起床状态不好。恶心。

有可能是手机的辐射。

马上立下列准则：

1. 晚上睡觉手机关机
2. 进入闭关修养状态，没事不开微。
3. 休养生息为主。其他事情放一下。
4. 远离电子产品的辐射
5. 不要用脑太多，以适当为准。
6. 增加运动，pick up 游泳，病好了以后。
7. 保持心情舒畅，听点舒缓的音乐。
8. 喝水
9. 避免各种恶性刺激。

Monday, July 10, 2017

Rarely traded knowing today would be a weak session.

Markets massively weaker with lots of stocks ending on the lows.

Wind is changing. Now there is a need for a major correction. Going downhill.

**Some choronology:**

Japan May 26-may31 – only beef was available. Food ingestion since here was not healthy. Garnered a lot of resentment from people there. Japan had good weather which made me relatively content by offsetting some of that food heat.

Jun 11 flight to Taiwan. This is a bad decision. Had a bad heart condition for the whole duration of the stay there. Heart started palpitate really fast. Had to run it off. Could not go outdoors to exercise as it was raining.

Once came back to Shenzhen, was overzealous in exercising, weather was humid and hot and was not conducive to health.

6.17 changed the flight to fly back earlier. Very bad time in tw this time around.

6.25. Birthday, overeating on both meals, one in Guangzhou and one is Shenzhen. Felt not good especially the seafood in SZ. This is when things started going downhill, but daily exercises continued which did not help.

6.29 Had lunch at 韩式冷面王， had too much Kimchi+ fried rice + beef, 大热, turned into a bad fever.

6.30: from this date, had various fever, cold, coughing. Part of it was from eating while looking at wechat.

7.10 woke up at 4 with a bad headache and nausea. Seemingly caused by phone on sofa -> shutting phone while sleeping.

Go into extreme low key mode to dilute any resentment which is quite high. The resentment is from everywhere. Most people end up with some level of resentment which is not good.

Overeating has been bad.

In Taipei way too much beef was eaten and this shifted the physical health towards the negative direction. Overly concentrating on watching is not good. One more week would deal more damage to physical health due to the food there.

Weather is too hot and wet here.

Need northern weather.

Retract from all sources of resentment, dilute these.

Keep distance from people to reduce level of resentment.

Too much fire has built up in the system (from the Japan era, Japan+Taiwan food was 大热)

Food and climate is conducive to health, extremely hot and humid, need to eat very 清淡 to be healthy.

Go back to the 2010 method of living. There was no wechat. Life was better.

Swimming is needed to bring body temperature down.

Some evening bike riding could be beneficial.

7.11.2017

As days normalize, illness is recovering a bit albeit slowly. June’s negative impact is recovering a bit.

Today’s trading was rather aggressive, about 80 trades done. Trading pnl was not so good, mainly due to the weakness of the index going into the close. All out bullishness is still not here, it is just haphazard breakouts in various sectors. Env protection stocks crashed. Other small stocks did really poorly. Coal crashed. Market is hardly sustainable except for a few consumer stocks.

**7.12**

Markets difficult to trade. Markets are way weaker than before. Big caps plunged today. Some artful trading is needed in order to keep afloat, instead of easy money which was the case in May and June.

Make sure to pile up position after 11 and making general pm returns.

Today’s am position buildup was too quick which resulted in a lot of stress.

The trade pnl went back to flat at day’s end but that volatility on the mental state was not needed and was not productive.

Cut fut’s unsuccessful trading position at day’s end, bringing the position back to 16#. Fut level basically went back to where it began yesterday. Make sure to add pos only when the level is at week’s low. Today the position of entrance was based on overly optimistic estimates of the index. Tomorrow’s pm is a time to add position.

Following the new regulation regarding GC, now 3 day is used in the calculation of Thursday GC. But this is merely an acknowledgment of the fact that cash will be locked up for 3 days for the weekend.

This while positioning needs to be conservative since markets clearly are confused about the direction. There is a lot of fear and risk cutting among various market participants. They cut CYB like madness for Monday and Tuesday and today they started to cut main board. As long as these fears linger around we won’t see a big rally. Keep positioning light and well diversified.

Jul 13

Big issues with trading

1. Small lot size results in more brokerage fees at 5 per trade
2. A little bit hurried in trading, trading pnl is bad
3. Stocks are performing not well, especially the previous strong stocks are underperforming the broader index
4. A lot of am buying yielding bad mtm pnl the next day.
5. Ptf turnover is high with a lot of trading cost without much compensation
6. Today’s trading cost is -1k rmb. Paid 3148 in fees this week.

Solutions

1. Slow down while trading
2. Focus on less 标的. Only representing the key pillars of the index. In other words only do major sector trading. Focus on key representative stocks in each sector.
3. Trading starts at 11am, no pre-11 trading allowed until further notice. Can do a bit of panic trading at AM close but no aggressive trading.
4. Focus mostly on pm pull to weekly mid trading or no trading at all.
5. Only sectors that are represented in the A50 are allowed.

工建

保险: For T trading.

银行： 招商, this sector is important as foreign money like low valued Chinese banks.

券商：

Steel

Increase position of banks.

Add exposure to insurers.

Add exposure

银行(38%) 招商

保险 (15%) 中国人寿

券商(9%)

酒类 (7%)

工建 (5%)

家电 (3%)

7.14.2017

Some thoughts on rebalancing.

A lot of recent trades have been incorrect. Like buying rising stocks.

Several rules need to be written in stone.

1. Never buy any stock that is currently up (having a positive return), wait until a down day to buy.
2. Never buy a falling stock during the early AM session. It is a real drop that this begets further drops, even if there is a pm rebound, the next day would see some bad price action.
3. A lot of cutting has been anti-rule and incorrect. Cutting at lows at the bottom of the day.
4. Don’t cut when stock is losing, don’t buy when stock is winning. Prolong trading horizon. Take more calculated risk on big caps.
5. Focus purely on big caps. Small caps have their blood drawn out already. Not worth investment at the moment. Losing a lot on a few small caps now.
6. Look at the strategy that made you money in the earlier months. Full position, cutting high closer to switch into low closers. Let mtm take care of itself. The change to current trading style is because the position is half or even less and it is eager to pick up position to avoid loss. The second reason is because of changes in stock composition which is 不审.
7. Overtrading: Trading size is twice what it was before. A lot of am chasing which doesn’t make sense. Buying rising (chasing or buying low prematurely) both fail. Should focus purely on buying pm lows. There was buying of changjiang dianli in the early am which didn’t work because you didn’t wait until the pm panic. Buying of 招商

**After market:**

Today activity level has been reduced to the lowest. Ptf performed decently. Market is very strong and big caps are clearly in bull market again. The earlier part of this week was plagued by heavy overtrading which yielded no trade pnl. The reason for this overtrading was because general positioning level was cut; following the cut, it was easy to be overeager in position building, and this often led to immature position building. A lot of trades were entered in the AM; regardless of whether they were entered during a bull or bear session, the sharpe across all AM purchases were extraordinarily low and these added trading stress and did not offer commensurate return for the effort put in.

This week ptf gained 1% but the big caps gained 3%. The issue is mispositioning in small caps in the earlier part of this week. Lost money on 创业环保 and 三花智控 which were two small caps that were held and which was heavily sold. From this point onwards, small caps would no longer be in the target pool of stocks.

I will revert to a multi-day trading paradigm where day to day negative correlation would be the dominant driver for trades, which means buying those closing on the lows and reducing position on the ones closing on the highs. Day trading should be kept to a minimum since these don’t generate any pnl, focus on MTM pnl which means the outcome of previous trades.

Multi-day trading paradigm worked well in June. The advantages of such a system includes that there is less trading pressure since you take MTM as given and you are less aggressive on the trading positions. You can chiefly focus on the PM and on the close where you do daily rebalancing and it is nice and simple.

Reducing trading pressure is one key thing since it is not wise to sacrifice quality of life for trading. This requires that you have a battle-hardened time-tested set of rules for rebalancing and trading. Random trading that depends on anything other than a pre-defined set of rules is discouraged since these introduce unnecessary variability in emotions etc.

The earlier part of this week was characterized by fatigue after trading, higher volume than usual trading and bad performance. Once you slow down and start to undertake the multi-day trading paradigm again, trading will become easier and less tiring.