



Market Timing, Options Trading Webinar Agenda

Saturday, May 9th, 2009
1200 CDT

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 (A/D Line)
 - ❖ Volume for confirmation
 - ❖ TICK and TICKQ (short-term pulse)
- ❖ Relative Volatility Measures
- ❖ Fundamental, Technical, Sentiment & Derivatives



Our Proprietary Indicators Set

Types of Markets

- ❖ Trending (30% of the time)
- ❖ Trading Range (70% of the time)

- ❖ CI & CI_Diff
- ❖ Support, Pivot & Resistance Levels (Daily, Weekly & Monthly)
- ❖ Sigma Channels (20 day or 200 day center-line)
- ❖ Platforms – Myths and Reality

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 σ (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



www.hamzeianalytics.com



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

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

Friday, May 8, 2009 15:53 CT

Symbol	Call Volume	Put Volume	Call \$wVol	Put \$wVol	Simple P/C Ratio	Dollar W P/C Ratio	Total Volume	Total \$wVol
XOM	612,548	39,930	387,872	10,405	0.07	0.03	652,478	398,277
MS	83,679	50,730	31,000	5,246	0.61	0.17	134,409	36,246
WFC	249,439	183,079	116,594	27,105	0.73	0.23	432,518	143,699
CSCO	57,526	21,688	5,594	1,923	0.38	0.34	79,214	7,517
GS	67,961	61,004	41,409	14,414	0.90	0.35	128,965	55,823
JPM	127,781	100,840	41,941	16,059	0.79	0.38	228,621	58,000
RIMM	55,650	45,244	33,713	16,039	0.81	0.48	100,894	49,752
AMZN	86,546	28,957	26,581	13,740	0.33	0.52	115,503	40,321
GOOG	27,135	20,600	31,431	16,749	0.76	0.53	47,735	48,180
CVX	16,211	11,574	5,989	3,353	0.71	0.56	27,785	9,342
AKAM	1,491	1,211	192	108	0.81	0.56	2,702	300
AAPL	144,774	109,389	54,125	31,191	0.76	0.58	254,163	85,316
COP	57,004	28,761	14,455	8,682	0.50	0.60	85,765	23,137
IBM	28,304	22,629	7,761	5,289	0.80	0.68	50,933	13,050
QCOM	14,884	13,455	2,625	2,475	0.90	0.94	28,339	5,100
INTC	43,647	37,440	4,140	3,933	0.86	0.95	81,087	8,073
NFLX	8,917	6,092	951	1,095	0.68	1.15	15,009	2,046
CAT	31,621	25,061	6,347	7,374	0.79	1.16	56,682	13,721
POT	13,078	24,628	7,220	9,285	1.88	1.29	37,706	16,505
MSFT	56,436	67,489	5,721	11,077	1.20	1.94	123,925	16,798
Total	1,784,632	899,801	825,661	205,542	0.50	0.25	2,684,433	1,031,203

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**

High Gamma Setups

- ❖ Do not allocate more than 5% of your investment/trading capital
- ❖ Great GG: “It is all about Staying Power”
- ❖ Breakouts and Breakdowns
- ❖ Short Squeezes and Long Squeezes

Twitter FAQ

- ❖ www.HamzeiAnalytics.com/Twitter.asp
- ❖ Why I am using Twitter ?
- ❖ 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. RTs are welcome and encouraged.
- ❖ No more direct posting n ST. Takes valuable space on 140 char limit. Plus for me the site has too much white noise with too many novices gaming it. Not my cup of tea.
- ❖ 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



Disclaimer and Terms of Use

- ❖ Hamzei Analytics LLC is an information service for investors and traders. Nothing contained in this document is, nor shall be construed as, a recommendation to buy or sell securities or an offer to buy or sell securities. The publishers of Hamzei Analytics website and affiliates are not brokers and are not acting in any way to influence the purchase or sale of any security and/or its derivative. The underlying data for information provided by Hamzei Analytics is obtained from sources deemed reliable but is not guaranteed as to accuracy, or completeness. The use of Hamzei Analytics' products and services is done so at your own risk. Trading and investing in any financial markets, including, but not limited to the stock market, options market, futures market, bond market, and/or the commodities market involves serious risk of loss, and in some cases, greater loss than the amount invested. In fast market conditions, some order types may not be executed at the price which was desired by the person placing the order. You should not rely solely on the information provided in this report for your trading. Use of this report is your agreement to assume full responsibility for any losses, and your acknowledgment that we do not guarantee any results or information provided in this report and that you acknowledge that you are forming an independent opinion based upon your own research and resources, and not on the information contained herein. Hamzei Analytics recommends that you do your own due diligence and research when considering placing any kind of transaction.
- ❖ It is possible at this or subsequent date, the publishers, editors and contributors to Hamzei Analytics LLC and its affiliates, may own, buy or sell the securities discussed therein, or securities in the same industry, sector, group, or subgroup. They may also own, buy or sell derivatives of the securities discussed therein. Hamzei Analytics or its publishers, editors, contributors, owners or investors, are not liable for any losses or damages, monetary or otherwise, that result from trading the securities and/or derivatives discussed within herein or on Hamzei Analytics website. The publishers of Hamzei Analytics website recommend that anyone trading securities and/or derivatives should do so with caution and consult with an experienced broker before doing so. Past performance of Hamzei Analytics website may not be indicative of future performance and does not guarantee future results. Trading in securities and derivatives discussed by Hamzei Analytics, and its affiliates, should be considered speculative and contain a high degree of volatility and risk.
- ❖ ANY REDISTRIBUTION of the Hamzei Analytics LLC website or information published therein, without the written consent of Hamzei Analytics LLC, is STRICTLY PROHIBITED. Copying and/or electronic transmission of the Hamzei Analytics website and information published therein is a violation of copyright law.