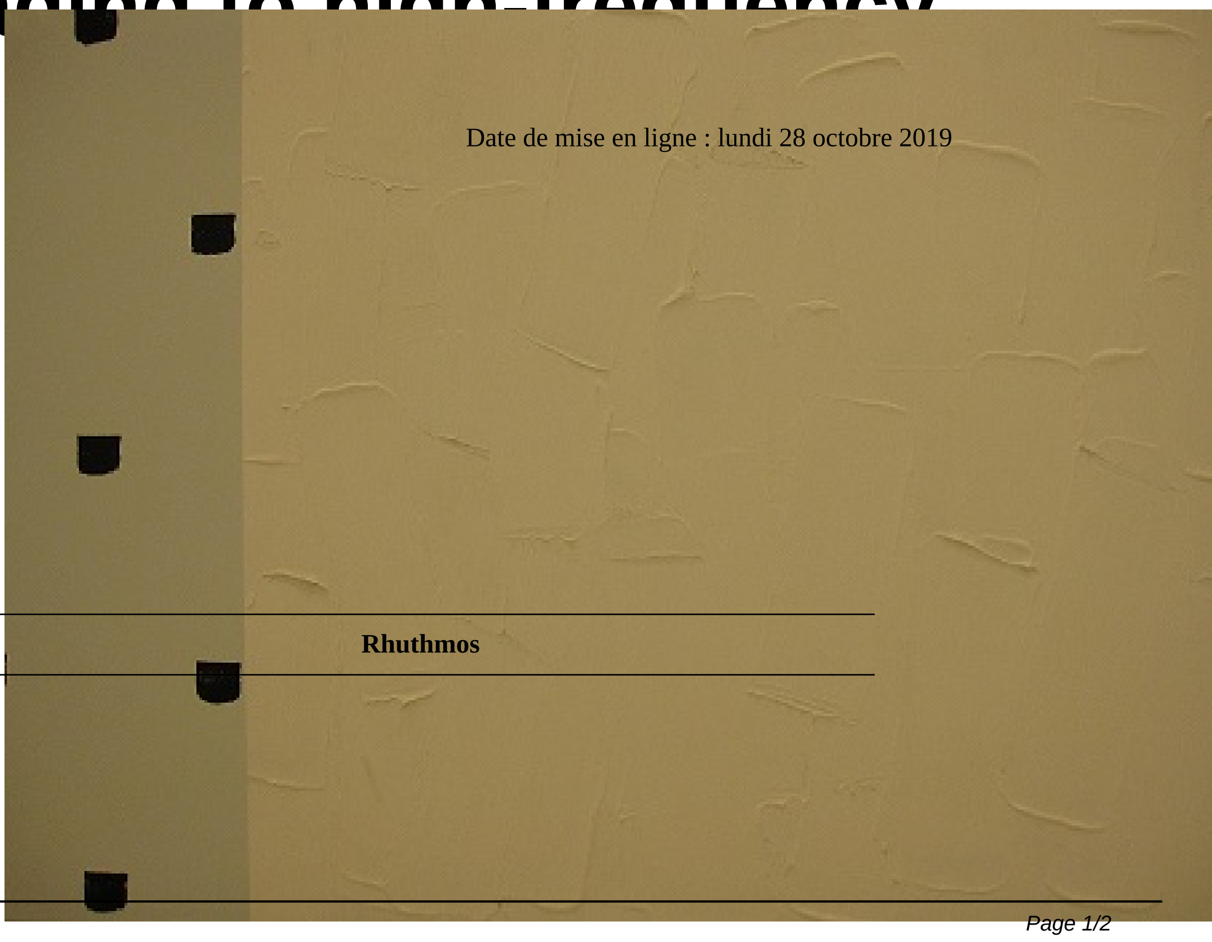
Markets, bodies, rhythms : a rhythmanalysis of financial markets from open-outcry trading to high-frequency



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Abstract : This paper explores the relationship between bodily rhythms and market rhythms in two distinctly different financial market configurations, namely the open-outcry pit (prevalent especially in the early 20th century) and present-day high-frequency trading. Drawing on Henri Lefebvre's rhythmanalysis, we show how traders seek to calibrate their bodily rhythms to those of the market. We argue that, in the case of early-20th-century open-outcry trading pits, traders tried to enact a total merger of bodily and market rhythms. We also demonstrate how, in the 1920s and '30s, market observers began to respond to a widely perceived problem, namely that market rhythms might be contagious and that some form of separation of bodily and market rhythms might therefore be needed. Finally, we show how current high-frequency trading, despite being purely algorithmic, does not render the traders' bodies irrelevant. Yet high-frequency trading does change the role of the body - rather than seeking to attune their bodies to the markets, high-frequency traders seek to calibrate their bodies to their algorithms. While the article demonstrates the usefulness of deploying Lefebvre's rhythmanalysis in analyses of financial markets, it also suggests that high-frequency trading in particular might produce new types of market rhythms that, contra Lefebvre, do not revolve around traders' bodies.

Keywords : bodies ; contrarian speculation ; financial markets ; high-frequency trading ; Lefebvre ; rhythmanalysis ; traders.

Introduction

It is evident to most observers that financial markets have undergone profound transformations during the past century. Whereas the hub of market activity used to be the open-outcry pit, in which traders competed for the best orders in an often loud and hectic body-to-body environment, the main market activity of the present takes place via computers, either by traders interacting via their screens or through algorithmic trading, in which pre-programmed algorithms place specific orders according to market flows. These developments can be described in a number of different ways, e.g. with reference to regulatory changes, technological developments, changes in the market microstructure, etc. (see e.g. MacKenzie, 2014 ; forthcoming). This paper proposes an alternative way of analyzing financial markets and their transformations. By drawing on Henri Lefebvre's much-neglected (spatio-temporal) rhythmanalysis, we aim to explore the rhythms of both the now old-fashioned trading pits and contemporary algorithmic trading, as well as the main differences and areas of overlap between them. The central idea of utilizing Lefebvre's rhythmanalysis is that it foregrounds the role of the body, in that it asserts that conducting rhythmanalysis is a thoroughly bodily endeavor. More specifically, we aim to show that traders seek, in various ways, to calibrate their bodies to the rhythms of the market, and that this calibration is affected by changing market configurations. [...]