



Trading the Summertime Chop

Peter Davies – Jigsaw Trading



What is the Summertime Chop?

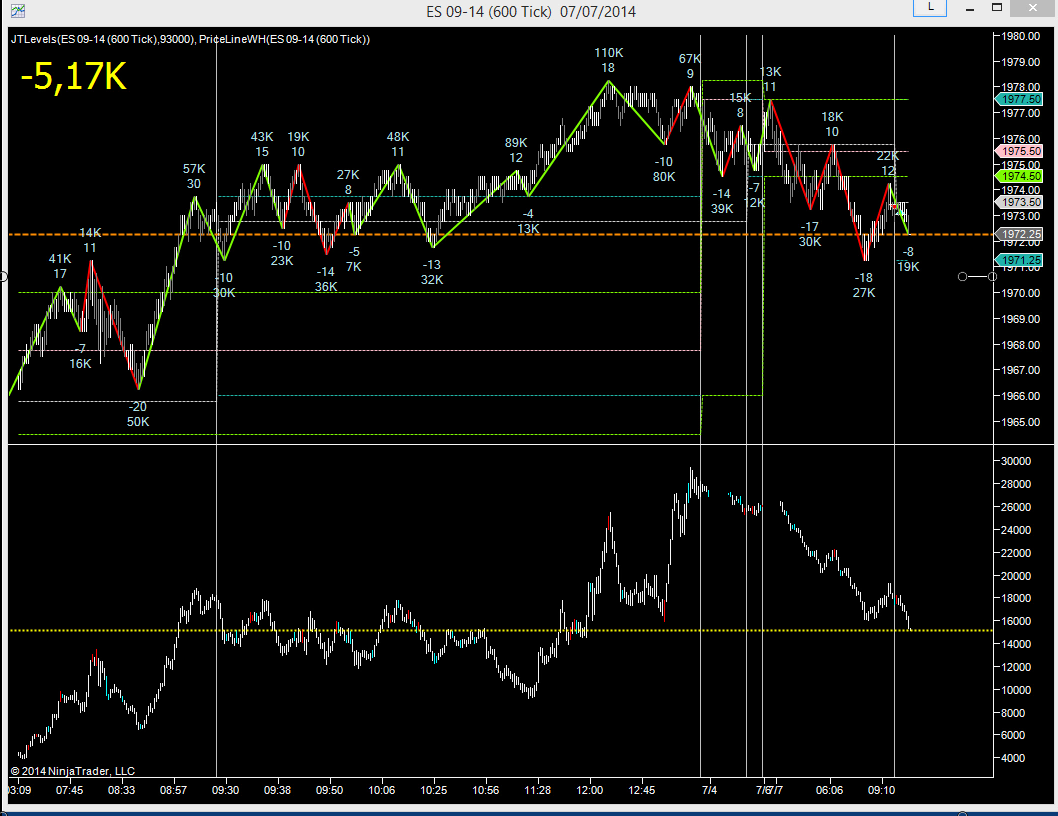
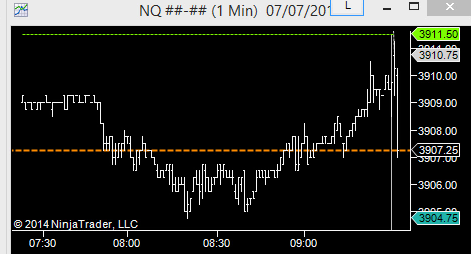
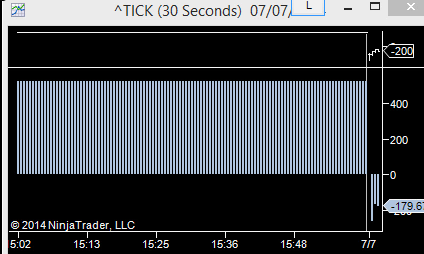
- Holiday Time
- Usually till Labor Day
- Seems like a there is a lot of people taking the last 2 weeks off.
- HFTs getting an oil change?
- Low volume, less liquidity consumption.
- Slow, choppy action much of the time.
- We've already got a taste of it.





Pro's & Con's

- Predictability (Range vs Trend)
- Develop skills you can use all year.
- More time, less risk
- Respects Levels
- Sometimes Never gets to a Level
- Less reward
- Commission impact
- More patience required
- SIM Trading less realistic

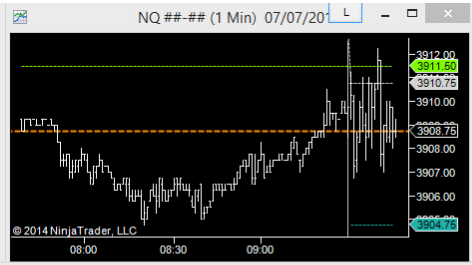
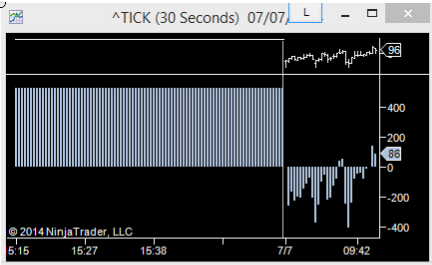


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Open	3977	73.50	1551		10	1440	2426		
	5546	73.25	3689		1134	115	977	1857	
	2480	73.00	1681		380	570	988	22	799
-->	681	72.75	534		524	147	789	140	147
xx	1056	72.50	793		793	9	862	174	263
xx	376	72.25	365		353	11	350	124	11
	0	72.00	0						
		71.75			-148	635			
		71.50			-103	754			
		71.25			-19	1009			
ONL		71.00			-74	1150			
		70.75				1442			
		70.50				1040			
		70.25				1056			
-LIS-		70.00				954			
		69.75				1820			
		69.50				786			
		69.25				10646			
		69.00							
		68.75							
		68.50							
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		67.75							
		67.50							

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21	72.25
61	72.25
1	72.25
1	72.25
2	72.25
2	72.25
1	72.25
1	72.25
1	72.25
100	72.25
136	72.50
177	72.50
348	73.00
111	73.25
123	72.75
141	73.25
286	73.25
146	73.00
247	73.00
108	73.25
201	73.25
135	73.25
158	73.25
100	73.50
100	73.50
127	73.50
233	73.25
169	73.25
300	73.25
252	73.25
127	73.50
179	73.50
136	73.50



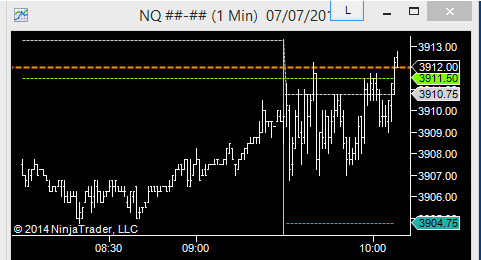
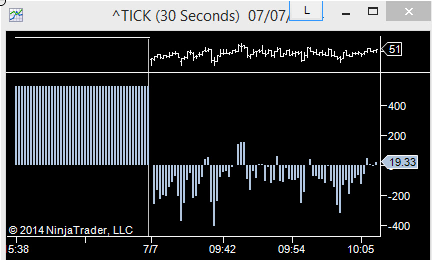
ES 09-14 (600 Tick) 07/07/2014



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	75.00								
	78.75								
	78.50								
WK Hi	78.25								
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ONH	77.50								
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	75.25								
xx	75.00								
XXX	74.75								
XXX	74.50								
XXX	74.25							12652	
xx	74.00							1388	
xx	73.75	446						1206	446
Open	3977	73.50	1551					1609	2426
	5564	73.25	3689					1297	1875
	4759	73.00	2645				103	1952	2114
->	9930	72.75	4679			619	27	1466	5251
xx	8714	72.50	4439			588	231	1245	-49
xx	11551	72.25	5434			242	2	1194	10
->	12129	72.00	7206			346	88	936	-21
	9775	71.75	5559			308	332	359	560
	10234	71.50	5625	375	399	657	341		4609
ONL	9062	71.25	4554	-13	817		163		4508
	10052	71.00	5699	24	1034		103		4353
	1785	70.75	1364	28	1086		4	421	421
	283	70.50	283		1440		283		
-LIS-		70.25			1702				
		70.00			2175				
		69.75			1398				
		69.50			1285				
		69.25			1286				
		69.00			12622				
		68.75							
		68.50							
		68.25							
		68.00							
		67.75							
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3	71.75
4	71.50
13	71.50
20	71.50
1	71.50
1	71.50
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323	71.75
167	71.50
100	71.50
102	71.25
155	71.25
200	71.50
146	71.25
100	71.25



ES 09-14 (600 Tick) 07/07/2014



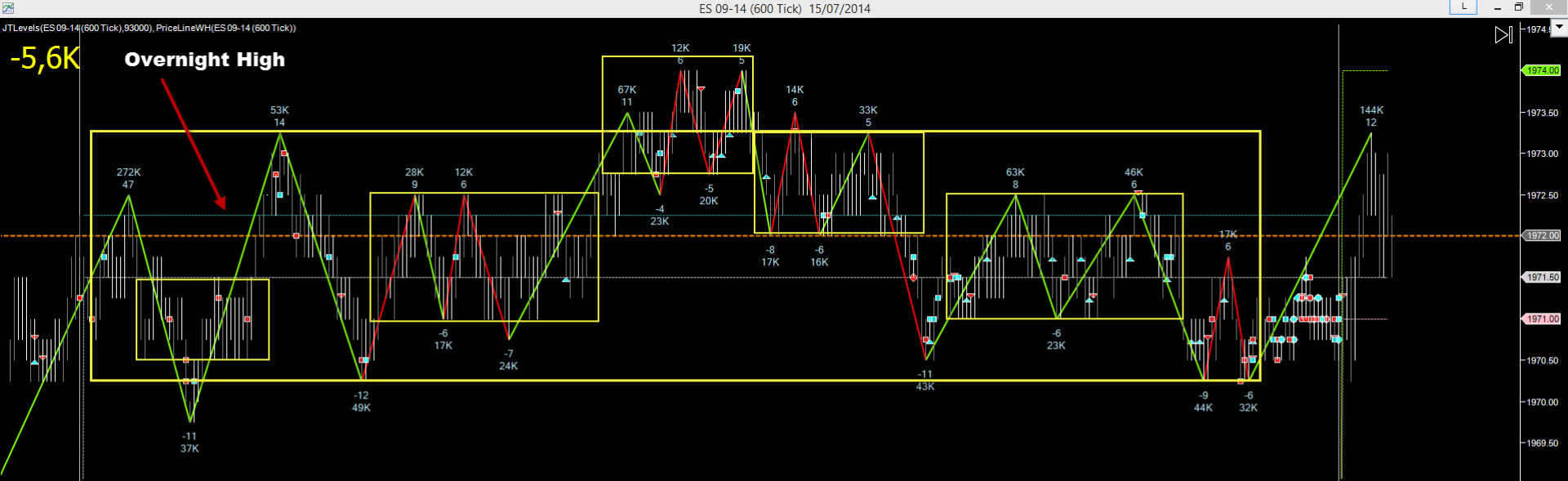
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		75.75							
		75.50							
		75.25							
	xx	75.00						13307	
	XXX	74.75						1080	
	XXX	74.50						1224	
	XXX	74.25						1393	
	xx	74.00						1235	
	xx	73.75	446					1289	
Open		3977	73.50					1684	
		5564	73.25					1265	-35
		4759	73.00					2100	-64
-->		9930	72.75					1168	-579
xx		9001	72.50					869	-410
xx	1L Q546	22978	72.25	1262	374	648	82	9	3066
-->		33332	72.00	2068	145	1289			15720
		34071	71.75	18167	150	1297			15904
	1L Q1210	27159	71.50	15878	90	1315			11281
ONL		12138	71.25	7088		1226			5050
		10126	71.00	5773		1780			4353
		1785	70.75	1364		1182			421
		283	70.50	283		1365			
--LIS--			70.25			1640			
			70.00			2359			
			69.75			14101			
			69.50						
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1	72.50
50	72.25
201	72.25

-5,6K

Overnight High





Range Play

- Use the fact that rangebound behavior becomes the norm
- Use the fact that the market is slow
- Let the range form
- Do not play 3 tick ranges
- Use Volume Profile & Bids/Offers to detect extremes
- Expect headfakes
- Beware entries at POC or mid of range
- If you fail to get thru POC and come back – be very careful
- Ranges within yesterdays range are more reliable
- Look for stuck shorts/longs at the extreme
- Look for Range-Break-Range-Break



Range Fade Entries

- Limiting in.
 - Resting orders at each extreme
 - Joining small icebergs
 - Joining larger bids/offers
- Hitting into a failing bid/offer
 - Reducing, not refreshing
 - Pulling offers, refreshing bids
- Entries should have a nearby, logical exit point with decent liquidity.



Cutting Trades

- Aggressive after entry
- Don't expect momentum through the range
- Just be on the lookout for obvious absorption or large size coming in against you
- Don't jump at shadows though!
- Other than that – just sit and let it play out.



Q&A

Summertime Trading is not for everyone but as mentioned many times, markets do slow down intermittently, so it's worth spending some time one summer with a new perspective on using the pace of the market to your advantage.

Many Thanks For Listening!

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