



financial fitness

By Erik Ford

Data Overload

We live in a complicated world, and we are reminded of that constantly with avalanches of information. The question is whether all that information is relevant and worthy of altering our decisions or just noise? We have the 24-hour news cycle with multiple 24-hour news stations to cover it all. During the day, we have business stations that follow every up and down tick in the financial markets and have a self-imposed need to find an explanation for each and every market move. We have the internet with an endless supply of data, both real-time and historic, seemingly back to the dawn of man.

Burying ourselves in this endless sea of data can be a distraction from our well-thought-out investment and planning objectives. It is the classic case of losing sight of the forest for the trees. While many events and data readings are relevant and guide us in our thinking and decisions, much is not when put in longer-term context. When we look at our biases as human decision-makers, what we term as "recency bias" can be a strong influence. This is the inclination to overemphasize new information or events without being objective as to their likely impact over the long run. Frequently, however, these short-term distractions are just that: Distractions from a longer-term process.

It is difficult to pull ourselves out of the moment and instead put the moment in greater context. We may be facing an economic recession. We have experienced recessions before, many times; they come and go. We are experiencing rapid change in business and commerce, but then, when haven't we? Has that not been the case essentially for our entire lives? There is global conflict and threats from other world powers. Again, while the hot war in Ukraine is an ongoing tragedy, our world has rarely been devoid of armed conflict. Everything has changed, and nothing has changed. We should not minimize any of these events and others, but we should also not overstate their uniqueness.

This brings us back to how we navigate the current environment. The cable news channels must fill 24 hours of broadcast time each and every day. Added to the need to fill space is the need to generate the requisite excitement to capture viewers and keep them. The same holds for internet news sites, social media, etc. This can be distracting to us as we try to stay focused on our goals, targets, and long-term outcome.

It can be difficult to look past today's noise and see it for what it is: Just noise. When we sort through it all and put it in context of a longer story, it may be less stressful to endure the ups and downs driven by this statistic being higher or lower than expectations or that reading being

higher or lower than "consensus." All that means is that the consensus was wrong. Having a plan with which you are comfortable and are able to maintain will serve you well if you can ignore the noise and continue to focus on the forest.

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