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# **GREEKISMS – Lessons Learned #5**

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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# Review of Fundamentals

- **Proprietary Indicators and How to Use them**
  - Using DOM Volume to determine Short Term Market Direction
  - Time Zones to trade and the highest percentage trading opportunities
  - Foreign Market Direction and Scenarios that provide trading opportunities
  - Watching US Markets and Yen Currency during US Day session
  - Using Support, Pivot and Resistance Numbers



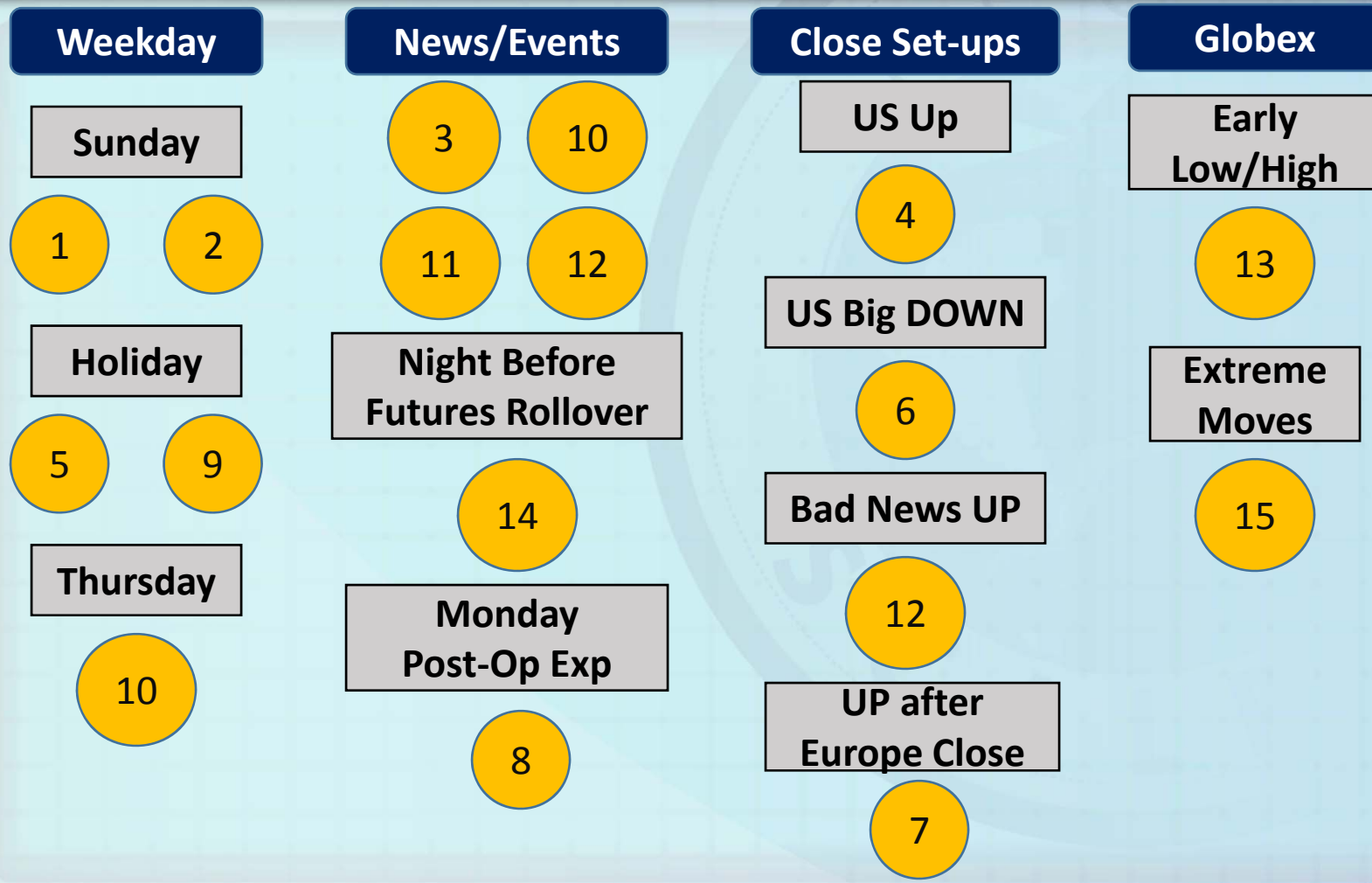
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## Topics Covered

- **“Greekisms” and Trade Signals**
- **Classic Night Time Trade Setups and Opportunities**
- **Handy Usage Diagram Summary**



- “Greekisms” are knowledge and wisdom developed by observations over years of watching and trading this overnight market (Signals not Indicators)
- This market tends to react a certain way to different events in a repeatable manner (80% rule)
  - Example – Monday after Options expiration and Sunday Night Reversals
  - These reactions are not 100% per event, however, accompanied with confirmation from indicators, they can provide accurate trading opportunities





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Greekism #1

Sunday is the most unpredictable  
Night of the Week





## Sunday Trade Set-ups (*Long or Short*)

- If the market opens down from Friday's close, and then reverses (by 1 point above Friday's close) and goes positive, look for a long trade opportunity during the Asian Session and into Europe
- If the market opens up from Friday's close, and then reverses (by 1 point below Friday's close) and goes negative, look for a short trade opportunity during the Asian Session and into Europe



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## Greekism #2 Example

- Friday Close: **1857.75**
- Sunday Open: **1856.25**
- Trigger for Entry: **1857.75 + 1 = 1858.75**
  - This example Globex opened down (below Friday close)
  - The trigger (signal) to look for a long trade is 1 point above Friday close as shown 1858.75 trading level



## Gap Opening on Good News

- Wait about 45 minutes – 5:15 and Short the ES
- Looking for a quick scalp because you do not want to stay in as the price will eventually turn back up and resume the trend



## Market at Top of range at Close

- If the market closes at the top of the range at the last hour of trading, there is usually a down opening in the morning
- This is helpful to remember at 5:00 – 6:00 AM for a trade signal set-up



## Holiday Market Trading Volume/Bias

- During Holiday Trading the volume of contracts are usually thin and they have a BUY side bias
- The ES tends to OPEN down and then sometime between 9:00 PM and 01:00 AM (DAX Futures Open) they begin to rally and continue thru the morning.
- The ES will then tend to sell off between 8:00 and 10:00 AM



## Big Sell off in the US market

- If there is a big sell off (more then 15 points) the ES will usually open down and then rally into Asia  
Opening sometime around 6:30 PM CDT (5:30 CST)
- If Asia rally from it's Open, there could be a large move to the upside
  - If the NKK Opens down more then 250-300 points or the HSI over 350-500 and stays down, this scenario will be negated



## Post European Close ES Rally Signal

- If the ES rallies after European Cash Close at 10:30 AM, it will usually also rally into the next European Open (1:00-2:00 AM)



## Monday following Options Expiration week

- The Monday after Options Expiration week (3<sup>rd</sup> Friday of Month) the ES usually opens up (8:30 AM until 10:00 AM CT) and then a chance for a sell off presents itself





## Japan/China Holiday – ES Bias/Volume Signal

- When Japan or China are on holiday, the ES is usually bullish during the Asian Session on thin trading Volume
- Slow grind higher when NKK or HSI are closed throughout Asian Session



## Thursday Night before Big News Fridays

- Thursday Nights before a Big News Item on Friday are down early.
- If the News is expected to be positive, the ES will rally late in the night and during the European Session (2:00 AM on)



## Night before Big News Next Day Narrow Ranges

- Any Night before a Big News Item on following day usually have narrow trading ranges
- News Examples – CPI, Non-Farm Payroll, Goldman Sachs earnings in the AM, etc.



## Bad News during Day Short Squeeze Signal

- If there is bad news during the day and the market rallies to squeeze the shorts
- There is usually a good short at night



## ES Position (Low or High) within Range early in night Signal

- If the ES stays near the lows most of the night, it will usually go lower in Europe Session
- If the ES stays near the highs most of the night, it will usually go higher in Europe Session



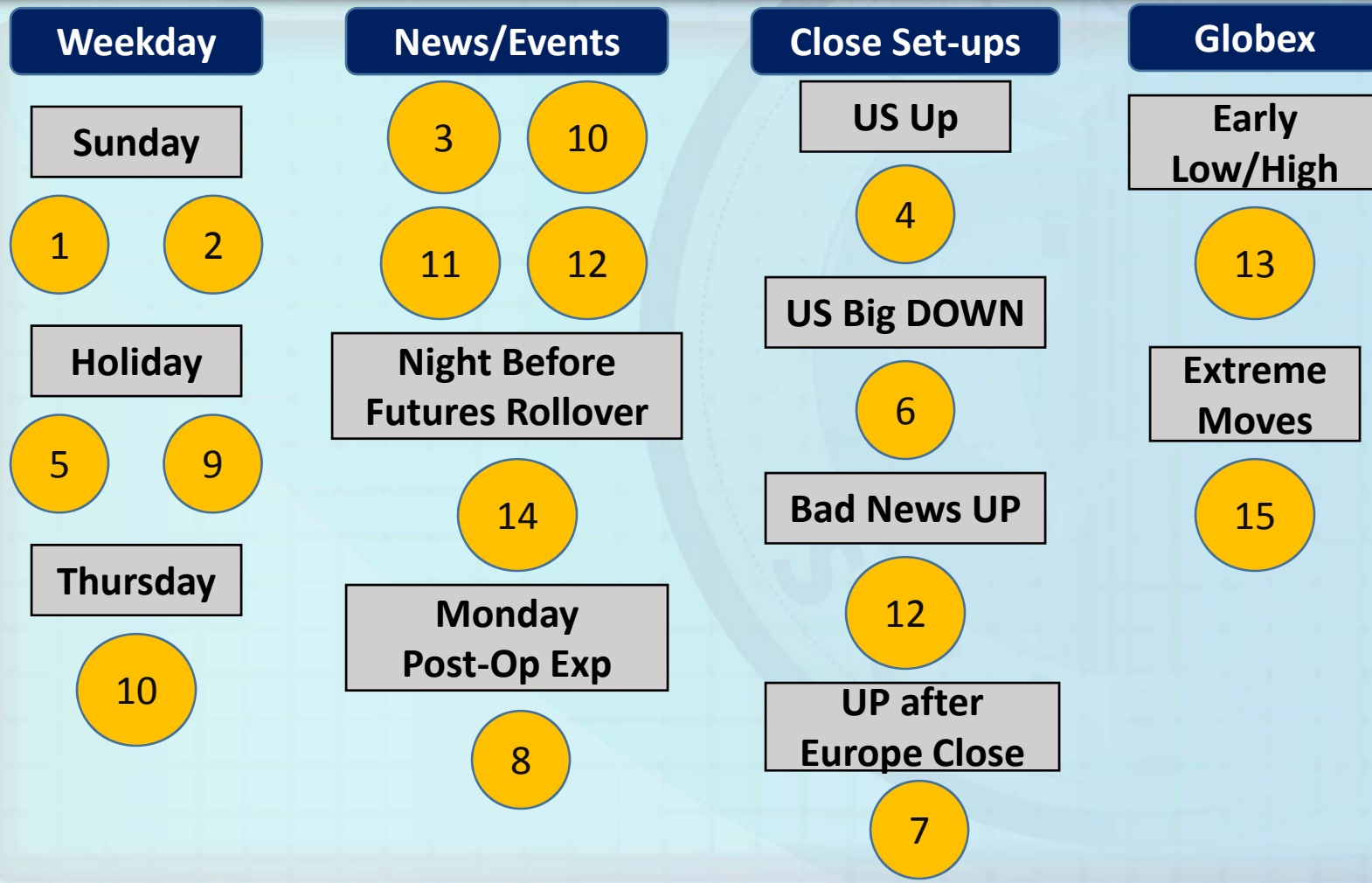
## Night before Futures Rollover Upside Bias Signal

- The night before the futures rollover to the next contract quarter, the ES typically has an Upside Bias
- The current quarter contract is usually trading at a premium (Higher Price) compared to the next quarter contract and the upside bias attempts to close the spread between the new and old contract before rollover



## Extreme Movements Signals

- If you see any of the following movements in other markets we are not having a typical night
- There might be bad news or you might want to reduce trade size
  - Dollar Index – DX – Up/Down over .50 Cents
  - Nikkei Index – SGXNKD – Up/Down over 200 pts
  - Hang Seng – HSI – Up/Down over 375 pts
  - Bonds – ZB – Up or Down over 15 ticks
  - Remember to use Greekisms alongside your indicators







## Actual Trading Usage Parameters

- All of these items are built on years of observation of this Globex Market Trading (5:00 PM to 5:00 AM)
- They are not 100% (nothing ever is) but they are typically correct 80% of the time and we use them as high probability trade set-ups
- Always use other trade signals and market conditions in real-time to get into the trade and out of the trade