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Stock Trading Computers - Are They Always Helpful?

Technology has outdone itself these days. May it be in simple means of communicating or in much more complicated business or moneymaking transactions, the use of the computer has become very apparent in most people's lives.

In stock trading, the rise of the market transactions online has become quite prevalent over the past few years. Many institutional investors prefer to use sophisticated computer technology to assist them in making investment decisions. And many people argue that computers may just be better at picking stocks than traditional human brokers.

Although computers may perform a lot of sophisticated utilities, you may wonder whether or not these can really be better aids for trading as compared to traditional brokers. At the end of the day, remember that what technology has to offer are mere recommendations and ultimately, the decision is still up to you.

Taking The Emotions Out of Stocks

One of the most common arguments that many people who choose to make use of computer technology in trading is that by not having to deal with many emotions that human brokers may have in stock picking, then computers can offer more objective recommendations to the investor.

Because most computer programs cater to quantitative models by searching through layers of data to look for stocks that are compatible to be bought or sold, then the computer's lack of the ability to become confused from human emotions can be very beneficial. Remember that by taking out human emotions like pride or greed, choosing the right investments in quantitative models can perhaps become more lucrative.

No System Is Perfect

Though computers can be very promising tools in trading, take note that no system is always perfect. Since humans are still responsible for building the said models in which computers revolve in, there fundamentally are still biases in the system. And even the most sophisticated computers cannot always report for all the variances out there in the market, at least, not at the moment.

One very common problem encountered with the use of computers is that many times, computer programs often end up recommending the same stocks on their lists. And if a hundred of these programs analyze companies at the same time, then they would most likely be giving the same recommendations to so many clients. And at the end of the day, investors would still have to fight for stocks.

When many people generally want to invest in the same stock and the demand goes up, what happens in the market is that prices also go up, and this can be very bad for the investor.

And so, the ultimate question is whether or not computers are really helpful in making trading much easier for you. The answer is to this is yes and no.

Although computers can surely help you in so many ways by foregoing of the usual distracting human emotions and can even analyze data much faster, remember that it is still a system that has yet to be perfected. And despite the many benefits, there are underlying flaws that can still make the trading game a jungle to get involved in.

The stock market with its unpredictable behavior can surely be a difficult arena to take on. And so, take note that whatever assistance you would want to use, whether sophisticated computer equipment or more traditional brokers, at the end of the day, your decisions would still be the make or break factor in order to become successful in your endeavors.

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