Trading2016\_10-31

@631

Oil and US lower. Gold and VIX a bit higher. (risk off mode)

With VIX up this shows that market will be volatile.

The reason is

1. US economy growth at highs and hawks will exert more pressure
2. Election uncertainty – currently hillary win is priced in but not really.

Today it feels like the shorts are unwinding the short hscei position after they cut long position in US and d

@1147 2823 went up crazily at the open, I didn't know why this was so I sold off the position.

Tencent has been weak lately, underperforming the market.

No position was added in the morning because amFirst10 is solidly negative at the open. Next week we have the US election and markets are expected to risk-off until after the event. The emails scandal is still wreaking havoc on the election.

Friday-Monday continuation also does not bode well for the market. Controlling risk is most important for the next few sessions, keep VIX position active to hedge against the whole ptf.

A lot of shorts are covering their position this week. Looks like a short squeeze. Reason? No exact reason, just a hunch feeling. For the past few years, shorting HSCEI and long US has yielded good returns. With expected position cutting from the US, this is actually positive for HSCEI as traders buy back their short H position.

Wedneday

@918 equity weak, dollar crashed, VIX rallied overnight and oil continues to be sold. No more position would be added to the futs before

@947 Added some options (Nov 9400 put @ 175) to hedge against risk towards next week, to take advantage of the assumption that there will be more sellers than buyers going into the election. Position is not too big.

@ All risky assets are getting dumped…

@1042 the best place to have put on the hedge was yesterday. In the afternoon when you witness a downturn, especially following Europe or US, put on short positions.

@1304 Picked up position @9850.

Thursday

US position is undergoing a lot of turmoil due to the upcoming election. The PnL swings way too much, mostly from oil, vix and gold and USD. USD and oil have been taking a big hit. VIX entry point should have been later, when actual risk turns up it lasts for a few days. USD is usually weak in front of main market events as currencies go into "safer" assets. Oil as a risk-on commodity is also sold off before a risk event.

China stocks:

Big stocks rallied massively today but it doesn't mean much. However, the big stocks are usually hard to move and when they move, it signifies something. It might be the beginning to a strong finish to the year. However, trading consistently and systematically is my goal, and I want to focus on that, instead of relying on a short term trend to realize a profit.

An interesting observation is how people chase into the lunch break.

Brief recap on recent investments:

Tencent: down 7%. Bought in October, there was not really a rebound, just straight down. Buying a stock without it being a part of the strategy doesn't work.

VIX: was down big and now the position is up.

Gold: Up.

Oil: down more than 10%.

USD: down a lot today.

The intercorrelation of the position is very hard to estimate and it is important not to treat this as a primary source of alpha. Due to unfamiliarity with the cross asset correlation, don't keep a big position.

The strategy needs revamping. Staring at a set position float around doesn't work well.

The current strategy is no different from gambling on the US side.

1,450,000 has been put into the account.

Friday

Cut position on puts, futures in HK and China and won't add before the election. There is no reason to take that risk. As people are panicking sell VIX to them. Oil is down 10%. Holding long-term is fine, I can handle this mark to market.