ACCEPTING LOSSES
Part of the winning mind set is accepting losses.

It might be difficult to imagine showing empathy to your lasing trades. Also, letting your losses become your best friend probably sounds exaggerated to most of the readers. Embracing losses, however, has the possible advantage of speeding up the path to success tremendously.

The process of improvement is a journey, as we have mentioned before. And the journey can never start without the realization that each trade in general and each loss specifically is a moment of feedback. In fact, the market is sending a steady stream of criticism but are we ready to listen?

The trader can only learn from the market if they show openness to the feedback and if they are willing to learn from each trade and specifically each loss. There are a number of factors that can hinder a trader’s openness to learn from the market. Let us discuss a few of them. Hopefully your will be able to avoid similar mistakes by recognizing the pitfalls.

Difficulties with negative feedback
The number 1 clarification is the people in general can easily accept “positive” feedback, whereas negative comments are a hard sell. Also people have trouble with accepting feedback from an external reference when it does not align with their own vision.

Traders are exactly the same. Obviously traders imagine themselves having winning trades so losing trades are almost a certain mismatch with their perception. Losing trades are seen as “negative” feedback and the pain and annoyance is often directed at the market.

The solution is to prepare yourself for losses well in advance. When demo trading, paper trading, back testing, forward testing, testing with a small demo account, and real life trading, always focus on the losses. If a trader were to test a strategy and only focus on the winning traders, then no wonder trading in real life suddenly seems so different.

When traders are prepare for, aware of , and expect losing trades to occur, then their mental willingness to recognize the loss will allow them to receive the market information with open arms.

The market is the market.
It is vital to recognize the fact that neither the market nor the trades are intentionally hurting you. It makes no sense to get irritated by the market because traders cannot “control” the market anyhow. The market has no opinion of your or itself. It is a neutral object. It makes no sense to waste energy by thinking about the market or getting annoyed by it. The market is the market – end of story.

A trader, who embraces that realization, will have an open mind and heart towards the feedback of the market. Then they need to remain consistently flexible and open towards the market’s criticism in order to thrive. A trader equipped with that philosophy and mind set can embark on the journey of everlasting improvement.

To summarize: an ability to listen carefully to the market slowly evolves when traders are willing to accept losses. Also a higher level of alertness becomes apparent. Traders can then in turn pick up and interpret clues during trading quicker and process them faster without fear hindering their analysis.