



# *Market Timing, Options Trading & Twitter FAQ Webinar Agenda*

*Saturday, April 18th, 2009  
1200 CDT*

[www.hamzeianalytics.com](http://www.hamzeianalytics.com)



11 N Green Street, Suite 4C, Chicago, IL 60607 Tel: (310) 306-1200



# *Our Game Plan Today*

- ❖ Market Timing
- ❖ Indicators Set
- ❖ Real-Time Sentiment
- ❖ Options Trading
- ❖ How to best use Twitter



# *Market Timing*

- ❖ Why is it important to have a opinion about the Market Timing
- ❖ Interrelationship of Market Internals
  - ❖ Breadth
  - ❖ Volume
  - ❖ Tick
- ❖ Relative Volatility Measures
- ❖ Fundamental, Technical, Sentiment & Derivatives



# *Indicators Set*

## Types of Markets

- ❖ Trending
- ❖ Trading
  
- ❖ CI\_nu
- ❖ Support, Pivot & Resistance
- ❖ Sigma Channels

# Support, Pivot & Resistance

- ❖  $S3 >> S2 >> S1 >> \text{Pivot} << R1 << R2 << R3$
- ❖  $\text{Pivot} = (\text{High} + \text{Low} + \text{Close}) / 3$
- ❖  $R1 = (2 * \text{Pivot}) - \text{Low}$
- ❖  $S1 = (2 * \text{Pivot}) - \text{High}$
- ❖  $R2 = \text{Pivot} + (R1 - S1)$
- ❖  $S2 = \text{Pivot} - (R1 - S1)$
- ❖  $R3 = (2 * R1) - S1$
- ❖  $S3 = (2 * S1) - R1$
- ❖ A variant is when we use the Open for calculating Pivot – the issue is accuracy of the open.

# Sigma Channels

## ❖ Definitions:

- ❖ **Sigma:** In Statistics, the **standard deviation** of a random variable or a population of values is a measure of the spread of its values. It is usually denoted with the letter  $\sigma$  (lower case sigma). It is defined as the square root of variance. In other words, the standard deviation is the root mean square (RMS) deviation of values from their arithmetic mean.
- ❖ **Arithmetic Mean:** In Statistics, the **arithmetic mean** of a list of numbers is the sum of all the members of the list divided by the number of items in the list.
- ❖ Source: wikipedia.org

Sigma Channels	Probability of Asset Price Travel
+1 to -1	68.26895%
+2 to -2	95.44997%
+3 to -3	99.73002%
+4 to -4	99.99366%
+5 to -5	99.99994%
+6 to -6	99.999998%

# Sigma Channels Chart



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# Sigma Channels Trading Rules

- ❖ Why is Sigma Channels important for traders ?
  - ❖ Which Sigma Levels to Plot: Simple Subset is the Standard Bollinger Bands
  - ❖ At minimum what do traders need to know
  - ❖ LONG Trade:
    - ❖ Enter the position >>> as price crosses *above* +1 Sigma (Two Greens & One Yellow boxes are lit)
    - ❖ Hold the position >>> while the price is trading between +1 Sigma to +2 Sigma
    - ❖ Money Management Stop >>> set it at Zero (0) Sigma (Orange background)
    - ❖ Exit the position (Limit Order) >>> at +3 Sigma (this move is over -- expect a retracement)
  - ❖ SHORT Trade:
    - ❖ Enter the position >>> as the price crosses *below* -1 sigma (Two Reds and One Yellow are lit)
    - ❖ Hold the position >>> while the price is trading between -1 Sigma to -2 Sigma
    - ❖ Money Management Stop >>> set it at Zero (0) Sigma (Orange background)
    - ❖ Exit the position (Limit Order) >>> at -3 Sigma (this move is over -- expect a retracement)





# *Real Time Sentiment*

- ❖ The advantage of Hamzei Analytics' Real-Time Dollar-Weighted Put/Call Ratio is that it enables you to view changes in investor sentiment as they occur.
- ❖ Simple Put/Call ratios are based on contract volumes alone.
- ❖ Hamzei Analytics' Real Time Dollar-Weighted Put/Call Ratios are dynamically updated, throughout the day and reflect changes in both volume and options premium.



## Real-Time Dollar Weighted OptionChains

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Symbol	Call Volume	Put Volume	Call \$wVol	Put \$wVol	Simple P/C Ratio	Dollar W P/C Ratio	Total Volume	Total \$wVol
AAPL	117,596	77,022	73,925	21,743	0.65	0.29	194,618	95,668
AKAM	3,472	1,302	403	100	0.38	0.25	4,774	503
AMZN	23,137	15,714	19,038	5,821	0.68	0.31	38,851	24,859
CAT	22,412	40,005	4,831	9,465	1.78	1.96	62,417	14,296
COP	27,284	22,458	3,344	5,079	0.82	1.52	49,742	8,423
CSCO	64,096	18,666	4,878	1,569	0.29	0.32	82,762	6,447
GS	92,050	67,274	43,082	18,116	0.73	0.42	159,324	61,198
IBM	40,036	24,394	14,626	7,069	0.61	0.48	64,430	21,695
INTC	77,584	29,982	6,956	2,968	0.39	0.43	107,566	9,924
JPM	112,648	79,891	41,883	19,660	0.71	0.47	192,539	61,543
MS	86,433	55,633	33,477	6,362	0.64	0.19	142,066	39,839
MSFT	67,662	41,531	5,958	5,212	0.61	0.87	109,193	11,170
NFLX	2,683	1,803	963	316	0.67	0.33	4,486	1,279
POT	16,420	12,206	6,918	4,787	0.74	0.69	28,626	11,705
QCOM	61,680	19,952	22,283	3,351	0.32	0.15	81,632	25,634
RIMM	74,554	48,731	30,432	16,374	0.65	0.54	123,285	46,806
WFC	272,637	209,189	36,519	29,734	0.77	0.81	481,826	66,253
XOM	20,637	19,664	3,398	7,053	0.95	2.08	40,301	10,451
<b>Total</b>	<b>1,183,021</b>	<b>785,417</b>	<b>352,914</b>	<b>164,779</b>	<b>0.66</b>	<b>0.47</b>	<b>1,968,438</b>	<b>517,693</b>

# High Gamma Options Trades

- ❖ How to look for **High Gamma Plays**:
  - a) Slightly **O-T-M Long Calls and/or Long Puts**
  - b) Sigma Channels & CI Patterns
  - c) Dollar weighted Put/Call Ratios
  - d) use Delta to calculate Profit Target
  - e) in this market, must use **STOP LOSS**



# *Twitter Challenge*

- ❖ This morning we were getting close to 1,100 Followers on Twitter in 3 trading days. Help us get to 2,000 by May 1st and we will add 1 to 2 trades a month using a proprietary 2-factor scan much like our recent TBT, QCOM & SNDA trades. See our Blog for detailed real-time emails @ [www.HamzeiAnalytics.NET](http://www.HamzeiAnalytics.NET)
- ❖ A 60-day free Phoenix Subscription to a ReTwitter of this Challenge with the highest number of Followers on May 1<sup>st</sup>.

# Twitter FAQ

- ❖ [www.HamzeiAnalytics.com/Twitter.asp](http://www.HamzeiAnalytics.com/Twitter.asp)
- ❖ It is like being in a big Chatroom/Trading Room collaborating with other active traders.
- ❖ We will post short-term trading ideas in stocks, options and futures in real-time.
- ❖ Normal Hours of Operations 0730 to 1530 CDT, Monday thru Friday except exchange holidays and major market breaking news.
- ❖ Please do not abuse the Replies feature during Market Hours.



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