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# Technical Indicators & Charts #7

May 2014



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- What is Globex
- Benefits of the Globex
- Which Financial Futures Trade at Night
- Time Zones to Watch at Night
- Helpful Websites for trading 24 Hour Market
- Previous Sessions are the Building Blocks of the Course. It is Very important to understand the basic concepts that make up the 24 Hour Market



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# Typical Market Movements

- **Typical Trading Range – ES in the Overnight**
  - 5-8 Points is Typical
  - 10-11 Points is Unusual
  - 12+ Points is Extreme
- **YM and NQ are going to follow ES – Not Significant Indicator**
- **Bonds – ZB – 5-10 Ticks Typical Movements**
  - Bonds – more than 15 Ticks – Unusual Movement
  - Bond – more than 25 Ticks – Extreme Movement



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# Typical Market Movements

- **Typical Trading Range – Dollar (DX) in the Overnight**
  - 10-20 Ticks is Typical
  - 20-25 Ticks is Unusual (Outside of Norm)
  - 40+ Ticks is Extreme
- **Asian Markets**
  - NKK – More the 250 Points – Unusual
  - HSI – More then 400 Points - Unusual



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## Range Indicator & Trades

- Once a Market has moved to it's typical Range it is a safer trade to fade it back into the middle of the range...
- Extreme moves will run against this strategy, but since they are extreme they are also less likely.
- A Move of 1-2 points each night is our objective



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# Leading/Lagging

**Currencies are the quickest to respond to News**

Could be a leading indicator vs. lagging



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## Pre-Trade - Nightly Routine

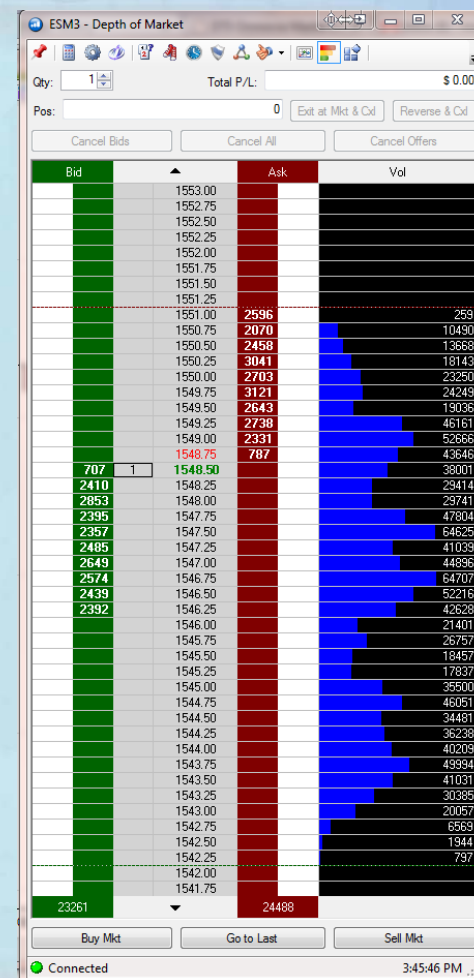
- Is there foreign NEWS planned during the Globex Market Session? (*Check Website*)
- What was the overall trend of the day?
- What was the trend of the afternoon?
  - (Post 10:30 European Cash Close)
- Any Greekisms in Play?
- What has the trend been since Globex Open?
- Any major earnings announcements after the bell?
- Begin to analyze the current market
- Look at the DOM for a signal





### DOM – Depth of Market – Order Platform

- Indicates Bid/Ask Price Level
- Indicates Volume of Contracts at each Tick near the current price
- Shows a Profile of Contracts Traded at each price level
- Usually shows 10 levels
- Some Platforms are adjustable
- Some show the total on both the Bid and Ask Side of the DOM for X number of Levels





- During the Globex Times of 5:00 PM to 5:00 AM the DOM provides a good indication of price movement direction
- Doing some mental math on the first 5 Levels of Bid and Ask add up the total contract on each side.
- Volume attracts Price – So the larger side indicates the movement of the price usually

| Bid  |         | Ask  | Vol   |
|------|---------|------|-------|
|      | 1553.00 |      |       |
|      | 1552.75 |      |       |
|      | 1552.50 |      |       |
|      | 1552.25 |      |       |
|      | 1552.00 |      |       |
|      | 1551.75 | 2710 |       |
|      | 1551.50 | 2262 |       |
|      | 1551.25 | 2494 |       |
|      | 1551.00 | 2739 | 259   |
|      | 1550.75 | 2860 | 10490 |
|      | 1550.50 | 2994 | 13668 |
|      | 1550.25 | 3531 | 18143 |
|      | 1550.00 | 3622 | 23250 |
|      | 1549.75 | 3061 | 25235 |
|      | 1549.50 | 2104 | 23371 |
| 494  | 1549.25 |      | 52671 |
| 2615 | 1549.00 |      | 55294 |
| 3253 | 1548.75 |      | 45456 |
| 2250 | 1548.50 |      | 38002 |
| 2741 | 1548.25 |      | 29414 |
| 3257 | 1548.00 |      | 29741 |
| 2716 | 1547.75 |      | 47804 |
| 2600 | 1547.50 |      | 64625 |
| 2963 | 1547.25 |      | 41039 |
| 2953 | 1547.00 |      | 44896 |
|      | 1546.75 |      | 64707 |
|      | 1546.50 |      | 52216 |
|      | 1546.25 |      | 42628 |





- **Negative DOM**

- If the Bid side 5 Levels have more contracts price will usually move down

- **Positive DOM**

- If the Ask side 5 Levels have more contracts price will usually move up

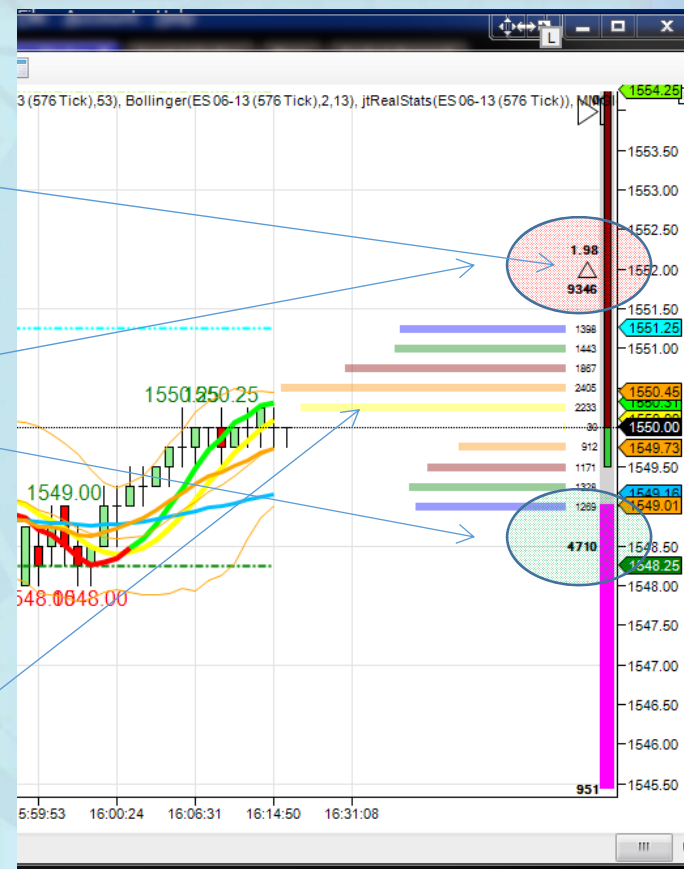
- 5:00PM to 5:00AM works per observations, does NOT work so well in Day Market

| Bid  |   | Ask     | Vol   |
|------|---|---------|-------|
|      |   | 1553.00 |       |
|      |   | 1552.75 |       |
|      |   | 1552.50 |       |
|      |   | 1552.25 |       |
|      |   | 1552.00 |       |
|      |   | 1551.75 |       |
|      |   | 2710    |       |
|      |   | 2262    |       |
|      |   | 2494    |       |
|      |   | 2739    |       |
|      |   | 1551.00 | 259   |
|      |   | 1550.75 | 10490 |
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|      |   | 3622    | 25235 |
|      |   | 1549.75 | 23371 |
|      |   | 3061    | 52671 |
|      |   | 1549.50 | 2104  |
| 494  | 1 | 1549.25 | 52671 |
| 2615 |   | 1549.00 | 55294 |
| 3253 |   | 1548.75 | 45456 |
| 2250 |   | 1548.50 | 38002 |
| 2741 |   | 1548.25 | 29414 |
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## DOM-O-MATIC – Ninja Indicator

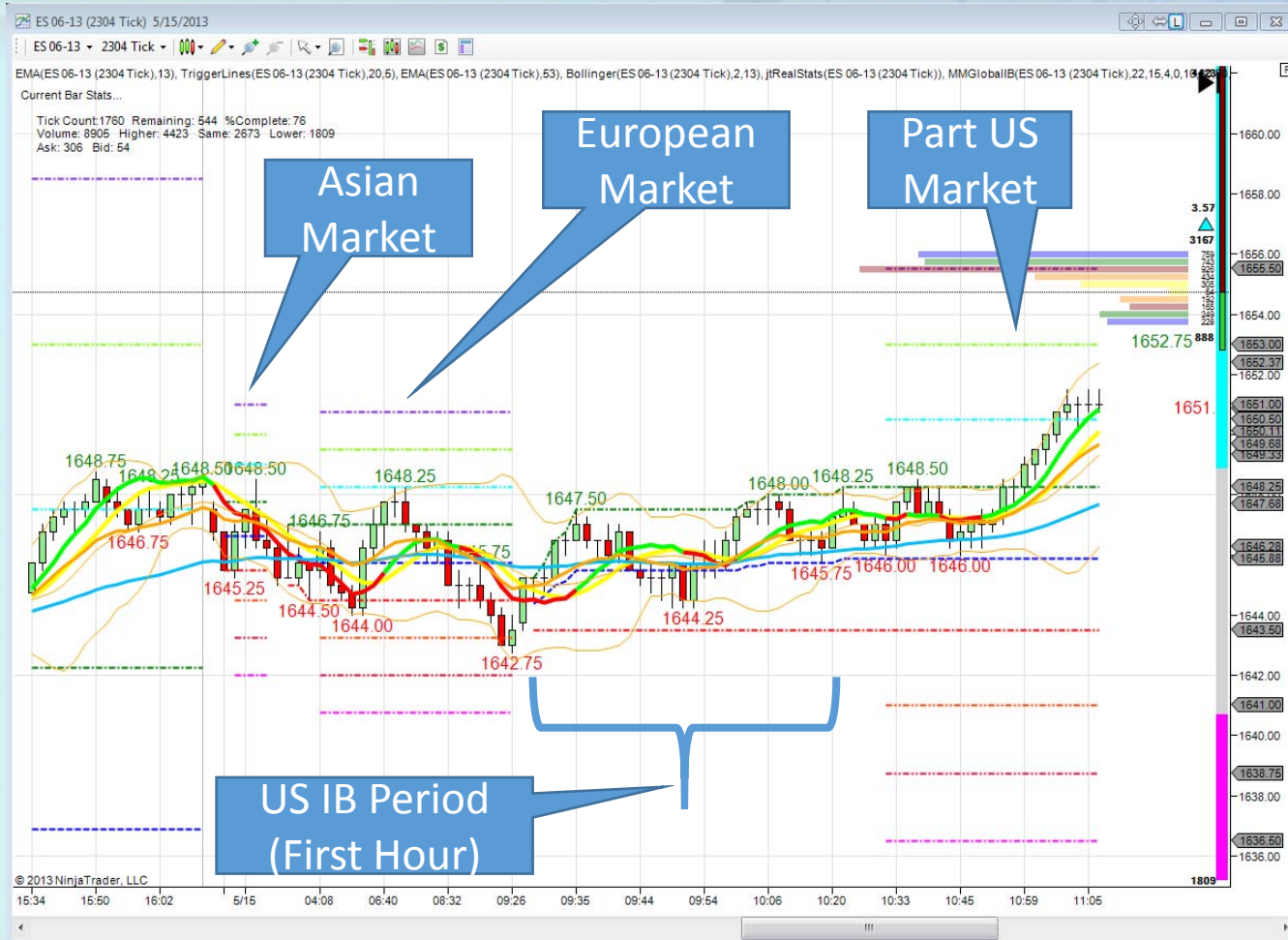
- Ninja Script that does the Math for you and Places an Arrow on the chart in the direction of Price Movement
- Sums up the 5 Levels (Adjustable) and shows them above and Below the Vertical DOM
- Divides the Larger/Smaller Value and shows a Ratio – Strength Indicator (with Arrow)
- Shows Visually Contract Totals in Horizontal Bars at each level to provide you more information





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## IB Levels – Overview

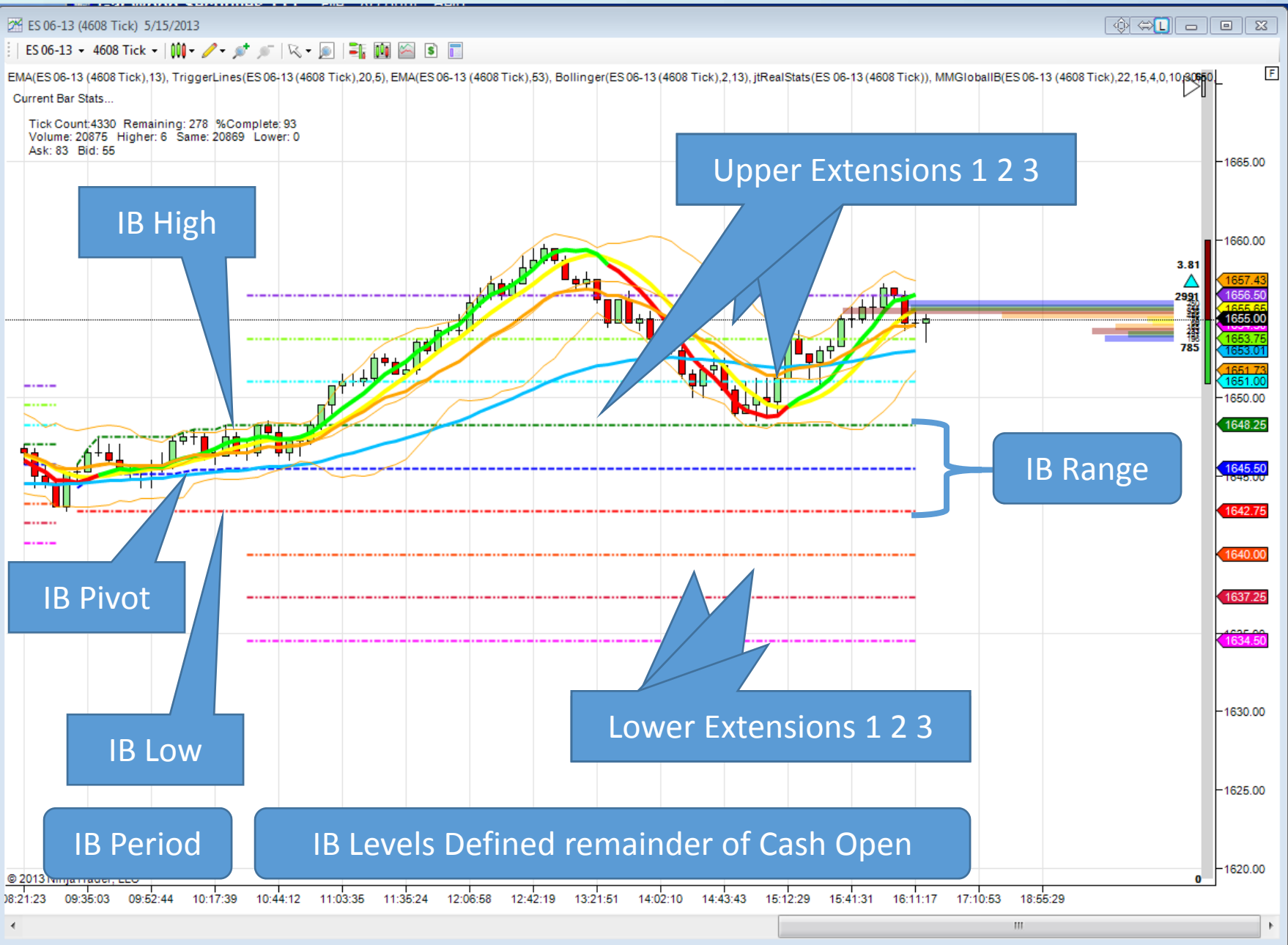




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## IB – Initial Balance Details

- IB = Initial Balance - First Hour (Most Markets) Cash Open High to Low during the first hour of the Cash Market Open (Asia, Europe, or US)
  - IB Spread called DELTA, Difference between High and Low
- IB Pivot is the Middle between the High and Low
- Extensions are IB levels, typically 50%, 100% and 150% but you can use 200% and 300% on extreme move days
  - You add the % Extensions of the DELTA to the High and subtract % Extensions of the DELTA from the Low
- The market hits these levels and reverses many times
- The High and Low and Pivot will show in real time and then Extension Levels will all be calculated at the 1 hour OPEN mark





## NINJA Chart Indicators

- DOM-O-MATIC (DOM Bid/Ask Contract Monitor)
- IB Levels (Initial Balance – Horizontal Pivot Lines)
- Trigger Lines – Trade by Colors Signal
- River (BLOD) – (27/53/106 EMA)= Color of River Indicates Trend
- VOL MACD Histogram/Momentum/Velocity
  - Volume Movement Signals
- Time and Sale Window – Contracts Bought and Sold in real time with BUY or SELL aggression indicated (Who moved to other side to make the trade)





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## Current NinjaTrader Chart



### Current Projection

1. Dom-O-Matic
2. Initial Balance Lines (IB)
3. VOL-MACD (Histogram – Panel 2)
4. Vol Momentum Line – Magenta (Panel 2)
5. Vol Velocity Line (Red – Panel 3)

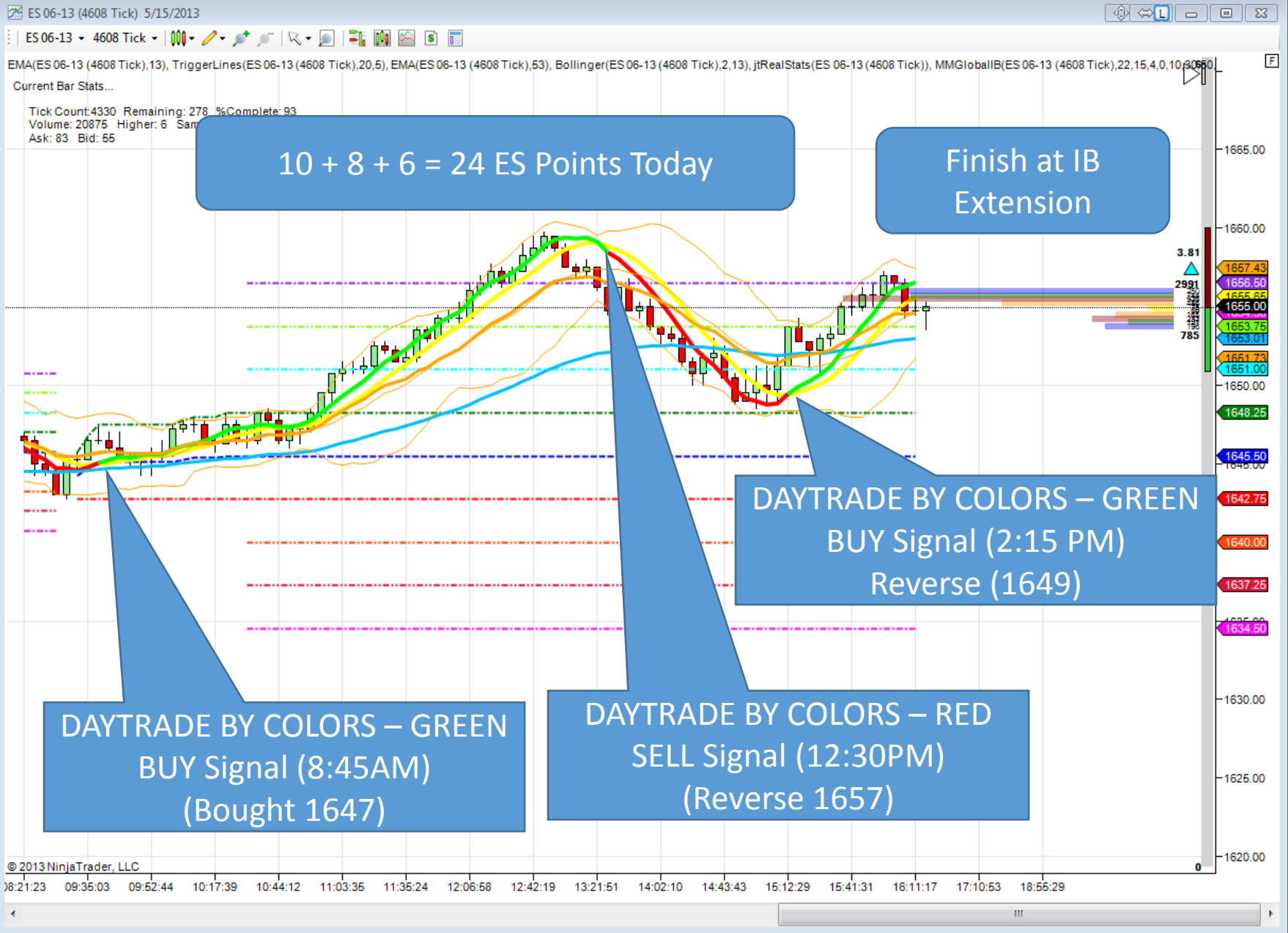
Volume is our Best Leading/Actual  
Indicator of Price Movement

Using Tick Charts smoothens out the curves  
Typical Tick Settings – Looking for 2-3 min bars

US Day – 400-600 Ticks

European – 200-300 Ticks

Asian – 80-150 Ticks



10 + 8 + 6 = 24 ES Points Today

Finish at IB Extension

DAYTRADE BY COLORS – GREEN  
BUY Signal (8:45AM)  
(Bought 1647)

DAYTRADE BY COLORS – RED  
SELL Signal (12:30PM)  
(Reverse 1657)

DAYTRADE BY COLORS – GREEN  
BUY Signal (2:15 PM)  
Reverse (1649)



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## Management - Trade Style

### Typical Globex Strategy for making money

- BUY or SELL Multiple contracts in Pairs on Entry
- Use 1-2 Points Profit as directed by our signals
- Take Half your Contracts for Profit at signal
- Move you Stop Down to Break Even or close enough that you will not lose money on the other half
- Let the rest run for further targets, knowing worst case you have a little green.
- This style limits your “Stopped Out” losses on many trades we take in the program