

# Investor Centre

 @InvestCentreOz

## Day Traders Blog April 2018

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### Events

**Important:** Please book early as we are getting bookings in the last 2 days but we must confirm venues and costs more than 7 days before the events. This is particularly true of Perth events.

#### Melbourne

**Introduction to Indexes** – How to Invest in the Index **17<sup>th</sup> May \$220 Members**

**Market Brief** – shape of May & June, Gold, Copper \$AUD – sectors on the Asian targets. **17<sup>th</sup> May \$55 Members**

**Live Trading** – 2 Days – Live Trading – actioning TWB trades – Arbitrary Trades – Day Market S&P trades – Capture the FTSE at Open. **18<sup>th</sup> & 19<sup>th</sup> May \$440 Members**

#### Brisbane

**Day Trading** – **27<sup>th</sup> May \$440 Members**

The Day Trading Course cover the TWB trades and arbitrary trades for actioning every day.

**Live Trading** – 2 Days – Live Trading – actioning TWB trades – Arbitrary Trades – Day Market S&P trades – Capture the FTSE at Open. **28<sup>th</sup> & 29<sup>th</sup> May \$440 Members**

#### Sydney

**Go Short and Win** – **16<sup>th</sup> June \$220 Members**

**Market Brief** – **16<sup>th</sup> June \$55 Members**

**Day Trading** – **17<sup>th</sup> June \$440 Resit Members**

**Live Trading** – 2 Days – Live Trading – actioning TWB trades – Arbitrary Trades – Day Market S&P trades – Capture the FTSE at Open. **18<sup>th</sup> & 19<sup>th</sup> June \$440 Members**

#### Perth

**Introduction to Indexes** (investing in Indexes): **23<sup>rd</sup> June \$220 Members**

**Market Brief:** **23<sup>rd</sup> June \$55 Members**

**Day Trading** – **24<sup>th</sup> June \$440 Members**

The Day Trading Course cover the TWB trades and arbitrary trades for actioning every day.

**Live Trading** – 2 Days – Live Trading – actioning TWB trades – Arbitrary Trades – Day Market S&P trades – Capture the FTSE at Open. **25<sup>th</sup> & 26<sup>th</sup> June \$440 Members**

**Trading School** – **25<sup>th</sup> June – 29<sup>th</sup> June \$2200**

## City Index

Current City index rules have changed subtly.

**Guaranteed Stops (GS):** These can only be placed on a TRADE and NOT AN ORDER. They must be placed in the major day market for each Index. That means a GS cannot be placed on the Australia 200 June CFD after 4.30pm. It also means that NMA orders cannot have a GS attached.

**1 pt Spread:** The City index platform has traditionally given us .5pt spread as Tigers. This has changed in May to reflect the retail market with a 1 pt spread from the last trade. We have asked the question and are still awaiting a response but the 1pt spread is inline with the retail market;

Last trade 6085

Buying at 6086

Selling 6084

We have had clients equating this to a 2 pt spread. However, this is just the 1pt spread everyone else has had for 10 years. I do not have high hopes of the .5pt spread being reinstated at this stage.

This does not affect our point to point trading (short at Open 14 pts etc. as we will still net or lose our 14 pts on the trade.

## May

Traditionally May is a hard month to trade and does not generate a significant amount of income for us. The US market tends to Rally into the first 2 weeks of May and this drags us up and leaves our market slightly overbought at the beginning of each day.

May has always been a 50% month for OPEN trades (from 2014 to 2017) and so Open trades add very little to our totals. In 2017 – we scored 47% (that's 50%, right?) but every OA trade failed creating a loss of -\$3000 for Open Trades.

May moves after 11.00am and tends to move back down after 2.30pm.

May has a strong 3<sup>rd</sup> year pattern. The move up from October to December and the fall in March are the major tells for a 3 year. The high in the 2<sup>nd</sup> week of May sets the high price to June and the market runs down from Monday 21<sup>st</sup> May. This is divergent with the US market that will traditionally fall with Oil into the back end of May but then rise towards Labour Day (Monday 28<sup>th</sup>) making a good Leap of Faith Trade for that weekend.

Expect Oil to Fall from \$72.00 back to \$66 seasonally till the middle of June.

Expect Gold to find a bottom around 9<sup>th</sup> May and then move back up from there to the first few days of June where it forms a peak.

\$AUD has a base at \$0.74 and any long positions near there will be beneficial. We are likely to see \$AUD hover around the \$0.755 level for May and Jun and then lift back towards \$0.77 in July. This will place a downward force on our market.

## April Debrief

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=34>

April was a good month powered almost entirely by OPEN trades. That normally makes for a good month for Day Traders and all Day Traders I have spoken to have reported a good April. When Open trades score well – we normally see a drop off in performance of other trades and this was true for April – where the other trades almost negated each other.

LOF (Leap of Faith) – ever since incorporating this into the TWB, we have had an average run with this. We managed to get 3 LOFs fitted in April and 2 Wins and 1 loss put it up 30 pts for the month.

AST's were the BIG LOSSER for April with the market swinging back consistently. History indicates this is likely for May as well and the AST will only be deployed on specific days that experience known success.

## Trading Workbook Terminology

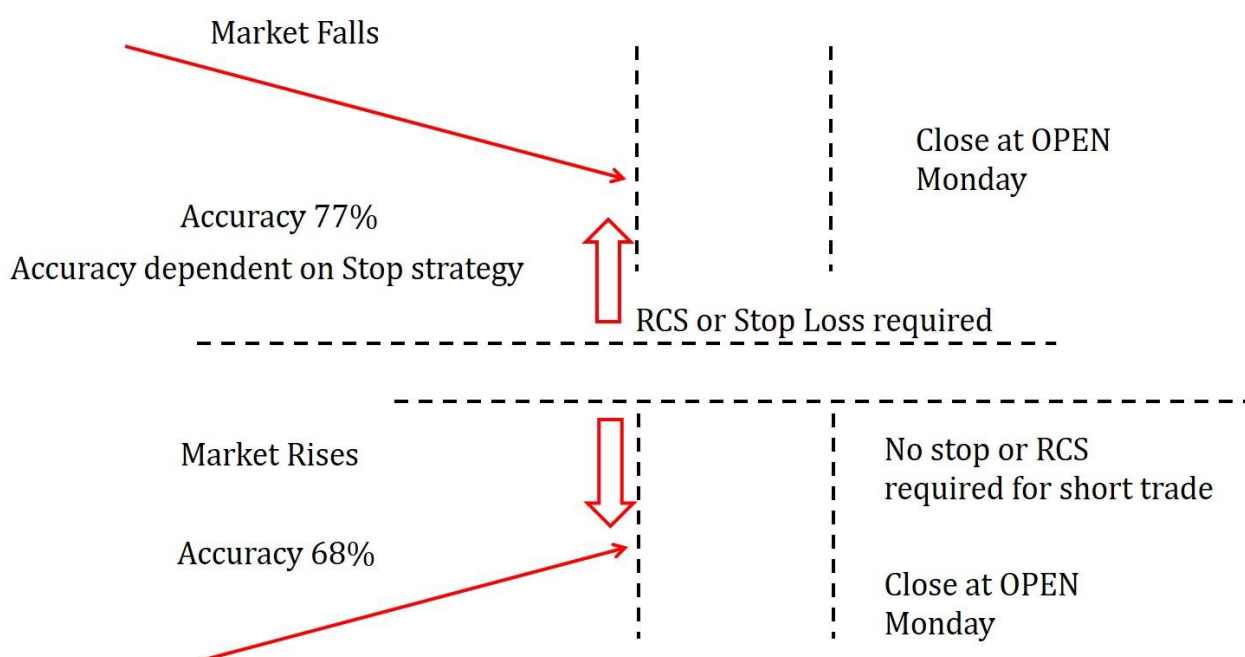
All current TWB subscribers should have a Day Trading manual. Further – in February we did an update of terminology for OA (Open Ambush); NMA (Night Market Ambush) and the advice that we will include LOF (Leap of Faith) in the TWB as a reminder. Since then I would have answered more than 100 questions from Day Traders on what an OA is, NMA, LOF etc, including complaints that people don't know what these trades are. So here they are again.

**Leap of Faith - >70% Accuracy.**

This can be deployed on any market where the market is closed the following day. This makes it very suitable for Friday's. It assumes that the Australian market will have a behaviour based on the Australian market conditions and the weekend, but the US market is unrelated to this and so Monday is often an adjustment day.

Where the market moves down more than 14 points from open to a low – we go long. Going long also requires a guaranteed stop (City Index) and this is normally set at -70 points.

Where the market moves up more than 14 points from the open to a high – we go short. Going short does not require a stop but a stop can be set at 70 points.



## Simple Rules

- If the market on FRIDAY closes more than 14 pts BELOW OPEN – then we go LONG with a guaranteed stop set at 50 pts. We close the position at Open on Monday.
- If the Market on FRIDAY closes more than 14 pts ABOVE OPEN – then we go SHORT – a guaranteed stop is not required as the market generally does not move up over the weekend more than 50 pts and if it does – it normally falls back on Monday. You can place a guaranteed stop if you desire.
- If the Close is within 14 pts of the Open in either direction – we do nothing.

## Night Market Ambush (NMA)

Our market for the last 6 months has continued to do its significant moves in the night market on thin volume and then oscillate with a small range in the day market. These oscillations are often counter-intuitive and are not complying well with Day Trading rules.

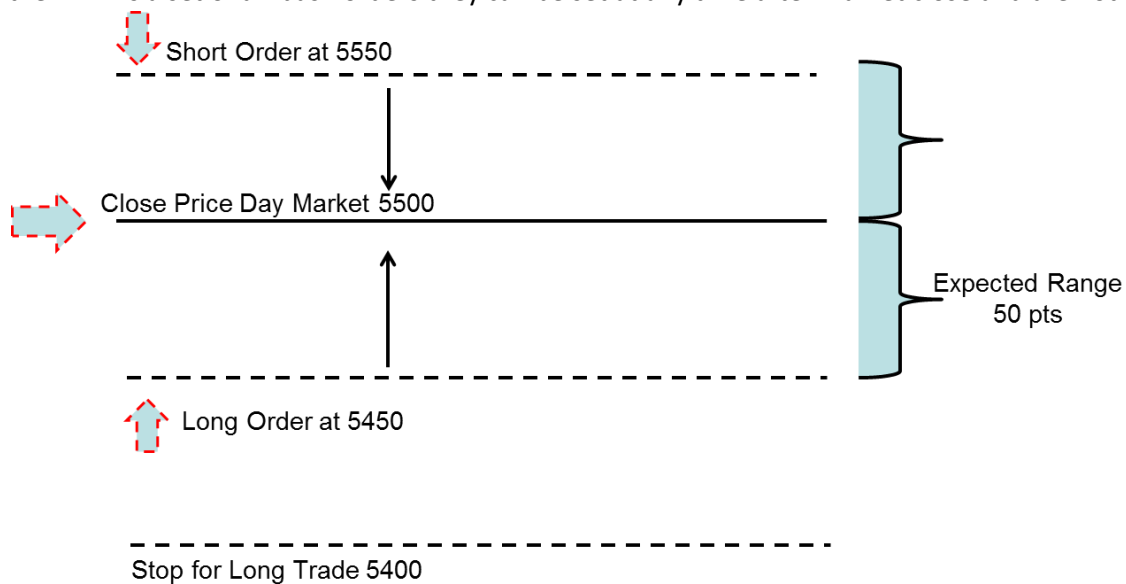
The Night Market Ambush (NMA) is a separate business model that consistently yields about 800 pts per year which is about \$20,000 on a \$10,000 account. I have been running the NMA in a separate account and have had good returns from this. The problem with the original NMA is its very strict formula for where to place the ambushes – 42 pts or 70 pts based on range.

In this current volatile market with the chance of correction in March still high, the NMA is better run with a larger downside Long than the upside short.

The NMA will be published in the TWB with the Ambush above the market and the ambush below the market.

EXAMPLE: NMA 40/70 means Short 40 pts above the close and long 70 pts below the close.

- The Upper figure stop 50 pts is optional.
- The lower figure stop 50 pts in MANDATORY.
- The Limit is the close price where targets are above 40 pts. The limit is optional on 40 pts or less as the market will do a double fill 3 times a year on average.
- If there are no figures for the NMA then it is assumed that it is using the previous night's figures.
- If there is a Leap of Faith, then the NMA is optional.
- Crossing a closed market like a weekend requires a guaranteed stop (GS) for the long trade under the market.
- As the NMA is a set of ambush orders they can be set at any time after market close and are not time critical.



## Open Ambush (OA) Review

The market traditionally oscillates in a counter-trend after the march Contract change. We have spent the last 6 months without OA's, but we will deploy them during the run through the June contract.

Open Ambush 14-28 (OA 14-28) (Direction)  
(63% Conditional outcomes for 14-28 & 10-20)

EXPIRY: 11.30pm  
2<sup>nd</sup> Order filled by: 11.00am or expires at 11.00am

OA 14-28 is a TRADE at executed at open 9.50am and an accompanying Order base on the Open price.

Limit 14 / Stop 28  
Order limit 28 / stop 14

The limit and the stop are identical for both the position and the order.

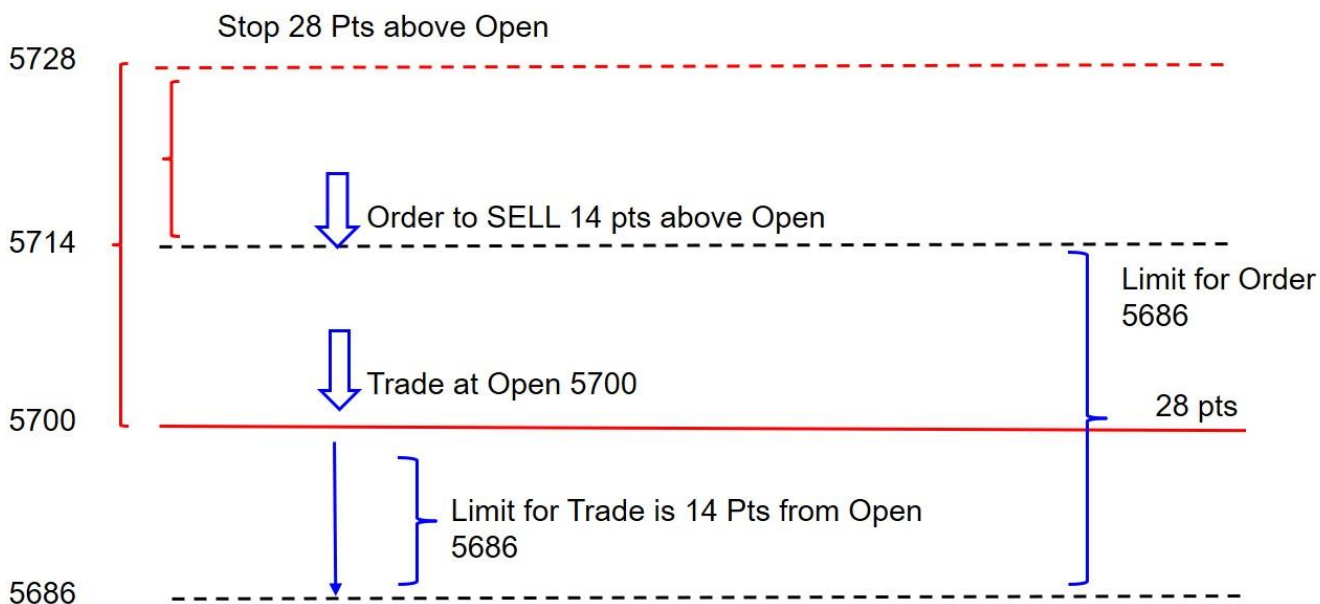
Gain a position at open (9.50 am).  
Set a position 14 points from the OPEN price (not necessarily your entry).  
Set a stop for the position and the order at 28 points from the OPEN price (not your entry).  
Set a limit for the position and the order at 14 points from the OPEN price (not your entry).

**EXAMPLE (SHORT)**

Sell x Contracts at open – Limit 14 Stop 28.  
Sell x Contracts at 14 points above open – limit 28 Stop 14.

The 14-28 Open ambush is a split order for the open of market. This is a particularly useful order in an oscillating market that is trading between two points. It is common to have this type of market where international markets are rising but key driving forces of materials, commodities, gold and oil are dropping or vice versa. This places pressure on the Australian market to move with the international markets initially but then to move in the direction of the underlying fundamentals after 10.20am.

In this example the market opens at 5700



**EXAMPLE (SHORT)**

Sell x Contracts at open – Limit 10 Stop 20.

Sell x Contracts at 10 points above open – limit 20 Stop 10.

Example of an OA 10-20 Short

In this example the market opens at 5700

