



# *Market Timing, Options & Equity Index Futures Trading Webinar Agenda*

***Saturday, May 23rd, 2009  
1200 CDT***

***www.hamzeianalytics.com***



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# *Our Game Plan Today*

- ❖ Market Timing
- ❖ Indicators Set
- ❖ Real-Time Sentiment
- ❖ Options Trading
- ❖ Equity Index Futures Trading (PBT)
- ❖ 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 (with 20 day or 200 day center-line)
  
- ❖ Platforms – Myths and Reality
  - ❖ TradeStation (since 2002)
  - ❖ eSignal (since 2004)
  - ❖ Platform X (6 indicators went into alpha test)

# 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

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
<b>Total</b>	<b>1,784,632</b>	<b>899,801</b>	<b>825,661</b>	<b>205,542</b>	<b>0.50</b>	<b>0.25</b>	<b>2,684,433</b>	<b>1,031,203</b>

# High Gamma Options Trades

- ❖ How to look for **High Gamma Plays**:
  - a) **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 the Staying Power, kid”
- ❖ Breakouts and Breakdowns Proprietary Scans
- ❖ Short Squeezes and Long Squeezes Scans by Phil Erlanger Research Co.

# Equity Index Futures Trading

- ❖ Proprietary Basketing Technology v3.0
  - ❖ Baskets are recasted every two weeks now
  - ❖ Three Charts covering ES, NQ and TF
- ❖ Open to active index traders by Invitation Only
- ❖ Tailored for a few, who prefer to trade size with confidence
- ❖ Requires a signed [NDA for PBT](#) in advance
- ❖ One week group training is offered via dedicated chatroom
- ❖ On your end all you need is a dedicated browser during Regular Trading Hours (RTH)

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# Twitter FAQ

- ❖ [www.HamzeiAnalytics.com/Twitter.asp](http://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 (yes, some have to be filtered !!)
- ❖ We will post short-term trading ideas in stocks, options and futures in real-time. RTs are welcome and encouraged.
- ❖ Normal Hours of Operations 0730 to 1530 CDT, Monday thru Friday except exchange holidays and major market breaking news during GLOBEX hours
- ❖ Please do not abuse the Replies feature during Fast Market Hours



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