How to find the right support and resistance
By Joe Duffy
Finding support and resistance for a day-trader can keep him alive in a volatile market. Here's one idea, implemented with others, to find those target areas.

S&P day-trading systems:
What works and what doesn't
By George Pruitt
If you want to develop a system, here are some ideas gleaned from studying top performing day-trading systems. If you would rather buy a system, those that only trade the S&P 500 seem to do best.

Getting the 'edge'
By Frank J. Alfonso
The best advice for an off-floor trader who wants to day-trade is to develop or buy a system that will force him into action. Buying a system may save you time, but you should use the same rigorous rules to test it.

Applying TD Sequential to intraday charts
By Tom DeMark
Originally designed for daily analysis, Tom DeMark's TD Sequential indicator also works for intraday analysis. It is especially effective for targeting high- and low-risk entry points.

Taking advantage of the big event
By Mitchell Holland
Day-trading takes more finesse than most techniques. Here is a way to take advantage of market reports, etc. without being taken out before the market moves.

Get ready: How an options specialist prepares for the market opening
By Jon Najarian
When a professional options trader prepares for the day's market, he looks at much more than technical indicators. Here's a personal account of what it takes to be prepared for the day.
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How to find the right support and resistance

My personal preference for day-trading and short-term trading is to buy dips and sell rallies.

Two components are needed to make this strategy work. First, you have to be trading in the direction that gives you the best chance of success. Second, you have to be able to identify potential support or resistance. I’ll discuss one technique from each of these two components that make up my day-trading approach.

The first step is to determine which way the market is likely to go today -- in other words, is the trend up, down or sideways?

One method to determine the market trend involves a couple of old standby technical indicators that are available on virtually any charting software: the Moving Average Convergence Divergence (MACD) and the stochastic indicators. These oldies but goodies really can be useful if used in the proper combination.

Look at both the MACD and the Slow Stochastic on a daily chart to determine in which direction you want to trade the next day. For the MACD, I use a little longer time value for my inputs then the standard -- say, around a 10-30-10 exponential moving average combination. I also use a slow stochastic indicator with an input value of somewhere around 20 days.

Both of these indicators should be displayed together under the price data. Look for situations when both the MACD indicator and the stochastic indicator are on the same side of the signal line.

If both are above their respective signal lines, then trade the buy side. If both are below their respective signal lines, trade the sell side. Quite often you’ll find the MACD and the stochastic indicators are on opposite sides of their respective signal lines. In these instances, avoid the market.

The accompanying charts show this simple combination eliminates a lot of noise from the market and identifies those times when the market has the best chance to make a trend move. Throw these indicators up on any chart together, and you will see this combination works infinitely better than either indicator alone.

Once you’ve determined the direction to trade, the next step is to find support if you want to buy or resistance if you want to sell. There are several ways to do this, and my usual strategy is to employ several methodologies to come up with a confluence or a "keypoint" high-probability trading zone.

Here is one methodology that is being described for the first time. There is no neat name for this indicator, so I’ll just call it the 3x5ATR. To construct it:

1. Add up the true ranges for the last five days and divide by five. This is the 5ATR.
2. Calculate a three-day simple moving average of the highs and a three-day simple moving average of the lows.
3. To calculate the 3x5ATR for potential resistance, add the 5ATR to the three-day moving average of the lows. To calculate the 3x5ATR for support, subtract the 5ATR from the three-day average of the highs.

An important point is that this is not a total day-trading strategy. Look to combine other techniques that identify potential support and resistance points. A good rule to live by is to look for a confluence of support or resistance by integrating analysis techniques and integrating time frames.

Joe Duffy is a former trading contest champion and author of three books and videos on his trading techniques. A private trader, he contributes research and analysis to the "Professional Traders Advisory," a daily market letter specializing in stock indexes, bonds and selected special situations in the futures markets. E-mail: Joeduffy@interlog.com.


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The alignment of the MACD and stochastic indicators together shows you the market trend. When both indicators are below the signal line, as they were in early December for both the S&P 500 Index and T-bonds, you should be a seller; if both are above the signal line, as they were in early February, you should be a buyer.
By combining the five-day average true range with simple three-day moving averages of the highs and lows, you can create the 3x5ATR indicator to find support and resistance areas that can be used in a day-trading strategy of buying on dips and selling on rallies. The S&P charts above and the above, left T-bond chart show examples of support lines using the 3x5ATR; the above, right T-bond chart illustrates a resistance line using the 3x5ATR.

Support and resistance lines
March S&P 500 futures, daily
Support lines using the 3x5ATR

March T-bond futures, daily
Support using the 3x5ATR

Support lines using the 3x5ATR

Resistance using the 3x5ATR
S&P day-trading systems: What works and what doesn't

There probably will be generated tomorrow? loss, then there is always tomorrow; why take a major loss when you know a trade correct answer. There won't be good answer until we have a good sample of bear market other words, should a system try to buy more often than it sells? Again, there really is no going to occur." The second question is: "Is it okay for a system to have a bullish bias?" In futures contract has been traded. Close to 100% of the symmetrical S&P day-trading systems are consistent with my research; however, it is not a guarantee that all systems will follow

Protective stop / Trailing stop / Stop and limit / Stop loss / Day-trade / Day trading / Entry / Exit / System A / System B

The only difference in the two systems is the percentage used to calculate the buy/sell decision. System A uses a certain percentage of the 10-day-average range to yesterday's close. In addition, today's volatility, these two time periods can skew performance data.

A large portion of S&P day-trading systems use a combination of these exits. I have seen arbitrarly place some type of exit technique without knowing the mentality of the system.

Saidenberg's countertrend approach to entry and his exit mechanisms. He incorporates a fixed protective stop. The profit target aspect of the trailing stop was too limiting on both systems. Nonetheless, the trailing stop turned a losing system into a winner. A system day-trading system comes from those days when the S&P

Let's look at some before and after performance numbers. In 1996, any simple breakout approach seemed to work Of all the day-trading systems I've tested over the years, 90% of them trade the S&P 500. This is the market of choice for most futures contract has been traded. Close to 100% of the symmetrical S&P day-trading

The changes we made look great, but I must warn you that trading the S&P 500, I'll demonstrate that different types of exits work with various types of systems. Because the exit technique is as much or more important than the entry in day-trading the futures contract has been traded. Close to 100% of the symmetrical S&P day-trading systems based on the phases of the moon -- the exit signals usually fall into four

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Volatility heaven

Average annual 10-day average range in dollars

- SP
- US
- BP
- DN
- JY
- SF

back
### Protective stop comparison

**System A at different protective stop levels**

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**System B at different protective stop levels**

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[back](http://www.futuresmag.com/library/daytrade97/daypic11.html) [5/14/2001 2:45:17 am]
### Variation in profit targets

#### System A at different profit target levels

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#### System B at different profit target levels

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<th>% TIM</th>
<th>W-L</th>
<th>%Gain /Mr.+DD</th>
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Hitting the trailing stops

**System A at different trailing stop levels**

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<th>$PL/Yr</th>
<th>Avg Draw Dn</th>
<th>Max %PL</th>
<th>Draw Dn /Yr</th>
<th>% Wins</th>
<th>% TIM</th>
<th>% W/L</th>
<th>%Gain</th>
<th>/Mr+DD</th>
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**System A at different trailing stop levels**

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<th>Max %PL</th>
<th>Draw Dn /Yr</th>
<th>% Wins</th>
<th>% TIM</th>
<th>% W/L</th>
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## Before and after

### System A (before)

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<th>Max. DD/yr</th>
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### System A (after)

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### System B (before)

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<th>Max. DD/yr</th>
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### System B (after)

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Top S&P day-trading systems

S&P day-trading systems that have shown profits since release date

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<th>Max ClsStd</th>
<th>Max DrawDown w/OTE</th>
<th># of trades</th>
<th>% Wins</th>
<th>Avg Cons win</th>
<th>Flat loss</th>
<th>Flat #days</th>
<th>% TIM</th>
<th>% Gain</th>
<th>% Gain</th>
<th>PRR</th>
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<td>1123</td>
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<td>1098</td>
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<td>1065</td>
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<td>7.4</td>
<td>1.06</td>
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</table>
Top Performers

R-Levels

Equity curve for S&P 500

- 808 trades
- Max drawdown $10,960 on April 28, 1994
- Total equity $146,875
- Longest flat 316 days
- Equity shown after
  - $100 commission/slippage

R-Breaker

Equity curve for S&P 500

- 1,540 trades
- Max drawdown $15,000 on April 28, 1994
- Total equity $216,675
- Longest flat 377 days
- Equity shown after
  - $100 commission/slippage

Source: Excel/ib
Getting the ‘edge’

FRANK J. ALFONSO

Most traders watch prices, analyze various intraday charts and use the concept of the bid price (the low price buyers are willing to pay) and sell at the ask price. Although day-trading off the floor is a popular strategy, it’s not the only way to make a living trading. Some traders have done quite well trading outside the New York Mercantile Exchange (NYMEX), Chicago Board of Trade and Chicago Mercantile Exchange.

The key to day-trading is knowing which trades are not only possible, but wise to make. Some day-traders watch prices, analyze various intraday charts and use the concept of the bid price (the low price buyers are willing to pay) and sell at the ask price. Although day-trading off the floor is a popular strategy, it’s not the only way to make a living trading. Some traders have done quite well trading outside the New York Mercantile Exchange (NYMEX), Chicago Board of Trade and Chicago Mercantile Exchange.

SuperCharts RT by Omega Research or MetaStock RT by Equis International to test a

The account size should be large enough to cover the largest maximum drawdown (largest

Lack of capital is one of the main causes for bad trading systems. Therefore, you must limit the capital you put into any one system. Unfortunately, the market usually demonstrates it has

Here is how to develop a day-trading system.

There are five main rules to follow when developing a day-trading system:

1. Use long test periods

The benefit of long-term testing is that you can see over a longer period of time whether a

To develop a day-trading system, you must obtain historical data and one of the “toolbox” software programs that can test trading ideas.

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SuperCharts RT by Omega Research or MetaStock RT by Equis International to test a

A day-trade is a trading method that was tested on only one contract, while the system in

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The net performance of all contracts is added together and the next quarter in the

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A number of trading systems in various contracts are added, and the best one is used for

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You must develop a day-trading system that produces acceptable results, even if the

You must develop a day-trading system that produces acceptable results, even if the

After new traders discover developing their own system is not that

After new traders discover developing their own system is not that

Traditionally, day-traders have the advantage of the ability to make many more trades

Traditionally, day-traders have the advantage of the ability to make many more trades

Some traders prefer to develop their own system, while others seek the advantage of

Some traders prefer to develop their own system, while others seek the advantage of

The number of contracts in the system is limited to five so that wide ranges of values

The number of contracts in the system is limited to five so that wide ranges of values

A real-time or out-of-sample test is the one you execute after the system has been

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The next quarter’s performance is assessed and the best contracts are added to the

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The trader must have a high level of confidence in the system to start trading when it is in

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In order to succeed at day-trade, a trader must have certain characteristics. First, the trader

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Another technique is to keep an eye on systems and variable sets that are not performing

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The below test demonstrates several of the important rules required to develop a profitable day-trading system. The test covers a trading system for T-bond futures from 1983 through February 1997 (long test period). There are eight variables, A through H (limited number of rules), which is reasonable given the long test period and the more than 3,500 trades. Variable A is incremented from 100 to 200, with the other variables held constant. System performance, measured by net profit and loss and maximum drawdown, demonstrates robust variables, as large changes in Variable A still produce very good results. Incrementing the other variables also should produce similar results.

### Developing a day-trading system

<table>
<thead>
<tr>
<th>System variables</th>
<th>System performance</th>
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<tbody>
<tr>
<td><strong>A</strong></td>
<td><strong>B</strong></td>
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<td>190</td>
<td>170</td>
</tr>
<tr>
<td>200</td>
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</tbody>
</table>
Applying TD Sequential to intraday charts

When I entered the investment business more than 25 years ago, one of the most important tools to my firm was a March 1997 Stock Exchange chart approximately 6 million shares a day. Stock quotations appeared on a ticker tape, and "feet" or "bottles" were recorded on a large wallboard.

I have added a caveat to the phrase "The trend is your friend." It is "...unless the trend is looking to buy or sell the market.

Intersection requires the high of bar 8 of a buy setup be greater than or equal to the low of bar 8 of the sell setup, or the low of the sell setup. "Recycling" is a concern that could arise in a strongly trending market generally is in a low-risk buy entry zone. The TD Sequential sell countdown does not apply such restrictions. To prevent high-level, low-risk buy countdown 13 entries, I've installed the requirement that day 13 of a buy countdown be postponed until it occurs below day 8 of the buy countdown. This generally indicates a low-risk sell entry zone.

TD Sequential is a technique that could be measured by a combination of factors that either compared closing price levels or prices levels with extreme price highs and lows. Simply put, TD Sequential counts price bars with identical bars occurring in a lower time frame within a larger time frame.

The TD Sequential is versatile over various time frames. The methods I have described are those available until the 1980s. As such, once it became available, I was pleasantly surprised to see that the TD Sequential worked on intraday price movements as well. Because it originally was designed to be applied to longer time periods, its ability to identify high- and low-risk entry zones on an intraday basis is a testimony to its adaptability and dynamic design.

To demonstrate the sensitivity of the TD Sequential to identify the exact top and bottom of the market, I have included an example of May 1997 coffee futures in "Coffee TD Sequential" (right). As such, once it became available, I was pleasantly surprised to see that the TD Sequential worked on intraday price movements as well. Because it originally was designed to be applied to longer time periods, its ability to identify high- and low-risk entry zones on an intraday basis is a testimony to its adaptability and dynamic design.

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TD Sequential in action The TD Sequential is versatile over various time frames. The charts on this page illustrate the application of TD Sequential to other markets.

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The sell setup and countdown, peaking at 13.
The buy setup and countdown, bottoming at 13.
A 27-point plunge in less than two hours on a one-minute bar chart.

back
Coffee TD Sequential

May 97 coffee, five minute
Feb. 19-20, 1997

Stretching TD Sequential to a five-minute chart.

Longer count

March 97 S&P 500, 10 minute
Feb. 19-20, 1997

Stretching TD Sequential to a 10-minute chart.

Source: Both charts, CQG
Taking advantage of the big event

Taking advantage of the big event

Mitchell Holland is a full-time trader, futures educator and author of the recent book, "Forecasting and Trading," a book that was published in 1998. Mitchell is also the founder of www.forecastmag.com, a website dedicated to forecasting financial markets. He resides in San Diego. E-mail: trader@trillions.com.

A significant event, whether it is the release of an important report or an early close, can mean a great day for a trader. If the windows are wide enough, and you have enough time to plan your entry, you can take advantage of the big event. Here's an example of how to take advantage of the big event.

Let the market enter you into a position. Don't try to double guess or pick direction. If you start out in the right direction, you can ride the wave and exit at your profit target. You don't want to know what the market is going to do, you want to let the market do it for you. If you are wrong, you can change your direction. If you are right, you can ride the wave.

Some factors that allow you to make a simple execution technique work are:

1. The nearest support or resistance level is used as a basis for the closest order.
2. The difference between them is only 15 ticks ($468), which is the size of the stop.
3. If the market appears to be ending the day with any profits, exit on the close.
4. A short profit target is chosen, and the trade is exited with any profits at the end of the day.
5. The mechanics of this trade are simple. Assuming you have followed the market over the past few days, how do you think the market will react to the big event? Is it likely to go higher or lower? If you think it will go higher, place a buy order at 113-10 and exit at 113-18 for a quick eight-tick gain ($250 minus commissions per order). If you think it will go lower, place a sell order at 110-11.

The events that may be of concern to a trader are:

1. Employment reports
2. Inflation data
3. Business surveys and sentiment data
4. Economic policy announcements
5. Federal Reserve Board decisions
6. Intermarket relationships (historic sell-off in stocks, large oil price changes, etc.)
7. National events (major war, presidential election, etc.)
8. Options expirations
9. Currency policy meetings or G7 summits
10. Weekend employment reports (U.S. employment reports, jobless claims, etc.)
11. Other important events

The bottom line for any trading technique or system is its practical application in the real world, regardless of the lovely theories that may have been used in back-testing its strategies.

The difference between real success and real failure is the ability to adapt. After many years as a professional trader, I have determined that the most important skill that improves the bottom line is the ability to adapt. You must be able to react to market changes. You must be able to change your strategy. You must be able to adapt to the market. You must be able to adapt to the news. You must be able to adapt to the events. You must be able to adapt to the conditions.

Making money in the market is a lot like making money in the stock market. You must be able to adapt. You must be able to change your strategy. You must be able to adapt to the news. You must be able to adapt to the events. You must be able to adapt to the conditions.

The difference between them is only 15 ticks ($468), which is the size of the stop.

Place your orders strategically to allow entry only if the market moves in your favor. These are minimized by placing two orders into the market before the open, one to buy and one to sell. The buy is placed at 113-10 and the sell is placed at 110-11.

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The event rises dramatically. It is your job to determine the event's significance by paying attention to confirmation regarding future direction of the markets, and the influence of these events on all markets. Not only is information processed quickly, but the ability to get immediate access to the markets is a good market because it has great liquidity and is perhaps the most efficient of all markets.

Based on these considerations, the Chicago Board of Trade's 30-year Treasury bond futures market is a good market because it has great liquidity and is perhaps the most efficient of all markets. Based on these considerations, the Chicago Board of Trade's 30-year Treasury bond futures market is a good market because it has great liquidity and is perhaps the most efficient of all markets.

When the markets appear to become indecisive and choppy, many traders look for trading range exits. A short profit target is chosen, and the trade is exited with any profits at the end of the day.
Election results

December 1996 T-bonds

Price monitor
Dec '96 T-bonds
Open 112-21
High 113-13
Low 112-09
Close 112-19
Change 0-00
Volume 465,525
Open int 391,943

Oct. 31 high 113-04
Oct. 31 low 112-12

Source: Tech Tools

Short and quick

December 1996 T-bonds

Price monitor
Dec '96 T-bonds
Fri. Aug. 23, 1996
Open 110-03
High 110-06
Low 108-25
Close 109-01
Change -1-01
Volume 22,778
Open int 93,113

Aug. 21 high 110-09
Aug. 21 low 109-30

Source: Tech Tools

back
Get ready: How an options specialist prepares for the market opening

By Jon Najarian

When a professional options specialist prepares for the market opening, he or she looks carefully at both futures and stocks. If you’re new to options, the difference between winter and summer at this time of day is that in summer the sun is up by 6:30 a.m. and it’s already light outside by 7 a.m. When we drive to work, it’s dark, when we’re through for the day, it’s dark again. But just like the sun, the markets can change very quickly. At 8 a.m., there is a 50-50 chance the markets will go up or down.

I’ve been trading options and in the pits of Chicago for the last 15 years. Getting up early never bothered me as much as how cold it gets in January — ungodly cold. But I suppose that is part of the deal when you sign up to trade on the Chicago Board Options Exchange. I mean, aren’t you there to make money? I certainly was.

When I come to Chicago to play football for the Bears, all I really have to show for that is four pre-season games and a few great friendships. I took my agent’s advice and worked on the floor of the Chicago Board Options Exchange (CBOESX) — probably the brunt of the market’s cries.

While the trading floor immediately was infinitely interesting, options trading didn’t come easy. I had to make quite a few mistakes during the learning process. At first, I was scared of the financial institutions like options and futures. However, hard work and mentors such as Tom Haugh, general partner at The Options Plan, helped me see the light at the end of the tunnel.

Although I’ve traded far more than written, my next step is to check the current average daily volume the stock trades. I can’t step in and over-trade futures or stocks and expect to make money. Every trade requires the greatest amount of time to complete the daily review and tactics planning. As we go over the MU positions, for example, we discuss the overnight news that will affect the markets.

As we review the news, we review the news of the day. By 8:15 a.m. everyone is heading to the trading floor, and I’m sitting in my office getting ready. It’s just 15 minutes to showtime.

Strategy planning

At the end of the news, our traders take turns sitting around our conference table going over call and put options and positions and then reviewing the rules for the day. I go through our Chicago Board Options Exchange (CBOESX) feeder books and the Chicago Mercantile Exchange feeder book. We go through the rest of our specialist books and finish with our independent floor traders. The feed into downtown Chicago.

To avoid being caught in the middle, we review the overnight news that will affect the markets. If a story is compelling enough, my next step is to find the average trading range for the stock. If the trading range is small, then we will wait to see what happens when the stock opens. That way we can take as many or as few the moves as the stock makes before the next big move.

Obviously, the market for moving news continues from the beginning of our day right through until the last stock trader leaves the desk. To avoid being caught in the middle, we review the news that will affect the markets. If a story is compelling enough, we review the overnight news that will affect the markets.

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Strategy planning

At the end of the news, our traders take turns sitting around our conference table going over call and put options and positions and then reviewing the rules for the day. I go through our Chicago Board Options Exchange (CBOESX) feeder books and the Chicago Mercantile Exchange feeder book. We go through the rest of our specialist books and finish with our independent floor traders. The feed into downtown Chicago.

To avoid being caught in the middle, we review the overnight news that will affect the markets. If a story is compelling enough, my next step is to find the average trading range for the stock. If the trading range is small, then we will wait to see what happens when the stock opens. That way we can take as many or as few the moves as the stock makes before the next big move.

Obviously, the market for moving news continues from the beginning of our day right through until the last stock trader leaves the desk. To avoid being caught in the middle, we review the news that will affect the markets. If a story is compelling enough, we review the overnight news that will affect the markets.

I review the news that will affect the markets. If a story is compelling enough, I review the overnight news that will affect the markets. If a story is compelling enough, I review the overnight news that will affect the markets.

My next step is to check the average daily volume the stock trades. I can’t step in and over-trade futures or stocks and expect to make money. Every trade requires the greatest amount of time to complete the daily review and tactics planning. As we go over the MU positions, for example, we discuss the overnight news that will affect the markets.

As we review the news, we review the news of the day. By 8:15 a.m. everyone is heading to the trading floor, and I’m sitting in my office getting ready. It’s just 15 minutes to showtime.
Day-trader's paradise

Chicago, points out: "Typically, the more volatile, the better. There's more opportunity. That's still more profit potential than a market with double the price range that only makes a

Widening the window

day-traders.

Another factor that often overrides most measures of liquidity is your broker. The point of Exel Inc., a system designer in New York.

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Barring options, it's hard to make money trading a flat market. This

First, take my trade...please

Perfect market?

Liquidity is the most difficult

To compare the typical daily price ranges of markets, you need to standardize their ranges.

For example, from Jan. 1, 1997, to Feb. 28, 1997, the S&P 500 futures had an average daily range of 1,098 basis points. At $5 per point, that's an average daily dollar range of

"A thinly traded market can be put out of play by big locals on the floor [or] by large

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Some markets day-trade better than others.
The front month S&P 500 futures contract jumped 1,020 basis points the afternoon of March 5, 1997. This 2 1/2 hour move earned longs a net $5,100.
Perfect market?

June S&P 500, daily

**Highs and lows** (left scale): plotting the highs and lows shows both where the market has been and the daily range.

**Volatility** (right scale): indicates number of intraday trade opportunities and liquidity.

**Price range**: indicates profit potential; a five-day moving average puts it in perspective.

**Volume** (left scale) and **open interest** (right scale): indicates liquidity; it's important to note both increase as the contract becomes the front month, which is generally the best month to day-trade. (S&P volume averaged 79,532 daily in 1996.)

Source: Optima Investment Research
All in a day's work

Another day. It doesn't mean you have to trade every day. Wait for good opportunities. Tomorrow's average trades, don't add on to losers and don't overtrade. Just because you're a day-trader, it's important for day-traders as they are for large-position traders. Take your losses, don't hold on to them. What's the worst that can happen? You're out of the market. As far as you're concerned, the next day is a new day.

Risk control, money management principles and common-sense trading are just as important. You don't have to keep an open position overnight. It's only a day. When you take a loss, cut and run. Don't keep waiting for a comeback. Don't get sugar-coated on greed.

The price is out of line with these barometers. The influence of each tick in the T-bonds on the tick-by-tick movements in cash and correlated markets, buying or selling when they feel it. Another idea is to look at inter-market relationships. Floor traders especially look at these. Pivot profits.

When a trader sees a normal day profile forming, for example, he can sell when price is at a new high, buying when price is at a new low. He is looking for the market to continue in just the way it is going. The day-trader must be the first to act. His only way of knowing how the market is going to respond to his actions is by his own observation.

Laying the foundation

In football terms, day-trading might be considered the grind-it-out ground game vs. the up-tempo passing game. For some, it's a preferred style of play. In the opening often will introduce a short-term trend that may either indicate the direction or the absence of a trend.

The opening often will introduce a short-term trend that may either indicate the direction or the absence of a trend. It's also important not to trade in a vacuum; don't trade on an impulsive feeling. The market is too complex for that. Don't let ego or passion cloud judgment. A daily profile forms first 30 minutes of trading. The resulting "profile" shows the distribution of prices over the trading day.

You also can use the opening range prices and the weekly closing prices to look at the larger picture. This is important, especially in a market that is trending. You can chart the opening range low, the closing range high, the opening range high, and the closing range low over a period of time to see if the market is trending or not.

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What you need for day-trading speed

At a time when gains were once measured not in fractions of a second, but in seconds or minutes, today's day-trader sometimes can only dream of the old “day-trade in seconds” speed of the 1950s. These days, however, fast computers and the Internet have made it possible for day-traders to put their stocks to work around-the-clock.

Even if you’re a seasoned trader, you may need more of it if they need it faster: they need it more reliably. The fragility of the internet in earlier years rendered it all too easy for day-trading window servers to come down or more often just to become sluggish, and day-traders often had to wait for theurn to recover for their trades to go through.

Day traders do not have the luxury of a technical support help desk because the Internet is not their source for gaining access to the trading world. They have to rely on themselves.

For you, it means expanding your options rather than you have to be able to trade as long as it is possible for you to do so.

Some ideas you can try to improve your day-trading speed as follows:

1. **Insights, too, unless you have trading system software that does everything for you.**

2. **Analyze it may be more essential for the day-trader, it’s nice to have event news and own.**

3. **Analytical studies or the trading system or has made it possible for you to develop your own.**

4. **Recommendations from another, you will be paying someone who has programmed the**

5. **TradeStation, MetaStock,**

6. **ASCTrend Software from AbleSys Corp.**

7. **TradeStation from Omega Research**

8. **FutureSource Expert, compatible with Windows 95,**

9. **Microsoft, Marketwatch, Education, and Refdesk, from Microsoft.**

10. **Datapoint (800-497-8713).**

11. **Any trading technique or concept they can express in words.**

12. **Futures' 1996 Guide to Computerized Trading**

13. **Keep in mind a day-trader with a computer and access to the Internet already has access to a world of information. Government reports, exchange data and many other items are free, but not stocks, also is a data source for TradeStation for $195 a month.**

14. **Price quotes must be fast, accurate and reliable. Keep in mind you will need these fast quotes in this information in your situation, delivery can be by dedicated phone line, satellite dish or cable. The number**

15. **The following is a sample of what is available from a clear providers such as late news is the result of the**

16. **A popular feature provided in TradeStation, a series of computer software packages that**

17. **Signal does not offer analytical studies, although company officials say many are coming**

18. **A popular feature provided in TradeStation, a series of computer software packages that**

19. **Price quotes to determine when to act, a way to analyze**

20. **Three things:**

21. **Stand-alone software programs can be**

22. **Rather than a one-time purchase of a pricey system that may not turn out to be what you**

23. **Some major providers of day-trading software that are priced from around $200 to $6,000**

24. **The number of real-time quote providers has increased from one or two major players in**

25. **The monthly cost for real-time quotes is $220.**

26. **The cost for a month of delayed data is only $16.**

27. **Among programs that use the Signal data stream are TradeStation, MetaStock,**

28. **To get market examples of real-time software available for the options trader.**

29. **Examples of this type of real-time software include %C-DT Trading System from Creative**

30. **Tradeskill and the latest technology, you can purchase software that will work on real-time**

31. **Rather than lease or purchase your software, you can lease software on a monthly basis.**

32. **A trade day-trader should consider the cost per contract and a day-trader may find a**

33. **For real-time data formats supported include BMI, DBC Signal, FutureSource and S&P**

34. **Keep in mind a day-trader with a computer and access to the Internet already has access to a world of information. Government reports, exchange data and many other items are free,**

35. **Applications for your particular trading strategy, or to trade stocks and options on a variety of**

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38. **These days, however, fast computers and the Internet have made it possible for day-traders to put their stocks to work around-the-clock.**

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Day-trading: Not what you think

Day-trading is not easy, but as a business, it can provide the American dream -- financial independence. Day-trading is not easy, but as a business, it can provide the American dream -- financial independence.

1) The day-trader is a cross between an extrovert and an introvert with both characteristics in balance. The introvert aspect is depicted by the disciplined workaholic with a reclusive concentration. The extrovert aspect is depicted by an aggressive, competitive, self-motivated individual striving to be the best in a selective profession.

2) The intermittent craziness occurs when I try to find ways to spend the money. A true test of your ability to keep all the information you need to make trading decisions.

3) To anyone who aspires to become a day-trader, observe those who are successful. The professionals is well worth your while. If learning from those who have experience

4) All cylinders of the engine must be running efficiently. If you think you have that Dr. Jekyll/Mr. Hyde personality, then you are invited to explore the world of the professional trader.

5) Complete faith in your indicators. You are less likely to be the result.

6) To anyone who aspires to become a day-trader, observe those who are successful. They have helped me develop the following set of daily trading rules. The probabilities of a successful trade diminish in this time frame due to the impulsive and reckless buying and selling by individuals just because they find the market action dull.

7) Day-trading is a long-term commitment. It requires a lot of emotional strain. The probabilities of a successful trade diminish in this time frame due to the impulsive and reckless buying and selling by individuals just because they find the market action dull.

8) You should have made at least two, or preferably three, trades by the time you have been a day-trader for less than a month. This rule has evolved out of this fear factor.

9) The probabilities of a successful trade diminish in this time frame due to the impulsive and reckless buying and selling by individuals just because they find the market action dull.

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Day-trading overview

Day-trading, which was once the exclusive domain of the floor traders, is now available to traders of all types. Day traders, defined by large notional price moves, instant availability of quotes, affordable and accessible commissions, and real-time electronic market commentary, have seen the once diminishing space of day trading fill back in.

Technical approach: trend following

Many of today's technical traders believe that trading with a trend is the most effective method for day-trading because technical analysis relies more on fundamentals. In my book, I captured moves based on the emotional response to fundamentally based news.

In the long run, they are not nearly as important within the time frame of a day, other than, and liabilities:

The technical approach allows a trader to determine market strength and anticipate short-term price movement. This approach allows for the identification of trend breaks and trend changes. Trend breakouts to the upside or selling breakouts to the downside tends to work well, it is psychologically difficult for most traders to do, and it requires traders to reverse positions after the market makes a trend change. It is a challenge to find and execute these setups because of the extremely high-powered computers and competitive commissions. The new large position threat to the small trader, is now fair game for all speculators. Inspired in part by large traders, the technical day-trader now is a viable and attractive strategy.

Basic approaches to day-trading: trend following and support/resistance trading. All are accompanied this approach. While you may think this approach is obvious and self-evident, it is not. It involves two aspects: First, a trader must determine the underlying trend of the market. He resides in Highland Park, Ill. Jake Bernstein is publisher of the MBH Weekly Commodity Letter.

In my development of the Daily Sentiment Index, I distinguished between four major technical, philosophical and psychological issues the day-trader faces. They don't differ significantly from the issues that face the position trader.
S&P 500 March 97, five minute

back
Key to day-trading: Have your ‘team’ in place

Day-trading is a very serious business; if you don't have all the right ingredients in place before you begin trading, you're dead.

One of the most important aspects of the day-trading business is your “team.”

* Your broker
* Your trading advisor
* Your live quote feed
* Your trading software
* Your back office (clearing firm)

Best Broker If you think you're going to be doing size -- 10-100 contracts -- then you must have a great relationship with your broker. The broker is just as valuable as the methodology.

Before the opening bell, Tim in contact with my floor broker to find out what has occurred in the overseas and night sessions and what information is coming out that could affect the markets. I never trade in the face of information. You shouldn't either unless you understand what could happen if you're wrong.

The broker is my eyes and ears on the floor -- all that is in my job. I pay my broker well, however, I expect him to look after my best interests. Never select a broker on the basis of cheapest commissions.

I also expect excellent executions on my orders, and I get them. I picked my clearing firm because of its commitment to the client. My clearing firm also allows every client electronic order entry, which fosters a special relationship because of his patience and concern for all of my clients. Friends like these in the pits are extremely important for an off-the-floor day-trader to be successful.

The trading way With a great team in place, next you add the trading methodology. Anyone trading the markets must first learn and understand as much as he she can about what to do before trading begins. It's an outrage to pay a vendor a steep price for a system when you don't know how or why it performs as it does.

The markets are based upon supply, demand and psychology. To trade, you must be aware of many different scenarios and factors that will occur every day.

The first item your methodology must have is a strict money management system. I don't care what you think about the market -- you need to know where you are getting out before you get in and what is the maximum loss you will sustain.

I do not go into the market, for example, unless certain psychological price levels, like 50s, hold. Understand that in the United States we are brought up to round numbers off which to buy and sell. But the markets are funny; each day the same patterns occur and it is our job to react when this happens.

Every day the market goes up, down, up, etc, which is called backing and filling. Every day the market goes up, down, up, etc, which is called backing and filling. The market backs and fills within a certain mathematical number every day (at least most of the time), similar to a Fibonacci parameter.

By knowing this occurs every day, I never want to get into the market unless I'm as certain as possible that it's going to back and fill. In the methodology used by my company, if the market has backed and filled 1.45, held psychological points twice, and the pattern is our job to react when this happens.

Let's assume you are ready to take a long position. When executing a trade, you need to know exactly where to trail your stops the second you get into a position. You should not have to pester your broker with stops; if you do, you have no game plan.

The market, however, your broker should be aware of your trading strategies and understand exactly where you are making your guesstimate or prediction. You should not have to pester your broker with stops; if you do, you have no game plan.

Never trade without a game plan. Paying money for a computerized trading system and a live quote feed and waiting all day for the system to indicate is not a game plan, it's an insane way to trade. In my case, you've been waiting for, you should not be trading.

Let's assume you are ready to take a long position. When executing a trade, you need to know exactly where you're going to get out, both on the upside and downside. This should be done systematically, not by random money management techniques.

The market does not know where your stops are unless you are doing size. When in the market, however, your broker should be aware of your trading strategies and understand exactly where you are making your guesstimate or prediction. You should not have to pester your broker with stops; if you do, you have no game plan.

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Never trade without a game plan. Paying money for a computerized trading system and a live quote feed and waiting all day for the system to indicate is not a game plan, it's an insane way to trade. In my case, you've been waiting for, you should not be trading.

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