

Trading with Relaxed Money

by Ken Long



The martial art of “jiu jitsu” translates as “the gentle art”. As a novice, one of the earliest and most profound lessons I have learned is the skill of relaxing while fighting. It sounds odd doesn’t it? Relax in a fight? When every natural tendency, all your emotions and adrenaline conspire to make you hyperactive. And yet success in jiu jitsu increases as you develop the ability to relax your body and mind. Once calm, you learn to feel what your partner is doing and then react quickly with the right move or combination to achieve your objective. You succeed by learning to feel and read your partner.

I woke up one day last year with an “a ha!” and realized what an excellent metaphor this is for trading and investing. How often have we heard that the market is a jungle and trading is a war? Students of Dr Tharp’s peak performance course are very aware of the role of emotions and adrenaline on your inner state, and learn skills to achieve exactly the same kind of calm I have been learning to achieve in the dojo. I have been applying this model with success in my trading and investing in the following way.

1. The benefits of physical conditioning for stress management are well known and my martial arts training is certainly improving my fitness.
2. I have confidence in the utility of position sizing to keep me from exploding my trading account, and with that confidence comes understanding and calm
3. I have learned to incorporate the successful, calm feeling I achieve in the dojo into my inner state when trading
4. In a competition with an opponent, I concentrate on my strong moves. In the same way, I wait to trade only when I have the edge with a positive expectancy system, and I use systems I have tested and rehearsed and prepared for in conditions where they are designed to work to my advantage.
5. I relax and learn to respect and read the market and take what it wants to give me instead of trying to force my will upon it and thus invest my emotions and ego in a struggle to be right.

6. In the dojo, success comes from repetition, rehearsals and drills and a willingness to assess what went right and wrong and why. That's the same as maintaining a trading journal and calibrating your trading system.

No one gets it right the first time, and so we need to learn to relax and proceed from a basis of calm confidence in who we are and what we are trying to do. Learn the difference between training and competition and develop the skill of relaxing for the inevitable rush of adrenaline that comes when the bell sounds. Don't let that reaction take you by surprise! Be gentle with yourself and your partner, the market.