Trading 2016\_11\_28

Monday, November 28, 2016

Big caps are still going up where small caps are getting sold.

CYB continues to head lower indicating a weak week.

Sold geli and deej, these are lackluster today.

Ammin already exceeding 930. This plants the seeds for a weak session.

Monday AM trading:

1. amfirst10>0

Monday PM trading/Tuesday am trading

1. Monday ammax > ammin better

Position sizing:

1. Positioning not to exceed 30% on most days
2. Increase positioning with panics with a low percentileY
3. High positioning on rebound trades
4. low positioning on chasing trades.
5. On Monday close, look for dayMinT>dayMaxT and amMaxT>amMinT names. These are strong names that fell lower on day's close.
6. On Tuesday close, look for the same, Monday opening strength sets the tone for the performance for the rest of the week, make sure Monday opening performance is strong

Holders vs speculators

* Holders account for amFirst10 and this counts as a short term signal
* speculators account for more of the retCL and is bearish for the next day
* ammax>ammin for Monday is important it establishes the strength for the week.

Monday pm Trading:

PMfirst10>0, ammax>ammint. (small size chase)

Sold 格力 too early.

Bought stocks at Monday's low but these didn't rebound as expected.

What made money was the 信维通信 which had a size explosion and an ammaxT>amminT.

伊利 was weak in the am and it had a pm early rebound but dipped lower and closed after a pullup. Now breaking even on this stock. 美锦能源 had a panic selloff which rebound 5%, with tomorrow possibly opening a lot lower. I didn't buy on the dip because it looks suspicious.

Stocks are selling off in HK at the close because of 1. votes being recounted 2. just an excuse to sell off to secure some of that profits in the US for the past few weeks.

Today looks like a greed rally at the open with Friday closing at its highs.

Selling good stocks too early is costing money.

Banks got sold off but insurance was well.

Diversify across sectors – today bought 2 mid cap banks and one 中集集团 which has been in existence for 20 years with no good performance.

The situation in Chinese stock market is like bank run which speed and technology is more important than patience. Investment in tech and monitoring tools is crucial. Speed of connection, powerfulness of algorithms is currently the most important issues.

Strangely today followed non-Monday paradigm. MinTY>maxTY stocks performed better, against the idea that usually Monday follows Friday.

RetCLY was crucial for today as stocks that rebounded harder were likely to win today.

In addition, size was an important factor. When stocks volume surge, it means there are a lot of people looking at it, and they will try to save themselves if they are stuck in a position.

By setting amMaxT1>

Back-testing Steps:

1. negative exclusion, exclude all stocks which have amMaxT1 < 9.63 (9:38)
2. positive by min: exclude amMinT > 10.2.

Intraday track: (amelioration)

> current[, mean(retCO), keyby=list(amMinTCat,amMaxTCat)][order(-V1)]

amMinTCat amMaxTCat V1

1: [9.5,9.7] (10.1,11.5] 1.4708333

2: (9.7,10.2] (10.1,11.5] 1.0018519

3: [9.5,9.7] (9.63,10.1] 0.9160714

4: (9.7,10.2] (9.63,10.1] 0.8307692

5: (11.1,12] (10.1,11.5] 0.3727273

6: [9.5,9.7] [9.5,9.63] 0.2185185

7: (10.2,11.1] (10.1,11.5] 0.1181818

8: (10.2,11.1] (9.63,10.1] -0.2866667

9: (11.1,12] [9.5,9.63] -0.5404494

10: (11.1,12] (9.63,10.1] -0.5545455

11: (9.7,10.2] [9.5,9.63] -0.7358491

12: (10.2,11.1] [9.5,9.63] -0.8930233

Tuesday

Before open: sell 信维通信 which closed at high, keep everything else and sell at close.

Strategy:

keep an eye on size,

1. AM open chase strategy, criteria: heavy volume (>2 of yesterday), prior day low close,
2. AM buy low strategy

Stock pick:

criteria: 1. daymin > daymax 2. ammax>ammin

results:

国盛金控

兴业银行加仓

宁波银行

中集集团加仓

北京银行建仓

Trading cost -3000 rmb. (Buy made 230, sell cost-3300 (伊利+信维通信)

Issues (missing trades)

Afternoon size spike, this needs a popup or registration in a special list. (广州发展)

中青宝 missed

掌趣科技 missed.

Wednesday

Yesterday's index performance:

first10 was down and ammin was at 940 and ammax at 1055, situation is favorable for pm rebound. Pm open spiked up and had a panic selloff and this was the time to pick up position, due to the favorable shape formed, even if it drops to the lows it is good to hold through tomorrow.

In strong markets, buy dips even if it is not at day lows. The issue with buying a deep V is shown with 000723 美锦能源 today. The stock had a bad am opening and had people coming in to buy the dip in the afternoon, and opened low and sold off from there with speculators losing money on that stock. With your technology it is almost impossible to make money on these deep V stocks.

On deep V sessions, sell at the open or in the AM. The pressure to take profit is too great.

Bought 中国交建 & 葛洲坝

Potential issue is there's a switch to small cap stocks. Keep overall bought position low, in case of tomorrow.

Was only looking at the retchy but only retpmco when buying these two big caps. Make sure the retpmco is not too high.

宁波银行 add position potential issue: big gap down after open.

收盘砍中集. weak. 没有量,阴跌.

中国交建:没有量 调整.

注意下午pmfirst10, crash protection的最后保障:

Check 城投控股:

前期利润积累

后期缩量

大跌.

对于选股的启示: 没有基本面,高位,低量,横盘

1115 智飞生物 good buy, low percentile close, big rally up in the open.

Thursday, December 01, 2016

Sold most position and bought into gc001.

Now the selling strategy is keep all stocks having positive10 and cut all that have negative 10. Keep the winners and eliminate the losers.

Yesterday a lot of 获利盘 was in small stocks, with a negative f10 on cyb, this does not warrant buying on any small stocks.

Big stocks have a nice opening and hold any remaining position you have and don't add any more position.

CYB is expected to sell off hard while main board will be relatively stable. HK has been outperforming china for the last couple of days.

Yesterday was a good opportunity for cyb because on Tuesday it closed on the lows and the opening had a nice opening, this would soon translate into a shift from big to small caps. This rotation is quickly over and smal caps are under considerable pressure today. I only bought a bit of 智飞生物.

Look at the index level for an indicator for a broad market movement, and select stocks. Weaker stocks don't outperform winners, they are worse when market sentiments are bad, and winners are chased, and that's how the market operates in China. Yesterday you bought 葛洲坝 and 中国交建, both stocks had a dayMinT<dayMaxT, (strong Tuesday) and cl is greatly suppressed.

Friday

Trade pnl to date is -1189, paid $5565 in trade costs.

Made 1693 in GC001, after 165 was transaction cost.

Net was up 500 from this month.

weekly recap:

**Markets**

CYB started the week on a negative first10, this is not that great. On wed there was a relief AM rally but quickly sold off, thurs wu

Main board had a strong Tuesday and a weak Wednesday, Thursday was a desperate effort to pull up the index and this was mostly done by speculators that sold off on Friday. Real money has stopped buying and short term speculators are controlling the stage. Wednesday I shifted position into 智飞生物 which closed in the extreme lows and had a strong opening.

**Positioning**

Monday-Tuesday big position (Tues, wed, big rebound potential)

Thurs- Fri Small position

Reason for light positioning on Friday is the fri-mon bearish sessions and cannot exit on Monday. The whole position will be stuck. Full position is allowed from Monday even to Thursday morning.

Thu morning is mandatory risk cutting if wed closed at the top percentile. Rebound will most likely be weak and Friday will most likely be lackluster.

**Stock selection**

select stocks with a strong will and a weak finish.

Most important requirement is dayMinT>dayMaxT. Other minor and mutually replaceable requirement includes that amFirst10>0 and/or ammaxT>amminT. At least one of these requirements need to be met to ensure that the session is not all day down.

**Entry points**

There are currently three strategies.

First strategy is buy at close, stocks that close at the low with ammaxT>amminT, amminT<940, ammaxt>10, pmco<0. Pay close attention to stocks that rallied at the end, this indicates that people are buying at the close. Monitor these stocks for opening performance and load up if necessary.

Second strategy is buy in the morning, the same type of stocks as strategy1, but going higher.

**Improvement on Screening:**

For strategy 3,

screening needs to look at the following :

1. CO(how much stock has risen in absolute terms)
2. ammaxt, whether maxt has broken

**Timing**

Monday: light positioning throughout the day, start building position on Monday pm.

Tuesday: add position to strong stocks on Tuesday (that closed low on Monday).

Wednesday: buy into stocks with a strong opening that closed low on Tuesday, intermediate positioning.

Thurs: start selling most of the positions

Friday: buy stronger stocks.

In general, mon-fri is buying stocks with a strong opening. For Tues-Fri, it is usually better when the performance yesterday was weak. If it closed at the highs, disqualify it.

**Specific stocks commentary:**

Dong E E Jiao, Tuesday am rallied too much as a result of a positive on Monday, cut position on Tues and no longer enter into the trade this week should be the optimal strategy.

Zhong guo jiao jian. This stock also had a strong Monday and Tuesday and spent the rest of week doing nothing, loss 900 on this. Don't trade stocks that closed high (or daymaxT>dayminT)

Zhang qu ke ji: this stock had a mediocre Monday and made it up with a high closing Tuesday and a decent Wednesday. The wed was protected by the retCH on Tuesday pm. Thurs and Fri were both lackluster. CYB is mostly about trading strong and avoiding the weak and stocks that closed low and start off with a decent rally are especially tasteful targets.

**Keys from positioning analysis:**

After a strong Tuesday, keep positioning light/stay away the stock for the rest of the week.

Usually, Mon-Tue-Wed are the tradable days and thurs-Fri are days are not so good trading days, understood as in not as much movement.

If Monday is weak, Tuesday is a good target. If Tuesday is weak, then Wednesday is a good target.

If Monday is strong, Tuesday is a BAD target in general, same with tues-Wed.

For Thurs/Fri trades, have to pick strong openings, when markets are weak in general, picking weak stocks for rebound is not likely to produce much profits. Make sure selling pressure is minimized by picking stocks that had a sell-off already on dayY, especially after a lot of people have poured into the position as demonstrated by a late ammaxT.