

Taken from the book: The Feeling Good Handbook by David Burns

Joanne is a 28-year old woman who lives in New York and works as an options trader. As you probably know, options traders buy and sell futures on stocks, and they can make or lose vast amounts of money in incredibly short periods of time. This profession can make you or break you, and either way, it's enormously stressful.

Joanne recently formed a partnership with a man who put up \$100,000 as capital for her to invest. They agreed to share the profits. Joanne decided to pursue a conservative, low-risk investment strategy. For the past three months, Joanne made \$4,000 a month in profits. For several months before that, she has averaged \$12,000. She was distraught because of the decrease in profits and felt suicidal.

The negative thoughts that made her feel so bad included, among others, the thought that she was a failure and the belief that when her partner found out about her shoddy performance he would be terribly disappointed and fire her.

One of the distortions in her thoughts is "all-or-nothing thinking": Joanne thinks that if she isn't doing stupendously and making fortune every single month, then she's a total failure. This may seem ridiculous to you, since \$4,000 profit per month is hardly a failure. However, it feels like a failure to Joanne because of her perfectionist attitude.

She reasons, "I feel like a total failure, therefore I must really be one". This illustrates a second distortion, "emotional reasoning", since Joanne assumes that her negative feelings necessarily reflect the way things really are.

A third distortion is "fortune telling", since Joanne is predicting that the return of the investment will continue to be mediocre. There's no real evidence for this. You could also call this "overgeneralization", since she imagines that the low-profit months will continue endlessly.

A fourth distortion could be "should statements". Joanne is telling herself she should always make big profits. Joanne is telling herself she should always make big profits. But if you look at her overall performance, this is clearly an unrealistic expectation. She's had some \$12,000 months and she's had some \$4,000 months, so her average monthly profit is actually \$8,000. That's not bad. She simply hasn't accepted the fact that market conditions are inherently unpredictable, and that her income will fluctuate greatly from month to month. There's no such thing as an investor who always scores big. Joanne would do well to stop demanding so much of herself and to make her expectations more realistic.

She's also involved in "mind reading". She assumes with absolutely no evidence that her partner will be as angry and disappointed as she is, and that he will fire her. Part of her psychotherapy homework is to talk things with her partner. Joanne was quite reluctant to do this.

When she finally talk to him, she was amazed to learn that her partner was quite satisfied with her performance. He told Joanne she could feel free to take greater risks, and that even if she lost the entire \$100,000 she'd still have a job.

The solution to Joanne's depression involved a combination of self-acceptance and change. Joanne had to change her distorted thinking patterns so she could access her situation more realistically. She wasn't making an absolute killing, but she wasn't a complete failure either. At the same time, she had to accept the fact that she wouldn't always be a big winner, and that good months would be followed by bad ones-and vice versa. Sometimes more humble and modest expectations can be tremendously liberating. Although it may stimulate our egos to think we're so brilliant and hardworking that we will always succeed, carrying the burden of having to be so great and so perfect can be overwhelmingly frustrating and lonely.