



Investor Centre

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Day Traders Blog September 2017

September Debrief

What to Expect in October

Inversion Trades in a Flat Market

September Performance

October

Seasonally the first week of October sees the US market rise and our market rises passively with the US 84% of the time. October closes higher than it opens 85.6% of the time. Traditionally the October high is higher than the September high for our market and the US market. The SPI high for September is 5787, indicating that the SPI should pass through 5800 in October.

The ending of the School holidays (3rd October) heralds an increase in activity in our market. This corresponds with the next volatility wave starting 2nd October and proceeding through to the 9th October. This is a time when the market will over-react to both positive and negative market sentiment.

Traditionally, in October Open trades hold at average (63%) but Daily Chases work well with improved volatility and a rising market. 10.30 attacks have performed poorly in the October zone for the last 4 years, resulting in negative returns for October every year.

Inversion Trade in a Flat Market

Our market has been ranging between 5600 and 5740 for the last 90+ days making it the longest confined range in history (35 years). This is extremely uncommon behaviour for an Index and has been forced by the US and UK markets basically rising on borrowed funds and an artificial insertion of funds into the respective markets while our market has lacked those funds.

However, our market currently has resistance to movement either way at night time. The US market is currently at the top and so upside is limited and downside is currently quite strong. Consequently, we can go Long on the SPI at 4.30pm and cover it with a short on the S&P for the equivalent value.

The current parity value is 2:3 but with the \$AUD relatively weak we can use 2 S&P 500 CFD to 1 Aus 200 December CFD as a close approximation. 25 Aus 200 Dec is equivalent to 50 S&P 500 CFD's. The best time to close this out is at Open (9.50am). This will remain an effective strategy while our market continues to range between 5600 and 5740.

Ranging Market

In my "other" account I have been going long at 5635 with 50 pt stop over night and short at 5733 with a 50 pt stop over night. When these have filled they have paid off. I have tried to run them back to each other but end up coming out with about 50 pts each time. Filled again 2nd October short – see how it goes.

September Performance

The Day Trading Results are now available from the Investor Centre Web site under the Day Trading Menu.

<http://www.investorcentre.com.au/dtresults.php?id=27>

Open Trades have returned to an acceptable level. It has been difficult to catch the open on fast moving markets.

Daily Chases return for the last quarter of the year and we should have another good run in October.

AST's have dropped out with our market going flat or fading in the afternoon.

Midday Straddles amounted to very little this month with the flat afternoons forcing us into small range trades.

Other Trades included a losing Tell trade, a winning and Losing FTSE switchback and two arbitrary trades including a 70 pt snatch. They resulted in a straight 50% outcome to no advantage.

Looking for a better October.

Jody Elliss