Jun13 Trading

Last week the holding overnight was problematic.

As per research, you are not supposed to hold position overnight.

RetOPC in the long run kills returns. It reduces maneuverability the next day.

Roadmap for this week:

Use R in java.

Markets are weak today. Sell-off was quite serious in the afternoon. Shcomp sold off 3% for the day.

Going into today, there was no advantage. With a -1% OPC, the crash was possible.

After market, markets continue to panic. The futures were down more than 3% today. Longs massively surrendered today. The imbalance between long and short is the root cause for market movements. Longs were overly accumulated since 2 weeks ago on Tuesday (May 31th).

Knowing that today has no advantage, no trade was done, no cutting was done. Today’s weakness was caused by overnight weakness in Europe, a classic example of contagion.

1. Overnight keep positioning light
2. Low retOPC signifies low confidence. Keep positioning light in these cases.

6.14.2016

Now what’s urgent is a trading rule development. (Similar to this afternoon where I will long 200% my equity), because I know the distribution is biased towards long. What is needed is a full

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MSCI news was negative. Last Tuesday the massive rally was based on MSCI which was around 3%.

This shows that gambling in front of a risk event is not a generator of alpha. Current strategy does not allow it. Yesterday’s night thinking was since the market has already come off 3% on Monday, I gotta hold on until the rebound, otherwise I would miss the rebound.

There has been a few mistakes recently. Last Wednesday, some position was entered in early morning which was because **I was looking forward to positive news over the weekend.** Position was held overnight which was not justified. **It was held because it was losing money,** but it ran the unnecessary overnight risk. On Monday, no buying was done and this was OK. On Tuesday, some buying was attempted in the afternoon and I regard this as a positive step.

Some ways to rectify the mistakes.

1. Minimize holding overnight
2. Now the only big advantage is afternoon negative serial correlation.
3. Afternoon trading should seek to obtain as close as possible the low to close, which means no chasing. Yesterday chased at 1:30, near the highs.

Action plan for today, cut some position in the morning. Buy back in the PM. Negative

Several pointers:

retOPC hurts very badly. -0.18% lost in the morning. Only 7 bps on average is gained in the PM.

Jun17

Yesterday afternoon shorting was good. But market participants were rushing in to position for Friday and discount quickly lessened, today index opened higher again. Positioning is increasingly bullish since yesterday 14:30 pm. I covered position at flat yesterday. Going forward, need to take profits instead of holding until the end.

Probe the market a little bit by entering 1 lot. Market sentiment is bullish. Also based on the recent trend that am average return is positive. In the long run, holding in the AM on Friday yields flat return .