Twitter Thread by stockbee

stockbee
@PradeepBonde

Many new traders approach me asking how can they become profitable quickly, the key is to develop setup specific procedural memory.

To become a highly profitable active trader understand procedural memory. It is a memory about how to perform a process like swing trading . It is implicit memory and once developed is permanent.

Procedural memory is stored in brain as one schema. So a process involving say 20 steps like entry , exit , stops and so on is not stored as discrete unit but part of one process.

Procedural memory kicks in involuntarily when it senses need for it. If you are driving a car and car way ahead of it slows, you automatically respond. Same thing happens in active trading.

As a trader you need to develop a setup specific procedural memory. If you are trading momentum burst setup you need to develop procedural memory specific to that setup. That memory is very specific
to that task.

To trade another setup like say pullback you need to develop procedural memory specific to that setup. Setup specific memories is the secret of success of highly profitable traders and that is why they stick to their style and setup and not attempt tasks outside of that.

If your setup is fast setup requiring fast entry and exit like say day trading , then procedural memory is even more important. You have to perform the task at speed without thinking too much. Only implicit memory can do this.

Once setup specific memory is developed the cognitive load is significantly lowered and you can do the task effortlessly. This frees up the brain resources. Profitable traders have several hundred task specific procedural memories which they are not implicitly aware.

Once procedural memory is developed for a setup traders can instinctively trade those setups without thinking about individual processes or steps involved in that setup. They are not conscious of the steps. This is why many good traders can not consciously explain their trading

Research on procedural memory development shows there are many ways bsides practising a process that builds procedural memory . Watching other perform a process vicariously can help develop procedural memory. Some procedural memories are developed with single trial of few trials.

As a final thought remember that you make money in any profession using your procedural memories. Higher the level of skills you have in your chosen profession higher will be your earnings. Skills or your procedural memories make you money knowledge does not. Think about it.

My blog article about procedural memory
https://t.co/AvOmQuhjUe