

Beyond the Markets

Mastering the
Psychology of Trading

Trading is a highly demanding Mind Game

Trading is widely regarded as a very stressful profession due to various factors.

Market Volatility: Financial markets are volatile, and uncertainty is a constant factor. Traders need to navigate through rapid price fluctuations, creating stress and anxiety.

Risk of Losses: Trading inherently involves risk, and even the most skilled traders experience losses. The fear of losing money is stressful.

High Pressure: Traders work in fast-paced, highly competitive environments where split-second decisions can have significant financial consequences. The constant pressure to make profitable trades is mentally and emotionally taxing.

Long Hours: Traders work long hours, monitoring the markets, conducting research, and executing trades. This demanding schedule can lead to fatigue and burnout.

Emotional Rollercoaster: The emotional ups and downs associated with trading, especially after significant wins or losses, can take a toll on any trader's mental well-being.



Why Invest in Trading Psychology

Understanding the psychology of trading is crucial, because even the most well-thought-out strategies and mature traders can be derailed.

2. Risk Management: Emotional decision-making can lead to excessive risk-taking or failure to cut losses, which can be detrimental to the company's bottom line. Helping traders develop better risk management skills and emotional control can reduce the potential for significant losses and stabilize the company's trading activities.

1. Improved Performance: Emotions and cognitive biases can lead to impulsive and irrational decisions, resulting in poor trading performance. By providing resources and support, trading companies can help their traders make more rational and disciplined decisions, leading to better overall performance and profitability.

3. Retention of Traders: Trading is a highly stressful and challenging profession. Providing support and resources can improve trader satisfaction and reduce burnout. This, in turn, increases the likelihood of retaining skilled and experienced traders, which is valuable for the company's long-term success.



What a Good Trader Looks Like

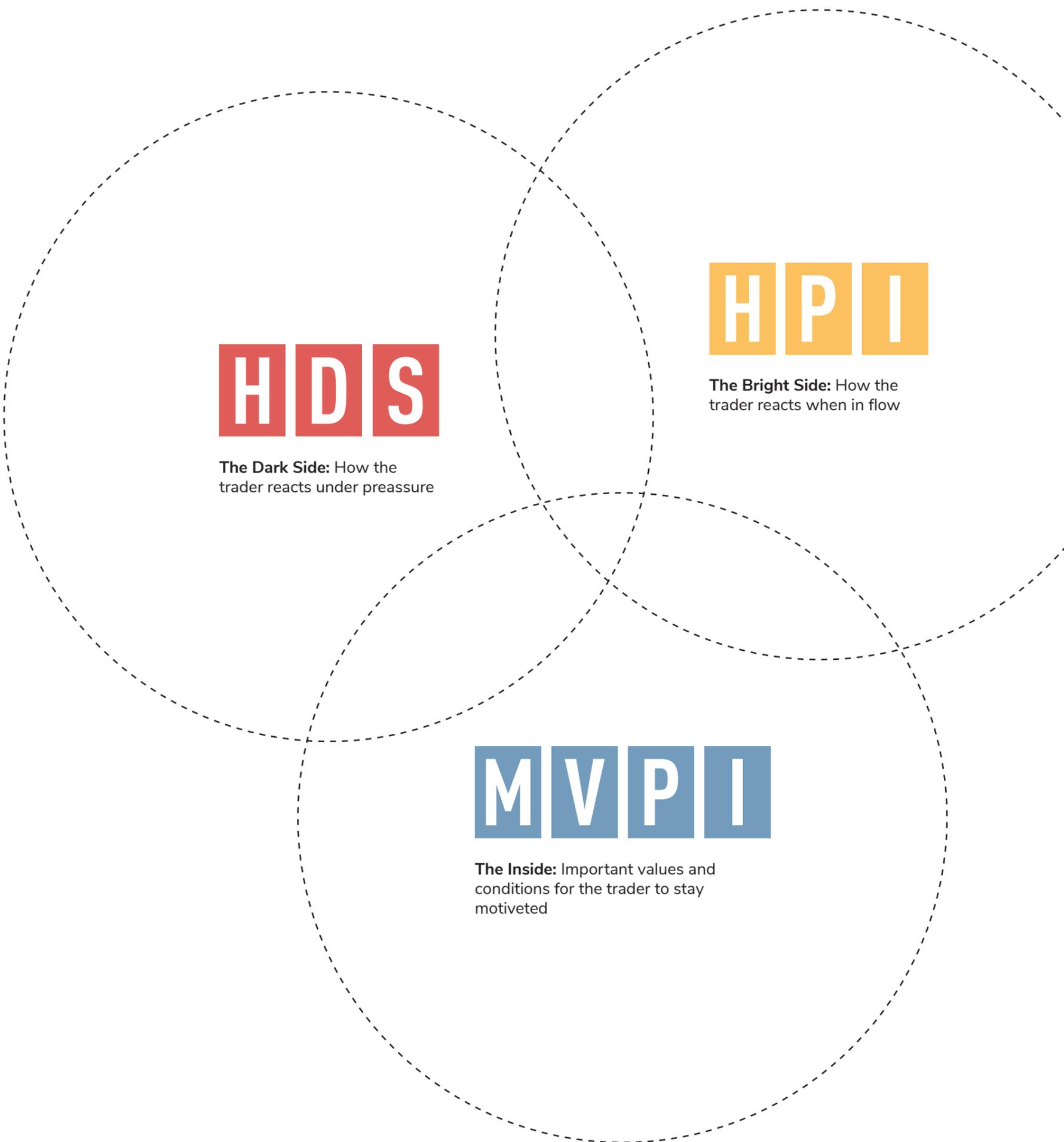
The best traders possess a combination of personal and professional skills. Knowing what these skills are, is crucial for any trading organisation in order target the recruitment of new traders and to structure the development of current traders and trading teams.

- 1. Discipline:** They follow their trading strategies and risk management rules with consistency.
- 2 Risk Management:** They effectively control and manage their exposure to risk.
- 3. Adaptability:** They can adjust their strategies to different market conditions.
- 4. Analytical Skills:** They make informed decisions based on market analysis and data.
- 5. Emotional Intelligence:** They know their own reaction patterns, and how to manage their emotions, staying calm and rational during market fluctuations.

Assessing the Trader's Psychological Profile

Traders have different personalities, skills, and preferences. Some traits work in their favour and some work against a trader's performance – especially if they are not managed well.

Through a combination of structured interview and psychometric assessment a comprehensive psychological profile of the trader can be made, incl. the level of structure and disciplined, openness to take risk, adaptability to change, analytical skills and the ability to detect and manage emotions.



HDS

The Dark Side: How the trader reacts under pressure

HPI

The Bright Side: How the trader reacts when in flow

MVPI

The Inside: Important values and conditions for the trader to stay motivated

Accelerating the Trader's Development

Even though traders are different, and some having more potential than others, everyone can improve their trading performance, if they invest in their personal and professional development.

Individual coaching to accelerate the traders' learning curve, by helping them:

- Get familiar with the human brain and the psychology of trading
- Increase self-awareness of their trading profile, i.e. strengths and challenges impacting trading decisions
- Become aware of emotional reactions in different markets
- Explore effective coping strategies and tools to improve trading performance
- Adjust living habits and routines to build resilience and well-being



Trading Psychology Toolbox

Examples of templates in the Toolbox to structure and anchor the trader's development:



Risk Appetite
Push yourself to take more risk



Trading Journal
Track and learn your responses



Healthy Living Habits
Build your resilience



Coping Strategies
Take control of your emotions



Letting go
Forget the markets outside work



Introspection
Know your reactions

Growing the Trading Team

In addition to the individual development, bringing the trading team together in a masterclass or workshop, is a powerful way to build sustainable processes for collective learning and development.



- Knowing what characterises the best trading teams
- Understanding the dynamics of a trading team with different trading profiles
- Developing a collective growth mindset
- Helping and supporting each when markets are tough
- Building routines for feedback, learning and development
- Committing to a team development plan



CASE

Danske Commodities

Starting in 2011 I was a close partner to founder of Danske Commodities, Henrik Lind, in maturing and scaling the company, and preparing it for the sale to Equinor in 2018 for EURm 500.



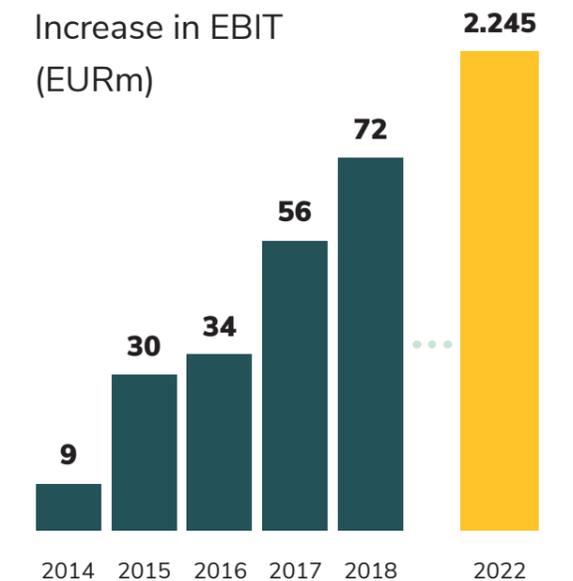
Henrik Lind founded the energy trading house Danske Commodities (DC) in 2004. Six years later, the company showed a pre-tax profit of more than EUR 17 million. But Henrik had much bigger ambitions for the company, and, in 2011, he contacted Dion Sorensen to ask for his help to develop the organisation and management further.

After achieving a historically high pre-tax profit of nearly EUR 72 million in 2018, Henrik sold his life's work to Equinor for almost EUR 500 million. In addition to the synergies between the two companies, DC's agility and performance culture were highlighted as the primary reasons for Equinor's interest in the company.

This marked the beginning of a long and close collaboration to secure further growth of the company by focusing on proactive leadership, internal talent development, values and performance culture. Their efforts paid off.

My engagement with DC

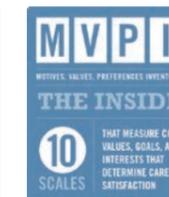
- 2011-2014: Advisor & Board Member
- 2014-2018: Chief People Officer
- 2018-2020: Advisor



**More than 15 years
of experience
helping trading
companies, trading
teams and
individual traders
creating value**

Your consultant at a glance

- Certified MSc in Business Psychology (top 2% student)
- Graduate diploma in Business Administration
- 15+ years of experience with training, development and assessments
- 10+ years of experience from executive HR roles
- Published 6 books on leadership, culture, performance and HR
- Appointed as top-100 talent by Berlingske for talent- and leadership program in Saxo Bank
- Certified user of multiple psychometric tools incl. Hogan, SHL, PI and PLI tests



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SAXO
BANK

centrica

Danske Bank

BCG

ALPIQ

dare

equinor

