12.12

Ytd markets rose following Fri’s rally. Position is not big here. Just hold patiently.

Note that day’s ptf size change (add or minus) cannot exceed 5% for smoothness.

Last week’s trading error:

Buying too early.

Wait until an index down day, then buy on T+1.

1. Index up day: don’t do anything / sell at the close
2. Index down day: if previous day was down, can buy. If previous day was up, it is all short term exit.
3. Wait until futs crash to the lows, with no rebound.

12.13

Market presented an ideal trading opportunity today.

Markets closed at lows last session and today’s afternoon is tradable.

Kept buying dips in the PM and markets had a clear uptrend potential.

Going towards the close, there were day traders offloading risk, bought.

Then towards HK close markets rallied into the HK close.

Good

1. Buying last close at lows
2. Cutting risk at open to realize some profit
3. Keeping position flat until afternoon.

Bad

1. Following previous crash, any dip point is a buy. Had an opportunity to buy at 10am.

Going forward:

1. Remain light position until market crashes and closes without a rebound. This is key because any rebound would kill pmcl tomorrow.
2. On the stock side, only trade PM. Give up all AM trading.
3. Stock trading includes buying crash at close or buying PMCL neg autocorr.
4. Future open cut will be continued.

**12.14.2017**

Market crashed in the AM without a resistance. In full bearish mode.

AM trend is still confused, without a clear indication.

PM mean reverts as usual.

Only trading pmcl is awarded.

Future open is good for unloading risk when the uncertainty lingers.

During T+1 session at night, market usually overreacts by selling very deeply into discount, closing at day’s low and even digging the hole deeper. This is ideal position to pick up.

After market opens at 9, market usually isn’t sure what’s happening, this is a chance to offload a lot of risk.

Today offloaded half the total position at open, worked out well.

Make open risk offloading the norm going forward.

Why futures is more friendly to trade than stocks

1. Lower transaction cost (1.1 bps), stock costs (2bps bro + 5bps stamp = 7 bps). Margining has further costs. Unless you have long term view on stocks, you should stick with futures for extreme short term trading.
2. Market closes later than stocks. More opportunities to build positions after close.
3. Market opens half an hour earlier. “Phase of confusion”. Easy to get out of trades without a clear direction.

Previous fut pitfalls:

1. Too much pos in the AM, the low sharpe in the AM is not worth the time.
2. Not cutting at AM open. (Should always cut to a very comfortable versatile position)
3. Being overly aggressive. (Position entrance and exit should be smooth, not too fast)

Previous

Note you only trade when previous day is down. When T ends down it’s not sufficient reason to trade.

Ytd was up so today there should only be selling (or holding position)

If ytd was down, today should only be buying.

If this was followed, last wed there would not be any purchases on Wednesday because index was up on Tuesday.

**Start accumulation on the day after a down day, from the afternoon.**

Previous day preferably closing at absolute lows, with as much crash and panic as possible.

You have to know very clearly where your advantages lie and only trade your advantage.

Misc:

Disadvantage of buying in the AM

1. AM sharpe is low.
2. Holding through longer period wears traders out more
3. Not compensated for the risk taken

Advantages of buying PM

1. Shorter holding time, can know the result immediately
2. Compensated for the risk either on T or T+1
3. Strategy is convex

12.15

China raised rates with US, markets down.

Wtd flat which is good.

Just do pmcl and cut AM risk.

12.16

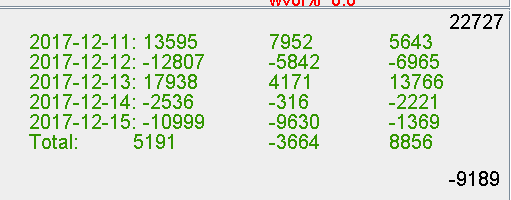
XU standardization

Last week closing price

Day closing price

Mtm needs to be correct.

Off market hours trading (trades missing)



Close choices: (standardization)

1. Before T (23:59pm)
2. Before T 9:00 (T 4am)
3. Before T-1 17:00 (T-1 17pm)

Week close choices:

After Sunday before the MondayOfWeek (Sat 4:44AM)

9:00 should universally be considered as the open.

4:44Am should be the close.

Day close choices:

Price choices:

1. Last price of wtd
2. Most recent price by handle sgx price history

12.17

Was too quick in rebuilding positions during this fallback. Position building should be on a month basis. Not days.

Liquidation should be evaluated for feasibility on a monthly basis, not daily/weekly.

*Index Analysis:*

Did some analysis on index pmco. Tues PMCO is the best, with high sharpe.

AM yields no sharpe/expected return is less than 0.

Keep working with pmco -autocorr.

Trading mechanism:

The recent algorithm has been building position on the way up, and avoid building position going down. This will ensure that you don’t average down. Buying points are every dip (no regional chasing)

Draw some PM mint distribution for weekdays.

Standardization of close prices for futures. Match pnl with IB.