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Trade Signals #2

April 2014



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Globex Market Concerns

- Please keep in mind that this course is dealing with the Globex extended hours market. This market is different than the US Cash Open Market Session.
- The way that we analyze and trade is quite different than the way to analyze and trade the US day market. Try to look at this training with an open mind compared to what you have learned for the day session.



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Topics Covered

- **Observation of Market Conditions**
- **Which Financial Futures Trade at Night**
- **Useful Tools and Trade Signals for the 24 Hour Market**
- **Helpful Websites for Trading the 24-Hour Markets**



- **Not enough can be said for observing market movements and relative movements.**
 - ES Night with respect to ES day movements
 - ES with respect to NKK and HSI
 - ES compared to Euro and Yen
 - ES compared to Dollar and Bonds
- **This ES market is our livelihood, and we must learn its response to other markets.**
- **If we want to be paid by the ES Globex Market, it is our prime objective to learn it's movements.**



- **Learn to Read and Watch the Tape**
 - Notice where price hits resistance or support - make notes
 - Notice where volume overcomes these levels
 - Read the DOM (*more on this later*)
 - All of these observations give you insight to market sentiment
 - Observe the movement of the first hour the cash markets are OPEN. Trades can be based on these spreads, 50%, 100% and 150% extensions can be traded
 - Globex ES Movements are as follows:
 - Typical Asian/European Session 5-8 Points
 - 10-11 Points is Unusual
 - >11-12 is Extreme



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ES Day to Night Moves

- **ES Moves from 10:30 am European Cash Close –**
 - Can Influence European Session ES trading
- **ES Moves at end of day (Typical High Probability Trades)**
 - Run Up to High Tick in last Hour – Fade back to mean
 - Run Down to Low Tick in last Hour – Rally back to mean



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ES to Foreign Market Moves

- **Typical Moves:**

- NKK \leq +/- 200 Points
- HSI \leq +/- 250 Points
- DAX \leq +/- 100 Points

- **Unusual Moves:**

- NKK \leq +/- 300 Points
- HSI \leq +/- 375 Points
- DAX \leq +/- 150 Points

- **Extreme Moves:**

- NKK $>$ +/- 400 Points
- HSI $>$ +/- 500 Points
- DAX \leq +/- 200 Points

- * **Best NEWS Fade Trade**

- * Find a Top/Gap Open and Fade of NKK/HSI/DAX
- * ES will follow the movement



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ES to NKK/HSI/DAX Moves

- * **Extreme Moves:**
 - * NKK > +/- 400 Points
 - * HSI > +/- 500 Points
 - * DAX <= +/- 200 Points



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ES to Euro/Yen Moves

- **Typical Moves:**
 - YEN \leq +/- 200 Ticks
 - EURO \leq +/- 250 Ticks
- **Unusual Moves:**
 - YEN \leq +/- 300 Ticks
 - EURO \leq +/- 400 Ticks
- **Extreme Moves:**
 - YEN $>$ +/- 400 Ticks
 - EURO $>$ +/- 500 Ticks



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ES to Dollar & Bond Moves

- **Typical Moves:**
 - Dollar \leq +/- 15-20 Points
 - Bond \leq +/- 10-12 Ticks
- **Unusual Moves:**
 - Dollar \leq +/- 20-25 Points
 - Bond \leq +/- 15-25 Ticks
- **Extreme Moves:**
 - Dollar $>$ +/- 40 Points
 - Bond $>$ +/- 25 Ticks



- **End of US Dominance**
 - **3:30 to 4:15 CT (Post/Pre-Session in CME 2012)**
 - This time is very difficult to trade, no real drivers unless an Earnings Announcement for a major stock is out.
- **Asian Session (CST)**
 - Begins at 5:00 PM markets begin to shift focus to Asia
 -
 - Ends from 1-4:30 AM Cash/Futures
- **Japan – Nikkei Futures (NKK) Opens**
 - 18:00 CST/19:00 CDT
- **China – Hang Seng Futures (HSI)**
 - Opens 19:15 CST/20:15 CDT
 - Both of these markets are influential on ES trading



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Asian Foreign Markets

- The observation used to be that Japan and the Nikkei were the most important market to watch during the Asian Session. NKK has the influence until the HSI opens and shares effects. China and the HSI have been increasing in global influence and now share the stage with the Nikkei during this time period
- Cash Market will go on break, but the futures NKK-SGX and the HSI-SGX Futures will continue to trade, and the HSI is considering extending trading hours into the early US Trading hours 3AM to 9AM CST
 - SGX is the Singapore Feed for these Asian Markets – most accurate and timely quotes



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Asian Session Hours

- **NKK – Singapore Exchange Hours**
 - 17:45 to 1:25 AM CST – 2:45 to 12:00 CST
 - NKK Cash Market
 - 18:00 to 20:00 CDT and 21:30 to 02:00 AM CST
- **HSI – Hong Kong Exchange Hours (HKFE)**
 - 19:45 to 22:30 CDT – 0:30 to 2:10 AM CST
 - Apr – 2013 – Extend Hour Changes Proposed
 - 03:00 CST to 09:00 AM CST

Ref: www.sgx.com Singapore Exchange Website



- **European Markets Zones to Watch**
 - **DAX (German DOW Equivalent 30 Largest)**
 - **FTSE (UK Market) Symbol Z –**
 - Futures 2:00AM to 3:00 PM
 - FTSE Cash same as DAX
 - **Keep Close Eye on the Swiss Market it is more steady then the DAX (Same Hours as DAX)**
- **Market Times – Europe Session (DAX, Swiss, Some FTSE)**
 - **1:00 AM CT Open– Electronic Trading - 3:00 PM Close**
 - **2:00 AM CT Open – Cash Market – 10:30 AM Close**
- **ES Afternoon Session may have an effect the European Cash Open, Pay Attention to 10:30 Europe Cash Close in ES Level**



- **US Market Key Times**

- Note ES Price at 10:30 AM (European Cash Close)
- Also note 10:45 AM CT
- Compare to ES US Cash Market Close 3:15 PM

- **Different Overnight Scenarios Develop with Significant ES Moves from 10:30 to Close**

- Larger Rallies or Selloff and the Effects on the Asian Market are NightScalper Program Strategies



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Time Zone Pivots

- **High Percentage Trade Opportunities**
- **Time Periods are meant to be viewed as Pivots**
- **Use of the Pivot will depend on the market condition (Up or DOWN) at the time period**
- **I.E. – Market Rallies into time pivot, and some negative indicators are present, we will look for a short trade if the DOM and other factors are in line**



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Time Zones/Pivot Points

ALL TIMES ARE US CENTRAL TIME

- **6:00 – 6:30 PM** (Bearish Tendency)
- **7:30 – 7:50 PM**
- **8:30 PM**
- **9:00 PM**
- **9:15 – 9:30 PM** (Bearish Tendency)
- **10:15 PM** (Bearish Tendency)
- **11:15 PM** (Bearish Tendency)
- **12:30 AM** (Bullish Tendency into DAX Open (1:00 AM))



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Time Zones/Pivot Points

ALL TIMES ARE US CENTRAL TIME

- **1:10-1:15 AM** (If DAX gaps Open – can be reversal scalp)
- **1:35 AM**
- **2:10 AM** (If DAX gaps Open – can be reversal scalp trade)
- **2:30 AM**
- **3:00 – 3:15 AM**
- **4:00 – 4:15 AM** (Bearish Tendency)
- **5:45 AM** (Bearish Tendency)
- **7:15 AM** (Bearish Tendency if there is no NEWS)
- **8:00 AM**



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Night Scalper Trade Signals

- **DOM – Order Book**
- **Other Markets – NKK, HSI, YEN, Euro, DAX, FTSE - Z**
- **US Interest/Currency – Bonds ZB, Dollar DX**



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News Events – ES Movers

- **Foreign News Events:**
 - **Japan:**
 - Machinery Orders (First 10 Days of month)
 - Leading indicator of production (Japan is an Exporting Country)
 - Tankan Manufacturing Index – Released quarterly
 - BOJ Meetings – Move YEN, Inversely NKK
 - **China:**
 - GDP
 - CPI
 - Flash Manufacturing



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News Events – ES Movers

- **Foreign News Events:**
 - **Europe:**
 - German Unemployment
 - German ZEW Economic Sentiment
 - Flash CPI
 - Flash Manufacturing
 - BOE Press Conferences
 - ECB Press Conferences



- **US News Events:**
 - **Large NEWS Events can make trading the Globex difficult. Keep an eye on these events**
 - Non Farm Payroll
 - Consumer Price Index
 - Earnings Announcements
 - Fed Governors Speaking Overseas
 - FOMC Meetings
 - **Discussion on different trading scenarios from these events.**



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Helpful News Sites

www.ForexFactory.com

www.FinancialJuice.com

www.DailyFX.com/calendar

www.ForexPros.com/economic-calendar

www.Bloomberg.com

www.finance.yahoo.com

www.CNBC.com

www.Investing.com/indices/indices-futures



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US Contracts to Watch

- **E-mini SP Future - (ES) –**
 - Contract Night Scalper focuses on trading
- **E-mini NASDAQ - (NQ)**
- **E-Mini DOW – (YM)**
- **30 Year US Gov Bond – (ZB)**
- **USD Index – (DX)**



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US Treasury Bonds (ZB)

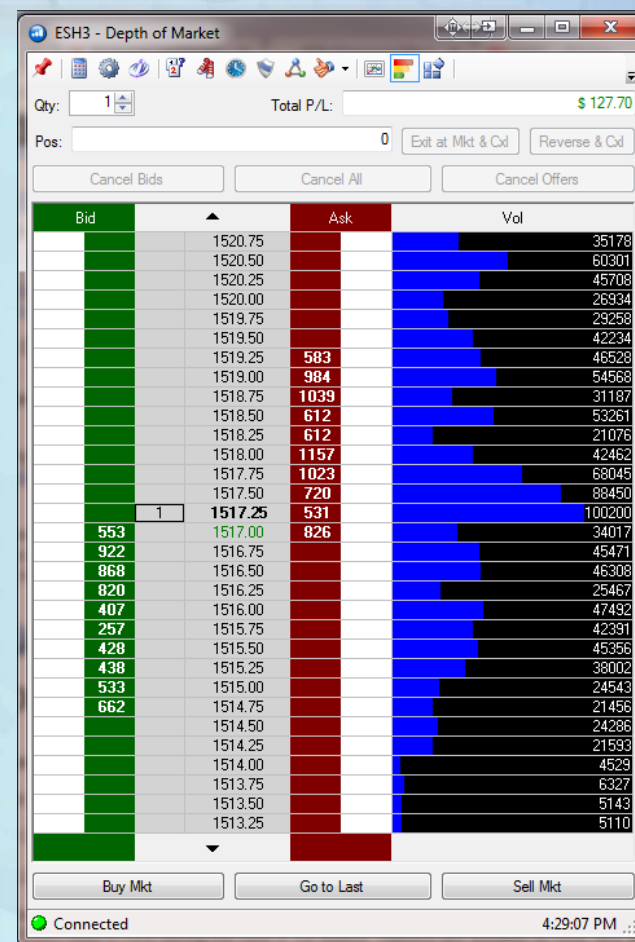
- **Electronic Trading Hours – Interest Products**
 - Sunday Night – Thursday Night
 - 17:00 CT to 16:00 CT (Next Day) 23 Hours
 - Pre-Open Electronic Trading Session
 - Sunday 16:00 CT
 - (Confirmed 12-15-13 opens 4PM Pre-Market Electronic Open)
 - Mon-Thur 16:45
 - Open Outcry Pit (Monday – Friday)
 - 07:20 AM to 14:00 PM CT
- **Bonds have 32 ticks per Point; Each Point is \$1000**
 - Each Tick is worth \$31.25



Symbol Listing			
Contract	DTN Symbol	OptionsExpress	Ninja Symbol
E-Mini S&P	@ESM13	ESM3	ES
Mini DOW	@YMM13	YMM3	YM
E-Mini NASDAQ	@NQM13	NQM3	NQ
30 Year US Bonds	@ZBM13	ZBM3	ZB
Japanese YEN	@6JM13	6JM3	6J
Euro/USD Future	@6EM13	6EM3	6E
US Dollar Index	@DXM13	DXM3	DX
Mini Gold	@YGM13	YGM3	YG
Nikkei Futures (Singapore Exchange)	@NNM13	NNM3	N/A
Hang Seng Futures (Singapore Exchange)	@HSIM13	HSIM3	N/A
DAX Futures	@XGM13	XGM3	FDAX
Swiss Futures	@SWM13	SWM3	N/A
FTSE Futures	@LFM13	LFM3	Z

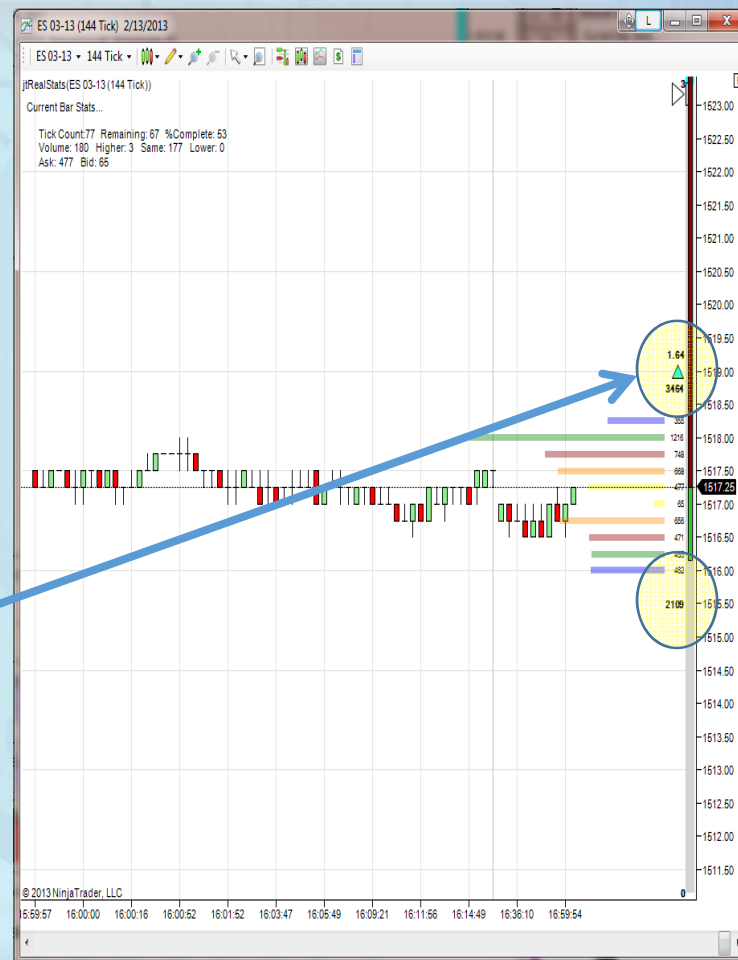


- The Order Book (DOM) is made up of BUY and Sell Limit Orders
- This indicates the liquidity of the market
- Watch the number of Contracts to see where larger orders are moving/levels
- NightScalper Market Indicator – DOM
- Volume Attracts Price (5 Levels)
 - More BID Side Volume – Neg DOM – Price Moves Lower
 - More ASK Side Volume – Pos DOM – Price Moves Higher





- Automated representation of Bill's DOM Calculation of 5 Levels of Bid and Ask Contracts
- Provides a total for each and a ratio (Bid/Ask) to indicate a negative DOM or (Ask/Bid) to indicate a positive DOM
(Ratio Below 1.2 = Neutral)
- Includes an Arrow to Indicate Price Movement Direction
 - More Vol Bid = Negative Movement
 - More Vol Ask = Positive Movement





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Money Management

- **Many NightScalper Traders are looking for added Income**
- **Slow and Steady: 1-2 Points a day makes a great month**
- **Trading Multiple Contracts (Pairs) Allows for winning strategies**
 - Taking half off at initial target, moving stop down to prevent loss on 2nd half
- **Set a goal - \$2000 per Month – 20 Trade Days ~ \$100/day**
 - Need some more to account for Losses
 - 1-2 Trades per Night, 1-2 Points – (2) Contracts Satisfies the Goal



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Money Management

- **Treat this NightScalper Trading Program as a Job**
 - Learn the process
 - Minimize your risks
- **Do not over-trade: Reach your goal and quit for the day**
- **Take a Weekly/Monthly Profit from your account like a paycheck**



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ES, NQ and YM Trade Hours

- **Trading Week – is 5 Days – 23:15 per Day**
- **Sunday Night thru Thursday Night Sessions**
 - 5:00 PM CT Trading to 4:15 CT with a break from 3:15 to 3:30 CT for Settlement/Limit Stop Adjustments
 - Friday Close at 4:15 PM CT does not re-open until Sunday Night for start of Monday Asian Market Session



- Understand the following Concepts:
 - Basic Information about Globex Market makeup
 - The different US and Foreign futures to watch and how they trade and effect the ES market
 - Time Zones/Pivot Times for the Asian/European Market
 - Websites to obtain news and other events
 - How and which news effects Globex market ES trading movements
 - Order Book/DOM Analysis for Globex Trading
 - Using Support, Pivot and Resistance Numbers
 - Money Management Strategies



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Questions?