Turtle trading notes

Facets of a complete trading system:

1. Markets
    - Trending & liquid
    - Not too few
    - If don't trade one market, don't trade it AT ALL
2. Position sizing
    - Impacts diversification & money management
    - Most important aspect of trading
    - Normalise dollar vol of position by adjusting size vs. dollar vol of market
        - This allows different contracts in different markets to have same chance for dollar movement, increasing effectiveness of diversification
    - Use Average True Range (ATR) as measure of volatility
        - $\mathbf{TR = \max[(high - low), abs(high - close_{prev}), abs(low - close_{prev})]}$
        - Then take exponential moving average
            - Richard Dennis: 20 day
            - J Welles Wilder: 14 day
        - ATR at time t:
            - $$ATR_t = \frac{ATR_{t-1} \times (n-1) + TR_t}{n}$$
        - Initial ATR value is the arithmetic mean:
            - $$ATR = \frac{1}{n} \sum_{i=1}^{n} TR_i$$
    - Calculate dollar volatility:
        - Dollar vol = ATR x dollars per point
    - Volatility-adjusted position units
        - 1 unit = 1% of account equity
        - .: Unit size per market = 1% of account / market dollar volatility
3. Entries
    -
4. Stops
    - Must be predefined
5. Exits

6. Tactics
    - Enforced discipline

Markets traded by turtles:

- 10y US T
- 30y US T
- Coffee
- Cocoa
- Sugar
- Cotton
- CHF
- GBP
- JPY
- CAD
- SP500
- Eurodollar
- 90d US T
- Gold
- Silver
- Copper
- Crude oil
- Heating oil

- Unleaded petrol