11.27

Market dumps quickly at the open.

Trend pnl remains negative. Put a hold on delta accumulation now.

Some systematic is released here as market sells off.

Let the drop fully cleanse out short term traders first. Wait until long term traders come in again.

1. Stop adding position when trend pnl is negative, wait until trend pnl is clearly upwards sloping.
2. Wait until level is low and trend stabilizes. (trend is not stabilized now)
3. Trade

People keep buying tips when fall is just starting, resulting in market closing above the lows. Like Friday there was a weak rebound, but trend pnl was still negative. Today the AM crashes again, showing the fall is not over.

People always buy too early, and position climbs up too fast in down trend, and losing most on the most negative trend, this means that the strategy is non convex. When market goes up, traders sell too fast, and does not profit from the entire rise, so the usual buy low sell high is a non convex strategy.

A correction for this strategy is limit the applicability of buy low sell high.

Tradability constraint

1. When trend pnl is negative, real money is selling.
2. Buying

11.28

Trend pnl is strongly negative.

A lot of crashes everywhere as markets quickly adjust.

Ptf vol is a bit big. Need to cut ptf vol.

Go into defensive positioning.

A50 is owing a lot of pnl, the crash is not done.

Once you have a close at the highs, start cutting.

Currently we have 1.6m delta on stocks,

Net pnl losers cut:

青岛海尔

中兴通讯

韦尔股份

安琪酵母

永辉超市

恒瑞医药

Mtm negative cut:

海康威视

工行

恒瑞医药

爱尔眼科

华大基因

永辉超市

Keep: （mtd mtm pnl positive）

长江电力

隆基股份

大族激光

茅台

伊利

美的

平安

Stalwark position:

长江电力: 300k

茅台： 100k

工银： 100k

伊利： 90k

Meidi : 20k

平安： 40k

On 抄底：

Done too early for all stocks.

On futs:

Look for strong AM pnl to trade. Wait until AM goes strong to enter.

Apparently, there are people actively buying dips here and losing money since thurs.

They need to be wiped out before market can start rebounding.

Monthly pnl negative -> unconditional half cutting.

Vol getting too big -> reduce not add.

Reach 6% drawdown -> probation.

Traders buy too early in each correction phase. Their position becomes heavy at the top and as it slides down they add more and more, and at the end of the correction, they will cut at the low.

The way to combat that is

1. Tentatively buy. If trading position loses money, stop. If trading position makes money, keep accumulating at phase lows.
2. Do pmcl when AMHO is decent, not direct crash. Don’t want to lose too much on trend the next day. 1127 was a big crash in the am, it’s a real move, you are not compensated for this drop.
3. When in a correction phase, refrain from trading too much if AMLO. Lows need to be at the open for a regain of market sentiment (buying force outweighs the selling force)
4. Don't buy too much at panic points, can cost you a lot to provide insurance.
5. During any correction, cut first to take money off the table. If it drops further, you are already lighter position, your position is more robust for either direction. Most importantly, it protects you against the further drop scenario.
6. Market sentiment is already broken and you should not suppose it will rebuild that easily. The best strategy is to reduce position here as you have a lot of losing mtd stocks.
7. 66% pos is way too heavy here. Cut to 40% first.
8. Utility aspect: it is not worth the effort to hold through the correction from a utility maximization point of view. Cutting pos is the natural thing is do. Only keep the winning/strong positions.
9. People are waiting for a stabilization day, then it would be good to add.

12.3

ETF pd went down -1%, showing extreme bearish sentiment for Monday.

Keep position light here. Friday pm trading was a bit aggressive. Hard to get out here.