An Index trading system

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JustOneLap.com/MasterClass/

TRADING MasterClass

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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





Trading Master Class

Previous → CFD Trading plan
JustOneLap.com/masterclass/

- Two parts
 - Live, this evening
 - Second session
 - Live follow up
 - Webcast only
 - 29th August 1pm
 - » justonelap.com/events/



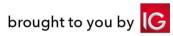


Next Master Class

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

TRADING MasterClass

Next session(s)



- 20th September 6pm (IG and webcast)
 - Trading reversal patterns
 - Follow up webcast 5th October 1pm
- 11th October 6pm (IG and webcast)
 - Binary options
 - Follow up webcast 18th October 1pm



Rules based trading system

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

Benjamin Franklin





System rules

- Major global indices
- Long or short trades
- 2% risk per trade
 - Boot Camp video # 2 Margin/Leverage/Exposure
- Max portfolio gearing = guaranteed stops
 - Boot Camp video # 12 Managing risk
- Two step entry system
 - 7 / 21 SMA cross over
 - Next candle confirms
- Exit at stop loss
 - #PerfectTrade

Time frames

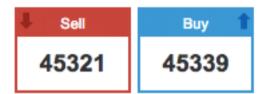
- Works in almost any time frame
 - 5 minute weekly charts
 - Day trading
 - 15 or 60 minute charts are best
 - Lazier trading
 - Daily



Index points

- Indices = points
 - Not Rands / cents
- South Africa 40 Cash (ZAR10 Mini Contract)
- South Africa 40 Cash (ZAR2 Micro Contract)
- South Africa 40 (ZAR10 Mini Contract)

– Trading Rand / point



- Long or short
 - Long = buy = profit on move higher
 - Short = sell = profit on move lower
 - Negative position (buy to close)





Preferrd indices

- Top40 (SA40)
- SP500 (US500)
- FTSE100 (FTSE100)
- Nikkei225 (Japan225)
 - Smaller ??
 - Dax / Australia
- Continuous trading (SA time)
 - Open midnight Sunday
 - Close 10pm Friday



- Two different indices
 - SA40 cash
 - Top40
 - SA40
 - ALSI futures



Market	C	Ш	ııl	¥	Period	Sell	Buy
South Africa 40 Cash	G		1		-	45317	45354
South Africa 40	Ü		al.	V	SEP-16	45425	45466

- Start with local cash index
 - Expand to offshore over time
 - If at all

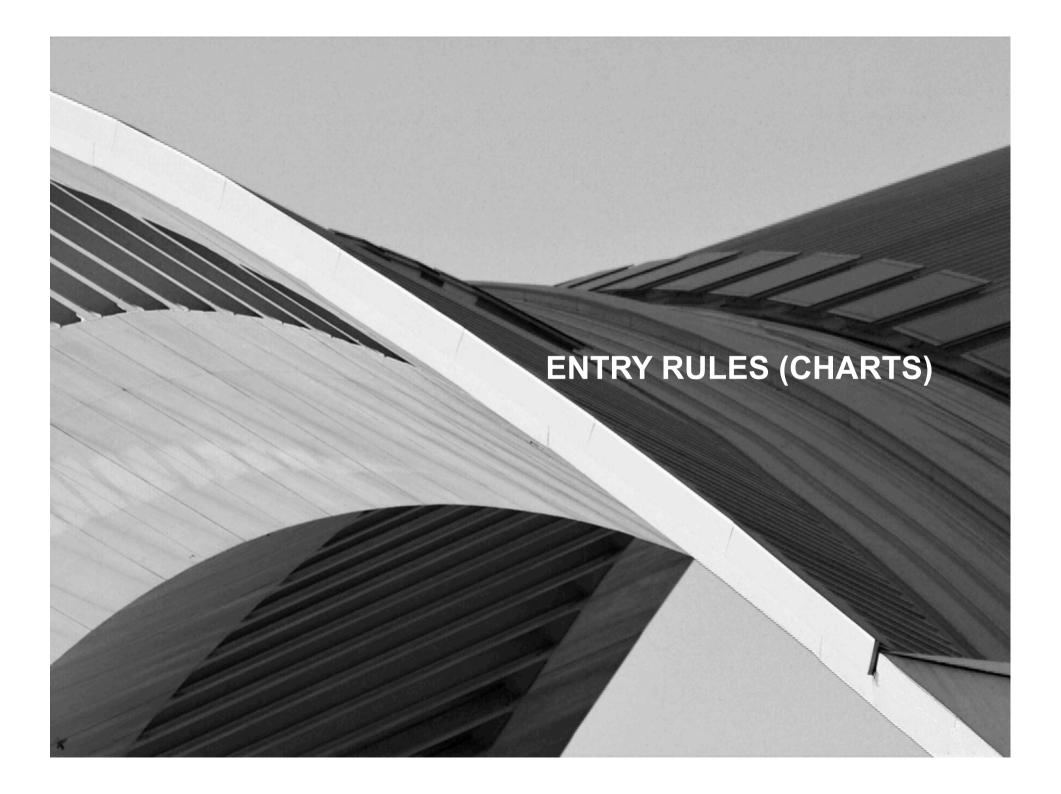


Time challenges

- Pick a manageable time frame
 - Avoid late / early time zones
 - Use longer charts (daily / weekly)
 - SA40
 - 8.30am 5.30pm (UTC +2)
 - Nikkei225
 - 9am 3pm (UTC +9)
 - Lunch break at 12pm 1pm
 - SP500
 - 9.30am 4pm (UTC -5, day light savings)
 - FTSE100







Index trading system

- Catching trends in any time frame
 - Purely mechanical
- Simple moving averages (SMA)
 - 7 & 21
 - Cross over = trigger
 - Next candle confirms entry (on close)
- Exit = stop loss = close below 21 SMA
- Manage / update manually





Hourly chart SA40 (entry long)

7 / 21 MA cross over





Entry trigger 7 SMA > 21 SMA

Hourly chart SA40 (exit)





Hourly chart SA40 (entry short)





Hourly chart SA40 (exit)

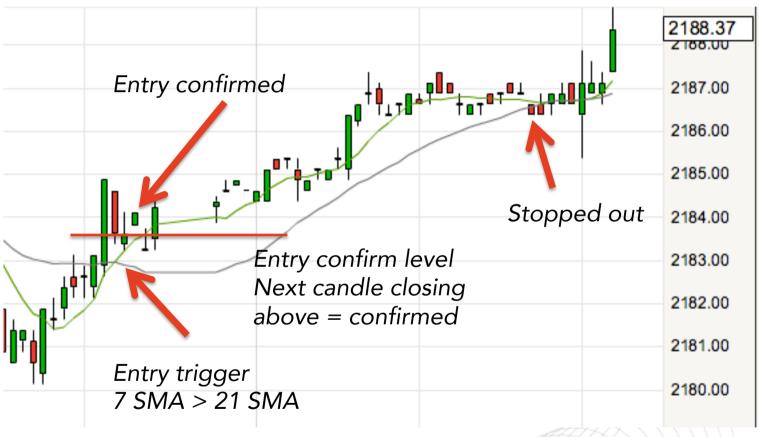
7 / 21 MA cross over



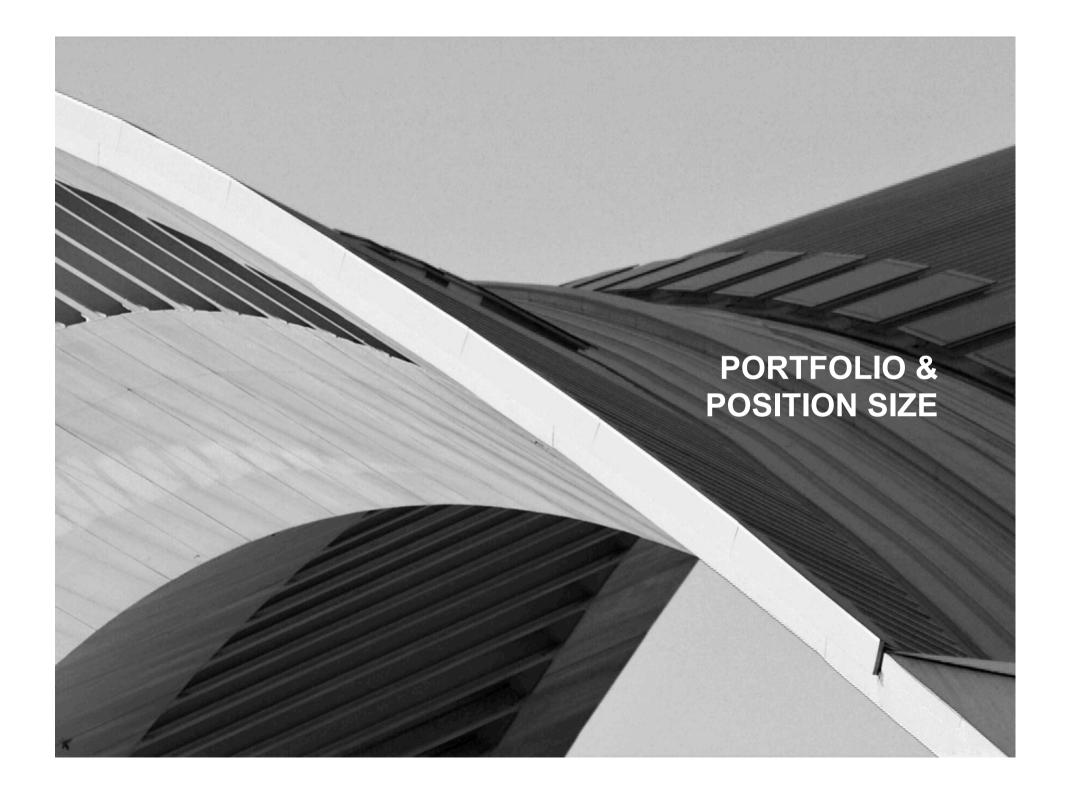


15 Minute chart US500

7 / 21 MA cross over







R25,000 portfolio

2% at risk in any single trade

- Portfolio R25,000
- 2% = R500

- Entry = 45,115
- Stop = 44,977
- Risk per instrument = 138 points / Rands
- # to buy = R500 / 138 = 3.6 (4 is minimum)
 - Value = R180,460
 - Margin = R2,784.54
 - Gearing = 64X !
 - » But we're trading points
 - » Guaranteed stops
 - Update regularly





R25,000 portfolio

2% at risk in any single trade

- Portfolio R25,000
- 2% = R500

- Entry = 45,115
- Stopped out 45,689
- Profit = 574 @ R4 / pt
- = R2,296





R25,000 portfolio

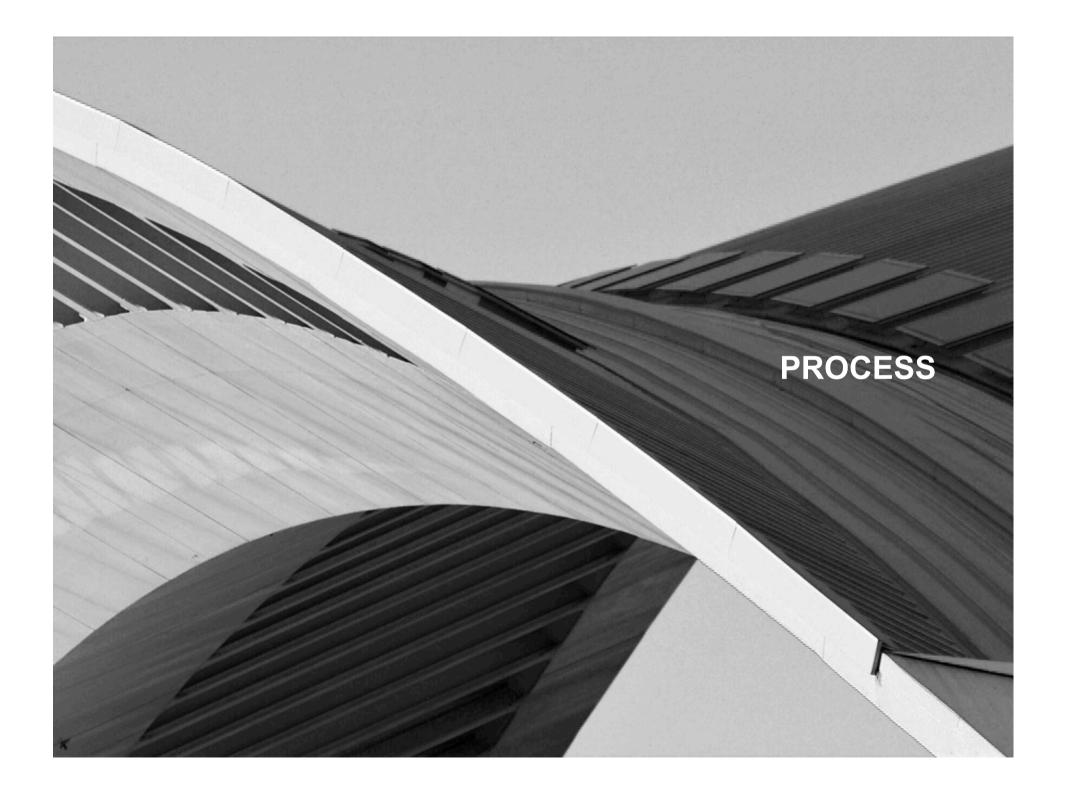
2% at risk in any single trade

- Portfolio R25,000
- 2% = R500

- Entry = 45,378 (short)
- Stop = 45,691
- Risk per instrument = 313 points / Rands
- # to buy = R500 / 313= 1.6 (4 is minimum)
- Stopped out at 45,262
- Profit = 116 points @ R4 / pt = R464





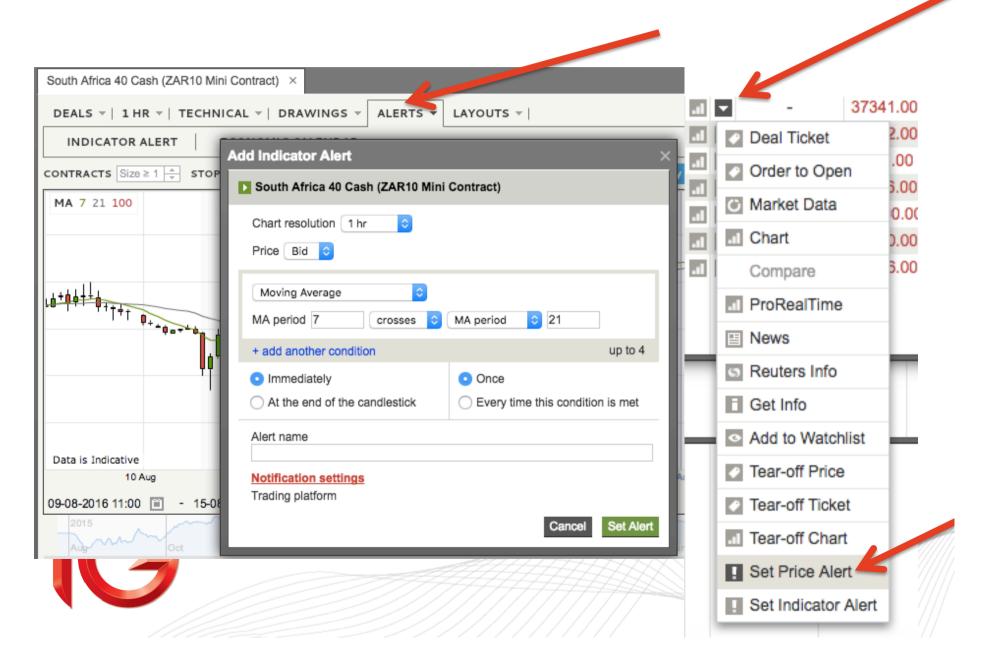


Process

- Alerts
 - Set alert and wait for it to alert you
 - Remember first alert is trigger (SMA cross)
 - » Second is entry on price
- Intra-day / day trading
 - Sit at desk and day trade
- End of day
 - Evening set ups



Process - alerts



#PerfectTrade

- Did you get a signal?
- Did you enter on confirmation?
- Was position size correct?
- Was stop loss set as per system?
- Was trade monitored correctly?
- Did you adjust stop loss correctly?
- Did you exit as per system (stop loss or target)?





Trade ticket

+ Indices
- Indices (mini)
- Stock Indices
- South Africa
- South Africa 40 Cash (ZAR10
- Mini Contract)
- South Africa 40 Cash (ZAR2
- Micro Contract)
- South Africa 40 (ZAR10 Mini
- Contract) (SEP-16)



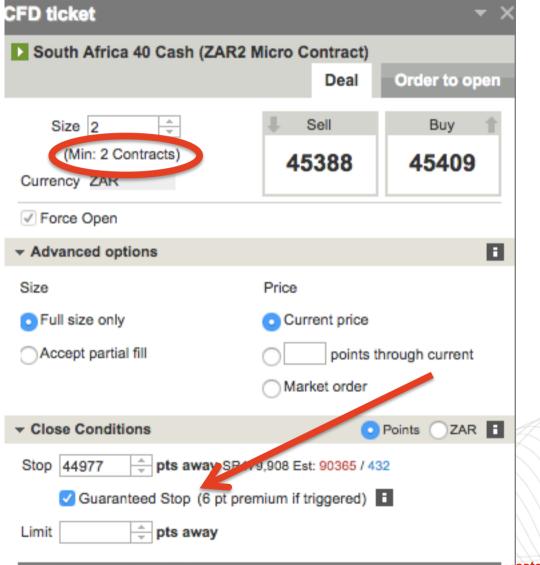


Market

- South Africa 40 Cash (ZAR10 Mini Contra
- South Africa 40 Cash (ZAR2 Micro Contr.
- South Africa 40 (ZAR10 Mini Contract)



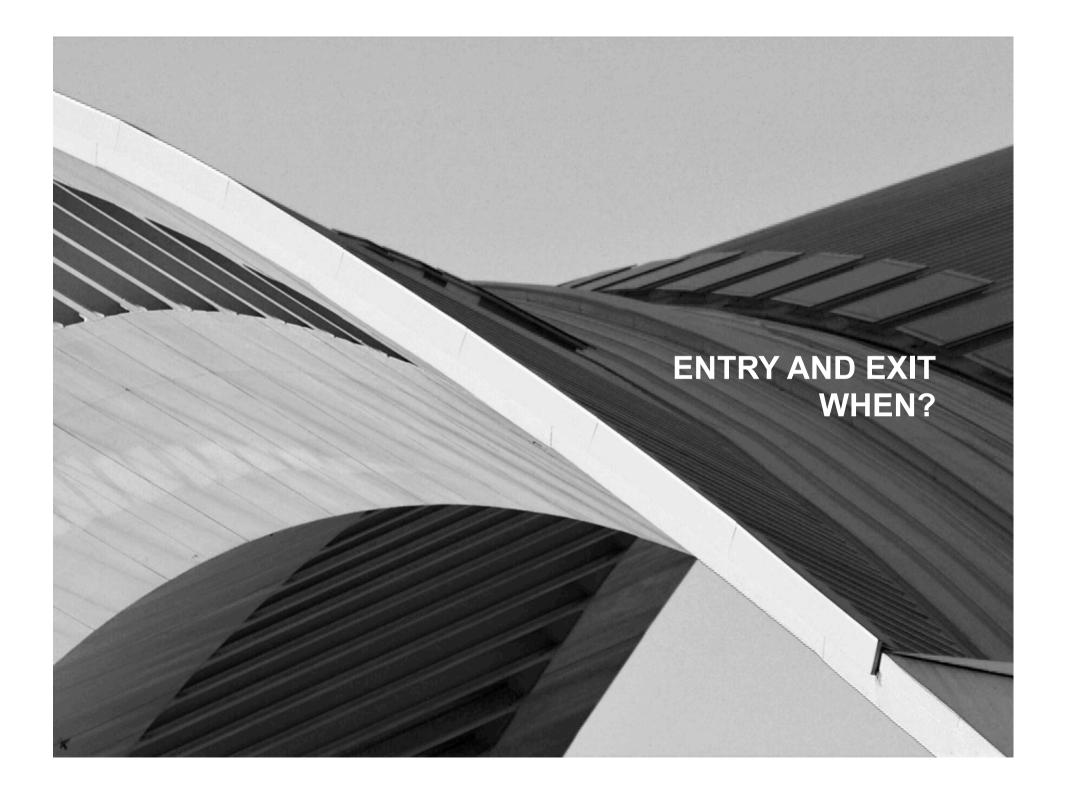
Trade ticket







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Entry / exit – touch or close?

- Close
 - Lower risk of reversal
 - Worse entry / exit levels
- Exits
 - Can set on system and adjust accordingly







Start trading, gentle

- Day trading or lazier
 - 15/60 minute or daily
- Can set alerts for all stages of system
 - Manage stop loss manually
- Average trade fairly short duration
- Trade in conjunction with equity CFD system



Risks

- Index
 - Time zones
 - Continuous trading hours
 - Large moves
 - Guaranteed stops
- Overnight stops
- Bad entries
 - Double entry system
- Bad exits
 - Discipline
- Trader risk
 - #PerfectTrade





Next steps

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

Video # 7 New Years trading resolutions
JustOneLap.com/bootcamp/

- Demo account
 - For as long as it takes
 - Cash account, start small
- Next webcast
 - Bring your charts & questions



Next Master Class

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

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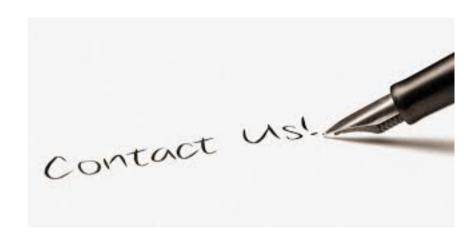
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