

The Need To Be Right – Common Psychological Traps For Stock Traders

by Olivier on January 9, 2010

My experience tells me one of the biggest issues traders have is the ever present [‘Need to be right’](#). Although I’ve written about this issue in the past I decided to write more about my thoughts. I have stated numerous times my goal is for my readers to become **Independent Thinkers and Traders**. All the articles posted in the column on the right-hand side serve this purpose. They are all about key issues traders face and how they can deal with those problems. Make sure to read all of them.

Some thoughts on what characterizes [great and successful traders](#):

- Great traders graciously accept losses. They don’t need to be right all the time.
- Great traders focus on proper execution not on the outcome of a single trade.
- Great traders concentrate on good risk management. They constantly manage their open positions.
- Great traders are emotionally detached. Single trades do not affect their mood.
- Great traders don’t compare themselves to others. They isolate themselves from the opinions of others. [Linda Bradford Raschke Trading Rules](#): Number 9.
- Great traders are not afraid to buy high and sell low. [Linda Bradford Raschke Trading Rules](#): Number 7.

As you probably know by now the single biggest mistake a trader can make is to hold on to a losing position. Failing to [cut losses quickly](#) and letting them develop into huge losses is mentally and financially devastating. The underlying psychology which is responsible for this behavior is the [‘need to be right’](#) and the [fear to sell at a loss](#). What aggravates the situation is adding to a losing position. [Dennis Gartman](#) says: “**Do more of the things that work and less of the things that don’t.**“

Conclusion:

Isolate yourself from the opinions of other people. Make trading decisions your own. Focus on proper execution. [Have the courage to do the right thing because it is right.](#)

The most important rule of trading is to play good defense, not great offense.
- Paul Tudor Jones