Trading 2016\_12\_26

Monday, December 26, 2016

Last week, strategy was not diversified and too much trading was done in the am.

Now most of the position will be placed in the pm, since pm offers a better Sharpe.

Overall position allowable on any day is a function of percentileY and weekday. Given recently it is bear market, monday, Thur, fri a mandatory 30%. Tues and wed can go up bigger.

Hedge with XU futures on the side. Make delta roughly hedged and play the spread.

Today at open, place half the portfolio into GC. About 700k.

Mandatory half size requirements:

1. percentiley
2. amf10
3. Mon/Thu/Fri

Park half the cash in gc, end of year opportunity cost of trading is high.

Once under half sizing requirement, reduce allocation to the amOpen strategy, focus on amGen and pmOpen strategies. AmOpen

key competitive advantages:

1. opc<0, open < minY, f1/f10>0, stock yeseterday morning strong. (got panic sold) (buying at a level>maxY doesn't offer good sharpe, lost 1.3% on the delta last fri). Only 古井贡 had good returns because opening level was attractively low.

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Cost more than 2k to liquidate that position. Monday F10 was down at the end of the year, kept the 300k short position on in XU.

Always have delta neutral position on Monday and Thurs and Fri. Holding net long delta is way too risky now.

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How to hedge?

Hedge retOPC and retAMCO (low sharpe)

Hedge time is from 15:00pm to 12pm.

For high percentileY and high retPMCOY, hedge pm, else hedge only am.

OPC loss has been a major source of loss. AM has offered no advantage too.

Unhedged pure exposure in PM with full delta.

Tuesday, December 27, 2016

Position sizing: 25% of PM delta. (Reason: yesterday closed at the highest)

Hedging: On for entire day. (Reason: don't want any directional bets)

PM Strategy: Rank by size and VR, pick max VRPM10 , conditioning on pmco>=0.

Morning: put 1.1m in cash. Remaing 300k to be put on pos this pm. Worked on standardized values this morning. Incorporate this in the pm.

Index having a hard time rally past this time. (10:18)

Today opc was hedged well, about 40bps.

**Wednesday, December 28, 2016**

Yesterday index closed at the lows, but liquidity is really dry at this time of year. Keep hedge on until the position expires on Thu. Can trade up to 25% of ptf. Put 1.1m in gc.

Cost of liquidity is high at the end of the year, not much volume today, stocks feel weak and profit taking is rampant. Put all cash into gc.

The weakness of Thursday is caused by high demand for liquidity which is shown by a cyclical high gc rate, which decreases the attractiveness of stocks. In the same way, trading when cash rate is high is quite unfavorable. When liquidity is rampant, money is everywhere, flowing into stocks is not too bad, but when money is tight, financial risk increases and this will affect valuations.

However, not holding short position into the pm as a general practice.

Thursday, December 29, 2016

Yesterday closed low but its Thursday, put 1.4m in gc at open. Remaining 400k can trade various pm strategies, liquidate position freely, no advantage whatsoever.

Pay extra attention to pmfirst10, trade less when negative. Chasing needs to pay attention to how many breaks have happened. 1-2 breaks don't warrant entrance.

Friday, December 30, 2016

Yesterday both am and pmf10 was negative, but still traded. Disregarding the index is not acceptable because that is where the advantage comes from.

Need an index watcher, or before trading at least

Add index into index watcher. Fix ChinaStock charts to index.