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Personality Type and Trading: (Part 1)

By Van K. Tharp, Ph.D.

The path toward becoming a better trader is usually a path toward wholeness, and no two paths are identical. Each of us has to begin where we are in our own life situation. No matter what your path, you must first determine where you are. What are the patterns in your life that block you in your trading, your relationships, etc.? Those patterns can be available to you right now because they show up in your trading and in every other aspect of your life as well. Unfortunately, in most cases, people are not aware of them. Thus, the transformation journey often begins with a crisis. For it is only when an obvious crisis begins that we wake up to the fact that something is wrong in our lives.

This article, the first in a series, on individual differences or personalities is to help people determine where they are. Jack Schwaggar has suggested from his experience interviewing "market wizards" that the most important element of successful trading is having a trading system that fits your personality. As a result, I'm going to base this article on the fact that knowing your personality type is important to finding out where you are in your journey toward wholeness.

The importance of personality traits comes into play because they provide a quick mirror of where we are and the neglected parts of yourself that you must nourish. For example, all of the personality traits that we are going to examine in this series come in pairs. If your personality tends to be extraverted, it simply means that you tend to focus your energy more externally than internally. Wholeness for you may mean moving more toward an internal focus (e.g., determining how you produce your results by your thinking) until you achieve a balance between focusing on the internal and the external.

Understanding Your Personality

If you've taken the [*Investment Psychology Inventory*](#), you probably received a much more comprehensive personality profile based on the four dimensions of personality developed

by Carl Jung. These include introversion/extraversion, intuition/sensing, thinking/feeling, and perceiver/judger. When you evaluate someone along four dimensions, you arrive at 16 personality types instead of four. This is similar to the well-known Myers-Briggs profile.

If you haven't taken the [Investment Psychology Inventory](#), you have two choices. Take the profile and find your personality type and determine your strengths and weaknesses for trading. Or, as a second solution, you can go to the following web site to get a basic Myer-Briggs type test for free: <http://www.humanmetrics.com/cgi-win/JTypes2.asp>. When you get your type, look it up on www.google.com. The sites you find will tell you a lot about yourself. And in this eight part series, we'll tell you how your type relates to trading.

Three personality types—the ENTJ (known for their ability to develop strategies), the INTJ (known for their scientific reasoning), and the ISTJ (the trustee type person)—combined should constitute about 12% of the population. However, at this time these three groups represent 50.1% of our current sample. The NTs constitute 45.6% of our sample, probably because these people are always attempting to improve themselves.

Given these interesting developments, we can discuss the four Jungian elements of personality, and how they combine to form cognitive processing modes and temperaments. We can also discuss how these modes and temperaments are related to trading success.

Most of us give little thought to how we process and perceive information in order to make sense out of what is happening. Yet dramatic differences occur in how people perceive and interpret what goes on around them. And these differences lead to dramatic contrasts in behavior and personality.

The next step in this series on personality type and trading we will examine the four dimensions of personality developed by Carl Jung and how each of them might influence you as a trader.

Sources:

Jung, Carl G. Psychological Types. Collected Works of Carl Jung, Volume 6. Princeton, NJ: Princeton University Press, 1971. Originally published in 1923.

Myers, I. Manual: The Myers-Briggs Indicator. Palo-Alto, CA: Consulting Psychologists Press, 1962.

Personality Type and Trading: (Part 2)

By Van K. Tharp, Ph.D.

The next few parts of this series on personality type and trading will examine the four dimensions of personality developed by Carl Jung and how each of them might influence you as a trader:

- 1) Introversion/Extraversion
- 2) Sensation/Intuition
- 3) Thinking/Feeling
- 4) Judgment/Perception

First we will look at **Introversion/Extraversion**.

Introversion/Extraversion (I vs. E). Jung believed that human beings have a preferred attitude, being either introverted or extraverted. Although we think of these two terms as describing whether someone is socially oriented or not, that was not Jung's original focus. Instead, the extravert has a focus on the outer, physical world, while the introvert has a focus on the inner, psychological world. However, very few people are purely "introverted" or "extraverted." Instead, they apply an inward directed focus in some situations and an outward directed focus in others. (This will become more understandable later when I discuss cognitive styles and trading.)

An introverted trader, for example, would focus on his own subjective world primarily on concepts and ideas. His inner thoughts would predominate. This type of trader would tend to focus on how they produce their own results. That does not mean that they cannot be very social and likeable. It just means that their attention is directed toward the inner world. Only about 25% of the population is thought to have primarily an introverted focus, but 57.9% of our sample has such a focus. In contrast, 75% of the population is thought to have an extraverted focus, but extraverts only represent about 42.1% of our sample.

Extraverted individuals tend to focus on the outer, physical world—actions, objects and persons. People, things, the environment, their career, the market and their achievement are their primary focus. The extraverted trader, for example, would search for solutions outside of himself to become more successful. Since 75% of all people have an extraverted focus, most traders—especially those with an extraverted focus—tend to be concerned with what system they can develop to become more successful or with how they can change their system to become more successful.

Extraverted people tend to be energized by other people, by a party, or by crowds in the big city. If their extraversion runs to an extreme they may risk losing their own sense of identity. For example, if an extraverted trader loses all his capital, and he has identified himself as a trader, then that loss could result in a total mental collapse.

The internal/external focus has little to do with trading success—at least in our sample. About 7% of the introverts had outstanding trading records as compared with 8% of the extraverts.

Introversion and extraversion both exist in each individual. Most people can move flexibly between both orientations. However, Jung proposed that when the individual is unaware, the non-dominant orientation would tend to emerge from the unconscious.

Personality Type and Trading: (Part 3)

By Van K. Tharp, Ph.D.

We have already learned about Introversion/Extraversion (I vs. E). Continuing with our series, we will explore the other three dimensions:

- Sensation/Intuition,
- Thinking/Feeling and
- Judgment/Perception.

Sensation/Intuition (S vs. N). The two perceptual functions are sensation and intuition. The sensation orientation involves using the five senses—seeing, hearing, touching, tasting and smelling—to convey a concrete reality. It is the function that receives information, from the inner, subjective world and/or the outer, physical world. Sensation is very connected to the present moment. While 75% of the population is thought to be sensation dominant, only 39% of our sample is sensation dominant.

In contrast, intuition is what Jung called "perception by the unconscious mind." The key characteristic of intuition is imagination. It involves "seeing the big picture" and "imagining what is possible." It also involves moving out of the present and encompassing both the past and the future to determine what is possible. Although 25% of the population is thought to be intuition dominant, 61% of our sample is intuition dominant.

The intuition function seems to contribute more to success than any other Jungian function or quality. We had 31 traders in our sample with outstanding trading records. Among this group, 26 of them were intuition dominant, while only five of them were sensation dominant. Thus, awareness of the big picture may be very important to successful trading.

Thinking/Feeling (T vs. F). The two judgmental functions are thinking and feeling. Thinking involves logical thought processes entailing cause-and-effect reasoning. It facilitates cognition and judgment. In this particular style, people are concerned with facts, reality, experience, specifics, and the "here and now." Everything is concrete and sequential. When people make decisions by thinking, they tend to weigh all the pros and cons in a sequential way and then make a decision. However

when trading decisions involve pure "thinking," the trade is usually gone before the decision is made. Interestingly enough, people generally make decisions based upon thinking, but they act based on feelings.

Feeling involves making decisions by means of value judgments. It allows us to determine if a thing is important or not. It involves subjective, personal values. Does the person like or dislike it? What is the impact on a person? Is it strong enough to act upon?

If thinking is highly developed in an individual then feeling would be much less developed and vice versa. And you can probably guess that it takes a lot of "thinking" to develop a trading system, but it takes "feeling" to execute the system. Thus, you must be well-balanced in order to trade well. About 50% of the population tends to be thinking dominant while the other half tends to be feeling dominant. In our sample, 57% was thinking dominant, while 43% was feeling dominant.

Top traders in our sample were much more likely to be thinking dominant (by a 6 to 1 ratio) than feeling dominant. However, thinking dominant traders as a whole were more likely to be losing traders than were feeling dominant traders. My guess is that the top traders show a good balance between thinking and feeling, yet are thinking dominant.

Judgment/Perception (J vs. P). The last dichotomy is very deceptive, in that the names used, judge and perceiver, do not adequately describe the two processes involved. This dichotomy refers to the amount of closure a person needs in handling their affairs. Judges, the first category, want closure, wanting everything organized and in its place. In contrast, perceivers prefer fluidity by keeping their options open.

The Judge is apt to feel a sense of urgency until a decision is made. They establish deadlines and take them seriously. Judges tend to believe that work comes before all else—rest or play. Thus, judges will do all sorts of preparation, maintenance, and cleaning up afterward with respect to their work. About half the population tends to have a bent toward closure and thus be judges. However, about 72% of our sample showed this type of dominance.

Perceivers tend to be "go with the flow" type people. They resist making a decision, always wanting, and waiting for, more information. Thus, when they finally do make a decision, there is always a sense of uneasiness and restlessness. Perceivers tend to be more playful and easy-going than their counterpart. They want their work to be enjoyable. However, they can also become so caught up in a work project that they totally forget about time and everything else. About half the population is this way. I would expect that people who have trouble making a decision would stay away from trading. And, indeed, only 28% of our sample were perceivers.

These four dichotomies can be used to describe 16 different personality types, as

described by Isabel Myers and her mother, Katheryn Briggs. The so-called Myers-Briggs test divides people into 16 different types, ISTJ, ISTP, ESTP, ESTJ, ISFJ, ISFP, ESFP, ESFJ, INFJ, INFP, ENFP, ENFJ, INTJ, INTP, ENTP, and ENTJ. In some ways, I dislike this test because it does tend to put people into psychological boxes. So rather than going into each of the 16 types, we will begin to look at eight cognitive styles and four temperaments. I will describe each type and give you my opinions about how it functions in the process of trading or trading system development.

Personality Type and Trading: (Part 4)

By Van K. Tharp, Ph.D.

The Cognitive Modes

The eight cognitive styles are combinations of what Carl Jung thought of as the four mental functions (sensing, intuiting, thinking, feeling) combined with either an internal (introverted) or external (extraverted) orientation. The relative strength of these eight modes within your personality determines how you process information and make sense out of your life.

Some of these modes of functioning will be very familiar and comfortable. Yet, when I explain other styles, you may wonder how anyone could function that way. These unfamiliar cognitive modes are the ones you have failed to develop because they do not align with the core beliefs you developed about yourself (and your relationship to the world) as a young child. At the end of each description you'll see a rating scale going from one (it's very strange) to seven (it's very comfortable). Think of the number that you believe best describes your comfort level with that mode of functioning.

Most people only develop a few of the eight modes and are unaware of their full potential as human beings. Of course, we all use all eight modes, but the less developed, more rudimentary ones reside only in the unconscious mind. None of these modes showed a strong correlation with trading success, suggesting that each may be important in some way. This week we begin with the first two of the eight modes: Sensation, introverted and extroverted.

Introverted Sensation (IS). IS is the cognitive mode that allows us to be in touch with our bodies. Through IS people are able to sense the rhythms of their bodies. You become aware of how alert you are, how much energy you have, and if any particular part of your body needs attention. For example, the ideal diet for you simply amounts to paying attention to your body. Eat whatever you seem to crave, and then notice what your body's reaction is to that food. If you have reasonable introverted sensation, then you will know your body's response to each food after you've eaten it. Once you know your body's response, then it will teach you exactly what you need to eat to attain the ideal nutrition for

your body. Unfortunately, this only works when you have fairly well developed IS.

One of the market wizards, when he first attended our *Peak Performance 101* workshop, told me that he was very attuned to stress in his body. He said that whenever it seemed to develop, it always started in his fingertips and then worked its way up his arms and into his body. I suggested that since he was so attuned to the inner sensations of his body, he should simply use the sensations as a signal to back off and relax. Subsequently, he reports that he just does not experience stress any more. This, to me, is IS at its best as utilized by a market wizard.

I believe that IS is critical to the trading task of self analysis. If you tend be lax doing self-analysis, then it may be because you have not developed this particular cognitive mode.

Please record how comfortable you feel with Introverted Sensation. A rating of one means it seems very strange, and you have trouble imagining anyone could do it. Four means you know you do it sometimes, but it is probably just an average skill for you. Seven means it seems very comfortable for you, and it is something you do all the time.

1 2 3 4 5 6 7

If you are weak in IS, start some exercises in which you pay attention to your body. Spend half an hour each day, lying down with your eyes closed. Explore your whole body for feelings and notice what is there that you've missed. Also while you are at your computer or observing the market, notice any tensions or unusual feelings you have in your body. Whatever you notice in either exercise, do something about it. If you're tense, stretch it out or practice relaxing or meditating.

Extraverted Sensation (ES). People who use a finely developed ES find it easy to note details and be in tune with their environment. ES processing connects people to the physical aspects of life—the sights, sounds, touches, aromas, and tastes of the physical world. It allows one to appreciate sexual contact, the beauty of a symphony, or the art in a fine painting. People with a highly developed ES typically have good memories, since they record details accurately and have no difficulty remembering them accurately.

Everyone uses ES, but there is a big difference between discerning the difference between a red and a green traffic light (a basic survival skill) and noticing subtle shades of differences in a family of colors. People with highly developed ES skills can match the exact shade of red and grey in the couch in a room from memory and come home with a paint color that works perfectly. Those with average skills would probably have to take a swatch of the fabric with them, while some of you may have trouble matching the colors even with the swatch in front of you because "all those reds look the same."

ES skills extend to all of the senses. For example, can you identify a wine just by tasting it? Or can you recognize people when they enter the room just by their smell? Or can you recognize someone you haven't been with for years just by hearing their voice?

Good ES skills are essential for anyone who must be accurate with details or concrete facts. It is essential for a craftsman or a CPA. ES skills help us keep our feet on the ground.

and our mind in the present moment.

You can probably imagine how important ES skills are for any sort of pattern recognition in the market. If you expect to be able to react to certain market conditions, because you've experienced them before, then you need well-developed ES skills. However, ES skills showed a slight negative correlation to trading success.

Once again record how comfortable you feel with this particular mode of interaction.

1 2 3 4 5 6 7

To improve your ES skills, you must ground yourself in the present moment. When you are talking with someone, notice all of the specifics of what they say. Practice repeating what they say back to them, repeating as many details as possible. They'll usually be very flattered that you have listened to them so closely.

Learn to identify the aromas and tastes of various herbs and spices. Memorize different shades of colors until you can verbalize them on sight. Listen to a band play and pick out how different the music is from instrument to instrument. Or look at daily bar charts, bar by bar until you can recognize every market just by looking at a small sample of bar charts and can say, "Oh, that's a chart of soybeans in April 1997."

Next we will cover Intuition, both introverted and extroverted modes.

Personality Type and Trading: (Part 5)

By Van K. Tharp, Ph.D.

The Cognitive Modes Continued

As I pointed out, some of these modes of functioning will be very familiar and comfortable to you, while others may leave you wondering how anyone could function that way. At the end of each description you'll see a rating scale going from one (it's very strange) to seven (it's very comfortable). Think of the number that you believe best describes your comfort level with that mode of functioning.

Most people only develop a few of the eight modes and are unaware of their full potential as human beings. Of course, we all use all eight modes, but the less developed, more rudimentary ones reside only in the unconscious mind. None of these modes showed a strong correlation with trading success, suggesting that each may be important in some way. Previously, we covered the first two of the eight modes: sensation introverted and sensation extroverted. Now, we will cover the two modes of intuition.

Introverted Intuition (IN). According to Jung, IN provides us with a variety of perspectives for viewing life. When this skill is highly developed, a person can use these multiple perspectives almost simultaneously. It allows people to connect with the endless images of the unconscious and to make inductive leaps, revealing

creative connections between ideas and symbols. It is one of the required modes of operation for anyone who is involved in developing a theory: philosophers, theoretical physicists, and those few people who are good at developing new ideas about how the market works.

Introverted intuition is especially valuable in allowing problems or situations to be viewed from multiple perspectives. For example, when you are having difficulties in trading, IN will allow you to view it from your own perspective, from a dissociated (watching yourself) perspective, from the perspective of a trader who has the opposite side of a position from you, from the perspective of a hypothetical Super Trader—anything you want. It is a very valuable mode of operation. IN skills showed a slight positive correlation with trading success.

Record how comfortable you feel with this particular mode of interaction.

1 2 3 4 5 6 7

To develop IN skills, I would suggest you practice role playing. For example, relive an argument or discussion from the other person's point of view. Take a perspective that is entirely different from the one you usually hold.

Extraverted Intuition (EN). The EN processing skill helps people see the possibilities in a situation. For example, when you look at a chart pattern and suddenly become aware of something else going on in the market, you are using EN skills. When you think about a particular day in the market and can recall generally what was going on, without remembering any specific details, you are using EN. In other words, when you have an overall impression of something, yet are hard-pressed to give details, then you are using EN. It is this cognitive mode of processing information that gives us our hunches.

People with highly developed EN can easily come up with speculative or imaginative solutions to a problem. They can jump from the present condition to the outcome without considering a step by step process. They are great at brainstorming and continually come up with new ideas. More of our top traders showed EN dominance than any other processing mode.

Once again record how comfortable you feel with this particular mode of interaction.

1 2 3 4 5 6 7

To develop EN skills, I would suggest that you start following your hunches. Practice "guessing" what will happen in the market tomorrow. Imagine at least three scenarios that could dramatically change prices in a particular market tomorrow. Or try an exercise that we use in the Winning Systems Seminar: come up with at least

ten new ways that you could represent market behavior (e.g., time versus price).

We have covered a lot of information thus far in this series. We will continue with this topic, picking up with the analysis of the other four remaining modes, thinking and feeling in both introverted and extroverted forms.

Personality Type and Trading: (Part 6)

By Van K. Tharp, Ph.D.

The Cognitive Modes Continued

We have now covered four of the eight cognitive style combinations which Carl Jung categorized as the four mental functions (sensing, intuiting, thinking, feeling) combined with either an internal [introverted] or external [extraverted] orientation. The relative strength of these eight modes within your personality determines how you process information and make sense out of your life.

We have covered sensation introverted and sensation extroverted, and two modes of intuition. And we will continue with thinking and feeling in both introverted and extroverted forms.

Introverted Thinking (IT). IT is a skill that helps people solve problems involving in concepts, ideas, or symbols. IT is the process involved in the logical manipulation of ideas, as in philosophical reasoning or mathematics. If you are good in mathematics, you probably have highly developed IT skills.

This skill is important in hypothesis testing. Thus, you might use EN to come up with a new concept about the market. However, IT skills would be important to test out that hypothesis to determine whether or not it would be profitable.

People for whom IT is highly developed usually begin problem solving with a strong conviction. For example, in developing a new market theory, you would probably begin with a strong conviction that such a theory exists.

Traders who rely strongly on IT also tend to work best by themselves. They can remain highly focused and carry an idea through to completion. These individuals are strongly concerned with expanding their knowledge and understanding of markets (and the world). They want to explain their reasoning and justify their conclusions.

More traders in our sample showed IT dominance than any other cognitive style and this skill was important to the top traders. However, if you exclude the top group, it showed a negative correlation with trading success—probably because IT skills are

useless without the ability to develop a useful hypothesis for trading.

Record how comfortable you feel with the IT mode of interaction by picking the most appropriate number below.

1 2 3 4 5 6 7

To develop IT skills, I would suggest that you take a math class (especially higher math) or a course in logic. Or find an area that interests you, such as a particular aspect of the market, and memorize the definitions of the concepts and terms. Once you've done that, compare and contrast the concepts so that you know how they are similar and how they differ.

Extraverted Thinking (ET). When logical problem solving is connected to the external world, it is called extraverted thinking (ET). This mode of thinking allows one to take a problem and break it down into component parts. An extraordinary example of the ET mode is provided by Chuck LeBeau and David Lucas in their book, *Computer Analysis of the Futures Market*.¹ The authors break down the task of system design and development into component parts and then solve each part of the puzzle separately.

The ET mode is also used when one finds a goal to attain and then breaks down the attainment of that goal into distinct, sequential tasks, determined in part by their cause and effect relationships. For example, the task of becoming a proficient trader involves the tasks of self-assessment, self-transformation, system development, system testing, and then following the ten tasks of trading. I also used ET to develop that sequence.

Since personal problems can affect the type of system one uses to trade, I recommend that people do a complete psychological assessment, followed by a psychological clearing, prior to beginning the task of developing a system. Why? Because the system one might develop after clearing out any strong issues will probably be much more profitable than anything developed prior to the clearing. And, of course, one must develop and test a system before one can actually trade.

Generally, people with highly developed ET will determine a series of priorities through logic and reasoning. They will weigh the pros and cons of each possible solution before deciding what to do. ET is usually a methodical, step-by-step process in which each component is carefully considered. People with a strong ET cognitive process will usually have a strong code of conduct or system of rules about how to lead their lives. They tend to be focused and very efficient in getting the job done. Fairly well developed ET is probably essential for good trading if you are starting from the beginning. ET is also a cognitive skill that is highly developed in our top traders.

Record how comfortable you feel with the ET mode of interaction by picking the

most appropriate number below.

1 2 3 4 5 6 7

To develop ET skills, I would suggest that you make a list at the end of the day of what you would like to accomplish the next day. Determine the pros and cons of each task and then determine what order the tasks must be accomplished in order to make the most efficient use of your time.

Introverted Feeling (IF). When one uses the IF mode of cognitive processing, one connects with the values and feelings deep within. Your inner values tend to rule your life. They may be personal, abstract (e.g., independence), spiritual, or even mystical. These values tend to strongly connect the person who uses them to what he or she likes and/or dislikes. For example, a person following the IF mode will tend to honor what is within more than what is outside of themselves. Thus, it usually takes IF processing to ignore the crowd and go with a "gut feel" about a trade.

A person for whom IF is highly developed will probably be a very poor systems trader, always preferring to go with internal feelings over external signals. This type of trading would probably only work if the person was so highly trained as to have very accurate internal feelings. In our sample, IF processing showed a negative correlation with trading success and it was seldom dominant among top traders probably because these people are not tuned into what is going on in the market.

Record how comfortable you feel with the IF mode of interaction by picking the most appropriate number below.

1 2 3 4 5 6 7

To develop IF skills, I would suggest that you take on a new project and complete it by only doing what you like to do. Consult only your own inner feelings for whether or not you like it. And thus proceed by only doing what you like to do. Avoid any other reasons for doing the project except to say, "I like it." Do not give in to group pressure and do not change your schedule or what you are doing to accommodate others.

Extraverted Feeling (EF). EF processing helps us connect to other human beings. Through it we are able to share their experiences and recognize their intrinsic value. It is a very important ingredient to developing significant human relationships.

EF processing always brings the "human" factor into the decision-making process. For example, EF dominant people tend to strongly adhere to the standards and values of the group to which they belong. Most institutional traders are selected because they have this quality. However, it probably has a negative correlation with successful trading. EF traders tend to be crowd followers. EF people tend to

suppress their own needs and desires in order to promote harmony because relationships tend to be of primary importance for them.

I would expect someone with dominant EF processing to be a poor trader. However, it showed a positive correlation with trading success in our sample. EF processing might be useful if other modes of processing were also highly developed (e.g., ET, IT, EN) because it could help a trader understand what other traders are doing without necessarily influencing how he trades. For example, a trader with highly developed EN skills might come up with some important insights about what is happening in the market. And if those skills are combined with strong ET or IF skills, it could result in excellent trading decisions.

Record how comfortable you feel with the EF mode of interaction by picking the most appropriate number below.

1 2 3 4 5 6 7

To develop EF skills, I would suggest taking on a project in which you continually place the needs and wants of others before your own. Change your plans to accommodate what others want. Take time to "be" with other people and show genuine concern for what is happening in their lives. Also, find ways to give sincere compliments and express your appreciation to others for what they do for you.

1 LeBeau, C. and Lucas, D. [*Computer Analysis of the Futures Market*](#). 1992. An excellent book that breaks down the problem of trading system design into component parts and then deals with each problem separately. I highly recommend this book.

Personality Type and Trading: (Part 7)

By Van K. Tharp, Ph.D.

So far in our continuing series on Personality Type and Trading we have covered a lot of ground. We have examined all of the various aspects of the Myers-Briggs personality profile and elements of these profiles related to trading.

In our last leg of the discussion we will begin with the **Four Temperaments**.

Psychologists David Keirsey and Marilyn Bates believe that an important basis of personality are four key temperaments. Looking from a mythological stand point, these correspond to the characteristics that Zeus told his gods to help man adopt. Dionysus was to teach man joy. Epimetheus was to give man a sense of duty, while Prometheus was to give man science. And, finally, Apollo was to give man the spirit of the gods.

Dionysian Temperament: The Dionysian Temperament occurs in those people for whom sensation (S) and Perception (P) are dominant. These SP people (ISTPs,

ESTPs, ISFPs, and ESFPs) comprise about 38% of the population.

SPs tend to gravitate toward trading because they have a strong need for freedom and independence. They don't want obligations or to be tied down in any way. The ideal life is to do what he wants to do when he wants to do it. Action is the key for these people and they tend to be impulsive. Actually, they want to be impulsive because that gives them their free spirit and sense of aliveness.

People with this type of temperament work best in crises and they even will create a crisis just to make things more interesting. You can imagine what happens when this type of behavior is brought into the trading arena.

The Myers-Brigg's personality types for which we have little data include all four SP categories. In fact, although SPs constitute 38% of the population, they only represent about 8.3% of our sample. Why? First, I suspect that SPs do not last long as traders and those that have enough money to last for a while are not that interested in self-knowledge, just the action of being in the market. Thus, SPs will tend to gravitate toward very short-term systems in which the odds are definitely against them, but they are still willing to take their chances because that's where the action is. In fact, the SP probably could not do well with a longer term orientation, because that would just not fit his impulsive nature.

People with SP temperaments are good with tools. Thus, I would expect them to have the potential to work well with computers and thus do fairly well in that aspect of trading.

Record how comfortable you feel with the SP temperament by picking the most appropriate number below.

1 2 3 4 5 6 7

Although I do not recommend that one apply an SP temperament to trading, unless you want to forget about profits and just enjoy the action, the SP temperament is an excellent one to bring to many aspects of living. To develop more of this trait, I would suggest that you practice being much more spontaneous in what you do with your life. For example, pick one day each week in which you do everything just for the fun of doing it.

The Epimethean Temperament: The Epimethean Temperament occurs in people for whom the sensation (S) and judgement (J) qualities dominate. These SJs (ISFJs, ESFJs, ISTJs, and ESTJs) also constitute about 38% of the population. These people are dominated by a sense of duty. They exist primarily to be useful to the social units to which they belong.

Epimetheus was the husband of Pandora, who let all manner of ills escape onto mankind—old age, sickness, insanity, vice, and passion—when she opened her

famous box. Yet Epimetheus, although forced to endure the result of his wife's actions, steadfastly stood by her and remained devoted to her.

The SJ personality has a strong need to belong. But he must be the giver, not the receiver. He must earn his belongingness. As a result, I would not expect SJs to be that happy in the lonely world of trading unless they had a major social system for support (i.e., strong family support). However, the SJ might be quite content in an institutional trading situation.

However, the SJ personality is constantly seeking out what he is "supposed to do" to belong. They typically do well in school, because the rules are quite obvious. However, in the trading arena the "supposed to do" rules are not that obvious. In fact, if you ask enough people they will probably give you advice that is the exact opposite of what will produce trading success. Indeed, our sample of SJ traders produced below-average trading results. Nevertheless, the SJ usually has a very strong work ethic, which could help him overcome a lot of difficulties.

The SJ will shine in one of the ten tasks of trading—mental rehearsal. Why? The SJ is likely to envision all sorts of disasters and constantly be trying to figure out how to overcome them. Indeed, his personal motto is usually to be prepared. Unfortunately, much of his idea of being prepared involves following traditions (e.g., the "I go by the book" motto) and this also may not breed success in the marketplace.

Record how comfortable you feel with the SJ temperament by picking the most appropriate number below.

1 2 3 4 5 6 7

To develop SJ skills, develop a total disaster control plan for your trading. Think of anything and everything that could go wrong in your trading. And, if your list does not include at least 100 items, then you need to continue until you have that many. Once you have your list, then come up with three ways to either circumvent each disaster or to overcome it if it does happen.

Personality Type and Trading: (Final, Part 8)

By Van K. Tharp, Ph.D.

This is the final installation in the on-going series on Personality Type and Trading. We have examined all of the various aspects of the Myers-Briggs personality profile and elements of these profiles related to trading.

Psychologists David Keirsey and Marilyn Bates believe that an important basis of personality are four key temperaments. Looking from a mythological stand point,

these correspond to the characteristics that Zeus told his gods to help man adopt. Dionysus was to teach man joy. Epimetheus was to give man a sense of duty, while Prometheus was to give man science. And, finally, Apollo was to give man the spirit of the gods. We end this series with the final two.

The Promethean Temperament: The Promethean Temperament comes into being when the qualities of intuition (N) and thinking (T) are dominant. The NT temperament (INTP, ENTP, INTJ, ENTJ) is only found on average in about 2% of the population. As a result, NT people must grow up in an environment full of people who are usually quite different from them. For example, about one family in 16 would have both parents as Ns and only one in a thousand would have both parents as NTs.

The NT personality is looking for power over nature: to be able to predict, control and explain realities. Thus, the NT trader would be one who wants to predict, control and explain the markets, much of which is the antithesis of good trading. However, since his ultimate goal is to be a good/great trader, the issue is simply how to get there. He has a strong drive to continually improve (as opposed to the SPs drive to simply act). As a result, I would generally expect this group to produce more good traders than any other. Our data suggests this to be the case! First, we have a lot of data on the NT personality types. Although they only constitute about 2% of the population, NTs constitute 45.2% of our sample population—a truly amazing statistic. Among our NT traders, about 10% show outstanding trading records—a higher percentage than any of the other temperaments.

The NT is very self-critical. He badgers himself about his own errors. He taxes himself with the resolve to improve. If his pushing is used as a learning process, then he is bound to improve. However, the NT can easily get caught up in the perfectionist trap, which can prevent him from getting anywhere. For example, if the NT's self-criticism is tied into his/her self esteem, then he can become frozen into inaction or into repeating the same task because he is not satisfied with the results. However, I have found that NTs show tremendous improvement when they go through my private consultation program.

The NT is likely to know that recreation is important to his health and overall well-being. However, his play has little spontaneity or fun. Instead, NT play is an exercise in conquest and being the best. He does not allow himself to make any mistakes, logical errors, and yet, paradoxically, requires that he have fun because that's what people are supposed to do when they're playing.

The trader who is an NT will live his work. If markets stay open 24 hours, he is likely to try to follow the market for 24-hours just because the market exists and missing something might be making a mistake. He wants to be the best possible trader, so he will do whatever he can to be successful. He is extremely vulnerable to the "all work, no play" syndrome and this kind of attitude can lead to a very out-of-balance lifestyle.

The NT wants to be the scientific trader. They are drawn to occupations that have a logical understanding, in which they can master some new concept about trading or design some great new trading system. He has an inquiring attitude and deals with others in a straightforward, albeit cold, approach.

The NT generally focuses on the future, trying to figure out what might happen next. And

once he masters a challenge, he is very likely to move on to another one. Why? Because his goal is competency in every field. Thus, his goal might be to achieve greatness in trading, but as soon as he receives it or thinks he has it, he is likely to move on to something else.

Record how comfortable you feel with the NT temperament by picking the most appropriate number below.

1 2 3 4 5 6 7

To develop NT skills, spend at least one day a week reading everything you can about the markets. Make a list of 50 ways you can improve your trading and then work diligently to adopt each of those ways.

The Apollonian Temperament. The Apollonian temperament involves a combination of intuition (N) and feeling (F). Apollo was the messenger of the gods and as such provides a direct link between man and the gods. Thus, NFs are involved in a search for self-actualization—a search for "being" and their mission in life. The NF is just trying to be himself, nothing more and nothing less. He is constantly wondering, "How can I be the kind of person I really am?" as he hungers for self-actualization, meaning and a unique identity.

The NF person wants authenticity and integrity. There must be no facade, no mask, no role-playing, no pretense, etc.—just genuine harmony with the inner experiences of the self. The NFs tend to be great persuaders as they form the majority of the world's writers, therapists and clergy. They love to transmit ideas and attitudes to others as they strive toward a vision of perfection.

NFs place a strong role on developing relationships—usually giving much more than he expects in return. And he is always willing to give strongly to it as long as he can get some sort of response in return.

The NF also has an extraordinary ability to appear to others what the other person wants them to be. Thus, they make great actors, as they take on each role completely. And the NF person does not mind that others see him as something other than what he is as they would only communicate who they really are to those with whom they have a very deep relationship.

Approximately 16% of our sample of traders are of the NF temperament. This is quite similar to the one to two percent thought to exist in the population at large. I would expect that NFs would probably enjoy participation in the market as a chance to learn about themselves. Our results tend to suggest that ENFs (whose focus for meaning is directed outward) tend to have above average trading records, whereas INFs (an inward directed focus toward meaning) tend to have below average trading records.

The NF person is future oriented, as is the NT, but his focus is on the possibilities in people in contrast to the NTs focus on possibilities in principles.

Record how comfortable you feel with the NF Temperament by picking the most

appropriate number below.

1 2 3 4 5 6 7

To develop NF skills, spend some time thinking about your purpose in life. What is your mission? If you had six months left to live, what would you do with your life? If you had all the money you could possibly spend, how would you live your life? What do you find in common with your three answers? Does it involve trading? Now figure out how you can change your life and your trading to live congruently with your purpose and mission in life.

While the Myers-Briggs is a great tool and among the most well-known and widely used measure of personality traits, there are others. My March 2004 *Market Mastery* Newsletter featured an article about the Enneagram typology test. This issue also relates the Enneagram personality types to trading and offers area of focus for developing helpful traits. If you don't subscribe you can purchase the [single issue for \\$19.95](#).

About the Author: Trading Coach Dr. Van K Tharp, is widely recognized for his best-selling book *Trade Your Way to Financial Freedom* and his classic *Peak Performance Home Study Course* for traders and investors. Visit him at www.iitm.com for a FREE trading game or to sign up for his FREE weekly newsletter.

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