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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

Saturday, March 30, 2013

Tacit Knowledge

Over the years many attempts have been made to classify knowledge. These have resulted in many classifications. To make it simple there are two types of knowledge. Explicit Knowledge and Tacit Knowledge. In reality, all knowledge is a mixture of tacit and explicit elements rather than being one or the other.

Explicit knowledge is formal and codified. This can be written down, transmitted, and understood by a recipient. Such knowledge can be stored, retrieved, modified and discarded easily. Explicit knowledge can be taught very easily.

On the other hand Tacit Knowledge, sometimes referred to as “Know-How”, is intuitive, hard to define and largely experience based.. It is often context dependent and personal. It is very difficult to communicate and transmit.

The art of trading is a complex mixture of explicit and tacit knowledge. All the successful traders heavily rely upon their tacit Knowledge. It is impossible to convey this intuitive understanding gathered from experience and practice to a learner.

We will remain at a low point of the learning curve with limited tacit Knowledge development. Tacit knowledge is developed by facing challenges to transform ideas into practice. Without continued challenges our development plateaus

Most of the struggling traders focus only on the explicit part and ignore the tacit side. They may probably get “Reputation beyond repute” and win “Thanks” in trading forums but will never succeed as traders.

Posted by [SMART Trader](#) at 11:40 PM



8 comments:

Murali [March 31, 2013 at 7:36 AM](#)

Thats a nice fact you have said. Same method/system given to 100 people, not all will have same results, consistently :).

Agree ST da. A real trader will not be bothered about the Thanks received.

Reply



Atharva [March 31, 2013 at 10:19 AM](#)

Dear ST,

Good morning!!

At the outset I thank you for the wonderful small write ups that you have been posting. I have compiled all till date in word document & do keep reading repeatedly on weekends.

Requesting you to make a checklist for your trading style.

A) Before start of day

B) Once IR is established or say Price near to PDL Or DH, DO, PDC In short near DP..

C) To set targets i.e. TP

Though I have made it, still would love to have word of wisdom from you

Thanking you & Best Regards,

Atharva

Reply



SMART Trader [March 31, 2013 at 11:03 PM](#)

Murali

Thanks for the visit and comment

ST

Reply



SMART Trader March 31, 2013 at 11:07 PM

Atharva

Let me try
Thinking about something like a checklist or flowchart.

ST

Reply



Atharva April 1, 2013 at 4:50 PM

Dear ST,

eagerly waiting

Thanking you

Reply



Unknown September 11, 2013 at 12:14 AM

ST, would you please give a trading example of this statement "
Tacit knowledge is developed by facing challenges to transform ideas into practice. Without continued challenges our development
plateaus" Thank you.

Reply



SMART Trader September 11, 2013 at 9:13 AM

Jim

I assume my methods are familiar to you

For example take today's price action ie 10092013. Notice the price action at BRN 5900. A BOF happened at the area and theoretically it
was a short trade when it broke the swing low
But this trade did not work. It ended up as complex pullback. Now you start working on it and continuously study such instances and try
to identify the factors that make such a trade click
After a while you will develop an intuition for such trades. But still you will not be able to identify the exact variables. It may take a long
long time to make it rule based

ST

Reply



Unknown September 14, 2013 at 12:04 AM

Thank you ST.

Actually that trade would have worked for me. Short one tick below trapped traders bar (HOD), stop one tick above same bar. First target
equal number of ticks below entry, second target at range high. first target hit, then moved stop to break even. Break even stop hit six
bars after entry.

Sorry for such a long post but I love talking about trading. I very much enjoy your rants and raves section and will continue to read them
as long as your willing to share your insights with those of us who this blog.

Trade well jim

Reply

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