

Q3 2014 Commentary

The Seven-Day News Diet

The financial media has focused on the issue of ultra-fast, computer-driven trading and what it might mean for ordinary investors. But arguably it is people's own responses to high-frequency news that do the most harm.

The growth of 24/7 business news channels and, more recently, financial blogs, Twitter feeds, etc., has left many people feeling overwhelmed by the volume of information coming at them. This can leave investors feeling distracted and unanchored by opinions and forecasts that seem to offer no single direction. The end result: second-guessing themselves and backing away from the resolutions they made in less distracted times under professional guidance.

Advisors can steer them back on track for a little while, but soon enough, like binge eaters raiding the fridge, they're quietly turning on CNBC and opening up Twitter to sneak a peek at what's happening on the markets.

Quitting any habit is never easy, particularly when asked to go cold turkey, but there are ways of gradually weaning oneself off media noise. One idea is a "seven-day news diet" that eliminates the distractions a little at a time:

- **Day 1:** Switch off CNBC. Business news is like the weather report: It changes every day, and there's not much you can do about it. If you really want drama, colour, and movement, stick to "Downton Abbey."
- **Day 2:** Avoid Groundhog Day and reprogram the clock radio. Waking up every day to market headlines can be more grating than Sonny and Cher.
- **Day 3:** Read the newspaper backwards. Start with the sports and weather, and skip the finance pages. Small talk will be easier, at least.
- **Day 4:** Set up some email filters. Do you really need "breaking live news updates" constantly spamming your inbox?
- **Day 5:** Try "anti-social" media. Facebook is great, but it's like a fire hose. If you want to be social, pick up the phone and ask someone to lunch.
- **Day 6:** Feeling the pangs of withdrawal? Go to the library and look up some old newspapers. They can give you a sense of perspective.
- **Day 7:** You're nearly there. Use this window to decide on a long-term financial media diet. You might decide to check the markets once a week instead of once a minute. The important point is to have a plan.

Those who swear off the financial media, if only for a little while, often feel more focused, less distracted, and have a greater sense of control. Changes made to their investments are then based on their own long-term strategic asset mix, not because of the noise from the media outlets.

Ultimately, going on a news diet is thinking more intently and less reactively about our decisions. We can still take an interest in the world, of course, but at our own pace and according to our own requirements, not based on the speed of the information coming at us from dozens of gadgets.

In the words of the American political scientist and economist Herbert Simon, “A wealth of information creates a poverty of attention.” So it follows that if you economize on your information diet, you can maximize your attention.

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