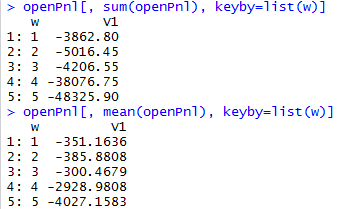
8.14

Doing analysis on open pnl:

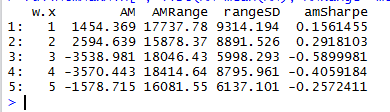


As can be seen, drop from thurs/fri mtm is huge. This means open pnl and am should all be hedged.

This means you should cut wed delta aggressively.

AM mean, range SD and sharpe.

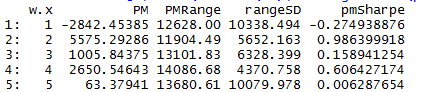
AM wed-fri negative sharpe. Wed is the worst in terms of sharpe.



Thurs mean rangeSD and sharpe: tues is the best followed by thurs.

Fri is pointless. Mon is surprisingly negative which boosts Tuesdays pm.

Wed is surprisingly insipid.



8.15.2017

Probation day no.2.

Markets rally hard at the open. It is still hard to say if it is a rebound or a resumption of upward trend. Last week’s correction, lost on heavy positioning at the top.

Kept buying dips and cutting losses, didn’t hedge AM loss.

Through this correction, what was learned is that at the top when growth slows, it is wise to first cut pos to the point that at least it is less than the average position going up. What usually happens is that when markets correct, positioning is much heavier than before and the loss hurts the most on the first correction.

先等着跌透3-5%, then there will be signs of entrance. When markets are uncertain, AM is generating big losses, cut pos and wait until further drops pass.

8.16.2017

Positioning:

Always in terms of level and strength.

Position sizing depends on **level**, lower the level higher the positioning. (This applies for positioning when initially entering a trade)

Position sizing depends on weekday and timing. **Avoid AM**, **prefer Tue/Wed**.

Position sizing also depends on **recent strength**, weaker AM, stagnant pnl, lower positioning.

Positioning is **proportional to net equity**; position should be increased proportionally as equity increases, position should be cut as equity is lost. (Adding pos when equity down is bad) (This has implications for position adjustments. Always **cut AM**, when having drawdown **rest** for a week, **wait** until market stabilizes (VIX back to normal))

PM trading direction depends on pmcoY.

Level means where it is with regards to recent stock movements. Lower is better.

Strength means whether there is a willingness.

What happens too often is ignoring level, and strength and blindly do pmcl/positioning sizing not taking into account level.

When level is low and strength is good, long.

When level is high and stagnant, cut, don’t do aggressive trading.

When a lot of AM damage with weak pm rebounds, cut some pos and watch first, no need to play big.

The reason for the drawdown was

1. With **pnl stagnation** across july, still used **big position** in aug (cannot have big pos with pnl stagnation)
2. At a **high level** without any adjustment, **used leverage** (only use big position at low level)
3. Used leveraged position on **thurs**, got killed on fri.
4. **Failed to cut AM** on **thurs/Fri**

Some intuition:

1. Add/cut according to the level at the first instinct (high level:cut, low level: add, chasing tendency is bad)
2. When position is causing unease, cut. No reason for it to cause discomfort.