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What Can Male Traders Learn from Successful Women...And Vice Versa
by: Gail Osten

Let me just get this off of my chest. I have heard over and over again for a number of years that women are better traders than men. Though I, too, am a woman and always love hearing positive things about other women, I figured that this was a gross generalization that ranked right up there with blondes being airheads. I originally started out conceptualizing this story as men versus women, but quickly realized that this simply would do no one any good. Yet, after 12 separate, lengthy interviews, some overwhelming consistencies about the differences between women and men in their trading universes made me sit up and take notice.

Generalizations? Yes, to some degree they are, because it's not possible that all men are one way, and all women are another way. And everyone I interviewed hedged their comments appropriately. Even macho men explore their feminine sides occasionally, and women, too, can be hunters rather than merely gatherers given the proper circumstances. The yin and the yang often can co-exist nicely.

But here's the deal. I am going to lay out what these very generous and knowledgeable interviewees had to say as they outlined their vast experiences. Then you'll have an easier time figuring out what successful women traders can teach men and, likewise, what successful male traders can teach women. I do want to let you know that, generally, the plus comes down on the side of the ladies, so if you are a man and your ego can't take it, stop reading now. On the other hand, for both sexes, the ability to open your mind may lead you to greener pastures for your trading success in the future.

Perhaps most importantly, the world has changed, and the anonymity of traders and investors has leveled the playing field. Gone are the days when women traders could be in on the action only if they were in an institutional trading room or on a trading floor. Now screen trading has made gender a non-issue. Today, as Market Wizard Linda Bradford Raschke, says, there is room for both. You can just as easily be "a boy named Sue" as John Wayne.

The Knowledge Conundrum

David Bennett, founder and CEO of WomensWallStreet.com (WWS) – a micro-portal destination for women to research, compare and manage their personal finances – as well as a former financial advisor to a largely female clientele, offered a telling statistic from a recent WWS survey of 5,000 men and women. It is that 76 percent of women feel that the

primary factor holding them back from financial security is knowledge; that's versus 16 percent for men who feel that way. And yet, women control 70 percent of the financial assets in the United States.

Though this does not directly relate to trading per se, one can easily transfer these results to the lower number of women now involved in active trading and investing as compared to men. Putting their ducks in a row before they jump into such a financially and time-intensive pursuit is one result of this mindset.

Unlike their male counterparts, women believe they need more education of one sort or another to become involved in trading; yet, each possesses the same human brain. "Their responses are broader than just investing or trading, but there's no question," says Bennett, "that women like to be comfortable with things before they move forward. And, versus men, 83 percent of women feel that financial institutions don't cater to their unique needs of communicating financial information in an understandable way." So, it seems evident that women feel underserved, whereas men do not, or simply don't express it.

On top of that, women, particularly when starting out, often are more timid in trading and more conservative in the use of their money. While this has advantages, it also can hold them back from feeling comfortable and confident in the beginning. They seem to suffer from more feelings of guilt in the loss of funds during the "tuition" stage of learning to trade.

"Men, on the other hand, seem not to have the same reservation or feeling of guilt regarding their initial funding or the price of tuition," offers Barb Magio, a trader, educator and moderator in woodiescciclub.com. "They take these losses merely as part of the learning process and seem to feel less guilt or necessity to explain why instant profitability is lacking."

On the plus side, "women aren't afraid to search out mentors and ask questions," says Rhonda Reskin, a former stock broker and one who mentors traders via Firetraders.com, a live audio trading room. Men are a little foxier on exposing their soft underbellies while looking for advice.

Bennett agrees. "Women tend to investigate and/or talk about their investment decision and/or strategy more openly than men do. That is one of the underlying, common characteristics that make a well-informed female investor have a leg up over their male counterparts. They communicate."

Does that communication help the ladies master the market? Definitely not, according to Mark Likos, senior analyst at the firetraders.com. "Women generally don't look at the market as something that is conquerable. They look at it as if it's a project or an endeavor that you never really master; rather it's just something that you need to continually change with and improve on. It isn't something that they complete and that they'll study and master in a year or a day or a month or whatever, and they seem to grasp that early on. Men sometimes take the attitude that the market is something to be beat or something that they have to master and control."

"Tempus Fugit"

The market is constantly on the move, and men in general want to "get going," rather than devoting a great deal of time engaging in some of the preliminary learning steps that women feel are so necessary.

"The idea of paper trading doesn't seem to be very enticing to men," notes Christina DuBois, a trader and instructor for Optionetics. "The men students I have just want to get in, where women take the concept of paper trading a little more seriously, and they tend to have a broader view of things by making decisions based on more information. Additionally, they tend to consider more strategies, whereas men want to pick one or two things and learn them fully, but start with a narrower range of tools."

Many of those interviewed indicated that the great majority of women are great students of the market and are highly inquisitive. Rita Whitfield is a partner in programtrading.com – an investment advisor that differentiates itself by offering information on computer-assisted trading programs, buy-and-sell program execution levels, and the effect on trading and investments. She's watched the way women and men approach the markets on a continuing basis.

"You know, I've seen it over and over," observes Whitfield. "Women by nature are more curious about details, and they seem to have more patience for the tediousness involved in studying that detail." The men she has observed are looking for quicker answers in black and white and want a mechanical system to tell them when to push the buttons. Says Whitfield, "Men are much more prone and susceptible to the BS flying around the floor or a hot tip, whereas a woman has that right brain that allows her to process 25 details coming in and ignore the ones that are unimportant to her trading decisions."

Sweating the "Small" Stuff?

There are two sides to being analytical, however. Those interviewed indicated that a highly analytical mind, or over-attention to the numbers, too many technical indicators, etc., can weigh down one's ability to take action. All agree that both men and women can possess overly analytical minds and tend to be too precise.

Are women slower than men in their deliberations? There is disagreement on this point. Magio says women are not necessarily slower, but instead more cautious and deliberate. "Women are not generally the overtraders of the world. That's where the deliberation comes in. They also tend to evaluate somewhat faster than men, because they can see the world more easily through visual patterns. This ability to see the markets quite visually is not unique to women, but more dominant than in men."

Others see it differently, viewing women as generally more reluctant to pull the trigger than men without the planets being in alignment. Annie Young, a trader of seven years and former elementary school teacher in Indiana, believes that women are more prone to perfectionism. "When they want it done, they want it done just right. I'm looking at the ES (E-mini S&P futures) right now, and there are three levels of support coming up. In my opinion, men will be more likely to go ahead and go long the market before we get down close to there. Women will be more likely to wait until it hits it exactly. I do think that women have a little more problem with the perfectionism issue."

Young adds that overly analytical traders – and that would include perfectionists, whether men or women – might consider eschewing day trading and start trading on a longer-term basis to be more successful.

SIDEBAR

Men and Women – Differences as I See Them **By Sam Seiden**

The most profound realization during my years as a private trading coach is how different female and male traders can approach, analyze and trade the markets.

Without offering outrageous generalizations, it has been my experience that women possess a particularly logical mindset that can give them a substantial advantage in trading. Simply, my trading method quantifies the supply/demand and human behavior relationship that ultimately determines price in any market. It is based on a very objective and mechanical set of criteria. In other words, the goal is to learn the method and then simply follow the rules. The female mind has a much easier time doing this than the male mind.

Here is an example of how this works. The chart in this sidebar is a trading idea I recommended to my clients -- buy AMD at a certain price based on anticipatory analysis. One of my female clients took the trade and did well with it, while a male client saw the trade but did not enter it. I had discussions with the two of them, and the conversations were truly fascinating – how could two human set of eyes look at the exact same chart, be told exactly what to do, and yet, treat the trading opportunity so very differently? For privacy purposes, we'll call them Lucy Logic and Eddy Emotion.

So, here's the scenario: AMD had been declining to an area of support (demand) from where it had recently rallied. Eddy quickly asked me what I thought of the opportunity, and Lucy did not. Eddy then asked if I thought the support (demand) level would hold and produce a reversal, or would prices decline through it? Lucy would never consider asking that question with any trading opportunity because she knows it's a waste of time trying to predict the future. Eddy doesn't feel the same way. But let's face it – No one on earth knows for sure if the support will hold. All we can do is properly assess the odds and risk. If the odds are stacked in our favor and the risk is acceptable, we take the trade.

When the trade was nearing our entry level, Eddy abandoned objective thought and gave into emotions that still control his decision-making process today. Lucy remained logical and objective. Instead of worrying about what may or may not happen at support (over which no one has control), she explained to me why a high-odds/low-risk trading opportunity was at hand. She said that sellers were now selling after a multi-day decline and into an area of support (demand), exactly where the consistently profitable trader would be buying, not selling. When her entry price was reached, she took the trade with a low-risk stop in place and an objective target identified. She ended up profiting nicely on the trade. Eddy never entered.

How can we all benefit from this information? It is clear to me that females in general don't worry all that much about things that are not in their control, and this allows them to naturally focus on the objective information, which is key in successful trading. In trading, it is the objective and logical mindset that gets paid from the subjective emotional mindset.

I have found that the difference between mindsets is most evident at a specific time. When a trading opportunity arises and it is time to take action, the female mindset tends naturally to execute the trade that has been planned out. At the same precise time, the male mindset tends to drift to subjective and emotional thought, which can lead to trouble. It appears that, again generally, the female mind has the naturally logical mindset needed to understand the material quickly, whereas the male mindset has difficulty keeping things simple, naturally trying to complicate the process. An example would be to constantly add subjective indicators and oscillators that can lead to trouble for any trader.

What validated my thoughts on this topic are what my female clients and other successful male traders out there have in common. Each of them share two common traits. First, they realize the power of human emotion and that a trading plan absolutely must be followed. Second, the successful male clients I have worked with have the ability to not let subjective information enter into their brains. It is almost as if they have a special filtering process going on when they read trading books, take seminars and take coaching programs such as mine. In other words, successful male traders succeed with tools a female brain naturally possesses.



From my experience, men tend to be focused on trying to predict the future whereas a woman uses simple logic to consistently make the correct choice. They have the natural ability to keep things objective, simple and logical. The man tends to have trouble in these areas, which can make trading for him more difficult than it has to be. This is no different than how men and women make choices in other parts of life outside of trading.

Though trading is still a career dominated by men, I would expect this to change in the near future for a few reasons. First, the barrier to entry is not what it was years ago. Second, from my experience, the female mindset is likely to last longer in a trading career than a male mindset, as a woman's mindset is much more suited for the challenging task of consistently profitable trading.

Is There Something About Mary?

There's another aspect to the analysis paralysis where our experts believe men need to take the introspective look – Too many indicators, too many programs, too many everything, which makes analysis confusing at best.

Hank Camp, the founder of programtrading.com, says of the probably ninety percent of guys that are trading (S&Ps) – “They've got a computer, they've got a data feed, they've got CQG, they've got relative strength, MACD -- and I'd say to them, ‘You know, you guys have been trading for a year and you haven't made anything.’ And their response is, ‘Yeah, well, we've got a new program we're working on, and it back tests great.’ Believe me, I'm painting the picture that I've gotten after 30 years of watching people.”

“Yet,” says Camp, “we have spent 30 years programming computers to make buy-and- sell decisions. We have found that women have something you simply cannot computerize, and in all of those years, I've never figured out precisely what it is, but I'll call it a feel for the markets – intuition. Guys go out and look for a new formula, since they don't have the feel. A woman will walk in the trading room and look at the chart and say, ‘Well, I feel it's going to do this,’ where guys don't feel. There's no such thing as male intuition; men think it's more computer power that makes a difference, but it isn't.”

Linda Bradford Raschke, lbrgroup.com, one of the lone voices in the crowd who believes that gender means very little to successful trading (though she does concede there are some differences), believes that both men and women use intuition. Others believe that a sort of intuition can be acquired if only men were to try to visualize more than pouring over numbers and stop amassing multiple indicators.

“Women do have a tendency not to look so hard at the numbers, but more to what resonates with them,” according to Linda Ram, full-time trader since 1998. “A man's intuition is based more on, ‘We went up 140 points on the Dow today, so OK, we're going up,’ whereas a woman will sit there and look it from all of these other angles. We all should remember that you can overwhelm yourself with too many indicators and too much information. You have to choose which information really is important to you.”

Whitfield of programtrading.com adds that many men by nature will put the bulk of their faith in a mechanical system. However, “successful women will learn the same mechanical

system, but will recognize the nuances and exceptions when the mechanical system doesn't work and want to know why the hell it doesn't work." Adds Whitfield, "If I could figure out why it didn't work today, I could make money the next time that exception happened."

The Emotions of Sticking with a Trading Plan

When I called Denise Acosta in New York at around noon for the interview, she was on a break, and I heard baby noises in the background. Acosta, who trades the Euro futures early in the morning, the E-Mini Russell index futures early in the afternoon, and was just beginning to trade the Hang-Sang Index in the evenings, is the mother of triplets. With that much on her plate, I had to ask about how important it was to stick with a trading plan. Dealing on a daily basis remotely with others in an online trading room with both women and men, Acosta says the men she knows say they have plans, but generally don't stick to them. "Whatever their plan, I literally have a book, and I have my trading plan outlined. I have a daily journal, and I write down my trades. Men are more likely to break their own rules."

"I don't want to sound old-fashioned, but maybe it's that women are a little more in touch with their emotional side. I think that often men kind of dismiss that because they believe that if they have a mechanical system, it should work," says Acosta. "Men that have trading plans say, 'OK, this is the outline of my plan,' and then a half an hour later they're doing something totally contrary to something they say their plan entails."

So what about emotions? Mark Likos says that the strong women traders he knows are very well-disciplined, and have good emotional stability. "When they are in the heat of battle when their P/L is going against them and all the technical aspects of trading are holding strong, they seem to be able to ride out the panic that some of us get into from time to time better than the men. I've seen that over and over and over again."

Seems that there is a lot more pressure on men, but why?

Toni Turner, a consultant to Townsend Analytics and best-selling author of her soon-to-be third book on trading, observes that quite without Western men's conscious knowledge, "they have to be right." Right or wrong, that's the way they are brought up -- when you're right, you're strong. When you're wrong, you're weak. "If they go into a trade and buy 500 shares of Microsoft and tell everybody at a cocktail party that that's what they did, and the next day Microsoft starts tanking, it's very hard for a man to admit to his buddies that the trade went against him. It makes him wrong, and while that's not the actuality, it's certainly the appearance."

Taking it full circle back to the trading plan, says Turner, "The need to be right and the fear of being wrong jumps into the male consciousness and they say, 'Oh it'll come back, it's alright, I'll ignore my stock. I'm not going to follow my plan. Two days ago I sold a stock, and the thing turned around and went straight up, so that'll happen again.'" Many times it just doesn't work out right. The plan has disappeared.

Barb Magio of woodiescciclub.com, concurs with Turner. "I've had both men and women traders sitting right next to me at my desk while I've been trying to teach them. I can have a plan written right there in front of them, and men will say you know 'yes, I understand this, I believe this, and this is going to be my trading plan.' And they're fine for an hour, and

then it somehow goes by the wayside. I find women, in general, to be much more disciplined and have more self-control in evaluating what it is that they're doing before they do it. I think that that is one of the first issues that differentiates men and women in trading."

Mini S&P trader Annie Young agrees. "Unfortunately, men more than women have a tendency to overtrade. Sometimes they will get a good entry into a trade but don't let it develop. They may get a couple of ticks down, and then take it off. That's what I call a nervous trader. In 'revenge trading,' you start overtrading in order to make back what's been lost...and then have commissions to worry about. And anytime you do a lot of the in-and-out trading, you are generating a lot of commissions."

"I think that men have a harder time dealing with that than women because, unfortunately, society expects men to be the breadwinners and to be the success of the family," says Young. "Our society has come a long way with that, but there's still an awful lot of that out there."

Anyone who feels they have to make a living for his family by trading is going to be under pressure, after all. Dealing with a mortgage payment adds even more stress to the pressure of the markets. Becoming a full-time trader means you really have to be financially set up before you ever get into it.

Get a Life

Finally, as the verse at the beginning of the article indicates, balance in trading versus other life pursuits generally falls into the plus column of more women traders than men.

"I find that women have a life at the end of the day," contends Rhonda Raskin, "and those men that don't, should. You know, we might sit at our desk for a long time, not eating or going to the bathroom until a certain phone call or price target or tick occurs. On the other hand, we can also learn to trade for two hours, stop, and then go to the beach for the rest of the day."

Others, particularly those who are checking in and out of online trading rooms during the day, often find the same men on line at 6 a.m. and also at 10 p.m...and they've been so engaged all day long. Not a healthy situation. "We're either with the kids or tend to be out among people more. Men still are sitting at the computer trying to tweak their systems," adds Raskin.

Interestingly, and perhaps to be expected, stay-at-home trader dads may have cornered the market on balance, says Anne Young. "I have a good friend online that is a stay-at-home dad, and he does a marvelous job trading and balancing everything. His wife works outside the home, so it can be done. He has learned balance. He truly has a life outside the trading, but I know some men that don't." Go, Daddy, go.

In the End

So, what have we learned? Well, for one thing, the scale seems to tip to the side of the women – it seems that the good ones generally are more balanced, more able to multi-task and follow a plan without veering from it, are less emotional, and are alright with being wrong. Maybe they are even more intuitive and have more fun. And men are the opposite?

– No, of course not, but if the shoe fits wear it.

Women, on the other hand, might need to realize that caution is not always a good trait to have. The markets are not perfect, and perfection is a goal you can't achieve either.

There are great male traders and great women traders, but Linda Ram makes an excellent point, and it's food for thought: "If you were to take a man at an 80-percent success rate and a woman at an 80-percent success rate, I would bet you that what they are good at would have very little overlap. The solution is that men should get a woman trading partner, and women should get a man trading partner. Multi-sex partnerships are better than single-sex partnerships." In fact, that's what Hank Camp did when he hired Rita Whitfield, and he's never looked back. "Every man should trade with a woman," he contends. "They will never be sorry."

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