

Investor Centre

 Jody Elliss@ICHotstocks

Day Traders Blog June 2018

June Debrief

- Events
- July
- June Debrief
- Wealth Accumulator
- City Index

Apologises for the tardy June debrief, I have been delayed with other matters. I have included some August facts to consider. During July we have allegedly seen Mac Quarie bank aggressively running the market up against the world markets and down against world markets. However, they are leaving a very tradable profile.

I will discuss this in the July debrief due very early in August.

Keep an eye on twitter - Jody Elliss@ICHotstocks (<https://twitter.com/ICHotStocks>)

InvestorCentre@InvestCentreOz (<https://twitter.com/InvestCentreOz>)

Events

Brisbane: Day Trading 5 August 2018

Live Trading 6 & 7 August 2018

Perth: Day Trading 19 August 2018

Live Trading 20 & 21 August 2018

July

1st Week of July runs down or flat.

2nd Week of July runs down.

3rd week of July often runs up but finishes flat by the next Monday of the 4th week.

4th Week of July normally rises (with the exception of 2011).

Since 2014, July has been effective with Open trades, 10.30 Attacks, Midday Straddles (MS) and Fades in the afternoon. It has traditionally done poorly with ambushes, daily chases, and AST's have resulted in negative outcomes where deployed in the last 4 years.

Institutions are notoriously tactical in July and 7pt swings in insurance are common in this month. Quite often we will see the market range from 60% insurance to 80% insurance and back again within a single week.

The Australian market traditionally rises into the last week of July. The exception to this in the last 8 years is 2011 which went down in the last week of July and then continued down through August.

August

The last week of July rise normally leads to a fall in the 1st and 2nd weeks of August.

The Market struggles to significantly breach the July high normally from the last week of July.

August normally has a significant increase in volatility and sudden up and down moves are expected during this month.

June 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=36>

Open Trades created a significant loss, but this was primarily the 2 OA trades that lost -84pts. Day Traders with accounts not in profit would be doing those at half strength and lost -42 pts. Accuracy was 50% - something that we have come to expect from June.

Daily Chase (DC) gave them a go despite negative results for 2015, 2016, 2017. We cut down on the number and still could not get them across the line.

Ambushes inline with 2016 and 2015 and much better than 2017 – most failed to meet their target but ended in positive territory.

Fades worked effectively with a higher level of deployment this year. This is inline with previous Junes which worked well.

AST's have traditionally been poor in June with the market wanting to turn down in the afternoon and our market divergent with the US and UK markets. We reduced the AST attacks with qualifiers and actually not initiating them. The issue with this is that it actually re-shapes the trade over time. We will look at the native score for AST's separately.

Leap of Faith (LOF) added a significant amount to June with 4 LOFs 3 wins and a loss (right on the money).

Night Market Ambush (NMA) had one fill for 8 pts and continues to be mostly useless with the night market spread. Reducing it to 30 pts for the upper will also result in a loss for NMAs. Hamstrung here.

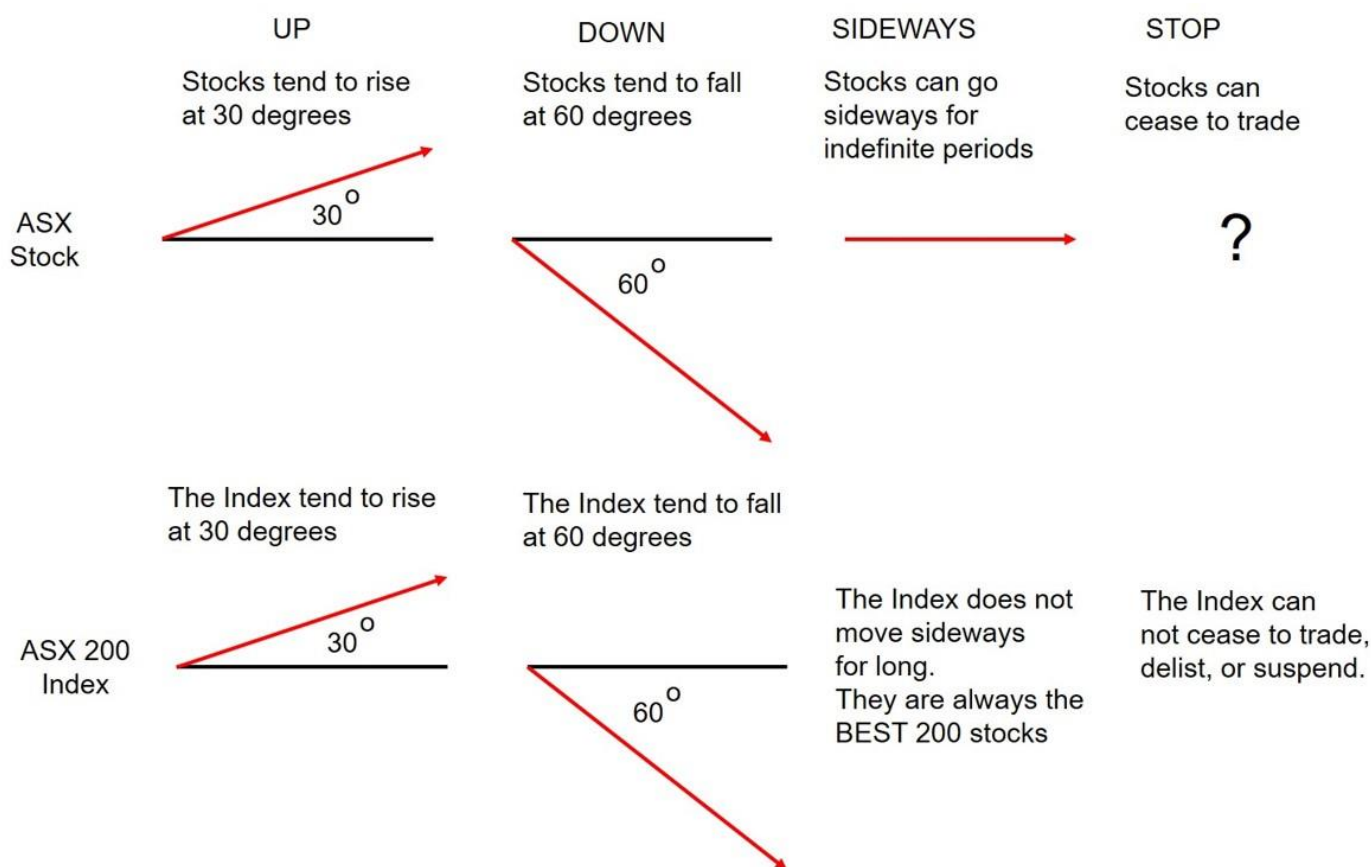
Inversion trades were deployed in June and resulted in a small profit with a 75% victory rate.

S&P 21 – we had the one only S&P 21 call in the TWB and it worked perfectly.

This constituted all OTHER trades and added \$1275 to the total.

Wealth Accumulator

The Market Moves UP differently to the way it moves DOWN. Indexes are disinclined to move sideways for any length of time because they are composed of the best stocks in a market. Consequently, there is always someone buying – even if there is no real reason to buy or sell.



The direction of all Indexes over time is already known – an Index direction is always UP over time.

Each index has a standard profile for rising based on how the underlying investors and institutions behave over time. While this profile is mostly specific to an individual index, once the profile is known it can be used to compound medium and long-term investments. This gives rise to a Wealth Accumulator (long) that can be programmed for each Index based on historical equity curves and behaviour.

A profile for a fall is much more difficult because it is uncommon for an index to lose value over time progressively. They are much more likely to fall quickly (60 degrees) and then move to recover. The initial fall can be predictable based on known market behaviour, BUT the length and time of the fall are unpredictable – making it very difficult to compound into the event.

The Wealth Accumulator for the Share Price Index futures (SPI) is programmed into your Tigers toolbar in IC-Investor.

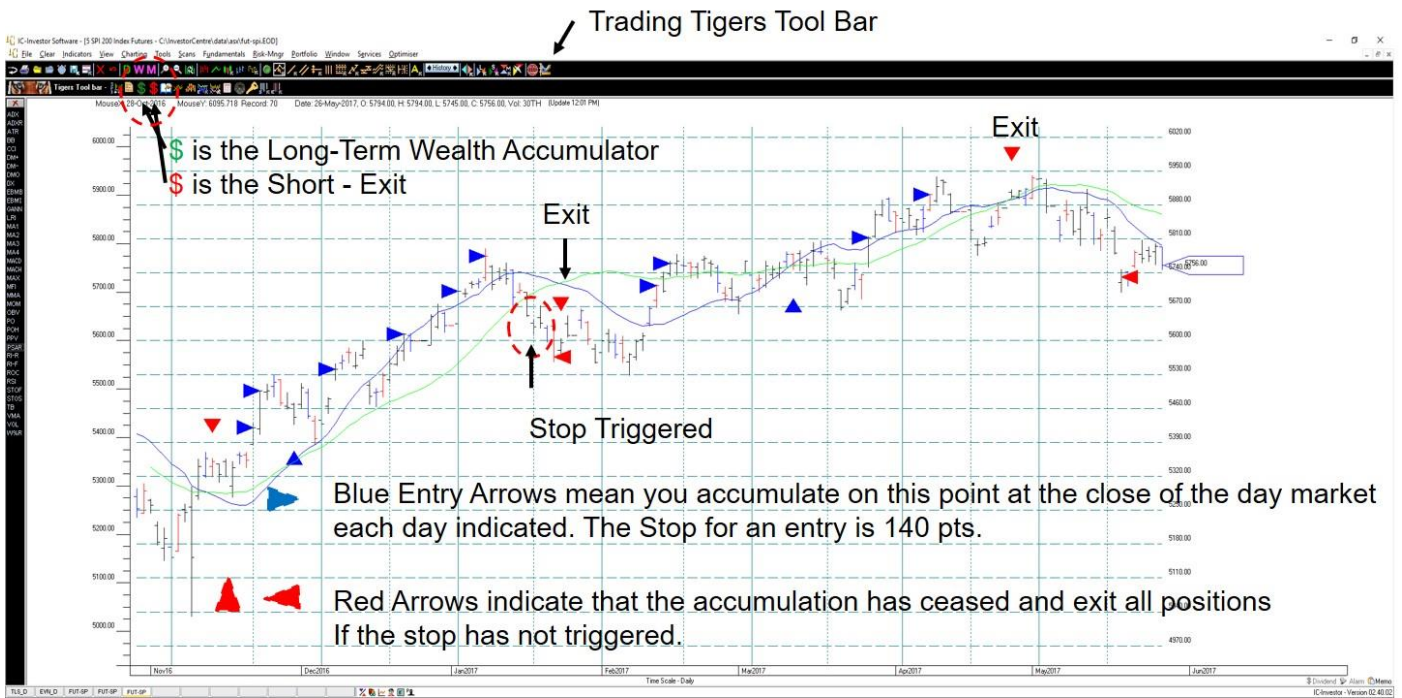
By displaying the FUT-SPI (daily) chart in IC-Investor, it will show accumulation points in **BLUE** horizontal arrows and it will accumulate based on the Rule of 70 (Ro70). As the market rises up through an Ro70 and closes above it at the end of the day – it will indicate to BUY before 4.30pm. Each BLUE arrow indicates a BUY point and you continue to BUY until the BLUE arrows stop accumulating. The Wealth accumulator will accumulate 7 times.

However, the Australian market has only gone to an 8th accumulation point 3 times in history and a 9th time only once in history before it reversed to the stop point. This indicates that a 7th accumulation point is also a good profit target.

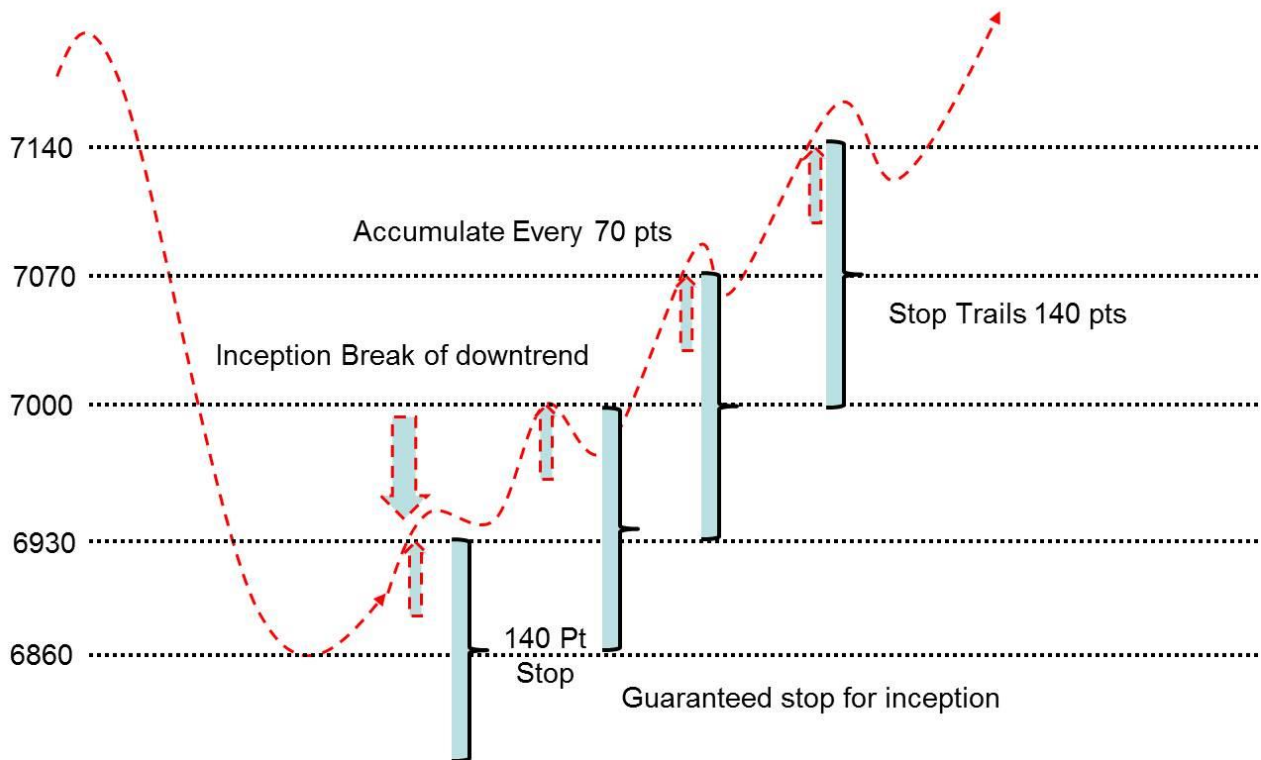
The Wealth Accumulator (long) technically has no stop and looks to close all accumulated positions on a **RED** arrow near the close of the day before 4.30pm. However, we cannot run without a guaranteed stop on the market – especially across weekends. Therefore, we deploy a 140pt guaranteed stop and move this stop up with each accumulation point.

Money Management of Wealth Accumulator

We recommend you divide your account by 1000 for the SPI Index with City Index. A \$10,000 account would accumulate 10 contracts per accumulation point.



Accumulation ceases after 7 successive entries.



The Current Wealth Accumulator should be closed out at 6300 on the 7th accumulation but has annoyingly missed this point so far.

The Wealth Accumulator is particular effective in the 4, 5 & 6 year of the 7 year cycles. We are currently approaching the commencement of the 4th year with the full moon on Thursday 25th October.

City Index

The 2pt spread continues to appear on our Tigers edition City Index but I have a large number of examples since May that our 1pt spread continues to operate for execution. I have had NO examples where a 2pt spread is operating on my Tigers account. I have a non-tigers account that has examples of 2pt spread.

If I place a stop at 6150 I have examples of the market trading at 6151 and being stopped (1pt). I also have several examples where my limit order is 6150 and I get paid at 6150 with the market Not trading at 6151 but trading at 6150. This is technically the old system where we pay brokerage on entry but not exit for Tigers.

City Index Retail Accounts: these can be identified by Bitcoin \$ CFD available on your platform. I have heard unofficially, that City Index does not want Trading Tigers trading Bitcoin as it is thinly traded and difficult to offset and they do not want 500 Tigers entering a Bitcoin trade at a single time or price as they cannot offload the risk effectively.

If you have a Retail account this is a disadvantage for you for Tigers Trades and Day Trades in the Australia 200 September contract. I would recommend contacting City index to advise the account is an Investor Centre account – protected under the Investor Centre agreement. If you wish to trade Bitcoin then you can open a second account. Transferring funds between the accounts is no issue.

We have discovered that clients who used our website link to open their City index account this year have all been given retail accounts and not Investor Centre accounts.

Trading Australia 200 CFD

I have had a number of Tigers report that they have used Australia 200 CFD for the last few Tigers HP trades and did not replicate the results of the Tigers using Australia 200 September CFD. The relationship between the Australia 200 CFD (XJO) and Australia 200 September CFD (SPI) varies each day before 9.50am and is set by CITY INDEX. City Index appears to be encouraging Tigers to use the Australia 200 CFD as they do NOT have agreement with Tigers about the construction of this instrument.