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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Sunday, September 1, 2013

Lion Taming

[Clyde Beatty](#) was a famous animal trainer and a Circus owner. He appeared in many films during 1930s to the 1950s and in many television shows until the 1960s. Beatty used a whip and a chair to command the deadly cats. Once he told in an interview that the whip is not that important at all and in reality the chair did the trick.

You might be wondering how one can control an animal as powerful as a Lion with a four legged chair. It is not because the Lion is afraid of the chair. It is that the beast is confused by the chair. Cats are single minded and the points of the chairs four legs bobbing around confuses them. Simply, the chairs legs distract the beast's attention so that it confuses itself into inactivity.

The animal is biologically programmed to focus on one thing and then attack it. When the tamer holds up a chair the animal loses its thought process and gets distracted as it is confused where to focus. It is basically animal psychology in action. The problem here is a Lion fails to identify a chair as a chair and try to focus on its legs, confusing itself.

As traders, we are also not immune to this psychological phenomenon. Price action trading is purely discretionary and we may need to process a lot of information during the decision making process. We get confused and fail to see the big picture and get distracted by the different individual elements.

Don't be like the Lion. Learn to see a chair as a chair.

Posted by [SMART Trader](#) at 9:48 PM



6 comments:

[Manish](#) [September 4, 2013 at 8:46 AM](#)

Thanks. It is one of the most important post you have written on the blog..

Reply



[SMART Trader](#) [September 4, 2013 at 9:07 AM](#)

Manish

Thank you for the visit and comment

ST

Reply

[Manish](#) [September 5, 2013 at 5:56 PM](#)

Thanks for the reply.

I regularly visit your blog. Although, I am not into day-trading as of now, but I am impressed by your innovative thinking, your views on stock markets and certain contrarian view as far as your trading is concerned.

People like you are definitely an inspiration for many like me to attempt and make a living out of trading.

Can I have your mail ID?

Reply



[SMART Trader](#) [September 5, 2013 at 8:38 PM](#)

Manish

I no longer interact with the blog readers through mail. You can post your queries in comments and my reply is guaranteed

ST

Reply

Manish [September 6, 2013 at 5:57 PM](#)

Ok, ST.

Well, I am trying to grasp your method, But I am wondering is it only applicable to 3 mins index future chart or it can be applied to shares as well..

if yes then what is the time horizon one should be looking at?

You have reiterated that you treat market as if it is in one big range and you don't try to follow trend, which may be against the conventional wisdom but considering that most people say that herd mentality will not yield desired results in the market, your approach makes a lot of sense...

Am I making myself clear to you?

Reply



SMART Trader [September 6, 2013 at 7:20 PM](#)

Manish

I have not tested the method on Individual stocks. So no Idea

Yes. In my view market is always ranging. For me an up trend is successive higher ranges. When market trades in successive lower ranges, I call it a down trend

ST

Reply

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