12.4

Was in sanya. Ptf reversing to positive trend. Check tmrw.

12.5

Select trend pnl > 0 stocks/futures.

Preferably not owing any pnl.

Overall trend-owed > 0 .

Big caps are in a good position this week with trend > 0 and owed pnl flat.

Trend pnl starts heading up.

Can start build pos here.

Things learned from XU movements since Nov:

Nov 22: reached regional high at 14000

Nov 23: thurs. Ideal situation for a big drop.

Nov 24: Fri. AM sold off, trend pnl negative. Afternoon up. (showing correction not over)

Nov 27: Mon.

12.6

Trend pnl this week is 30k, owing about 4k pnl.

Very healthy week compared with previous.

You see strong autocorrelation in the trend.

When trend pnl is neg, cut AM position. The trend players trade in the morning.

PM movement is more systematic, positive netting, with strong neg autocorr.

AM profits long run sum up to 0.

How to handle the November correction:

November correction lasted 2 weeks. From Nov 22 to Dec 1.

Most of the correction happened between 11/23 11/24 11/27. Costing 3.3%.

When a correction of this size happens

1. Reduce size. Don’t add quickly on so called panic days. Accumulation and decumulation should be based on Sharpe and monthly pnl. Not one day pnl.
2. Size reduction reasons are high portfolio/market vol, psychological cost, negative monthly pnl, and bad ytd sharpe.
3. Don’t accumulate unless week to date trend pnl is up, the worst thing you can have is keep adding position when market goes into correction at the top.
4. During corrections, let the market drop for 1-2 weeks. Let AM trend pnl crash and PM traders to swing in and out on neg autocorr, after trend pnl reestablishes by a strong positive trend pnl, you can reenter.
5. Morning jumps when wtd trend pnl < 0, you need to cut pos and avoid that AM trend autocorr
6. Trading on AM trend is hard, long run you have 0 return. Unless your skills are good, try not to trade AM too much. Slight future adjustments if needed.

1017:

Market weakens as AM trend struggles for direction here.

Since this is already the lows following the Nov fallout after retail had been washed out, level is not that expensive.

1130:

1.3% down on the delta. Trend pnl -17k.

Stop adding position.

After market:

Reflection:

Was overconfident at the beginning of today hoping that big caps are going to be strong.

Result is AM trend pnl was very negative, and PM resulted in a crash and day traders came in.

Market is way weaker than expected.

Shows that yesterday’s strength was not real strength, but due to day traders.

Overall sentiment is very weak, with short term money shifting in and out of big caps/small caps on a short term basis. Today added 400k of delta which had 1% of loss on it, again extremely weak.

Risk preference has definitely not come back.

Weakness:

1. Overconfident, believing that markets should be strong, should keep going on
2. Not taking pmcl autocorr seriously, at one point futs crashed to 13k (from opening 13280).
3. Added too much moutai (about 150k) without enough justification. Just unjustified confidence.
4. Confidence is climbing more than the market sentiment is climbing.

Strength:

1. Halting of buying on XU upon negative pnl. This is important as you ditch the idea of averaging down on your cost blindly. Buying on negative pnl only applies when strong PM is expected. Not when you speculate.