



# Investor Centre

 @InvestCentreOz

## Day Traders Blog January 2018

### January Brief

- Changes for this year
- February
- January Debrief

### Changes for this Year

Last year the Day Trading account started with \$20,000 for the audit trail. This year the account will be starting with \$10,000. It will participate in all day trades. It will also pursue Night Market Ambushes, Arbitrary trades (as listed in the Day Trading manual), and the Leap of Faith. It will also pursue all Tigers Trades that are compliant with Day Trading.

Last year the mandate for the account was compliance. This year the mandate for the account will be to make money within the rules of engagement as presented in the Day Trading School.

Tigers Bulletins will advise if the Tigers trades are compliant with Day Trading. As Trading Tigers can now deploy a guaranteed night stop with no cost, many of these trades can be executed by Day Traders.

Trading Tigers for 2018 does not need to be attended as a course by Day Traders and can be accessed by subscription with Investor Centre with the Trading Tigers book provided.

### Leap of Faith

This was formerly an arbitrary trade however; it has performed so well in the last 3 years that it only just trails the Tell Trade and AST (+ AST SOS) for overall accuracy which is close to 80%. This will be included where applicable in the list of TWB trades this year.

Fade will no longer be considered as a 12.00pm trade and will specify a time for a Fade. Fade may also carry conditions as it did for the last 3 months of 2017.

### February

We have seen a significant sell-off in January with our Parity (ratio in pts.) to the US market dropping to a 15 year low of 2.1. If it continues to drop to 2.0 it would be an all-time historic low for the last 50 years (and perhaps we would benefit from that). This has put us in an interesting situation where our market should hold 6000 (XJO) and consequently – does not want to rise with the US market and also does not want to fall with the US market. Our seasonal surge into 26<sup>th</sup> January and retracement after 26<sup>th</sup> January constituted successful Tigers trades and we were able to capitalise on a couple of reasonable days of volatility.

The February profit take is expected to come early this year – in the dead week starting Thursday 1<sup>st</sup> February. This makes the 1<sup>st</sup> Monday in February potentially the 2<sup>nd</sup> week up this year for our market. This is normally a selected bullish run with the institutions maintaining high insurance 80%+, while incrementally buying selected interim dividend stocks.

Interestingly in **2015** February was trading at 5800 and went on to 6000 in April 2015 – we have not come very far and this gives our institutions a prime reason to push our market this year. This also explains the lack of volume and volatility in the market. Those who were going to sell have mostly sold and there are very few buyers.

Average volatility is continuing up from November lows with our market moving back above 35+pts a day. Ideally we will get back over 40 pts.

## January Trading

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=31>

### Summary

Overall – January has been the worst performance since 2001. The market is running in January as expected. However, it is almost doing the opposite of world markets on a high \$AUD with high gold prices. The continued sell-off of the major banks against any movement in commodities seems almost deliberate from Australian institutions. This implies a short-term strategy of collusion in XJO. This would also be correlated by the huge jump in volatility at open that is seeing a tactical insurance policy being deployed prior to 10.00am. The insurance is running in the very bearish zone above 80% and this is being re-instated at the end of every day against XJO. We have seen insurance decrease to as much as 50% during the day (30 pts difference) only to return by the end of the day.

As a test – doing the opposite of TWB recommendations (the one's that can be reversed) resulted in a less profitable outcome for the month. We are not getting it wrong – the market is making unpredictable moves on a tactical basis on some days.

### Open Trades:

Once again the open trade is performing well below its 63% average with our market almost completely out-of-phase with the US market. Volatility has increased enabling us to move back towards 14 pt targets. The opening volatility relating to insurance in the first 2 minutes is highly unpredictable and has made the open trade very difficult. The Open price fill has sometimes been as much as 14pts away from our estimated open which makes the Open trade very difficult. Institutions have taken to adjusting insurance on a tactical level as the market opens – often taking off as much as 20 pts – only to place it back by the end of the day.

XJO has been slow to move and respond – meaning institutions can adjust insurance up or down from 10.00am against fair value.

This has left the Open trade as subject to entry. We have had Day Traders reporting winning trades against my losing trades and vice versa.

### Ambush:

Despite the dramatic fall in accuracy in the Ambush, the reward to risk ratio carried this trade over to profit. Having a known starting value against fair value has allowed this to remain one of our most profitable trades. January has seen the market run on a number of days with 50pt plus moves in the opposing direction to world markets and this has been counter-intuitive to traditional market moves. We had ambushes fill 13 times from 20 trades – as we work to target the market to get filled.

### Other Trades:

The Other Trades were made up of successful Leap of Faith Trades (1 from TWB) Tell Trades (1 from TWB - winning) and Arbitrary trades – Inversion and Inverted Buying which negated themselves deducting from overall profitability by \$50. The other trades – FTSE Switch-back deducted nearly \$600 from the total here (only 1 in TWB) and you were substantially more profitable without the FTSE trade.

### Comment:

The market in February is likely to be tough again. However, we will continue to look for out-of- day market deployment and with the use of trades like Leap-of-Faith we are expecting to increase profitability above our target of \$2,500 (25%) per month. The increase in Trading Tigers trades that are compliant with Day Trading has added substantially to the January account.