



Investor Centre

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Trading Work Book July 2016 Blog

June was a very average month, stayed by the looming Brexit and the Australian federal elections. This created a very tactical market that was dragged up overnight with international sentiment – only to retrace the following day with lack of confidence in our market. This constituted a poor month for trading as we were facing in the wrong direction for more than half the trading days for the month. This is portrayed in the trading figures with a low overall yield.

The month came good as volatility increased at the very end of the month. Consequently all our trades were sub 60% and we had the lowest yield for the year to date with a Nett + 48 points total.

Date	Open	Day Chase	10.30am	Informed drift	Mid Strad	Ambush	AST	Express	Tell
1/06/2016	-42			-14		10	-5		
2/06/2016	10	-40		-15		-40			-21
3/06/2016	-10			-14					
6/06/2016	-14			14	-14			4	
7/06/2016	14	6			-14				
8/06/2016	-14			14	2				
9/06/2016	-14	2	-14						
10/06/2016	10	30			2				
14/06/2016	-14				21		14		
15/06/2016	14					10			
16/06/2016	21	-30	-14	-14	21	4			
17/06/2016	14								
20/06/2016	14		14					12	21
21/06/2016	14		7				14		
22/06/2016	14				-14	21			
23/06/2016	-14		0						
24/06/2016	14				21				
27/06/2016	-42	-30			-15				
28/06/2016	42	52	14						
29/06/2016	-45	-40			21	-30		7	
30/06/2016	28	42	-14			40	-14	14	
Total Pts	0	-8	-7	-29	31	15	9	37	0
Total Trades	21	10	8	7	10	8	4	4	2
Losses	9	5	4	5	4	2	2	0	1
Accuracy	57.14%	50.00%	50.00%	28.57%	60.00%	75.00%	50.00%	100%	50%
		\$10,000							
Total Pts	48	\$1,200.00							

Despite the open trade sustaining 57% the overall result was neutralised by a couple of 1-2 trades that turned against us. For those doing the 1-2 at 50% - the month will have yielded a small positive outcome for open trades.

Daily Chases – normally a big Nett positive yielder over the last few years came up with a negative outcome for the second time this year. Daily Chase traditionally suffers in a market that switches volatility as we saw in June where targets were narrowly missed – sometime by just 2 points and then the market would reverse to open. Subsequently this gave a sequence of small wins and some full stop outs.

Further Day trading Techniques

What to do with Opposing Recommended Trades

In a low volatility market we will often seem to have an underlying market direction and pursue trades in the underlying direction. However, if we have low volatility market that meanders we can end up with trades that have not expired that are in opposing directions to the next trade.

A perfect example of this is 23-6-16. If we had done the technical long trade and the 10.30 Straddle – short we would have had a conundrum. This also occurs with the Informed Drift and the Midday Fade which can be in opposition.

There are two alternatives here.

- 1) Inexperienced or risk adverse traders can follow the first trade to expiry. Stick to the original plan and follow the trade. This means missing the next trade quite often but it keeps your results within the lines of probability with a focus on the earlier trades in the day.
- 2) Experienced traders or those with substantial profit can open a second trade in the opposing direction. This can be done easily with Halifax IC200 as it will automatically allow opposing positions. City Index can open a HEDGE trade in the opposite direction. An alternative to this is to have a second account – which is strongly recommended. Then the second trade can be opened easily and monitored in the second account.

We all do discretionary trades. It is part of the nature of participating in a market. Now the best way to learn about your own intuitive ability to trade and see an opportunity is to fund a separate account. Do all your Day Trades as a business in a single account. Do all your discretionary trades in a second account. 5% of the population (of traders) can make money intuitively trading a market. 60% of the population (of traders) can follow a long-term business plan for success. Finances will ultimately sort out which one you are. 35% of the population (of traders) cannot do either and learn to not trade, they seem to have the inability to overcome these primary psychological points.

It is important to remember that the last time we had a NETT negative month was MAY 2014 (where we lost -28 points total). Making money is a repetitive process of commitment to a plan.