



**SAMURAI TRADING  
ACADEMY**

**Lessons for the Warrior Trader**

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**“There is timing in the whole life of the warrior, in his thriving and declining, in his harmony and discord. Similarly, there is timing in the Way of the merchant, in the rise and fall of capital. All things entail rising and falling timing. You must be able to discern this.”**

**Miyamoto Musashi**

There are few paths more challenging than the journey to becoming a successful trader. It is a profession unlike any other, where each day we step into a battlefield with few rules except those we make for ourselves. It's for this reason that so many traders fail. Without a proper code to guide their actions and the discipline to follow it, they will have little chance to succeed. The other warriors on the market battlefield are prepared, highly experienced, and have an intense desire to win and return to fight the battle anew tomorrow. Do you have the determination to match or surpass them?

In my years of trading I've always been inspired by the mindset of great warriors of the past, in particular the Japanese samurai. To me, the samurai warrior had all the needed mental tools to be successful at any endeavor of their time or ours. Trading is no exception.

Miyamoto Musashi, perhaps the greatest samurai who ever lived, was of particular influence on me. Not only was he a legendary swordsman who never lost a battle, but he also produced other exquisite artistic works. He wrote *The Book of Five Rings*, was an accomplished calligraphist and sculptor, and completed a number of masterful ink paintings. For Musashi, the Way of the Sword was only one application of strategy, and by knowing the Way one could accomplish mastery in any skill. True strategy was about the life-long quest for knowledge, never becoming too rigid in your beliefs, and having no teacher greater than your own mind and creative process.

Over the years I've tried to take his lessons and those of other notable warriors and apply them to trading and all other aspects of my life. I truly find their wisdom ageless and endlessly applicable. For the purposes of this brief book however, I just want to focus on some of the clear uses in our daily market approach. I realize that not all my interpretations of these quotes are fully faithful to their original meanings as I've taken a few liberties to make them applicable to my business of trading. What's important is that as I look around the walls of my trading room and see these quotes, I am repeatedly reminded of the important lessons that must be part of my never-ending journey towards trading mastery.

**"In fighting and in everyday life you should be determined though calm. Meet the situation without tenseness yet not recklessly, your spirit settled yet unbiased. An elevated spirit is weak and a low spirit is weak."**

**Miyamoto Musashi**

This is a perfect quote for the ideal Samurai Trader mindset. Good trading is all about clarity of thought, and you cannot find the proper perception without a calm mind. If you are too tense and worried about failure, failure is exactly what you will create for yourself. If you are overly excited and trade recklessly you will have similarly poor results. A calming balance can be found when your trading expectations match reality. Once you know what you and your systematic daily approach are capable of, then you can begin to find the ideal trader "zone".

In that zone you can lose without fear or pain, because you know losses are just a part of trading and following your plan. You can hold on for a big win rather than taking a few ticks the first time a trade stalls, because you understand the natural flow of the market and when the probabilities say you should give the trade a bit more time to develop. You don't carry your biases into the market and try to impose your will upon it, instead allowing the market's ebb and flow to provide the necessary cues you need. You don't try to push way beyond your comfort zone nor fail to trade to your strengths, because you know what is realistic and achievable for you each day based on your experience level in the markets. A calm and open mind is your doorway to truly elite trading performance. And remember: be fearless, but never reckless!



**"Perception is strong and sight weak. In strategy it is important to see distant things as if they were close and to take a distanced view of close things."**

**Miyamoto Musashi**

Very little is more important to trading success than having the proper perception of what is happening. Far too often aspiring traders focus on the smallest elements on their charts and take foolish trades because they are ignoring the larger context of it all. Many pure price action traders are a good example of this. They see what looks like a good single bar, for example a candlestick known as a hammer, and they think that's enough on its own to take a trade. Their vision was so focused on what was happening this very moment that they failed to realize that their trade was against the current trend of the market, into a recently broken support zone, or any other number of factors in the wider market.

We must properly assess the market on both the small and larger scale. How does the recent price action fit into the big picture? Will the big picture influence the scenarios we are likely to see in upcoming price action? To be able to see the market in the proper context, it requires the clear and focused mind from our previous quote. In that state we are able to properly assess the overall market without filters or bias.

**"If you walk, just walk. If you sit, just sit. But whatever you do, don't wobble."**

**Master Ummon**

I like this quote a lot – simple yet effective. Whatever we want to do, it's only worth doing with proper discipline and complete mental focus. Otherwise, are we really accomplishing our goal? As a trader, you must be determined to stick to a strict code of mental discipline if you want long term success. If you don't follow your own rules there will be nobody to blame but yourself.

So know your goals, understand your systems and approach, and have clearly defined rules for yourself. Follow these with a disciplined mental approach and very little can stop you.

This does not mean being inflexible. Rules don't have to be carved in stone and completely unable to adapt to unique situations. But you must still clearly define what you will be looking for, how you will adapt if needed, and how you will manage your risk. Without the discipline to do this, are you really a trader? My own take on it is this: "If you trade, just trade. But whatever you do, don't gamble."



**"You win battles by knowing the enemy's timing, and using a timing which the enemy does not expect."**

**Miyamoto Musashi**

I want to point out here that I don't really think of the market as our "enemy". The market isn't against us, and it's not trying to help us either. It's simple an arena. Our battle is within ourselves as we approach the never-ending war between bears and bulls. To be highly effective traders we must be able to discern when one side is effectively winning the minor battles so that in the bigger picture price is now free to move.

Proper timing in the market is everything. Just like a battle can be decided before it starts by the position of troops on the field, so can our trades be similarly affected if our timing is poor.

The novice trader often waits too long due to fear. The best opportunity passes and panic sets in. Usually at this point the novice jumps in the market for fear of missing out and has a dangerous position they are easily shaken out of. The market expects this and feasts upon it.

An elite trader wins many of his battles before they begin with good planning and a researched strategy. He/she understands the way the market moves and the timing of the opportunities it presents. They see their time to strike well before it actually occurs and are prepared in advance. The market doesn't expect this kind of decisive strike and often doesn't even get a chance to put up a fight before giving way to the elite trader's well thought out plan.





**“Continue to spur a running horse.”**

### **Yamamoto Tsunetomo**

Here’s another simple quote that I’ve adapted to trading, and in particular the ES and forex markets. Markets like to trend and trends like to continue. Every trader at some point has fallen into the seductive trap of counter-trend trading. The difficulty is that trends always look a little off to us in some way as they develop. They always seem to be too extended or running out of steam. Inevitably we try a counter-trend trade only to see a quick loss and the market continues trending just as strongly as before, if not more so. Then we notice that while we were holding that counter-trend trade and hoping it would come good, there was a perfect trend trade that we missed. Somehow we were so focused on our counter-trend opportunity that we were entirely blinded to the real potential of the market until it was already gone.



If the market is a runaway train, don't try to stand in front of it. Just jump on for the ride and take advantage of the momentum. Counter-trend trading certainly has its place for the experienced trader who has already learned some valuable (if painful) lessons on when and where to do it, but for the most part we need to discipline ourselves to stay in a trending mindset until the markets tells us to do otherwise. Trying to impose our will on the market just because it "feels" like it should turn is almost always a losing game.

**"Study strategy over the years and achieve the spirit of the warrior. Today is victory over yourself of yesterday; tomorrow is your victory over lesser men."**

**Miyamoto Musashi**

The education of a trader never ends. There is always something new to learn about the market and about one's self. The opportunities for improvement are endless and that is part of the fun. The journey to our goals never truly comes to an end as each achievement leads to new discoveries and more paths to be followed in the future.

Ultimately though, all that matters is the present. We cannot change the past and the future is unwritten. What we do today is everything. So use what you learn to be better than you were yesterday and repeat the process every day. There are no limits to the trader who treats every day as an opportunity for improvement over the last. Lesser men and women only dwell in the past or dream of the future - they don't take action in the present so they never grow. Don't fall into the same trap.



**"I must say, to die with one's sword still sheathed is most regrettable."**

### **Miyamoto Musashi**

Of all the quotes this one probably speaks to me the most, even though I like to interpret it in my own way. How many people out there have seen their dreams unrealized because they feared taking the first steps towards what they desired? How many dreams have died because everyone else said they were impossible until the dreamer actually believed it?

If you truly want something, you have to go for it. You have to take the risk. No matter what the outcome, it is better to have tried than to die without even having the courage to make an attempt. So if you want to be a trader, go for it. Be determined, be disciplined, and study your craft. Give it all you can give. If your aspirations lie elsewhere, then focus your efforts and start building towards your dreams today.

A samurai warrior did not fear death. He embraced it as a part of life. There was no point in running away from what was inevitable when death would come to us all eventually. So live for the moment, challenge yourself to be better today than yesterday, and tomorrow victory shall be yours to enjoy.

**“There is something to be learned from a rainstorm. When meeting with a sudden shower, you try not to get wet and run quickly along the road. But doing such things as passing under the eaves of houses, you still get wet. When you are resolved from the beginning, you will not be perplexed, though you still get the same soaking.”**

**Yamamoto Tsunetomo**



Painting by Miyamoto Musashi c. 1600's

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