Trading 2017/4/10

Monday, April 10, 2017

保监会 chairman down during the weekend.

XU future down quite fast at open. Some uncertainty in the market.

Stock side holding quite a lot of pos. Should be lighter in hindsight.

Sector selection has issues.

Few issues:

1. Monday morning traders cut very quickly which resulted in some loss
2. sector selection quite weak. Selected some very weak sectors. Wine is worst performing sector. Need some sort of an indicator for an upward trend.
3. weekend risk is pretty big. Reduce overnight delta to about 450k to limited delta exposure.

Morning risk was big. Suffered a lot of mtm loss especially on wine stocks and small stocks.

Too much risk was put on Friday afternoon. Weekend risk has to be controlled.

In the morning, certain bad risk had to be cut. Waltzing into this type of market with a 1m delta is too much of a gamble. Monday is notoriously weak for rebounds. Once weakness is shown, some delta needs to be cut.

Tuesday, April 11, 2017

Buy orders at the open for XU, reasonable market. Wait until pm to pick up some pos.

Bought way too early. Heavy position was put on around 11am.

PnL bottomed out at 13:33 and rebounded 20k from that lowest point. The sell pnl in the morning should offset the mtm, then heavy positioning should be picked up in the afternoon, since pmcl is much more trustworthy.

XU positioning was too eager. The PM trades were the ones really making money. The AM trades were draggers. Not good.

Knowing is insufficient as you need to learn how to follow the rules thru practice.

**Wednesday, April 12, 2017**

Sold too early. (liquidation at the beginning of market is clearly not optimal, this doesn't take advantage of the long run distribution of ammax).

Ytd, too much delta was bought initially at the open.

Today, too much delta was sold at the open.

Both are extreme, in the morning, sellers pay a cost to the buyers for the switching cost. There is a beginner's fee associated with this.

Trade pnl was never positive today. Either buying and selling aggressively at this level is way too much volatility.

Hold off until 10 for the market true color to show. If it goes down consistently, cut at this time. If it goes up, also cut at this time, which means you avoid to pay the liquidation cost and opportunity at the beginning of the market.

Did some analysis, ammax peaks around 10:15, if you liquidate pos at this level, it is roughly flat. 10:15 to noon on average is negative returns, and this increases ptf vol.

Liquidate around this time, no preference given to any particular stock.

In the afternoon, focus on getting the pmcl.

Sectors bought are underperforming the market.

索非亚 the only good profitable stock.

Did some research, percentileY2 needs to be low. Yesterday needs to be /\, and enter on the close. The sharpe is quite high.

Today bought a few with high Tuesday closings, yesterday morning was not big up, got abandoned due to the high level.

Morning gotta have strong up, and the level cannot be high compared with ytd2, which means that the true range needs to be in the low 50 percentile.

**Fri**

XU starts the day dumping 25 bps. Looks suspicious. Might be related to NK situation.

Stocks outperformed the market today. Use index close percentile <60 or >60 as a trading indicator. Half the pos needs to be put on at the close and half needs to put on in pm gen.

Index AMCO needs to be stronger than the market. Eliminate all those with AM weaker than index immediately. Out of the strongest AM risers, pick the weakest pm losers. Build position on these towards the close.

When index closes at the lows, pick some up at the end. Then add the next PM. Don't overcut.

The impact of index on sectors cannot be overestimated.

**Weekly review:**

Markets were not good this week.

Monday was an all day down, Friday is all day down.

But it's more than tradable.

Tues rebound and wed was more than enough to make it a flat week.

Pos was too big last fri, about 1.2m delta.

Sell pnl is all negative. Reason is selling early.

There are costs associated with liquidation. Tue's buy pnl was not optimized.

**This week's main takeaways:**

1. light positioning over the weekend is necessary. (Monday mtm risk)
2. Cutting delta in the first greed period at 10:20,
3. Average return from 10:30 to 11:30 is negative.
4. Trading pm from 13:15 onwards.
5. Pick sectors with stronger amco than index
6. Pick sectors that did not close high ytd to avoid high danglers
7. Buy on close when index closes on the lows. This ensure positive MTM.
8. AM session – sell
9. PM session: start from 13:15 trade, trades AM up sectors at low percentiles
10. PM close: trade sectors that have good flex. AM up is required.