



# Mr. Spock on Trading

---

(trading with emotion)

By Rob Booker

© 2004 W. R. Booker II. All rights reserved forever and ever. And ever.

This ebook is part of a comprehensive program to train you to successfully trade currency. Alas, you'll probably lose money. We all do at first. Rob's not liable if, based upon the information you read here, you lose money, make money, turn into a woodchuck, possum, or other furry creature. You have to work hard, study a lot, and dedicate yourself mentally. Don't ever give up.



## Spock the Trader

---

Do you remember Spock from the television series *Star Trek*? I do. I remember him because he was always so calm and collected. This guy never seemed to get frazzled. Nothing bothered him. You could cut out his heart and he would say something like, “That is no logical,” whereas most of us would say, “Stop cutting out my heart.”

After all, this was the guy who said:

**"Emotions are alien to me. I'm a scientist."**

**-- Spock, "This Side of Paradise", stardate 3417.3**

Of course, Spock would make a great trader, would he not? He would be able to take a 500 standard lot trade and sit back and calmly evaluate his options, and have a slice of Targ or Bark or whatever it was that Vulcans ate.

It seems that there is a myth that has been heavily promoted throughout the world of trading – the myth that successful traders lack emotion.

This is a load of crap. Emotions are central to successful trading. Spock will show us why.



## **Lesson #1: Use Your Fear**

---

Everyone is afraid of something. If you think that you are not afraid of anything, then bully for you. You are dead. Hope you enjoy the afterlife.

For the rest of us humans, there are fears. And traders have some of the most rational fears in the entire world. Most traders, after a significant losing trade, become fearful of putting on more trades. We start to wonder how long it will be before we lose our entire account. We do some math in our head and we realize that if we keep losing, we're going to have to get a job, or dip back into more savings. This kind of fear is not productive.

But the truth of the matter is that we cannot avoid it. We can't get rid of the fear entirely.

You can overcome – or deal with – this fear by preparing better.

**"Insufficient facts always invite danger."  
-- Spock, "Space Seed", stardate 3141.9**



How much time are you spending on your preparation every day? Are you waking up, switching on the computer, and taking trades?

Don't do that anymore! You need to wake up and instead of going straight to the computer, try some of the following things to help you get into the right frame of mind:

- 1. Meditate or pray.**
- 2. Read your trading plan (you do have one, right?)**
- ~~3. Call your mother~~**
- 4. Eat a piece of fruit**
- 5. Read a chapter from a book on trading**
- 6. Sit and quietly think about a trade that went very well, something recent, and picture in your mind doing that again.**

When you have done that, make sure that you spend time getting familiar with where the market is. Are trades that you planned the night before ready to execute? What if the trades have opened already?

Consider following only one currency pair, especially early on in your career as a trader. If you work full time this is even more important. You can't follow 5 pairs every day. You don't need to and it's not productive. When you focus on one currency pair, and you learn everything there is to know about that pair, you reduce the anxiety associated with trading.

Most of us are frightened by what we don't understand (trading is full of surprises, too). You can reduce your fear substantially by becoming so familiar with a currency pair that you understand how it moves, when it moves, what economic reports move it most, what moving averages work with it best, and so on.

Don't skimp on the time that you give yourself to get familiar with a currency pair.

Consider the following situation: you wake up to an alarm that goes off when a trade you planned the night before is triggered. What do you do? Generally, you rush to the computer and you start trading.

But let's slow things down a bit. Even if the trades you have prepared the night before have already opened, please take just 30 seconds and prepare yourself mentally. Sit quietly for a moment. Take a deep breath. Picture in your mind how you will react to seeing a profitable



trade, or a losing trade. Imagine yourself handling the trade with poise and confidence, just like Spock would expect you to do.

Then open up your trading software and panic. You are going to  
anyway, right?



**Is this you, when you're in a trade?**



## **Lesson #2: Channel Your Anger**

---

Have you ever been angry after a trading mistake? That's good. We can use that to your advantage.

**"Where there's no emotion, there's no motive for violence."**

-- Spock, "Dagger of the Mind", stardate 2715.1

What, no violence? Trading gives us plenty of motives for violence!

Please get angry when you make a stupid mistake. If you violate your trading rules, get angry. Get angry if you plan to get out with 25 pips of profit and then, for whatever reason, you let the trade go (thinking you can get more) and you then lose 25 instead of making 25. That is not excusable.



Even get angry at a loss. Yes, that's right – go ahead and get as angry as you want. Stomp around. Yell some. Grit your teeth. You should not be happy about losses, and there is no point to saying, “Oh, well, losing is part of the game, and I need to lose in order to learn. In fact, when I lose, I learn a lot.”

Bull crap.

**Go ahead and get angry. But here's the key: Channel that anger into applying yourself more aggressively to learning how to trade. Ask yourself how you can do better. Write down what you did right in the trade, and what you did wrong. Talk to your trading partner, coach, team member, or dog. Discuss what you need to do to improve NOW.**

**Losers excuse their losses as learning opportunities. It's okay to say that you learned from your mistakes. But losers keep making mistakes and then saying that they are learning. That is stupid.**

**Make better trades. Learn from your profitable trades.**

**Stop excusing yourself when you do something stupid in a trade.**

**Take responsibility.**



### **Lesson #3: Don't Trade Alone**

---

You should trade with a team. Trading with a team – whether it's one person or 5, can help you.

**"No one can guarantee the actions of another."  
-- Spock, "Day of the Dove", stardate unknown**

That's another worthless quote from Spock. What the hell is he talking about? I think that trading in a team can help you make sure that you use your emotions properly. When I trade in a team, the others keep me grounded and as stable as possible. I get angry, and they help me channel my anger.



I get cautious after a loss, and they help me plan my way through that emotion.

When you trade as a team, or plan trades as a team, you are accountable to live up to what you promised. If you say you are going to exit at 25 pips, and you don't, then you have to face the team. If you say you are done trading for the day, and you take more trades, then you are going to have to explain yourself to the team.

As part of my 1 on 1 training, I set forex traders up into teams – and they find that they are able to focus less on the emotions of trading and more on making good trades. In fact, working with a team has enabled some traders to completely avoid some of their biggest emotional weaknesses.



Spock, shown here checking on a long GBPUSD trade.

## **Lesson #4: Greed Kills**

---

Greed will kill you. It will destroy your profits.

"Dude, why did you keep trading? That is not logical, especially when you were up 50 pips. "  
-- Spock, "Bad Spike", stardate unknown

Greed will tempt you to make a deadly mistake:

# Overtrade

Many traders keep trading because they are addicted. Many keep trading because they want to get revenge on the market. The only good reason to keep trading is because you see that there is an opportunity to make more money. Never trade because you are in the mood to trade.



If you want to have a good time and don't care about your money, just light your Euros or Pounds or Yen on fire and have a weenie (hot dog) roast. That is much more fun, you can invite friends over, and at the end of the day you will have more to show for it. And you might even save some money.

How do you know the difference between taking lots of good trades and overtrading? In other words, how do you know when you are on a roll vs. getting yourself set up for disaster? Or how do you know when a winning trade is coming soon even after a few losses?

I ask myself a few simple questions:

- 1. Am I following my tested trading plan? If not, how can I have a reasonable expectation of success? Unless I am testing a new system on a demo account, why would I trade outside of my plan?**
- 2. How many trades have I taken today? If it's more than I usually take, then why do I need to take another one?**
- 3. What's the expected gain or loss from this next trade?**

The most important questions there are in #1. Let the market tell you to trade. If your trading system is tested, and the market shows a trade signal, then take the trade. Period. If you are considering a trade outside your plan, then stop yourself and get away from the computer.

Consider also the number of trades you're taking. Many traders start overtrading and never stop to realize it. Stop every morning or evening while you're trading and simply add up the number of trades you took – is it way above average? That is probably not a good sign.



## **Lesson #5: Become an Observer**

---

"Who the hell made these glasses? I can't see a thing in them. This sucks. Does paypal do refunds?"

-- Spock, "Bad Ebay Purchase", stardate unknown

Learn to watch the market without trading. Learn to observe yourself, or at least learn about your own feelings about the market.

First, the market. Watch the market without trading. Get used to following the movement of a currency pair – one currency pair – every day. You will be able to trade a pair more successfully if you know more about it. You will be less anxious about your trades if you are really familiar with what the market has been doing over a longer period of time.



Many traders don't have enough patience to do this. They want to trade NOW, TODAY, and they have to go to work in 10 minutes. While it's certainly possible to know enough about the market to trade 10 minutes before you walk out of your house ... it's not recommended. You need to give yourself time each day to get familiar with the past, present, and possible futures that a currency pair has.

Consider the following, especially if you are a beginner. Some of this is review, but it's important stuff:

- 1. Never trade live until you have traded on a demo account for at least 2-3 months. Hopefully longer.**
- 2. Take as much of your free time as you can, and observe movements large and small in a currency pair of your choice.**
- 3. Consider only following one or two pairs at the most if you trade alone. If you trade in a group, imagine how much you can learn and know about 1 currency pair if it is your main focus.**

Next, think about how you can learn more about yourself. Most traders are not going to spend a lot of time thinking about their own emotions. By reading this ebook, you have taken a step to at least try to learn about yourself and use your emotions to help you trade more successfully. That's an excellent first step.

But you're not done yet. For as long as I've been trading, I still sit quietly every day before I trade or plan my trades, and I make sure that my mind is as peaceful as possible before I start to risk my money.

Here is an emotional quiz you can take now and as often as possible:

- 1. Do you trade right after sitting down at your computer?**
- 2. Are you in the habit of having a few moments (preferably more than just a few) of quiet time for meditation, prayer, reading, or music, before you plan or take trades?**
- 3. Think about what you're eating. Do you pump yourself full of sugar or caffeine while you trade? Is that really good for you?**



4. **What are your personal relationships like? Are you highly irritated or emotional about a particular relationship?**
5. **What have your last few trades been like? How do you feel about them? How might your feelings get in the way of trading successfully today?**
6. **Think of your last excellent trade. What was it like? Why was it successful? What do you have to do in order to set up another trade like that?**

You might think it's weird for me to talk about what you eat or what your relationships are like. The fact of the matter is that if you want to be the best at any career – you need to control your emotions and make sure that you are setting yourself up for success.

Do you want to be the best you can be at trading? Then take an inventory of how you handle your emotions. And do everything you can to use your emotions to your advantage.

One thing that I try to do is to often take the quiz above, or answer a set of questions like it. You can do the same. You don't have to do it at the same time every day. But here's a possible strategy for you:

**At a different time each day, stop yourself while trading and answer a few questions about your emotions.**

If you don't like the list above, here's another version:

1. Am I feeling angry today? How can I use that to my advantage?
2. Am I feeling happy about a win? How can I use that to my advantage?
3. Am I feeling despondent about a loss? How can I use that to my advantage.

Here is another way of saying all of this: you can either view yourself as the problem (not good), or you can view your problems as opportunities to improve yourself (good). If your emotions are impeding your trading success, it's easy to criticize yourself and think and act as if *you are the problem*. But that's not the case! You *have* a problem. You are not the actual problem.



You have control over how you feel. And if you seem to lose control over your feelings, you have the power to do something about it. Make that decision.

When you take a step back and view yourself and your habits, and your challenges, and then you seek to find and implement solutions to your challenges, then you are going to be more successful.



## About Rob

---

Rob Booker was a child prodigy who grew up to become one of the pre-eminent scientific minds on the planet. The most significant project of his career was the development of a spacecraft for an interstellar exploration program.

Unfortunately, Rob had made a serious miscalculation in the amount of shielding his spacecraft would require travel through Earth's Van Allen Belt and beyond. As a result of an unexpected solar flare, he was exposed to an unusually high bombardment of cosmic rays.

Having to abort the mission and return to earth, Rob found that his physiology had been mutagenically altered by the cosmic rays, endowing each with incredible powers.

**Oops. That's the bio for Reed Richards, Mr. Fantastic. My bio is below.**



## About Me

---

**I trade for a living. There is no better way to make a living. Trading is what I love.**

**I also train others to trade for a living. I have worked with traders on nearly every continent, in nearly every country that we learn about in school. I'm training live in Las Vegas in 2005, and if you want to come, I'd love to meet you.**

**At my Web site (<http://www.robbooker.com>) there is a lot of free stuff for traders. If there's any way that I can help you, from training, to building a system, to just answering questions, let me know. I answer every email I receive. It might take me a few days, but I really try. As much of what I can offer, I offer for free. Some of my services cost money. I hope to hear from you.**

*Rob Booker*