

# Investor Centre

 @InvestCentreOz

## Day Traders Blog Febuary 2018

### February Brief

#### Events:

**Sydney**      **Day Trading 10.30am 9 April 2018**

**Sydney**      **Introduction to Indexes 14 April**

**Melbourne**      **Introduction to Indexes 15 April**

NMA

OA Review

March

February Debrief

### 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.

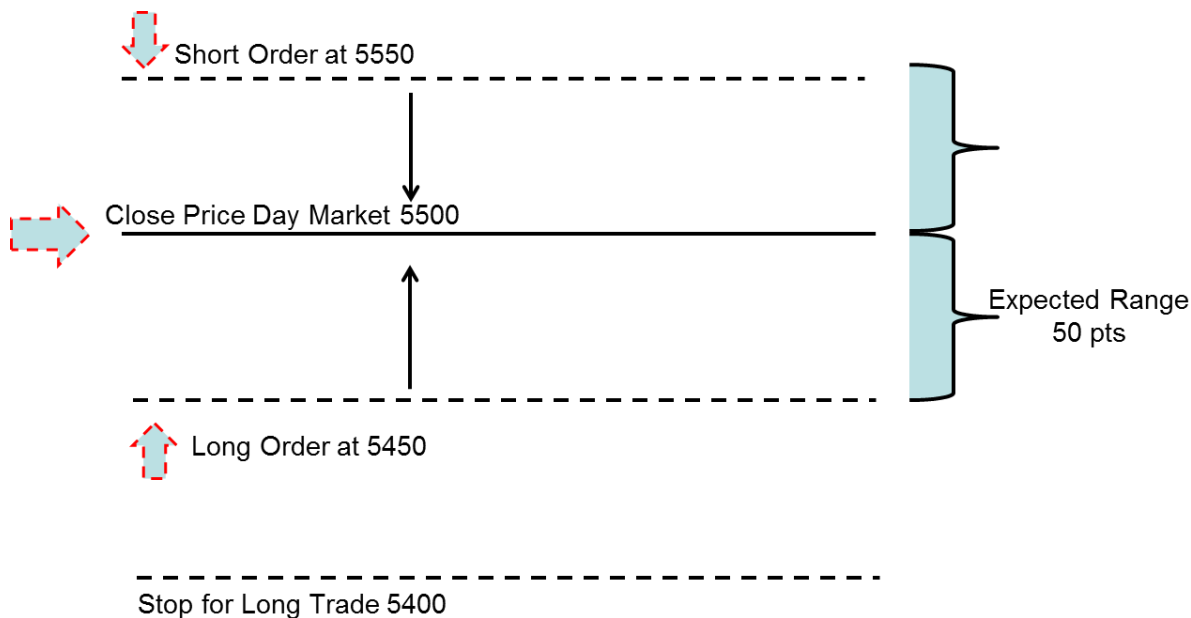
The Night Market Ambush (NMA) is a separate business model that consistently yields about 800 pts per year which is about \$20,000 on a \$10,000 account. I have been running the NMA in a separate account and have had good returns from this. The problem with the original NMA is its very strict formula for where to place the ambushes – 42pts or 70pts 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 40pts above the close and long 70pts below the close.

- The upper figure stop 50pts is optional
- The lower figure stops 50pts is MANDATORY.
- The Limit is the close price where targets are above 40pts. The limit is optional on 40pts 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

As we go towards Easter the market traditionally oscillates in a counter trend after the change in the March Contract. We have spent the last 6 months without OA's but we will need to deploy them for the upcoming run to Easter. Generally we expect the pattern to be a small upside with a larger downside.

## 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).

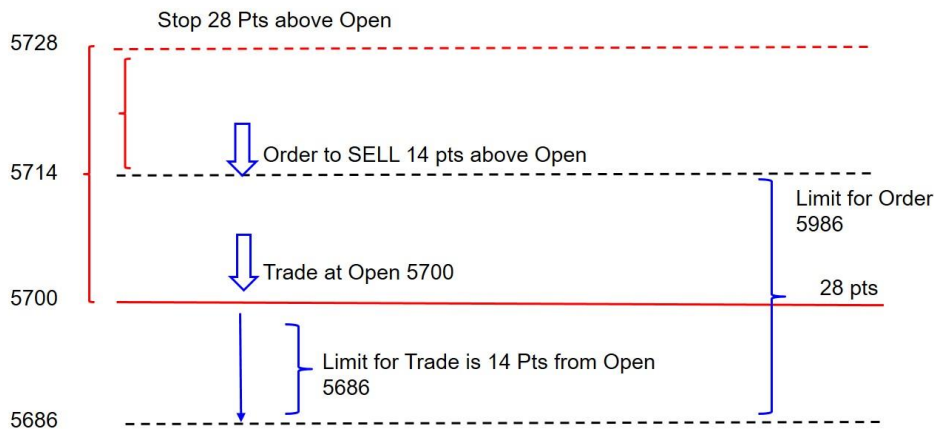
### EXAMPLE (SHORT)

Sell x Contracts at open – Limit 14 Stop 28.

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

The 1-2 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



## March

March has the contract change to the June contract on Thursday 15<sup>th</sup> March. The last time to trade the contract will be at 7.00am Thursday morning. If you do not close out your position by 7.00am – you will be locked into the closing price auction (CPA) at 12.00. For Day trading we will commence trading the June contract.

Traditionally the market has upward force into the change of contract. This then changes with the June contract and the market commences a passive down as it runs towards Easter. Last Friday of the month is the 23<sup>rd</sup> of March as 30<sup>th</sup> March is good Friday. Expect the UK market to become extremely bearish as we approach Easter and this will place a significant downside on BHP and RIO that will affect our market. The US market will go into its holiday cycle after the 23<sup>rd</sup> March for the last week as we run into Easter.

Expect our market to move up in bursts with an overall downward trend – hence we will recommence deploying OA open trades.

## February Results

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=32>

Trump Tweets and staff changes continue to play havoc with the world markets making them tactical and volatile and our market responses are often counter-intuitive placing stress on the business model

Open Trades scored positive income at \$625 for the month BUT the accuracy at 53% indicates we are still struggling with accuracy as we have since October.

Ambushes were the big losers with (-\$1525) as the market ran in a single direction without warning and consistently failed to return towards open. It appears that our late March profile has arrived early this year.

LOF (leap of Faith) new to TWB did well for the month – generating an additional \$3150 for the month. The LOF did not generate this much income if you also ran NMA's with them.

Other Trades were made up of 3 SOS's (2 wins and 1 loss); 1 winning Tell Trade; A couple of AST SOS's for a few points and +12 pts from 4 expresses.

## Summary

If you didn't do the LOF's you would have been break even or less. This run since September last year continues to plague us. Our major trades are just over 50% accurate so we can not even do the opposite of what we have been doing. We will continue to plough through market based on seasonality, the day Trading Business model, and fair value. We will pursue more night trades as the market continues to do its major moves in the night market.

Good Hunting

Jody