

# What Crocodiles Can Teach You About Forex Trading

Here in tropical Australia, the saltwater crocodile is a fearsome and intelligent predator known to wait patiently for days or weeks on end until unaware prey come to the water's edge and become its next meal. Crocodiles are by many accounts the most successful animal that has ever lived; they've been around for about 200 million years and have out-lived the Dinosaurs, and they've evolved over time to become perhaps the most successful predator on Earth, next to humans. Crocodiles are opportunistic predators; they've been known to learn the behavior of their prey and lie in wait for long periods of time almost to the point of starving, and then when the time is right they snatch their prey with confidence and precision.

In fact, it is quite common for people to swim with these animals for days or even weeks without any sign of aggression, until one day somebody goes swimming, fishing or even walking, and they never return. This demonstrates real-world evidence that one of the oldest and most methodical predators on Earth is also one of the most patient and disciplined that has ever lived. Darwin's survival of the fittest theory certainly favors this creature; they've been around since Dinosaur times because their method of hunting and adapting is so successful. The salt water crocodile is perhaps nature's ultimate "sniper"... it only needs to eat once a week or so because it makes high quality kills rather than a high quantity of low-quality kills.

As traders, there's a ton of things we can learn from the crocodile, let's discover some of them...

## Crocodiles are a trader's best role model

The crocodile is actually our best role model as traders; their behavior is really the perfect metaphor for how a trader needs to behave. We are without doubt predators, not just trading predators, but as humans we are naturally built and function as hunters. As traders, we must copy the crocodiles' methods of hunting; we must be disciplined, patient, adaptable and methodical in our approach. Crocs have also demonstrated an ability to learn quickly and avoid risky situations as we will discuss more about later, these are also things that we need to do as traders.

Think of the crocodile...he's big, fat, long and needs A LOT of protein in

his diet to survive, to swim and to hunt. Is his energy best spent going around all day eating little bait fish which are easy to catch? Imagine how much energy he would expend trying to catch a high quantity of low-quality prey like that all day. If you have ever seen these crocodiles like I have in person, you will understand what I am saying; crocs are designed and have evolved to be patient “sniper” hunters...many little meals do not interest them as much as a big juicy nourishing meal does. By trading less... our aim is to make a nice large “meaty” size trade that sustains us until our next trade. Sure we may have a few losses along the way to our big prize, but the goal here remains clear; waiting on the sidelines (or the shores of the river like the crocodile) to pounce on our prey and cop a huge nourishing meal. We don’t want to be running all over the pond or river looking for any small piece of meat or fish that we can find...we are going to wait it out and score ourselves a nice big juicy profitable trade (or in the crocodiles case, probably a kangaroo, a dog, or maybe even a human).

There is an expression in the English language that most will have heard at some point in their lives: “All good things come to those who wait”. This phrase is merely discussing the merits of being patient, possibly frugal, disciplined and well planned, but its implications are profound and very true for both the crocodile and the trader.

It may shock some of you to know that nowadays I may trade only 3 times per week or even less some weeks. You’re probably thinking “That’s not enough trades to make money”, I don’t blame you for thinking that way and it’s easy to think that way with most mainstream Forex websites pumping day trading and [high frequency trading](#). But, my own personal experience is that it’s much more lucrative to wait patiently for high-quality trade setups than it is to stay glued to your charts all day and night trying to trade everything you can find. The best trades are obvious, they almost “talk” to you and tell you to trade them, once you know what you’re looking for this will become apparent to you.

For definitions sake I would refer to myself as a swing trader and a trend follower. I attempt to capture the larger moves that occur over multiple trading sessions or possibly multiple days or weeks. In this way, I am very much analogous to a crocodile in my trading, in fact I might even buy a picture of a crocodile and hang it up in my trading office to remind me of how successful a predator the crocodile has been throughout history and most importantly, why it is so successful.

## Crocs have a high strike-rate

It's fairly safe to say that if a croc gets its jaws around its prey, the prey is not getting away.

Crocs have a good strike-rate because they are patient and wait for the "easy" opportunities and then act with confidence and speed...they don't hesitate. Whereas a Lion might have many failed hunting attempts trying to catch a Gazelle or some other quick animal, expending a lot of energy in the process, crocs tend to have less "losing trades" or failed hunting attempts...because they don't waste time or energy...they wait and wait and control themselves with precision until their prey almost walks into their mouth...then they feed.

As traders, waiting and being patient can increase your strike rate. Controlling ourselves is really all we can do as traders...we cannot control our "prey" (the market)...we can only conserve our money and wait patiently until our trading edge presents itself. This is how you get a high strike rate as trader, not by trading a hundred times a week in some futile effort to "scalp" the markets.

## Crocodiles are good at avoiding risky situations; they learn fast

Crocs "...learn quickly and adapt to changes in their situation. They particularly learn to avoid dangerous situations very quickly", according to the article [The Extraordinary Lives of Crocs](#). The article went on to discuss that this ability of crocs to learn quickly and avoid dangerous or risky situations is yet another reason they've outlasted the dinosaurs and are still thriving today. Avoiding risk is one way that a species can survive over time and "win" the evolution battle of the fittest. Similarly, not taking on more risk than is necessary as well as learning quickly are two very important keys to becoming a successful Forex trader.

I have said many times before that [risk management](#) is KEY to becoming a profitable trader. Some traders don't learn quickly like crocs do, instead they repeat the same mistakes over and over until they blow out their trading account. Even though we are clearly far more intelligent than crocs, we have a lot more emotions too, and these emotions often cloud a trader's "gut feel" and cause them to hesitate, second-guess themselves and over-analyze the market. A croc does not second-guess itself...it's simply such a fine-tuned predator that being patient, disciplined and executing with confidence are in built habits.

As traders, we need to learn from our mistakes, and fast, because money is on the line. Our version of “avoiding risky situations” is **not over-trading and not risking too much per trade.**

## Conserving energy for the next kill

The crocodile waits for the big meal because it makes more sense to wait and conserve energy by eating a large chunk of protein less often. The croc conserves energy and time by eating this way and it also is one of the main things that have ensured the survival of crocodiles over hundreds of millions of years during many periods when food was scarce.

If you think about not interfering with your trades as helping to make you money, it might make it easier to do. I actually imagine that I am making money by not trading and by simply doing nothing, because by not losing money from over-trading and over-involvement...technically you ARE making money. A crocodile would probably eat less food overall if it was constantly running around trying to find small prey, the crocodile intuitively knows that by being patient and disciplined it has a better chance at getting a higher-quality meal. The crocodile “knows” itself and its own limitations and uses its strengths to its advantage. Indeed, the fact that the crocodile has been around since dinosaurs walked the Earth is evolutionary proof that the concept of patience and discipline most certainly pays off.

The crocodile intuitively knows that it needs to conserve energy and wait for a big kill, this patience is actually a “skill” for the crocodile and it’s also a habit that has developed and reinforced in crocs over millions of years of providing them with large tasty meals. Longevity is critical to a trader; we need to conserve the money in our trading accounts so that when the **“easy prey” or obvious trades** come along we can get the most out of them. If we go around trading everything we see we will shrink our trading accounts and we won’t have enough money in our accounts to get the most out of the high-probability signals. Just as if a croc ran around all day trying to catch smaller prey it would not have the energy or positioning to grab the bigger and better prey.

## Crocodiles are highly adaptable

Crocodiles learn quickly and adapt to changes in their situation. This is a large part of how and why they have survived for millions of years whilst many other animals have become extinct during that same time.

According to the article I mentioned earlier 'The Extraordinary Lives of Crocs'; "...crocodile researchers often have to change their capture techniques because it's very hard to catch them [crocs] with the same trick twice."

Many researches think that the adaptability of the crocodile, including its ability to "ignore" hunger for long periods while it waits patiently for the "perfect" feeding opportunity, is one of the main reasons they survived whatever killed off the dinosaurs. It's clear that the crocodile's ability to adapt to its environment and to changing situations is one of the reasons it has survived and thrived for millions of years.

**As traders, we have to adapt to changing market conditions**, and as we've already discussed we need to have ice cold discipline to only trade when our "prey" is ripe for the taking. One of the beautiful things about [price action trading analysis](#) is that it's an inherently adaptable trading strategy. Whereas many trading systems are rigid and make you stick to a strict set of rules or conditions, price action analysis gives you more of a "framework" to work off of when analyzing the markets and this framework can be used to trade any market condition as well as adapt to changing market conditions.

## **"Crocodile trading" should become a habit for you**

In the past, I have written about the value of patience and how it is the core attribute of some of the greatest traders that have ever lived. I have put forward the argument on many occasions that 'less is more' and I think in today's market conditions that statement is even more relevant. Over the years I have written countless articles which discuss how to implement a patient trading approach. My favorites being, "[Trading like a sniper and not a machine gunner](#)" and "[The minimalist guide to trading](#)". Hopefully many of you are really starting to connect the dots by now and have discovered first hand just how powerful these concepts are and what they can do for your overall trading performance and profitability.

It's almost funny that it's taken me until now to write an article on what traders can learn from crocodiles considering I live in Australia where crocs are world-famous and plentiful. Furthermore, almost every behavior of a crocodile directly parallels what it takes to be a successful trader, the similarities are almost uncanny. The crocodile is nature's proof that "less is more" and that waiting patiently for the higher-quality

opportunities is a recipe for success. This recipe has kept crocodiles thriving on the Earth for 200 million years, and it can and will help you thrive in the markets if you use it properly.

It's critical for the crocodile to understand its prey and to know where to look for it and remain calm and patient until it arrives. As traders, we have to know what our trading edge looks like and where to look for it and then control ourselves enough to not over-trade before it arrives. If you want to learn more about this "crocodile trading approach" and fully understand your "prey" ([price action strategies](#)) then checkout my [price action trading course](#). My trading course and other members' content essentially models and teaches you how to "trade like a crocodile"; in a patient and methodical manner with a mastery of your "hunting" skill.

If you enjoyed this lesson, please leave a comment below, click the 'like button' and share it with friends.

Good trading, Nial Fuller – "The Croc Trader" 😊