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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

Tuesday, July 29, 2014

Selective Attention

Human brain has limitations in information processing. We cannot consciously attend to all our sensory inputs at the same time. Brain has its own ways to overcome this information overload. It filters out the less relevant information and process only the remaining important information for decision making.

How does the brain classify information relevant or less relevant? How do we train our brain to respond to the relevant ones and ignore the trivial? It is by selective attention. **Selective attention** is simply the act of focusing on a particular object or information for a period of time, while simultaneously ignoring irrelevant information that is also occurring

Discretionary trading is all about decision making. Our success as a trader will depend on the quality of the decisions we make. Ultimately this will depend on the quantity and quality of the information on which we act. Less information to process means less cognitive load and better decisions. Quality inputs create quality output.

Do a selective attention audit on yourself frequently. Critically evaluate your information inputs. Do they really matter? Are they making any difference in your trading performance? Can it be discarded? Surprisingly you will find many of the variables you use now are not contributing anything but simply creating cognitive load. Discard them

Less is more in trading. Lifting their arsenal itself is a problem for many. How can they fight?

Posted by [SMART Trader](#) at 12:50 PM



6 comments:



[Trekkie](#) July 29, 2014 at 1:44 PM

Thank you ST. Nice article as always.

Reply



[xrtrader1](#) July 29, 2014 at 2:20 PM

Thanks ST, on similar lines
Used get distracted, drowsy after lunch in afternoon. So I have have after trading session 3:30 and T break in afternoon.
How do you manage your post lunch drowsiness ?

Reply

▼ Replies



[SMART Trader](#) July 29, 2014 at 4:34 PM

Yes afternoon sessions are difficult to concentrate
Frequently I get up wash my face and do some stretching
Normally every half an hour I get up and walk inside the room for a few minutes

ST

Reply



[Deven Malhotra](#) July 29, 2014 at 3:28 PM

Hi ST,

I have seen a pattern on DPs for BO entry.. Named it Taps on DP. You can see at below link. waiting for your inputs..

<http://tradewithdeven.blogspot.in/2014/07/taps-on-dp.html>

Thanks,
Deven Malhotra

Reply

▼ Replies



SMART Trader  July 29, 2014 at 4:29 PM

Thanks for sharing the observation.
Very valid one. Posted a link to the original article.

ST

Reply



Arvind July 29, 2014 at 6:00 PM

Thank ST sir,
As I eagerly wait for this kind of post every weekend.

Thanks.
Arvind

Reply

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