Jake Bernstein

Advanced Trader Sessions (ATS)

http://www.jakebernstein.com

800-678-5253   831-430-0600

ATS 1

Session 3

January Effect Weekly Trigger: Status
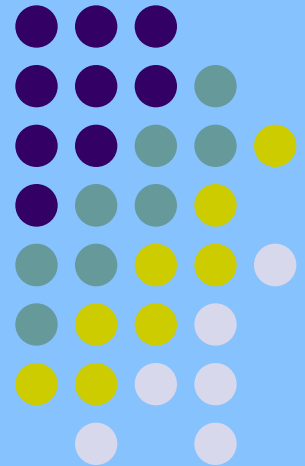CMC and CMC 2
The Myth of the Golden Cross
The Path of Least Seasonal Resistance: Intro
Trading the 3x3 Channel Swing Trades
2 February 2012

"Man seeks to escape himself in myth, and does so by any means at his disposal. Drugs, alcohol, or lies. Unable to withdraw into himself, he disguises himself. Lies and inaccuracy give him a few moments of comfort"

Business TV this week

"A very bullish indicator is now developing in the Dow Jones average. It's called the Golden Cross. It happens when the 50 day MA crosses above the 200 day MA and its happening right now.   In the past this has led to some very big moves up in the Dow Jones Average…"

ATS Goals

- Advanced concepts
- New research
- Improvements and fine tuning
- New directions
- Focus
- Patterns and procedures
- Taking trades to the next level

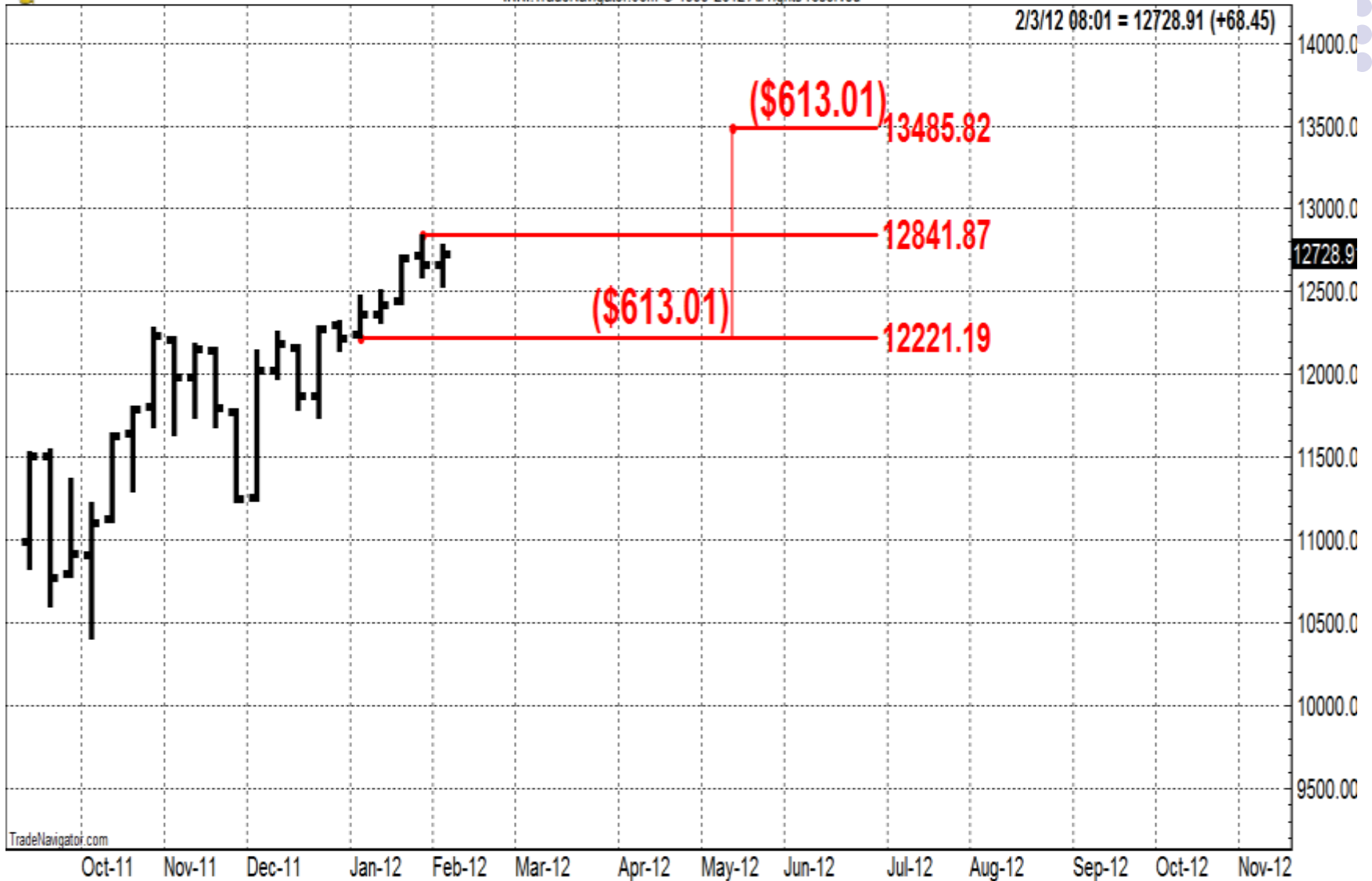# 2nd yr Decade Pattern January Effect: UPDATE

- What is the pattern? Reviewed
- Setup: Jan high / low
- Trigger: weekly close above / below
- Follow through: range of Jan
- History
- Limitations: specific to Dow Jones
- Benefits and use
- DIA, Dow Futures*, IYJ, IYY

Where we are now $DJI

$DJIA: Dow Jones Industrials Index (Weekly bars)

2/3/12 08:01 = 12728.91 (+68.45)

($613.01)
13485.82

12841.87

12728.9

($613.01)
12221.19

In S&P

$SPX: S&p 500 Index (Weekly bars)

2/3/12 08:24 = 1327.17 (+10.84)

1333.47

1258.86

1327.17

TradeNavigator.com

Aug-11   Sep-11   Oct-11   Nov-11   Dec-11   Jan-12   Feb-12   Mar-12   Apr-12   May-12   Jun-12
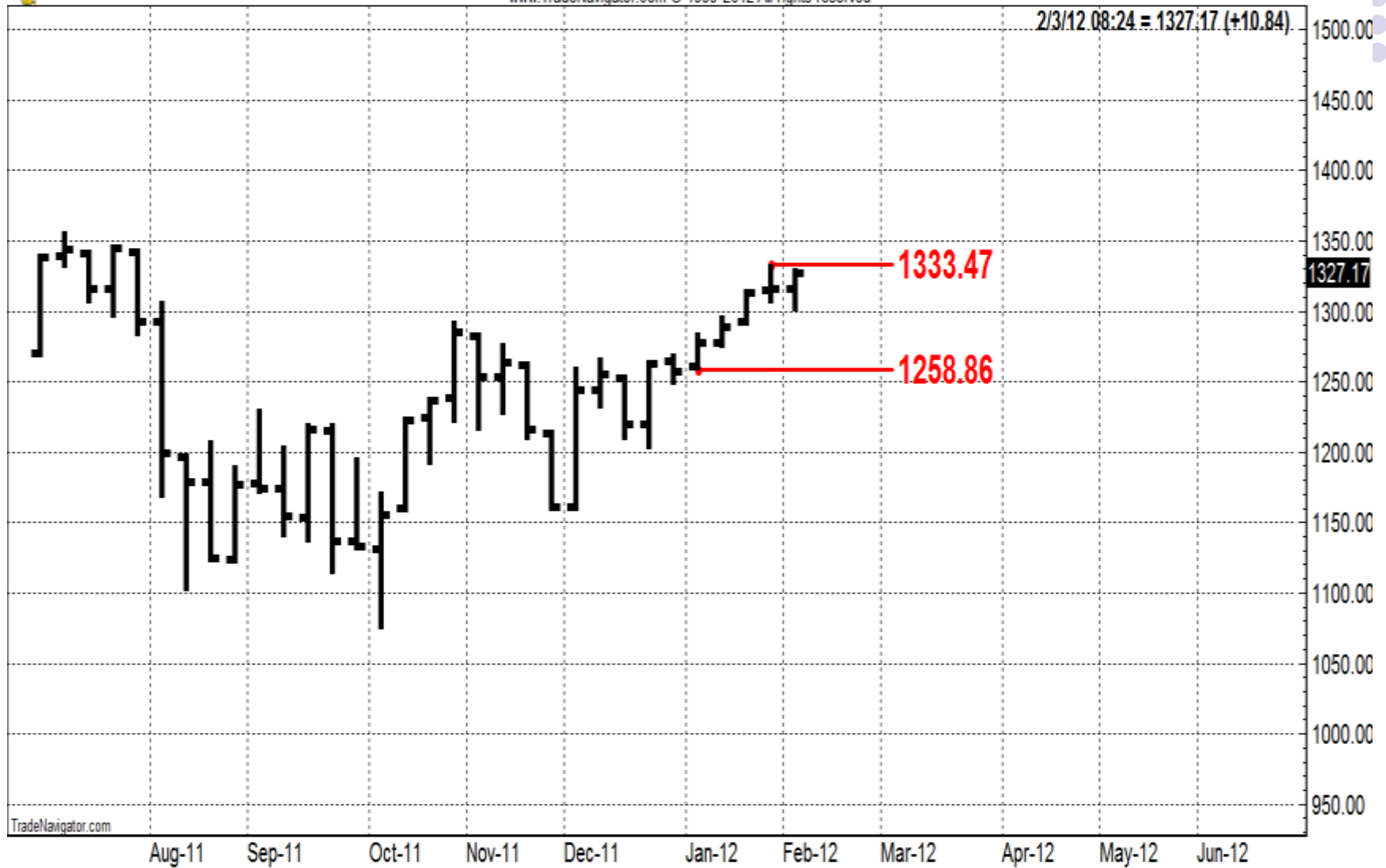
My CMC trade this week

- Review of CMC logic

- One day CMC

- Introducing 2 day CMC

- Why 2 day?

- It's definitive

- The odds

- Recent and current examples

- Follow through – trade location is the one major advantage of a CMC

ADM CMC trade and status

ADM: Archer-Daniels-Midland Company (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

2/2/12 08:41 = 28.88 (-0.31)

29.34

28.63

Developing CMC

NG: Novagold Resources Inc New (Daily bars)

2/2/12 08:42 = 9.35 (-0.98)

SD trade by trade

SD: Sandridge Energy Inc. (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

2/2/12 08:43 = 7.12 (-0.71)
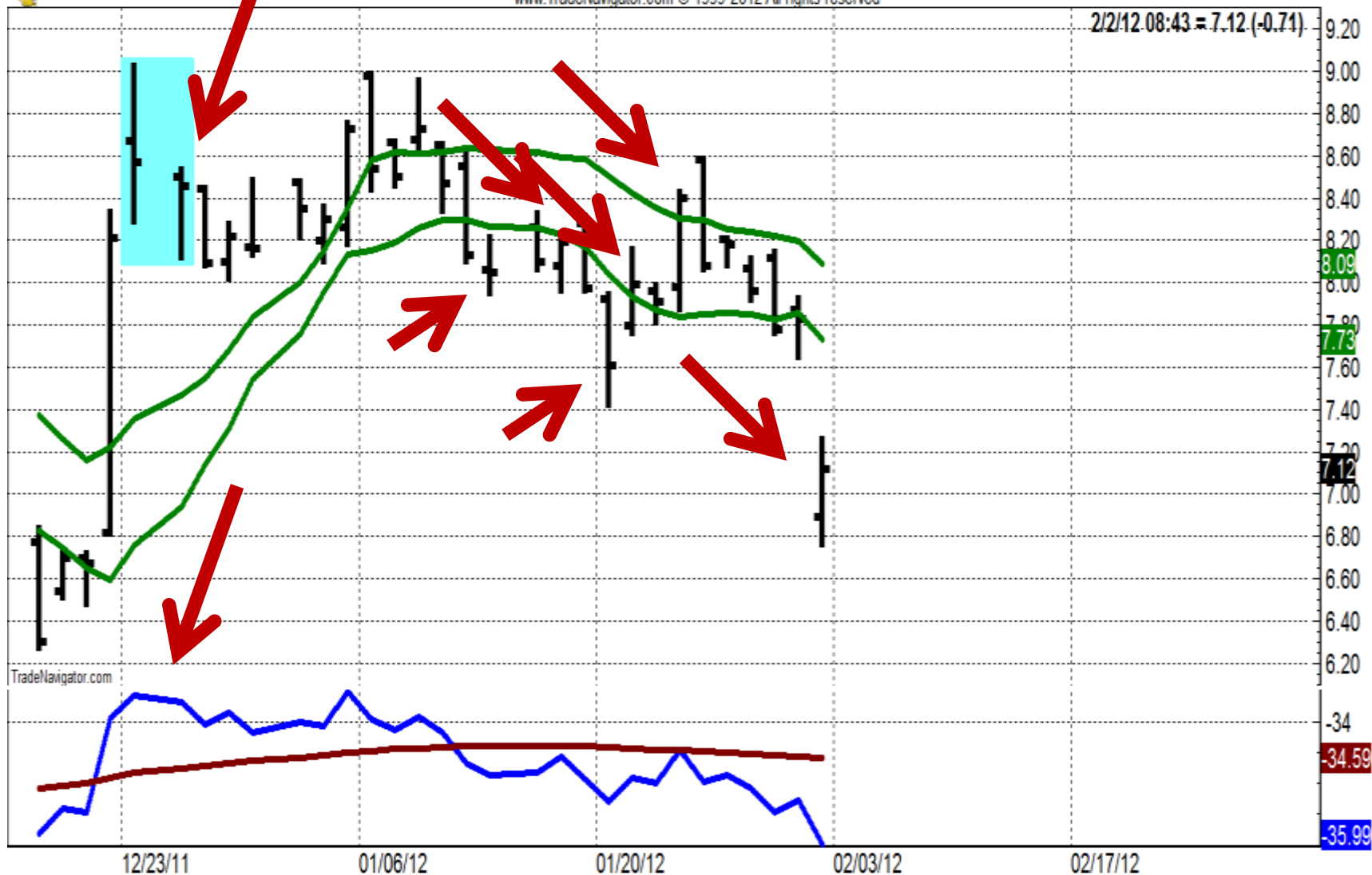
ZM CMC and swing

CMC sell and follow through

HE-201204: Lean Hogs (Elec) Apr 2012 (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

Introducing the 2day CMC

- Why?
- Advantages
- Disadvantages
- Slightly different procedure
- What you can gain
- What you can lose
- When it works best – sustained trends
- Examples

ANF

ANF: Abercrombie & Fitch Company (Daily bars)

2/2/12 08:59 = 41.47 (-5.36)

50.92

46.36
44.80

41.47

TradeNavigator.com

60.43
55.09
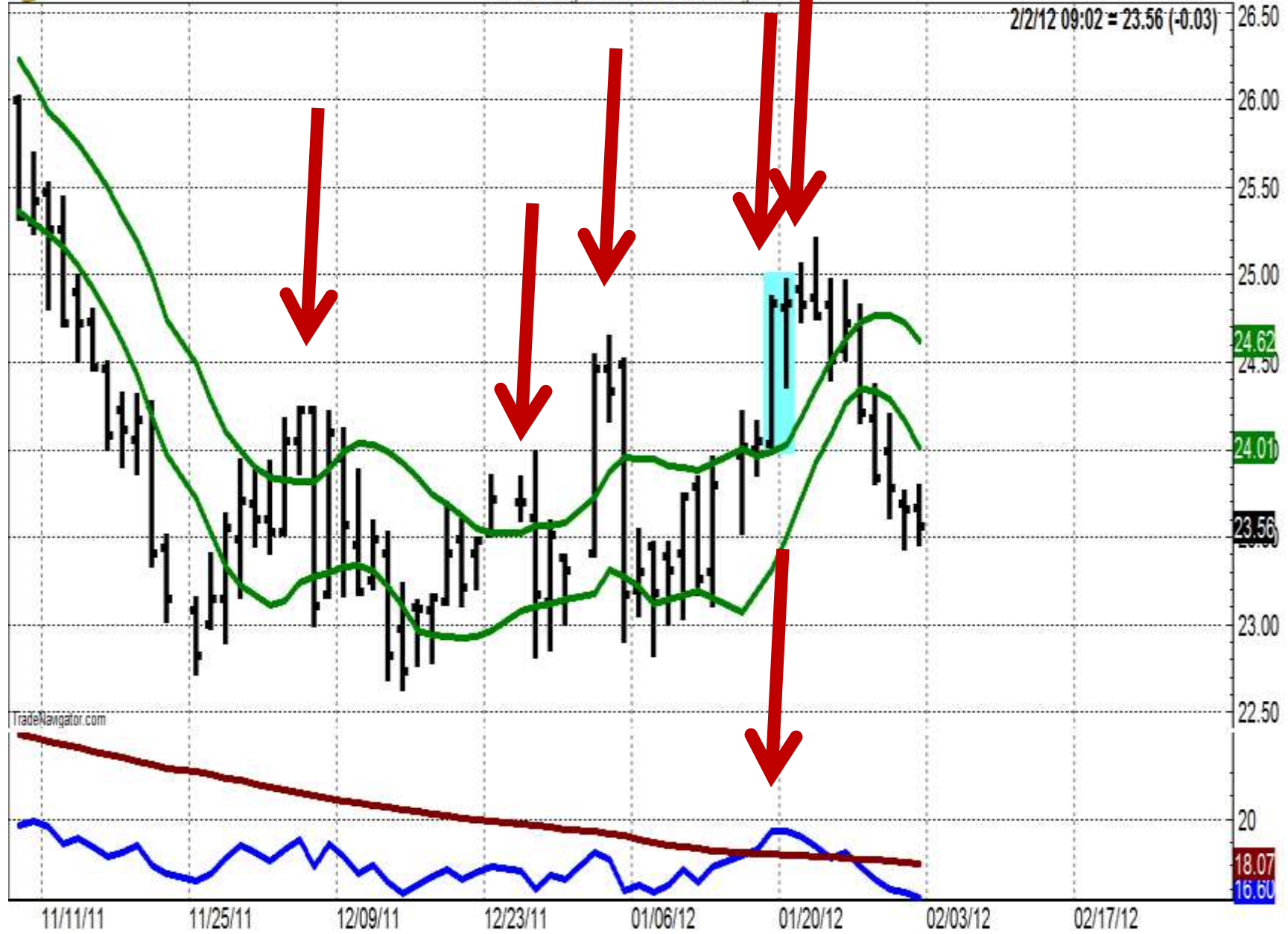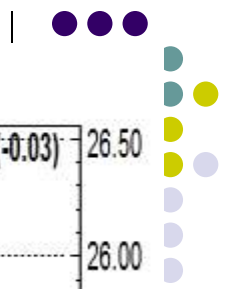
11/11/11   11/25/11   12/09/11   12/23/11   01/06/12   01/20/12   02/03/12   02/17/12

70.00
68.00
66.00
64.00
62.00
60.00
58.00
56.00
54.00
52.00
50.00
48.00
44.00
40.00
75

SB2-201203: Sugar #11 (Comb) Mar 2012 (Daily bars)

2/2/12 09:02 = 23.56 (-0.03)

SB2-201203: Sugar #11 (Comb) Mar 2012 (Daily bars)

2/2/12 09:05 = 23.57 (-0.02)

CL2-201203: Crude Oil NY (Comb) Mar 2012 (Daily bars)

2/2/12 09:19 = 95.67 (-1.94)

104.00

102.00

100.26

100.00

97.88

96.00

95.67

94.00

TradeNavigator.com

61.20

54.89

12/23/11   01/06/12   01/20/12   02/03/12   02/17/12
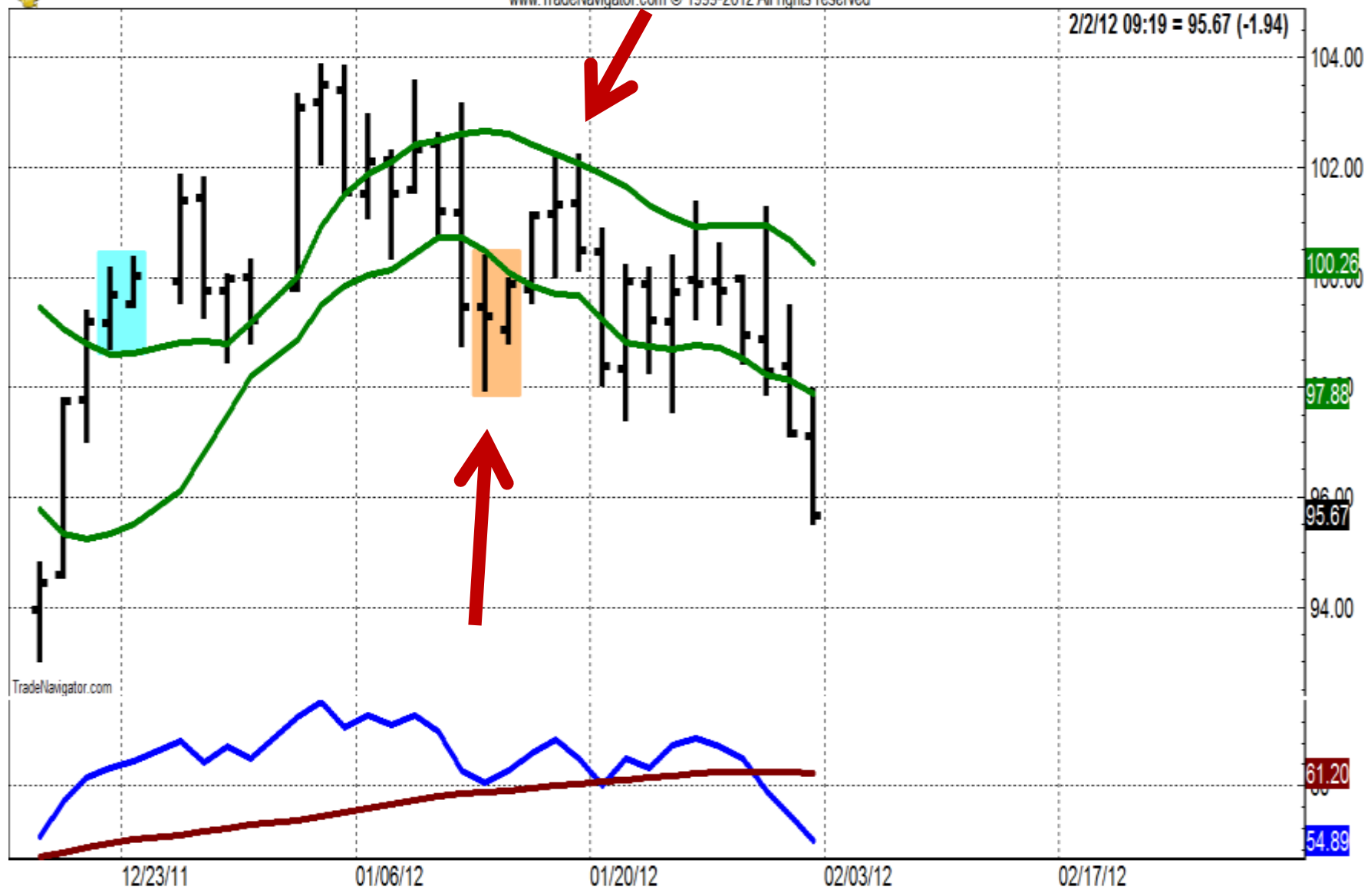
Myth of the Golden Cross

- What is it?
- 200MA and 50 MA
- 50MA > 200MA buy
- 50MA< 200MA sell
- Track records
- Various variations on the theme

DJIA from 1950 to now

Summary – All Trades

Overall

Total Net Profit:	$3,094	Profit Factor ($Wins/$Losses):	**1.53**
Total Trades:	34	Winning Percentage:	29.4%
Average Trade:	$91	Payout Ratio (AvgWin/AvgLoss):	3.66
Max Closed-out Drawdown:	-$3,668	CPC Index (PF x Win% x PR):	1.64
Max Intraday Drawdown:	-$3,688	Expectancy (AvgTrade/AvgLoss):	37.17%
Account Size Required:	$3,688	Return Pct:	**83.9%**
Open Equity:	-$2,492	Kelly Pct (AvgTrade/AvgWin):	10.14%
Percent in the Market:	84.8%	Optimal f:	0.02
Avg # of Bars in Trade:	396.00	Z-Score (W/L Predictability):	1.0
Avg # of Trades per Year:	0.6	Current Streak:	10 Losses

Monthly Profit Analysis

Average Monthly Profit:	$5	Monthly Sharpe Ratio:	-0.03
Std Dev of Monthly Profits:	$230	Annualized Sharpe Ratio:	-0.10
		Calmar Ratio:	0.02

Winning Trades / Losing Trades

Winning Trades		Losing Trades	
Total Winners:	10	Total Losers:	24
Gross Profit:	$8,970	Gross Loss:	-$5,876
Average Win:	$897	Average Loss:	-$245
Largest Win:	$4,929	Largest Loss:	-$1,027
Largest Drawdown in Win:	-$202	Largest Peak in Loss:	$2,881
Avg Drawdown in Win:	-$94	Avg Peak in Loss:	$261
Avg Run Up in Win:	$1,297	Avg Run Up in Loss:	$261
Avg Run Down in Win:	-$94	Avg Run Down in Loss:	-$393
Most Consec Wins:	3	Most Consec Losses:	10
Avg # of Consec Wins:	1.25	Avg # of Consec Losses:	2.67
Avg # of Bars in Wins:	863.30	Avg # of Bars in Losses:	201.29

By Year
by Profit
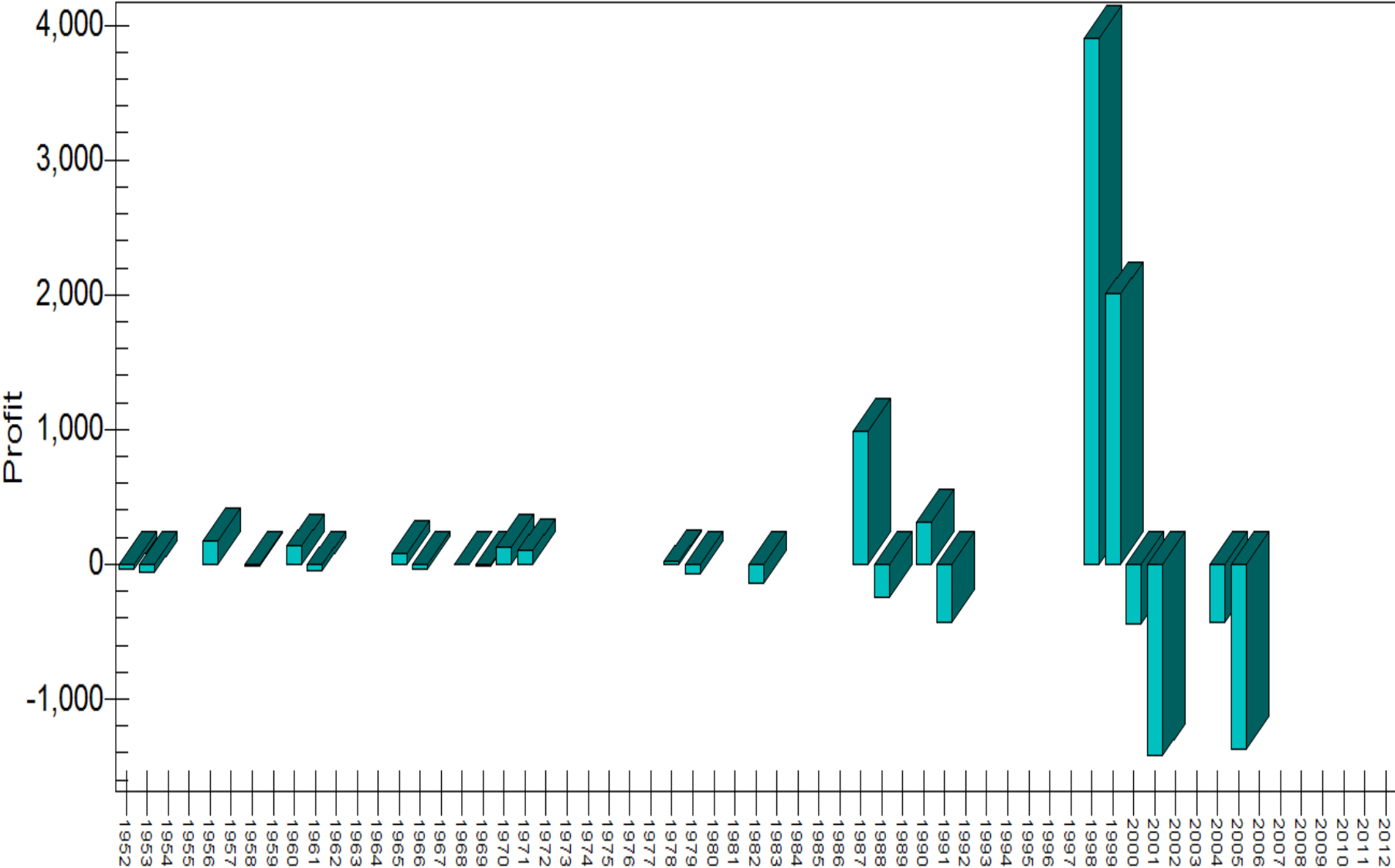
ES from start no stop
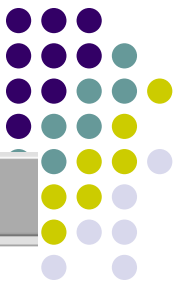
Summary – All Trades

Total Net Profit:	$34,340	Profit Factor ($Wins/$Losses):	**1.41**
Total Trades:	98	Winning Percentage:	34.7%
Average Trade:	$350	Payout Ratio (AvgWin/AvgLoss):	2.65
Max Closed-out Drawdown:	-$9,925	CPC Index (PF x Win% x PR):	1.29
Max Intraday Drawdown:	-$10,395	Expectancy (AvgTrade/AvgLoss):	26.56%
Account Size Required:	$16,645	Return Pct:	**206.3%**
Open Equity:	$2,243	Kelly Pct (AvgTrade/AvgWin):	10.03%
Percent in the Market:	69.1%	Optimal f:	0.07
Avg # of Bars in Trade:	25.88	Z-Score (W/L Predictability):	1.4
Avg # of Trades per Year:	6.9	Current Streak:	2 Losses

Monthly Profit Analysis

Average Monthly Profit:	$200	Monthly Sharpe Ratio:	0.07
Std Dev of Monthly Profits:	$2,309	Annualized Sharpe Ratio:	0.24
		Calmar Ratio:	0.23

Winning Trades / Losing Trades

Winning Trades		Losing Trades	
Total Winners:	34	Total Losers:	64
Gross Profit:	$118,770	Gross Loss:	-$84,430
Average Win:	$3,493	Average Loss:	-$1,319
Largest Win:	$20,130	Largest Loss:	-$1,545
Largest Drawdown in Win:	-$1,445	Largest Peak in Loss:	$6,718
Avg Drawdown in Win:	-$591	Avg Peak in Loss:	$1,275
Avg Run Up in Win:	$6,596	Avg Run Up in Loss:	$1,275
Avg Run Down in Win:	-$591	Avg Run Down in Loss:	-$1,386
Most Consec Wins:	6	Most Consec Losses:	5
Avg # of Consec Wins:	1.36	Avg # of Consec Losses:	2.46
Avg # of Bars in Wins:	49.35	Avg # of Bars in Losses:	13.41

By Year
by Profit
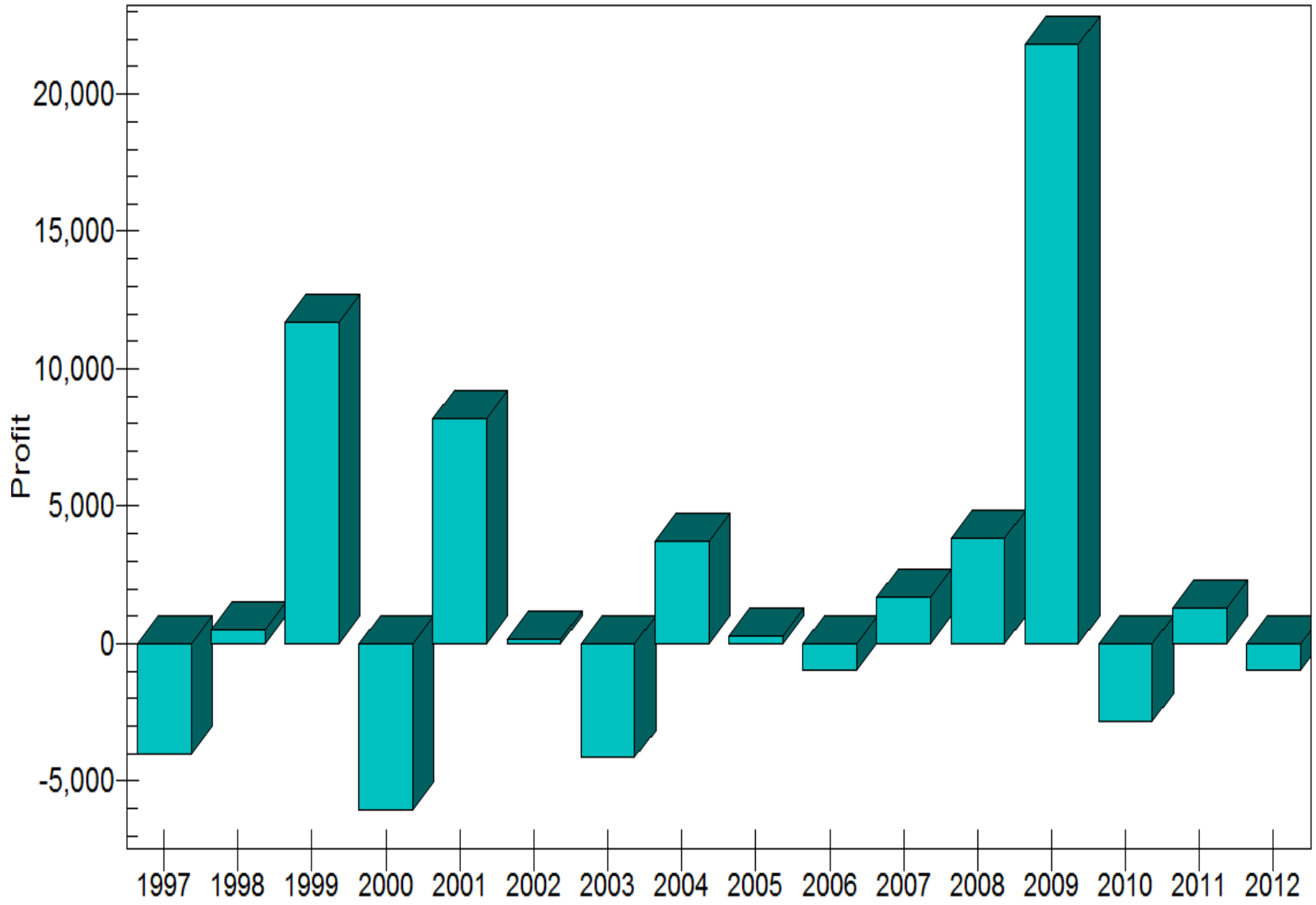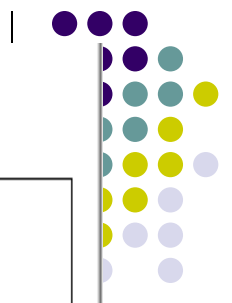
SP from start with $10,000 stop

Summary – All Trades

Overall

Total Net Profit:	$146,470	Profit Factor ($Wins/$Losses):	3.29
Total Trades:	9	Winning Percentage:	22.2%
Average Trade:	$16,274	Payout Ratio (AvgWin/AvgLoss):	11.52
Max Closed-out Drawdown:	-$50,225	CPC Index (PF x Win% x PR):	8.42
Max Intraday Drawdown:	-$50,225	Expectancy (AvgTrade/AvgLoss):	178.17%
Account Size Required:	$81,475	Return Pct:	179.8%
Open Equity:	$480	Kelly Pct (AvgTrade/AvgWin):	15.47%
Percent in the Market:	66.0%	Optimal f:	0.12
Avg # of Bars in Trade:	550.78	Z-Score (W/L Predictability):	0.4
Avg # of Trades per Year:	0.3	Current Streak:	5 Losses

Monthly Profit Analysis

Average Monthly Profit:	$492	Monthly Sharpe Ratio:	0.02
Std Dev of Monthly Profits:	$11,292	Annualized Sharpe Ratio:	0.09
		Calmar Ratio:	0.12

Winning Trades / Losing Trades

Winning Trades		Losing Trades	
Total Winners:	2	Total Losers:	7
Gross Profit:	$210,410	Gross Loss:	-$63,940
Average Win:	$105,205	Average Loss:	-$9,134
Largest Win:	$192,355	Largest Loss:	-$10,045
Largest Drawdown in Win:	-$4,783	Largest Peak in Loss:	$159,455
Avg Drawdown in Win:	-$3,195	Avg Peak in Loss:	$37,293
Avg Run Up in Win:	$126,380	Avg Run Up in Loss:	$37,293
Avg Run Down in Win:	-$3,195	Avg Run Down in Loss:	-$9,134
Most Consec Wins:	1	Most Consec Losses:	5
Avg # of Consec Wins:	1.00	Avg # of Consec Losses:	3.50
Avg # of Bars in Wins:	1,571.00	Avg # of Bars in Losses:	259.29

By Year
by Profit
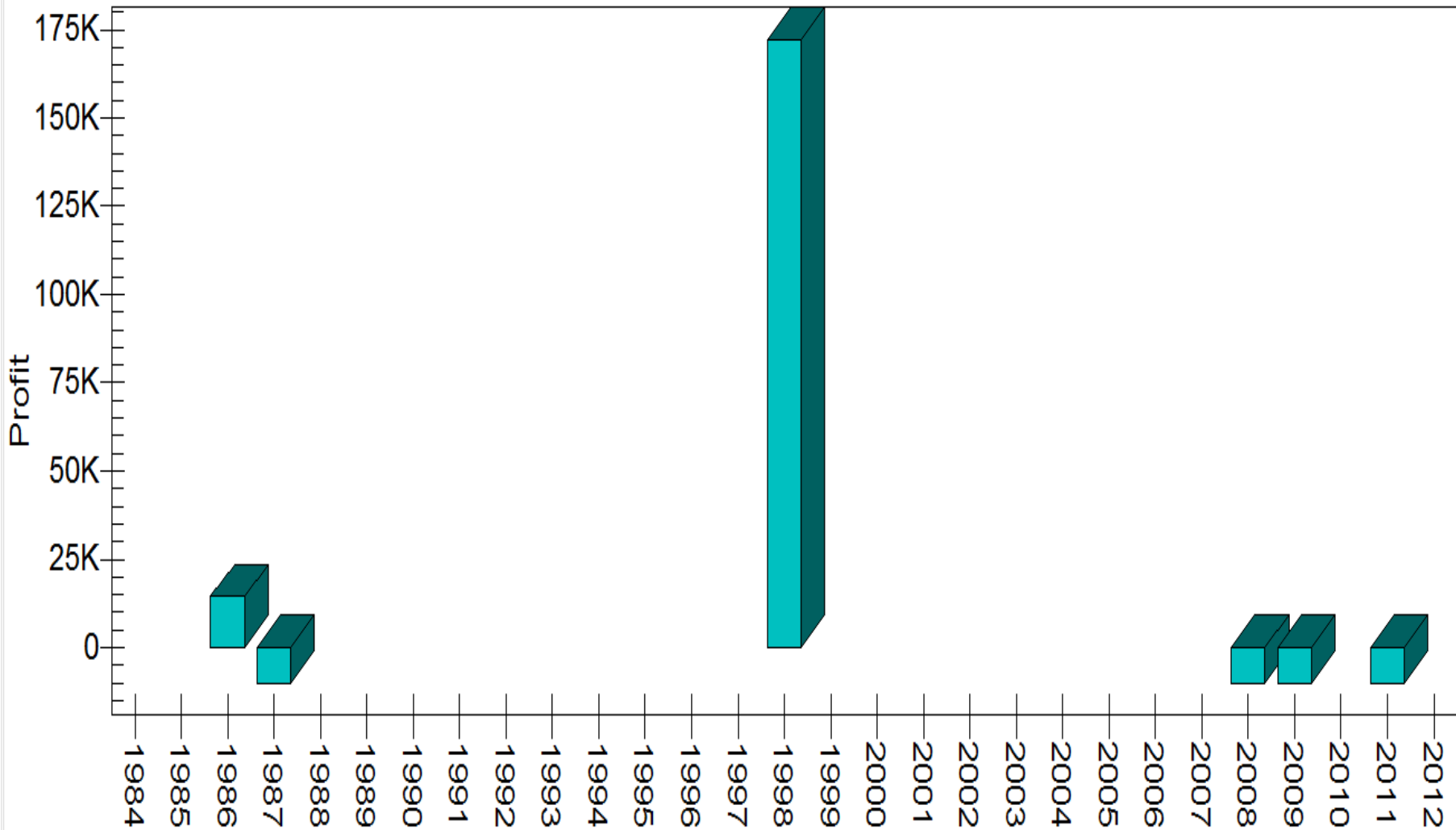
ES from start $2500 stop

By Year
by Profit
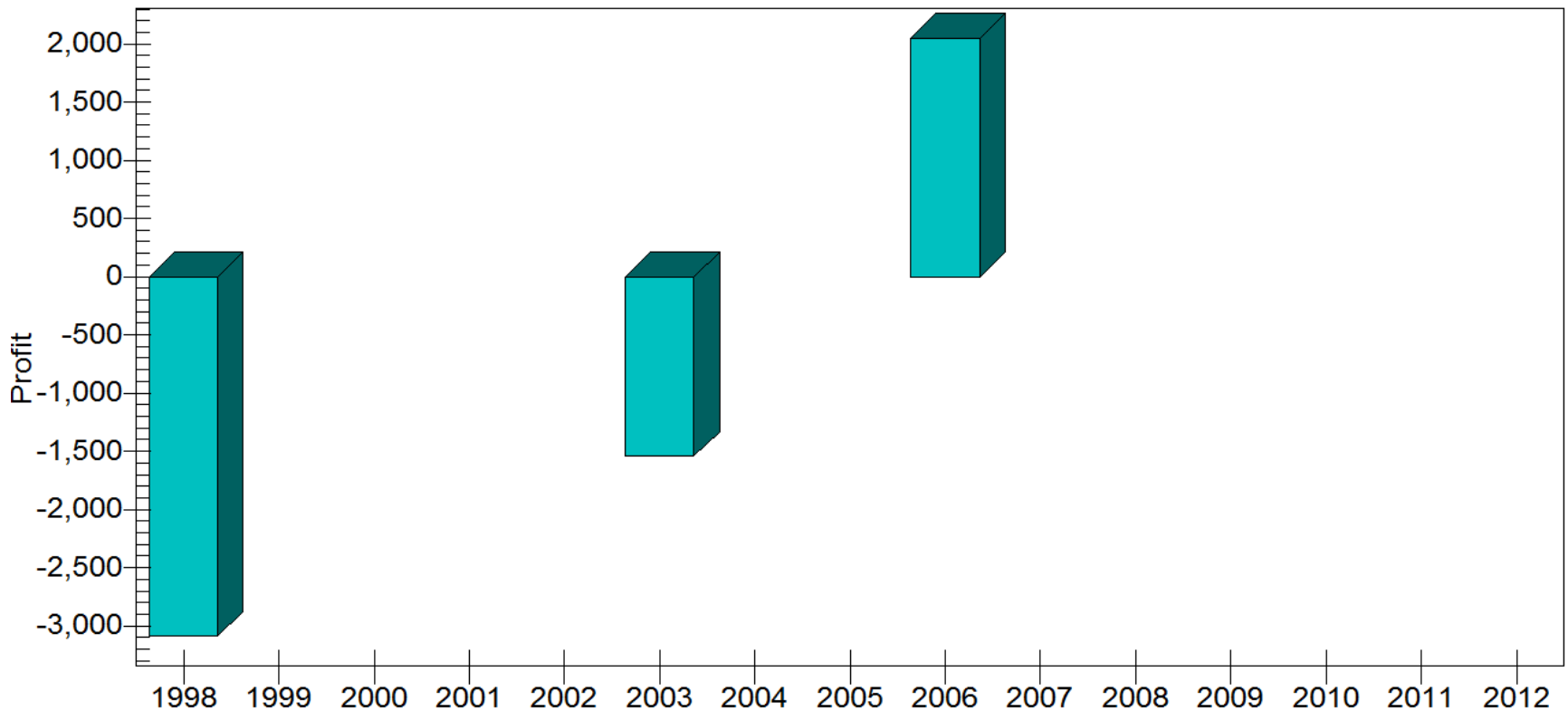
3x3 channel Review

- 3 high 3 low simple MA channel
- CHART next slide
- What else do we need?
- Confirmation
- Entry/exit
- Danger zone exit
- Stop and TS
- Examples

G6E-201203: Euro FX (Elec) Mar 2012 (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

1/26/12 11:24 = 1.3102 (+0.0015)

ES1-201203: E-Mini S&P 500 (Day) Mar 2012 (Daily bars)

1/26/12 11:31 = 1314.25 (-6.25)

$850

$287.50

$537.50

1322.00
1314.25
1305.50

1325.00
1300.00
1275.00
1250.00
1225.00
1200.00

TradeNavigator.com

12/08/11   12/22/11   01/05/12   01/19/12

How to deal with this?

ZB-201203: T-Bonds 30Yr CBT Elec Mar 2012 (Daily bars)

www.TradeNavigator.com © 1999-2012 All rights reserved

1/26/12 11:34 = 142^23 (+0^30)

($1,593.75)

TradeNavigator.com

12/08/11   12/22/11   01/05/12   01/19/12

ZB-201203: T-Bonds 30Yr CBT Elec Mar 2012 (360 minute bars)

1/26/12 11:38 = 142^25 (+1^00)

$843.75

$968.75

$531.25

142^25

142^04

TradeNavigator.com

145^16

145^00

144^16

144^00

143^16

143^00

142^16

142^00

141^16

141^00

140^16

01/17/12 01/18/12 01/19/12 01/20/12 01/23/12 01/24/12 01/25/12 01/26/12 01/27/12 01/30/12 01/31/12 02/01/

Confirmation MOM/MA 28/28

ES1-201203: E-Mini S&P 500 (Day) Mar 2012 (Daily bars)

1/26/12 13:04 = 1314.50 (-6.00)

$687.50

$687.50

$687.50

$512.50

1322.00
1314.50
1304.50
1300.00

1275.00

1250.00

1225.00

1200.00

TradeNavigator.com

102.5000

55.9286

0.0000

12/21/11   01/04/12   01/18/12   02/01/12

GC2-201202: Gold Comex (Comb) Feb 2012 (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

1/26/12 13:11 = 1720.4 (+20.3)
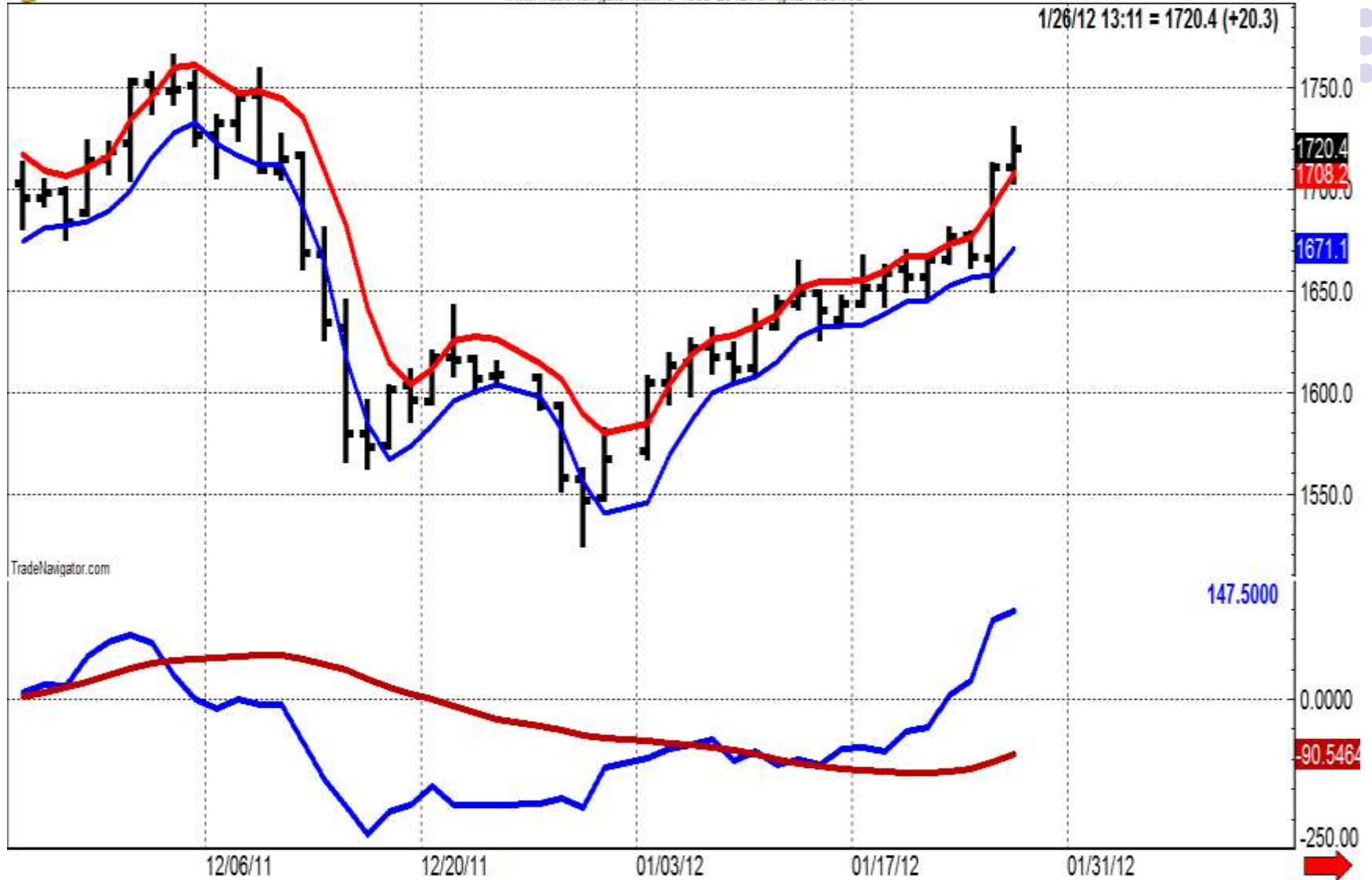
NFLX: Netflix, Inc. (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

1/26/12 13:00 = 116.01 (+20.97)
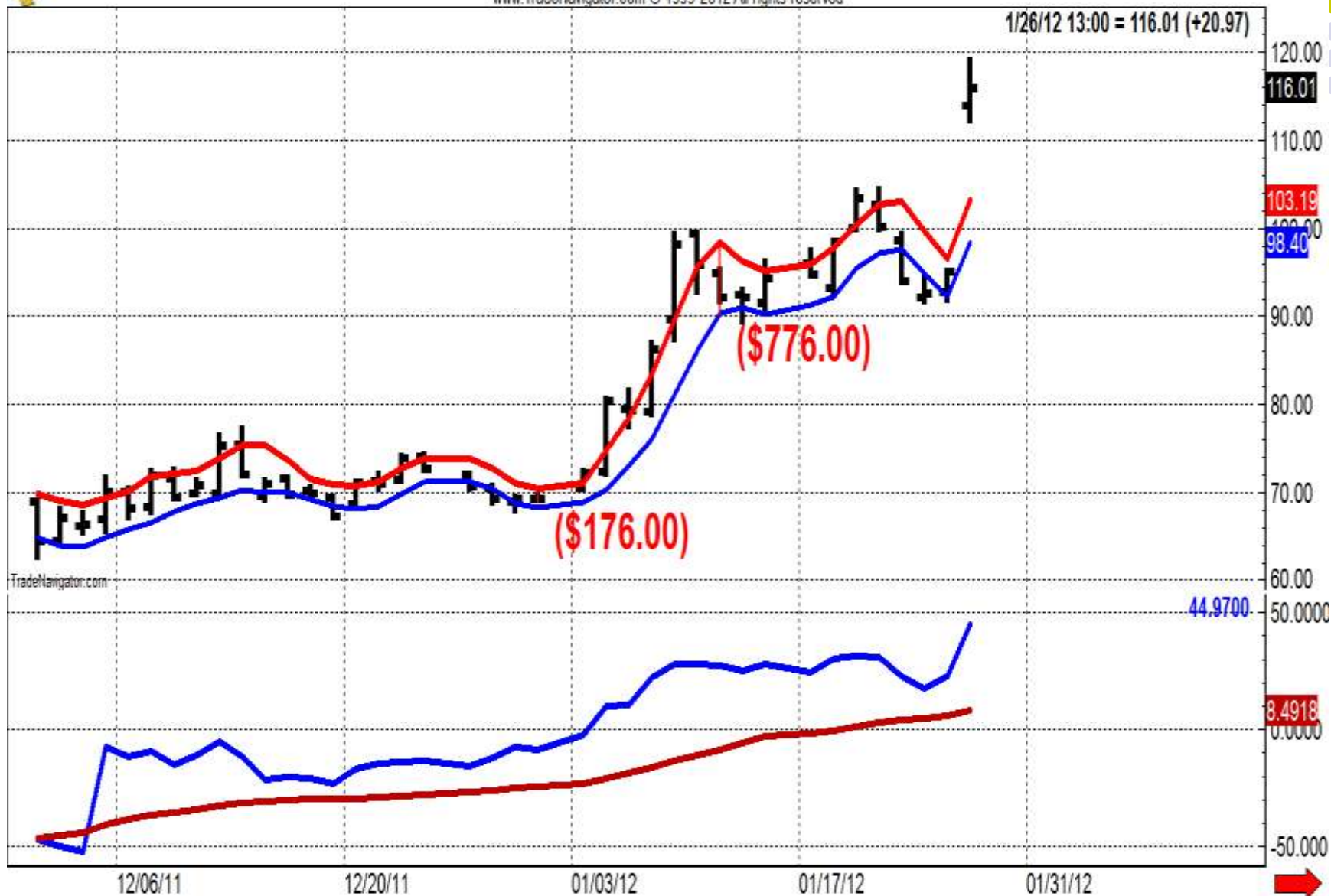
Current/recent 3x3 trades

NWL: Newell Rubbermaid Inc. (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

2/2/12 12:37 = 18.41 (-0.14)
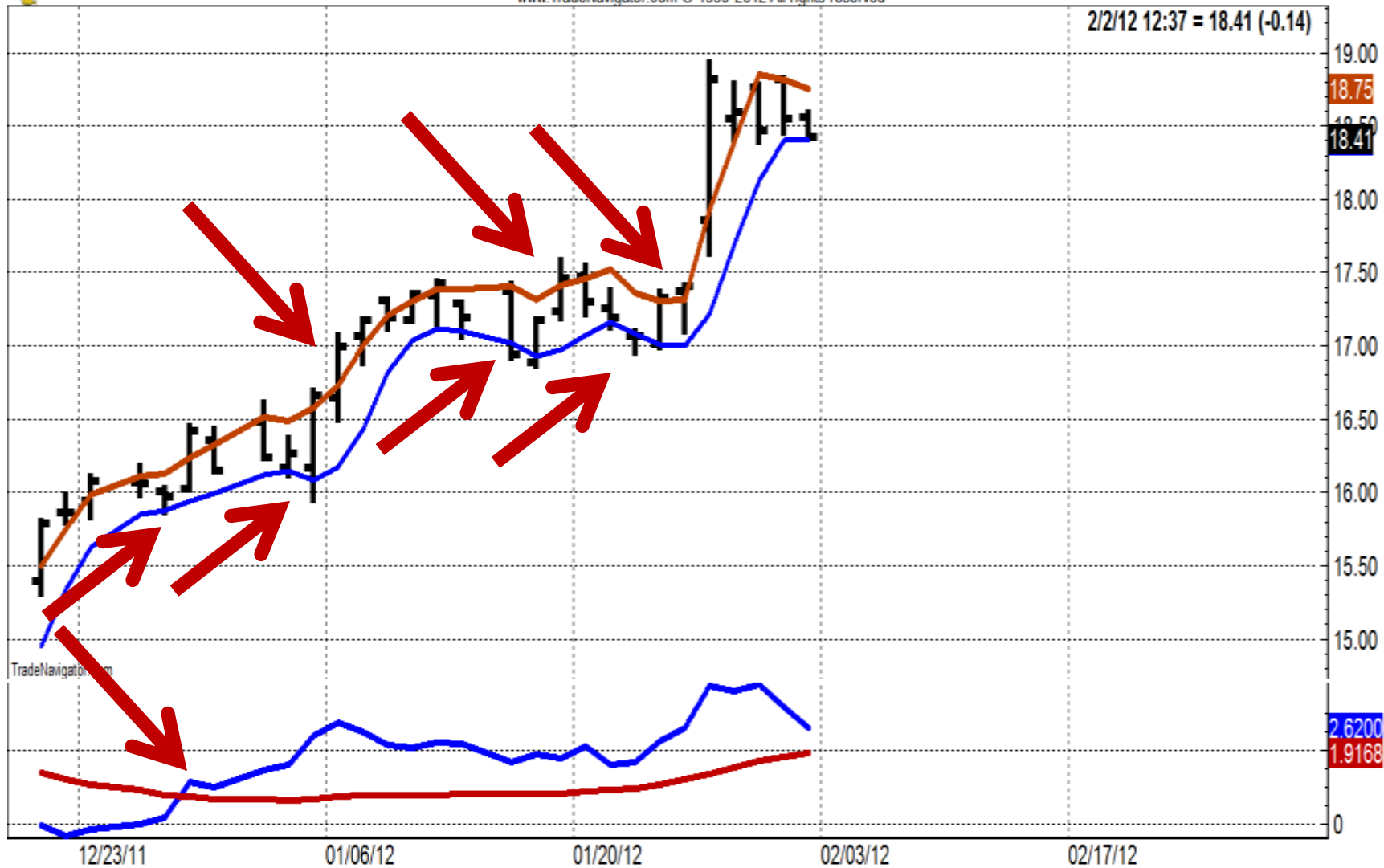
What did I do today?

NG: Novagold Resources Inc New (Daily bars)

What did I do today?

AGRO: Adecoagro S.A. (Daily bars)
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What did I do today?

AA: Alcoa Inc. (Daily bars)
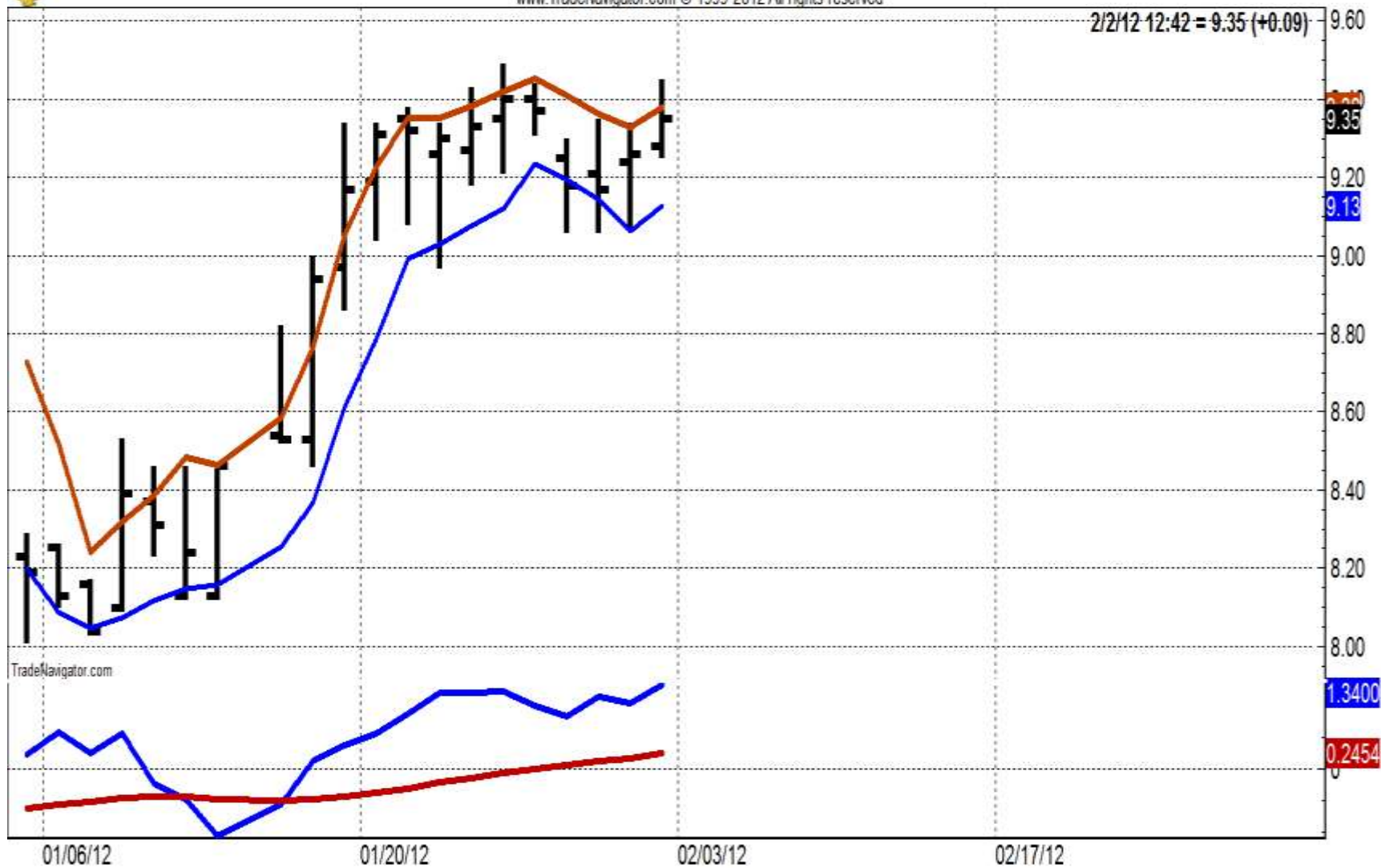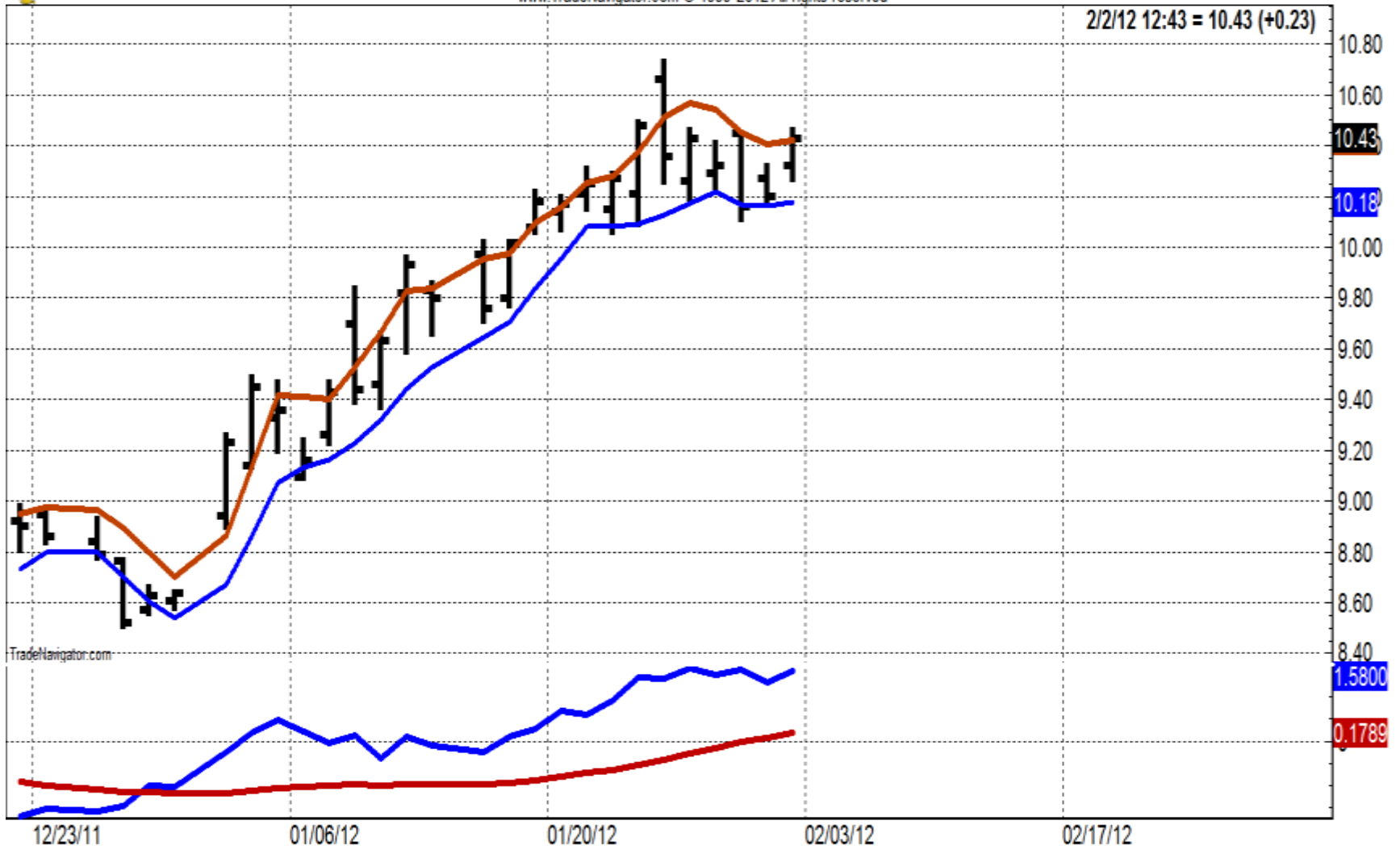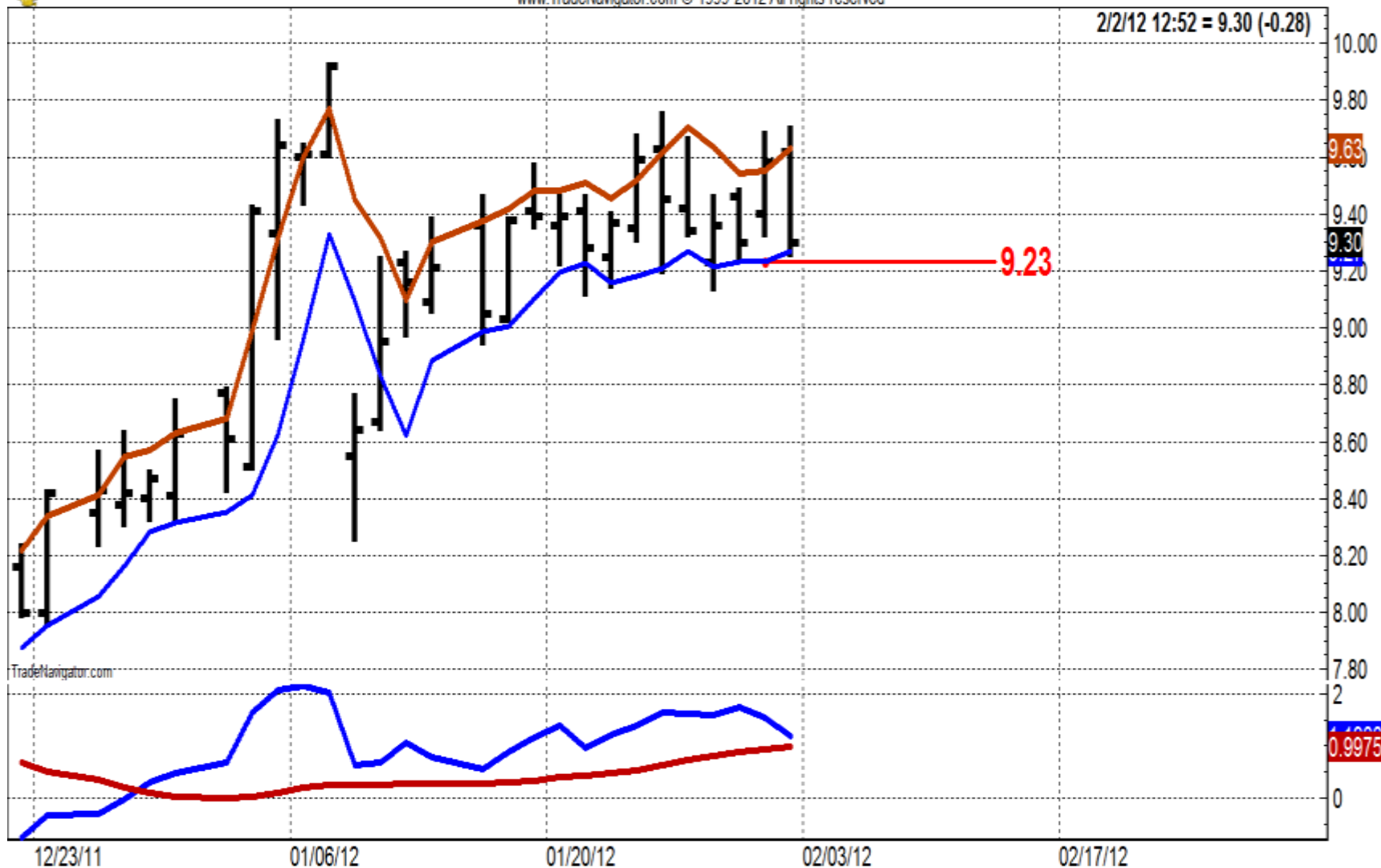www.TradeNavigator.com © 1999-2012 All rights reserved

What did I do today?

LIZ: Liz Claiborne, Inc. (Daily bars)
www.TradeNavigator.com © 1999-2012 All rights reserved

2/2/12 12:52 = 9.30 (-0.28)

LIZ CLAIBORNE INC COM LIZ: NYSE

Consumer Cyclical : Apparel/Accessories

Snapshot	Charts	News	Options Chains	Analyst Research	Fundamentals	Earnings	Insider Activity

Last Price	Today's Change	Bid (Size)	Ask (Size)	Day's Range	Volume	Trade
9.30	-0.280 (-2.92%)	9.30 x3,900	9.31 x2,900	9.285 - 9.71	1,841,156	BUY SELL

NYSE Delayed Quote Last Trade as of 3:31 PM ET 2/2/12 **Get free real-time quotes**

Open	9.62	Market Cap	879.7 M
Previous Close	9.58	Shares Outstanding	94.6 M
52 - Week Range	4.02 - 9.93	Beta	2.4
	8/19/11 - 1/9/12	Dividend Yield	--
Avg Volume (10 days)	1,895,083	Dividend ?	--
P/E (Trailing 12 mo.)	--	Ex-Dividend Date	--
EPS (Trailing 12 mo.) ?	-1.23	Dividend Payable Date	--
Next Earnings Date	2/29/12		

Alert me when   4   6   8   10   12   14   SET ALERT

9.70
9.60
9.50
9.40
9.30

10:00a   12:00p   2:00p   4:00p

Volume (thousands)

150K
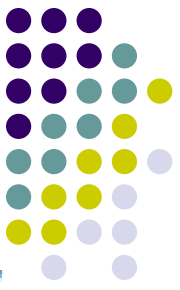50K

| 1d	5d	3m	1y	3y	5y

The Path of Least Seasonal Resistance

- What do seasonals tell us?
- From point A to point B
- What happens between A and B?
- Can we take advantage of this?
- If so then HOW?
- Example: recent S&P seasonal
- Buy 1/26 exit 2/1
- Details

Name	Month	L/S	Entry Date	Exit Date	Stop %	PL Ratio	% Wins	Avg Profit	Avg Loss	% Avg Profit	% Avg Loss	Max Wins	Max Loss	Daily PF	View History
European Currency	Mar	S	1/4	1/15	3.000	8.1	86.1	0.019	-0.015	1.69	1.30	11	1	0.0017	History
Live Cattle	Feb	L	1/25	2/11	3.000	4.4	78.3	1.84	-1.51	3.12	2.32	10	3	0.1083	History
SP 500	Mar	L	1/26	2/1	3.500	5.4	79.3	11.45	-8.11	1.60	1.00	9	2	1.9076	History
SP 500	Mar	S	1/18	1/22	2.500	8.4	75.9	13.10	-4.89	1.69	1.03	7	2	3.2756	History
Swiss Franc	Mar	S	1/25	1/30	3.000	6.6	77.8	0.0085	-0.0045	1.25	0.66	8	2	0.0017	History

A closer look at the pattern
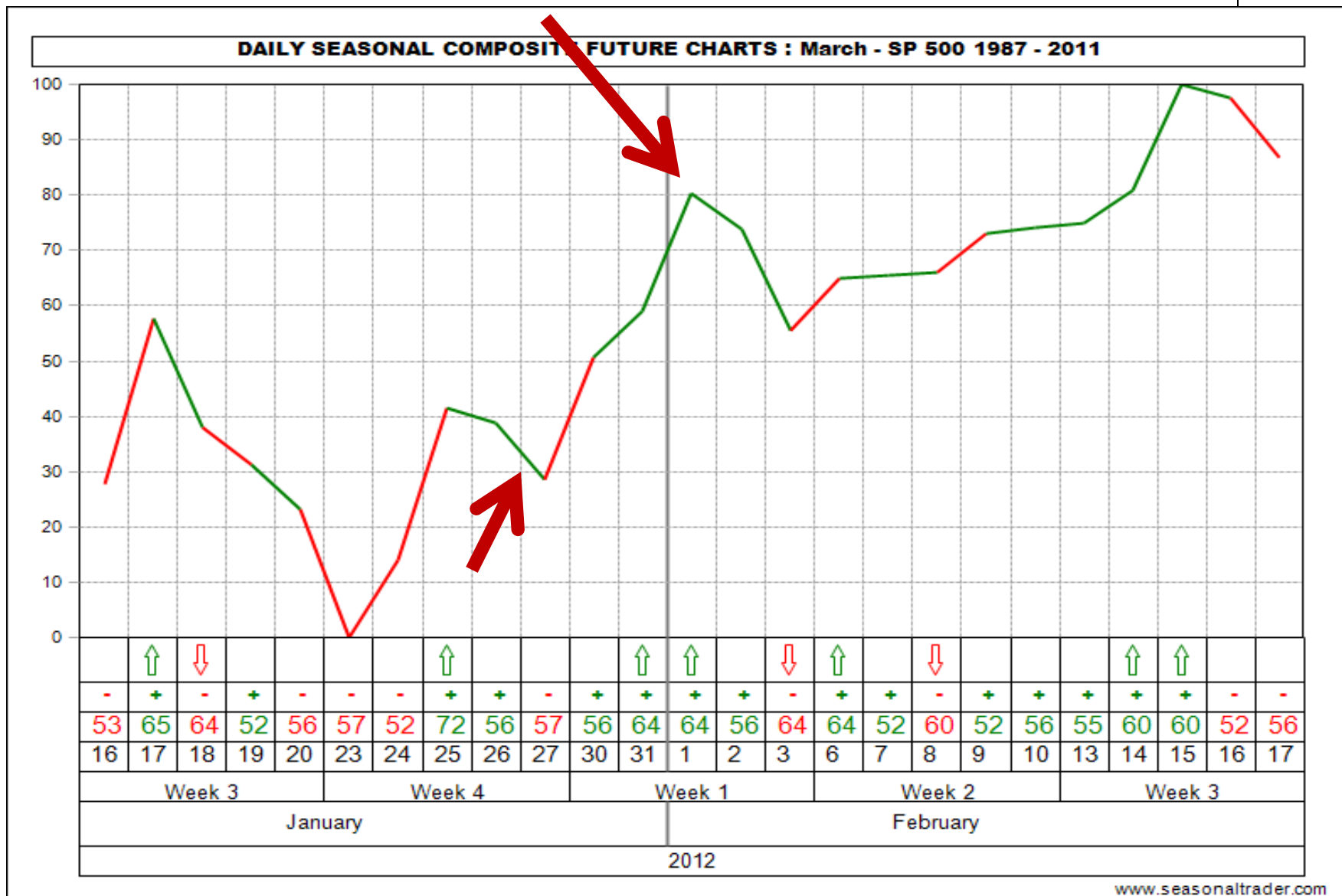
DAILY SEASONAL COMPOSITE FUTURE CHARTS : March - SP 500 1987 - 2011

www.seasonaltrader.com

ES1-201203: E-Mini S&P 500 (Day) Mar 2012 (Daily bars)

2/2/12 13:07 = 1323.00 (+2.75)

$100

($362.50)

$225

$412.50

1330.00
1323.00
1320.00
1310.00
1300.00
1290.00
1280.00
1270.00
1260.00

01/06/12   01/20/12   02/03/12   02/17/12

TradeNavigator.com

WEEKLY SEASONAL COMPOSITE FUTURE CHARTS : March - European Currency 1987 - 2011

	October			November				December					January				February			
	⇑	⇑					⇓		⇑		⇑	⇑		⇓	⇓	⇓	⇓		⇓	
	+	+	-	-	+	-	-	-	+	+	+	+	-	-	-	-	-	+	-	-	-
	64	60	52	52	56	56	60	52	60	56	60	67	52	68	64	60	72	56	60	52	52

2011 — 2012

www.seasonaltrader.com

DAILY SEASONAL COMPOSITE FUTURE CHARTS : March - European Currency 1987 - 2011

⇩	⇧	⇧	⇧	⇧	⇧	⇩	⇩	⇩		⇩		⇩	⇩						⇧				⇩
-	-	+	+	+	+	+	-	-	-	-	-	-	-	-	-	-	-	-	+	-	-	-	-
56	62	62	67	65	67	63	64	67	67	56	68	56	60	64	52	59	52	56	54	61	52	56	56	63
26	27	28	29	30	2	3	4	5	6	9	10	11	12	13	16	17	18	19	20	23	24	25	26	27

Week 5	Week 1	Week 2	Week 3	Week 4
December	January			
2011	2012			

G6E-201203: Euro FX (Elec) Mar 2012 (Daily bars)

01/26/2012 = 1.3111 (+0.0024)

($1,250.00)

($1,900.00)

$1,237.50

$87.50

($837.50)

$862.50 ($812.50)

($1,487.50)

01/13/12
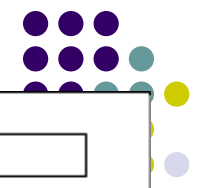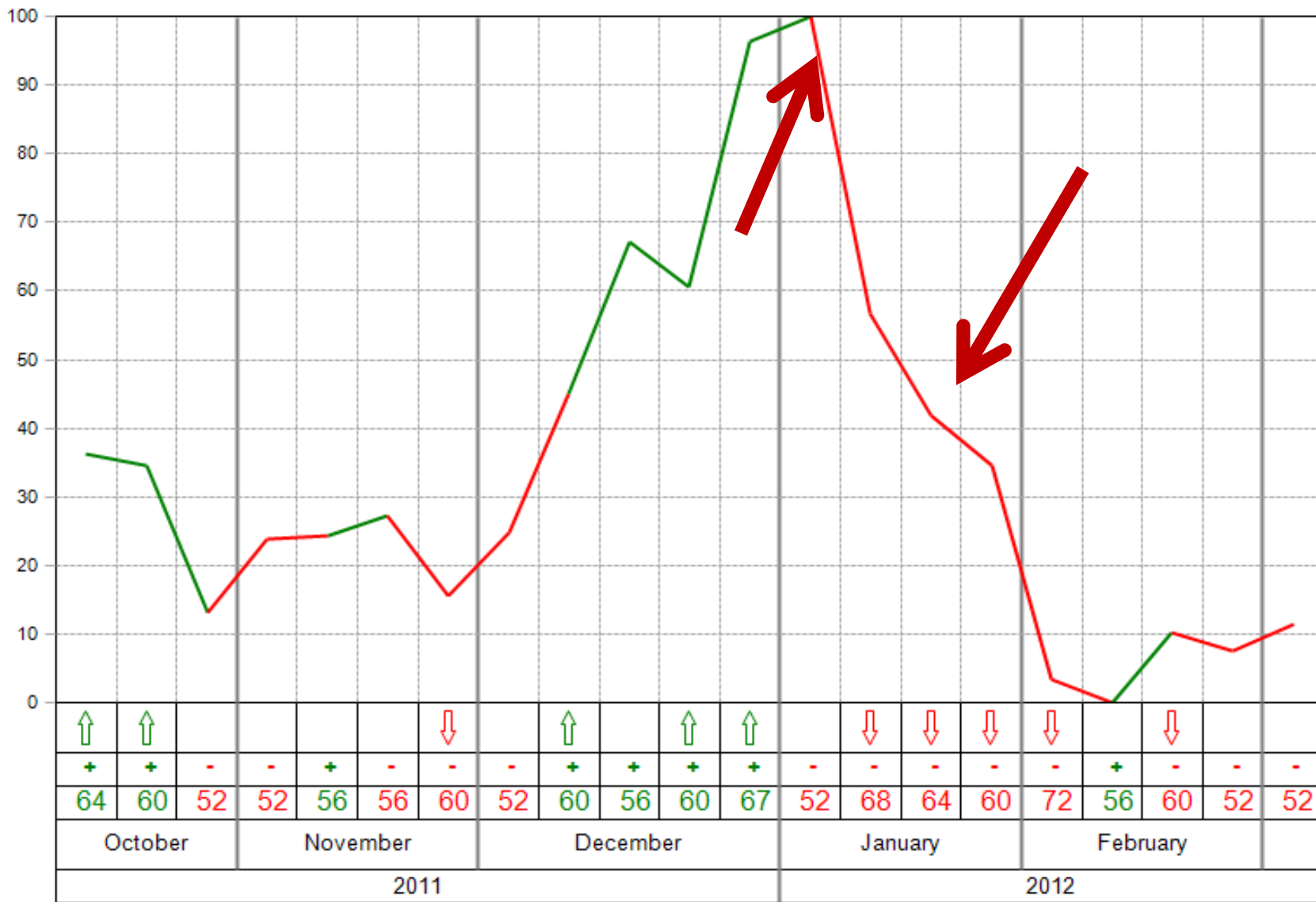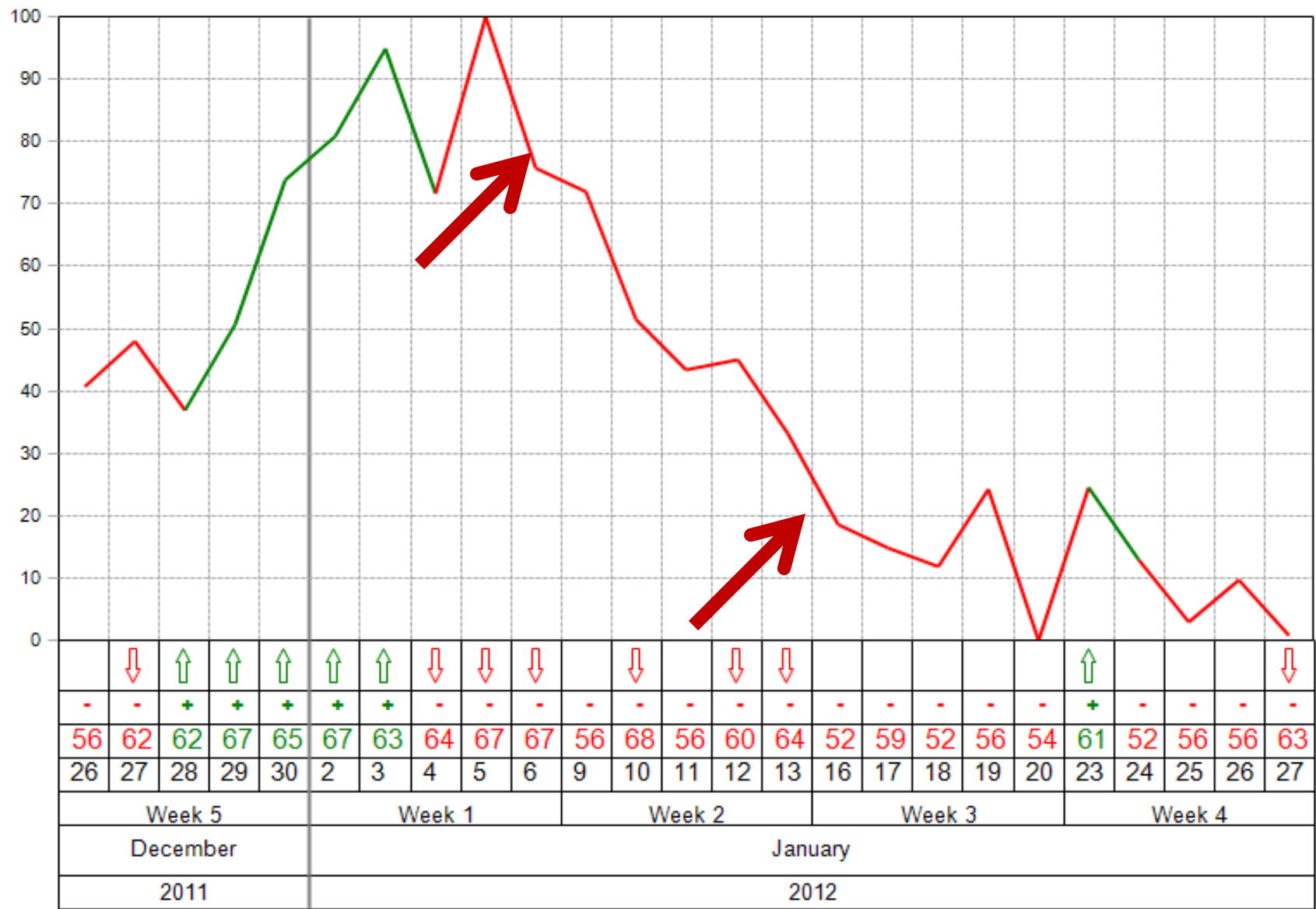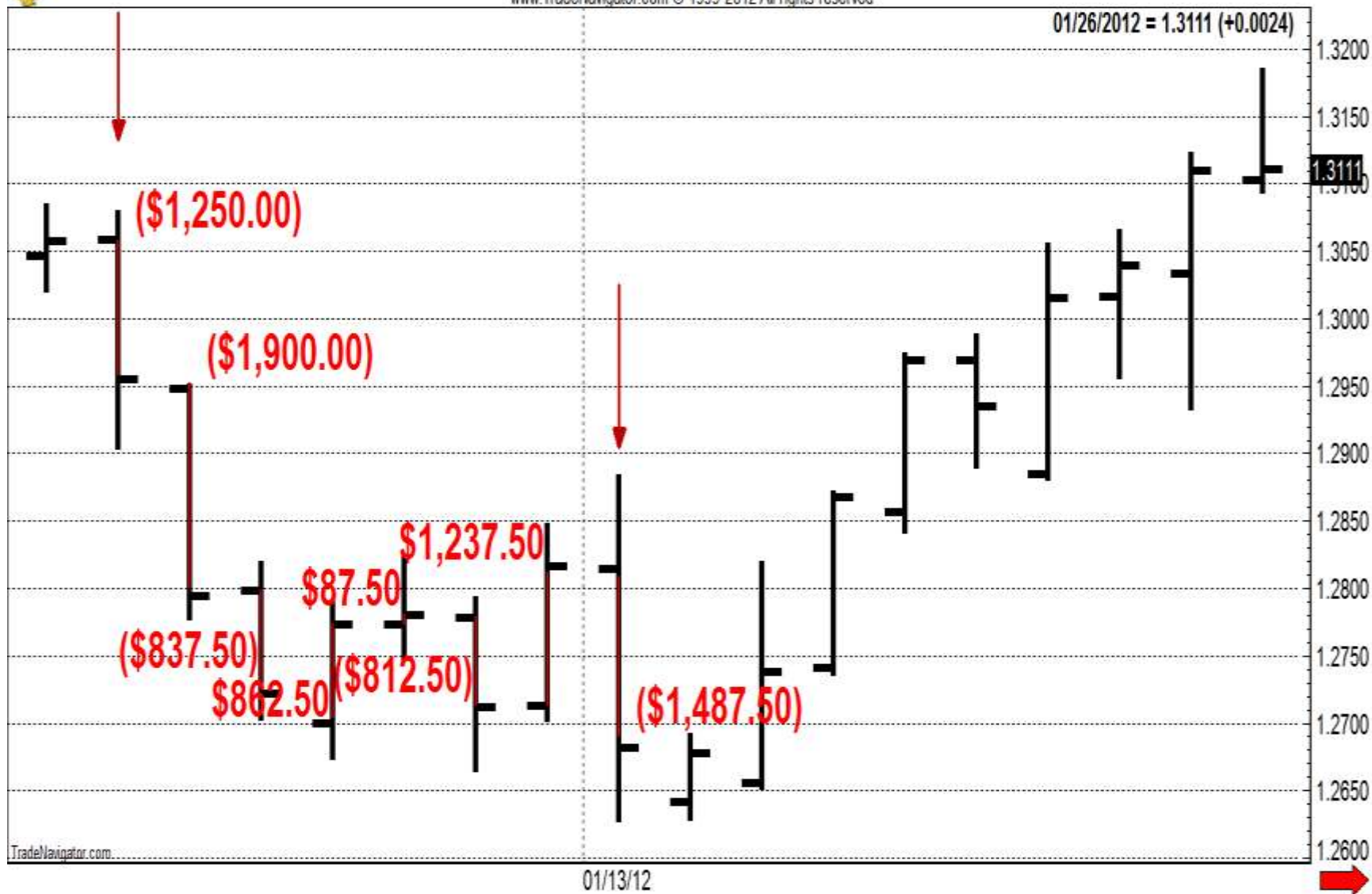
Concluding

- Email me if you have questions: jake@trade-futures.com
- Best of trading
- **Jake Bernstein**

www.trade-futures.com   800-678-5253 * 831-430-0600

- Mentoring appointment interview
- http://www.comtrade1.com/letter/
- ATS sessions are recorded

I can be reached at 800-678-5253 or 831-430-0600
- Email me if you have questions:
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- Best of trading
- **Jake Bernstein**