Binary options

11 October 2016

Simon Brown

JustOneLap.com/MasterClass/

TRADING MasterClass

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IG

just one lap

Boot Camp sessions

Videos are online at JustOneLap.com/bootcamp/

 # 1 Getting Started in Trading
 # 2 Margin / Leverage / Exposure
 # 3 A Trading Plan
4 Global Trading
5 Managing Share Events
6 Busting Market Myths
7 New Years trading resolutions
8 Trading the news flow
9 FX and index trading
10 Psychology of trading
11 Fundamentals & technicals
12 Managing risk

IG

Trading Master Class

Previous ➜ CFD Trading plan
JustOneLap.com/masterclass/

- # Two parts
  - ## Live, this evening
  - ## Second session
    - Live follow up
    - Webcast <u>only</u>
    - 18th October *4pm*
      - » justonelap.com/events/

Next Master Class

http://www.JustOneLap.com/events/

Next session(s)

TRADING
MasterClass

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- 1st November 6pm (IG and webcast)
  - Trend lines
  - Follow up webcast 17th November 1pm
- 6th December 6pm (IG and webcast)
  - Lazy trading for indices and FX
  - Follow up webcast 14th December 1pm

Rules based trading system

Laws too gentle are seldom obeyed; too severe, seldom executed.

Benjamin Franklin
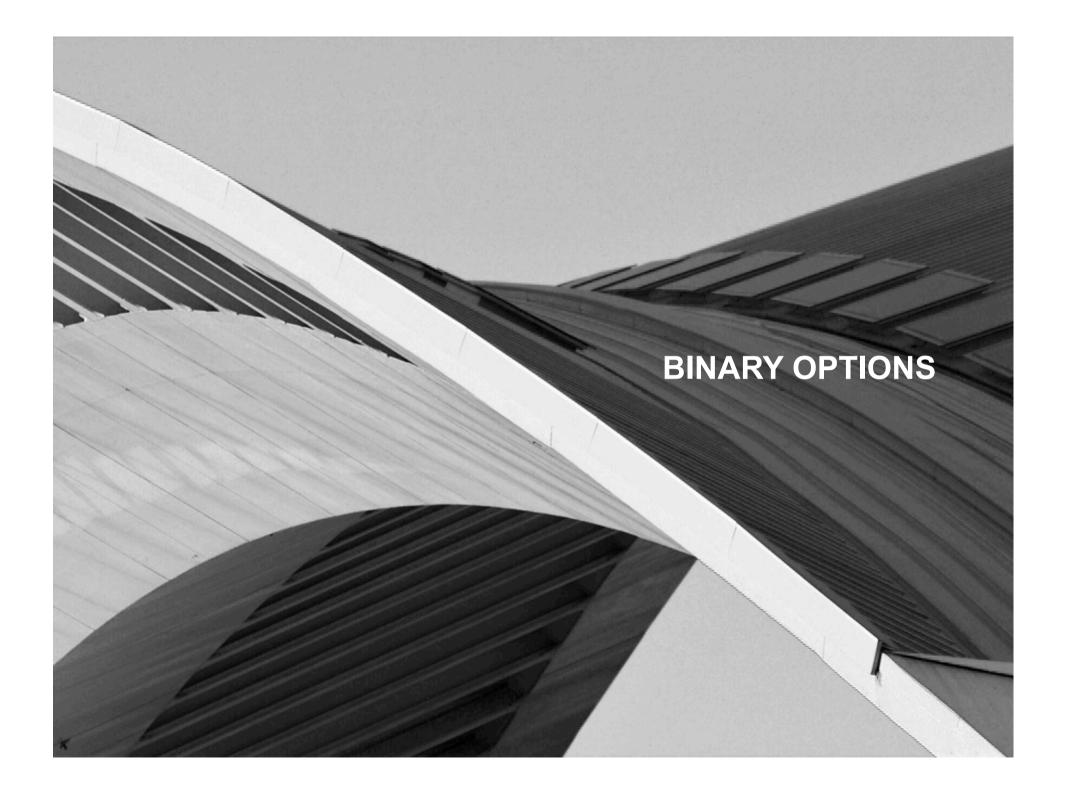
SCAMS

Unrealistic returns

Binary Options
The Easiest Way To Make Money
Up To 88% Profit With Just 3 Steps!

I made $2,860 this week!
If I did it, anyone can!
START NOW

EARN 85% WITHIN MINUTES
THIS MEANS YOU CAN TURN $1000 INTO $1850
AND IT'S JUST MINUTES AWAY

NEWBIE MAKES $582,914
LEARN HOW

Bonuses

BINARY OPTIONS

What?

- A binary is based on a single question with a yes/no answer.

Market

▶ FTSE to finish Down [<7044.39]
▶ FTSE to finish Up [>7044.39]

- Will the underlying market do X before expiry?
  - If you're right at the time of expiry = 100.
  - If you're wrong at the time of expiry = 0.

Risk / reward

- ## Risk / reward = binary

    - ### We can manage by exiting if things go wrong

        - But be quick as they move fast

- ## Do;

    - ### Treat as totally different trading style / strategy

    - ### Monitor and be disciplined (downside = 100%)

- ## Do not;

    - ### Try to be clever and 'predict' massive reversal

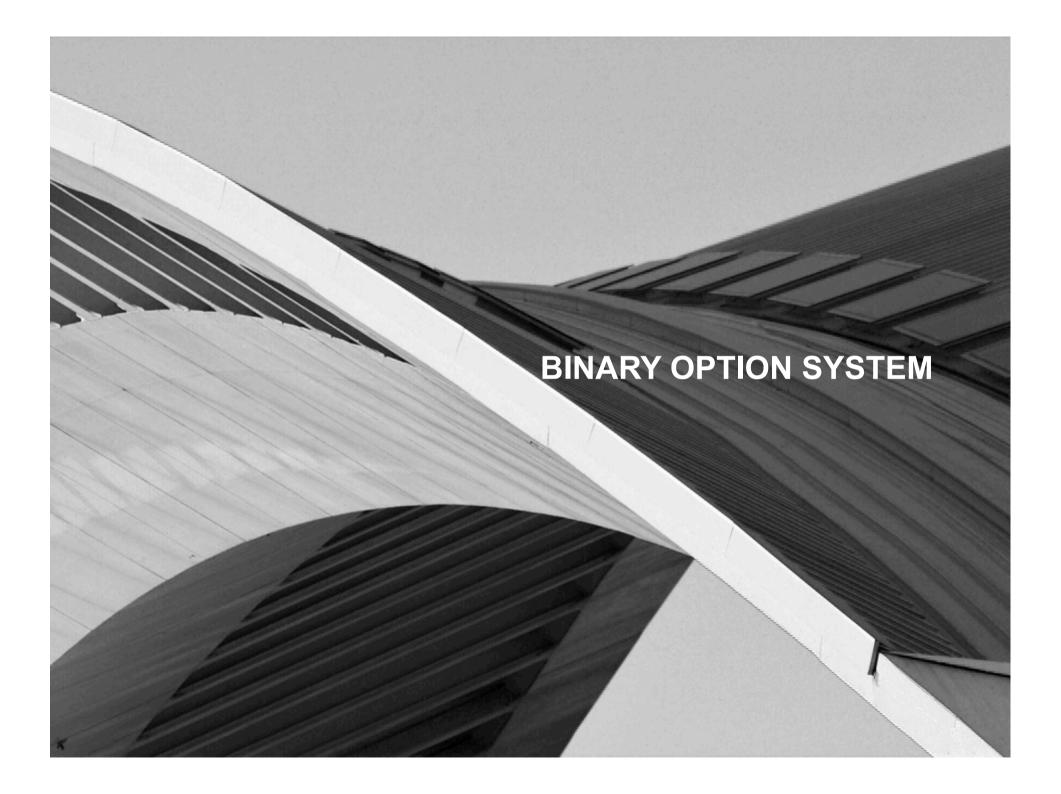   - ### Trade during major news event

Watch out

- ## Spreads
  - ### Don't trade local binary options, spread to wide

Market					Period	Sell	Buy
▶ Daily South Africa to be Up [> 45112.1]				▼	10-OCT-16	16.5	24.6
▶ Daily South Africa to be Down [< 45112.1]				▼	10-OCT-16	75.4	83.5

- ## Speed

- ## Being wrong an not exiting
  - ### 100% loss

- ## Exotics (avoid)
  - ### Ladders, tunnels etc.

─ Binary Indices
─ FTSE (Daily)
+ Up or Down
+ 10pt Targets
+ 30pt Targets
+ High Targets
+ Low Targets
+ Ladders
+ OneTouch
+ Tunnels
+ Daily High
+ Daily Low
+ FTSE (12:00)
+ FTSE (15:00)
+ FTSE (Weekly)

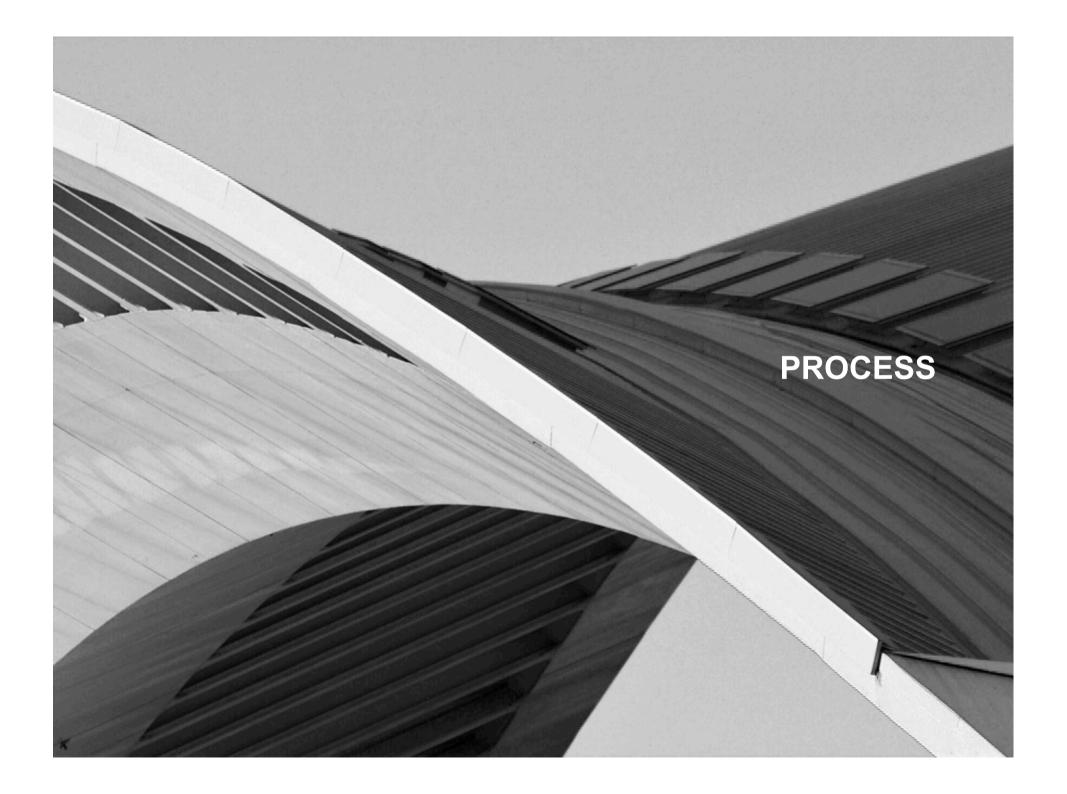IG

BINARY OPTION SYSTEM

System rules

- FTSE100 daily
- Trade in last hour (close = 16H29 UTC)
  - Make sure no news due ~ forexfactory.com
- Position 1% risk per trade
  - 1 point = GBP10.00 (trade 0.1 contract)
  - Boot Camp video # 2 *Margin/Leverage/Exposure*
- Take position of likely close (entry @ +/- 85)
- Stop 15 points below
  - Risk / reward ratio 1:1
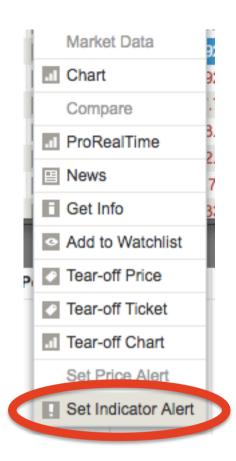 - Win / loss ratio 3:1 ?
- #PerfectTrade

System rules

- Wall Street daily
- Trade in last hour (close = 20H59 UTC)
  - Make sure no news due ~ forexfactory.com
- Position 1% risk per trade
  - 1 point = US$10.00 (trade 0.1 contract)
  - Boot Camp video # 2 *Margin/Leverage/Exposure*
- Take position of likely close (entry @ +/- 85)
- Stop 15 points below
  - Risk / reward ratio 1:1
  - Win / loss ratio 3:1 ?
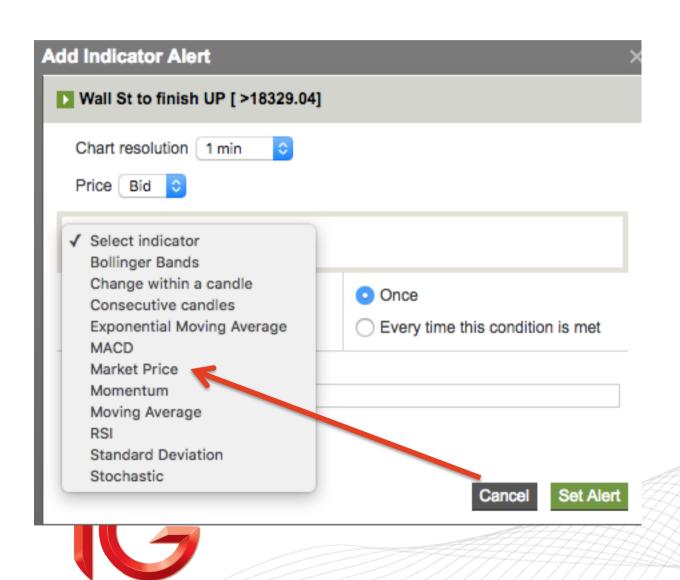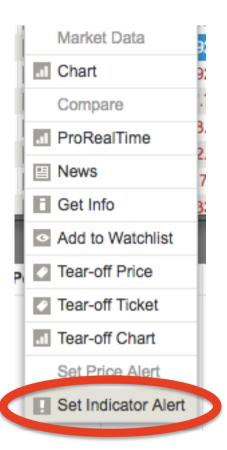- #PerfectTrade

PROCESS

Process

– Wall Street (Dow)

- 20H00 UTC

  – Log on check binary (up and down)
  – If either one is bid / offer 85

  » Enter position

  - If neither is 85, go to bed

  – Stop at 70

  » If not stopped hold to close = 100

Process

Add Indicator Alert ✕

▶ **Wall St to finish UP [>18329.04]**

Chart resolution [1 min ⌄]

Price [Bid ⌄]

✓ Select indicator
Bollinger Bands
Change within a candle
Consecutive candles
Exponential Moving Average
MACD
Market Price
Momentum
Moving Average
RSI
Standard Deviation
Stochastic

● Once

○ Every time this condition is met

[Cancel] [Set Alert]

Market Data
📊 Chart
Compare
📊 ProRealTime
📰 News
ℹ️ Get Info
👁 Add to Watchlist
🏷 Tear-off Price
🏷 Tear-off Ticket
📊 Tear-off Chart
Set Price Alert
❗ Set Indicator Alert

Process

Add Indicator Alert ✕

▶ **Wall St to finish UP [>18329.04]**

Chart resolution [1 min ▾]

Price [Bid ▾]

[Market Price ▾]

Price [is below ▾] [75]

+ add another condition   up to 4

◉ Immediately   ◉ Once
○ At the end of the candlestick ○ Every time this condition is met

Alert name
[PANIC]

Notification settings
Trading platform

[Cancel] [Set Alert]

Market Data
📊 Chart
Compare
📊 ProRealTime
📰 News
ℹ Get Info
👁 Add to Watchlist
🏷 Tear-off Price
🏷 Tear-off Ticket
📊 Tear-off Chart
Set Price Alert
❗ Set Indicator Alert

Position size

– Wall Street (Dow) / Per point = US$10

- If you enter at 85
    - Full risk = 85 * US$10 = US$850
        » 0.1 contract = US$85

    - Stop loss risk = 15 points (stop at 70)
        » = 15 * US$10 = US$150 per full contract

    - Portfolio = US$1,500
    - 1% = US$15
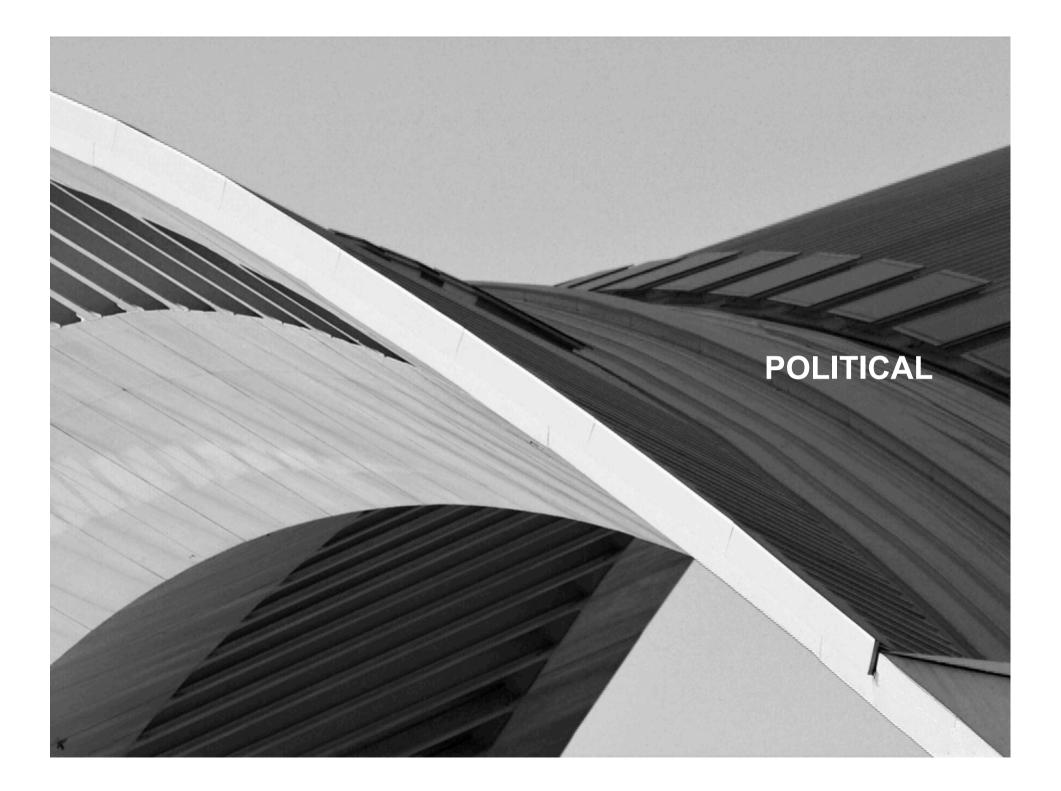   - Position = 0.1 contract (US$15)

#PerfectTrade

- Did you get a signal?
- Was position size correct?
- Was stop loss set as per system?
- Was trade managed correctly?
- Did you exit as per system (stop loss or close)?

POLITICAL

Brexit

BREXIT REFERENDUM ODDS

STAY **V** LEAVE

	ODDS	
1.29		3.30
77.5%	CHANCE OF OUTCOME *	30.3%

* Probability calculated from odds incl. bookmaker margin. Odds taken from betway on April 29th 2016.

bettingexpert

Political

- – No local

- – Offshore

  - • Few (US Election)
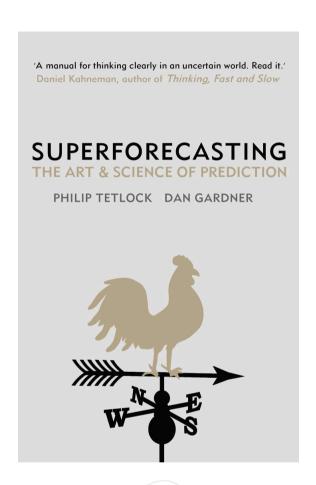
Market						Period	Sell	Buy
▶ Hillary Clinton (Next President)				▮	▼	29-NOV-16	77.0	81.0
▶ Donald Trump (Next President)				▮	▼	29-NOV-16	20.0	24.0
▶ Bernie Sanders (Next President)				▮	▼	29-NOV-16	0.0	3.0
▶ Joe Biden (Next President)				▮	▼	29-NOV-16	0.0	3.0

- – Watch out for

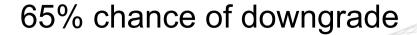 - • Crowd logic

  - • Biases

Bayesian probability

- Logical thought process

- Start with a percentage
  - Add subtract from it
  - Keep it very specific
  - Adjust as facts change
  - Work in groups

'A manual for thinking clearly in an uncertain world. Read it.'
Daniel Kahneman, author of *Thinking, Fast and Slow*

SUPERFORECASTING
THE ART & SCIENCE OF PREDICTION

PHILIP TETLOCK   DAN GARDNER

Bayesian probability (example)

- SA downgrade to junk by S&P
  - Jan 2016 one notch above junk status
    - Outlook negative

    - BBB: An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

    - Nenegate
    - No growth
  - 65% chance of downgrade

Bayesian probability (example)

- 65% chance of downgrade
  - SP downgraded 21 countries to junk in last 20 years
    - » Only 7 back above junk
- SP never keen to make junk
  - 59% chance of downgrade
- Lots of efforts to avoid from gov, business, etc.
  - 56% chance of downgrade
- Gordhan threat of arrest
  - 61% chance of downgrade
- GDP growth negative
  - 63% chance of downgrade
- No arrest of Gordhan, gov backing off?
  - 57% chance of downgrade

Bayesian probability (example)

- 57% chance of downgrade
  - Growth turns positive
  - 54% chance of downgrade

- Lots of cautious optimism worst is behind us
  - 51% chance of downgrade

- Gordhan arrest? (2 Nov)
- MTBPS? (26 Oct)
- MPC? (24 Nov)
- GDP? (6 Dec)
- Cabinet shuffle?
- SP decide 2 Dec

IN CLOSING

Start trading, gentle

– Risky

- Do not
  - Go against market
  - Go big
  - Ignore stops
  - Stray from system rules
  - Get clever with binary
  - Trade too large

Next steps

- Have a plan
  - Trade the plan
    - This IS a plan

- Demo account
  - For as long as it takes
  - Cash account, start small

- Next webcast
  - Bring your charts & questions

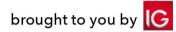Video # 7 New Years trading resolutions
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Next Master Class

http://www.ig.com/za/seminars

http://www.JustOneLap.com/events/

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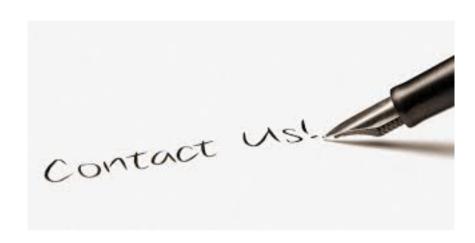 - Follow up webcast 14th December 1pm

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