as a trader or any other endeavor. The book, [Think and Grow Rich](#) by Napoleon Hill is one to be read over and over again, as the principles directly apply to trading and to leading a successful and fulfilling life.

Be Decisive

Hesitation is the most dangerous quality of an inexperienced trader. Hesitation can come from...

- **Not having conviction in your trading plan**
- **Trading a size to large for your account and comfort zone**
- **Most commonly, lack of experience**

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The ability to react decisively comes from one thing, experience. The more screen time that a trader has in actively trading the markets and analyzing charts the more conviction they will have when it comes time to pull the trigger.

When you hesitate you are letting the market build up steam, without a defined entry, defined stop, and defined profit target, you will find yourself in the lost world of chasing trade after trade, inherently watching great setups pass you by, only to finally enter as the professionals (the highly successful 1%) are taking profits.

In the book [Outliers](#), Malcolm Gladwell talks about the power of 10,000 to mastery. You can use the time when the markets are closed or not highly participated on to review trade setups and fine tune your edge, inching you closer to those 10,000 hours.

Commit to doing whatever it takes

No one said trading is easy. The most rewarding things in life come from the result of hard work. This trait in particular applies to all aspects success, but as it relates to highly successful traders most started with little or nothing in terms of trading capital, do not have an Ivy League education, and built their success in the face of people telling them they it couldn't be done.

To become a highly successful trader you must have a level of passion that drives you to do whatever it takes to reach your goal. Without this passion the journey is useless.

Build confidence over time:

- **Find something positive about every situation, empower positive self talk**
- **Congratulate yourself for following your rules, regardless if the trade is a winner or loser**
- **Stick with one methodology; don't jump ship looking for a new system every time you have a losing trade**
- **Trade to trade well and the money will follow**

Commit to doing whatever it takes to achieve success and the opportunities will present themselves.

Patience Pays

Be quick to take losses, slow to take profits. Highly successful traders remain patient throughout their trade. When a trade is going against us, we have stops to cut the loss, but when a trade is going in your favor it is also important to have profit targets.

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Pre-determining your exit point is a two way street, you must know your stop loss AND your profit target before entering the trade. Pre-determining these levels will eliminate impulse trades, trades that are placed based off feel as the market is coming into your price. Impulse trades WILL cause you to fail.

One strategy to capitalize on winning trades is to scale out of your winners. A loss should always be exited in full at your predetermined stop point, however when a trade is going in your favor, having multiple targets allows for the trade continue working in your favor.

Exiting half the position at your first target, half of your remaining position at a second target, and the last portion (1/4 of the original) at a third and final target can be an effective way to capitalize on your winning trades. Trail stops can also be used for extracting the most out of a winning trade.

Remain Humble

There is no better place to become humbled than the market. In living your life with a level of humility and respect, you will be rewarded. The emotional drive of fear and greed will be the life and death to most traders. The highly successful traders understand that the market is always right no matter what they may think.

Karma will come back around, so give before you receive.

Honestly, keep accurate and detailed records

The importance of a sound trade reporting system is often one area overlooked. Once your trade data has been logged you are then able to go back and analyze commonalities among different setups. Recording market data is another good way to go back and spot common occurrences that you can then develop strategies to profit from.

There are a few good tools out there to help with analyzing your trade data, including Microsoft Excel. Some of the things you might want to record and analyze are...

- **Profit/Loss of each trade**
- **Time you placed the trade**
- **How you felt as you entered, during, and exiting the trade**
- **Total number of trades taken**
- **Average Risk/Reward per trade**
- **Winning Percentage**

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Having too much information is never a problem, so when in doubt, jot it down. Start a [trading journal](#) and record your thoughts, emotions, market information, and experiences as go, these are great tools to be able to look back on and extract profitable information from in the future.

Balance: Why do this?

The bottom line in being a trader is to make money, of course. However, ask yourself is what you're giving up to achieve your goals worth it? Many traders get enveloped in a downward spiral of losing trades and in worst case scenarios, watch their life savings, marriage, and health suffer. Balance is so important if you want to reach your goals with any chance of savoring some level of happiness and fulfillment.

The stress of managing your own business can be immense. The emotional and monetary pressures to provide for yourself and your family can begin to eat away at the fundamental things that we enjoy in life. Simple things to help you live a balanced life are...

- **Put your family first, above all else**
- **Eat healthy meals**
- **Exercise at least 60-minutes a day**
- **Get adequate sleep**
- **Taking frequent walks outdoors**
- **Organize your tasks for the day into specific action steps**
- **Dream big, but set realistic and attainable goals attached to a definitive date**

*We trade for the freedom to run our lives how we choose, not having to answer to a boss or punch in on the clock.
Trade to live, don't live to trade.*

If you're serious about trading for a living, working to incorporate these traits is a step closer towards your goal. Beginning from a holistic approach and outlining why you want to become a trader in the first place will help drive you through the tough times as they are inevitable.

Just like Karma and the law of reciprocity, what comes around goes around. There are no shortcuts to becoming a highly successful trader. *Take control of your future today and make the commitment to do whatever it takes to succeed.*