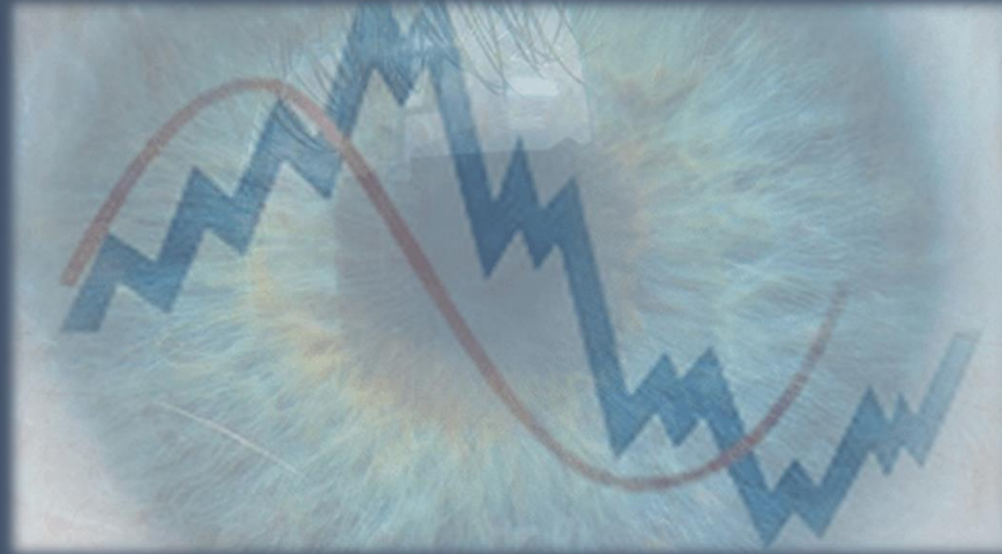
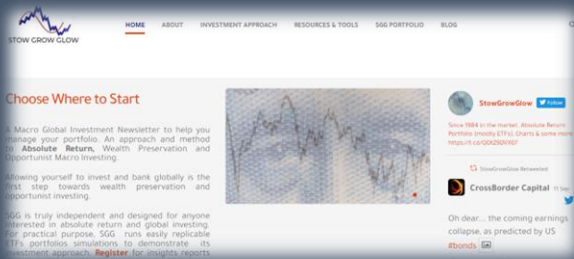


SGG VOLATILITY TRADING INDEX



In a nutshell ...

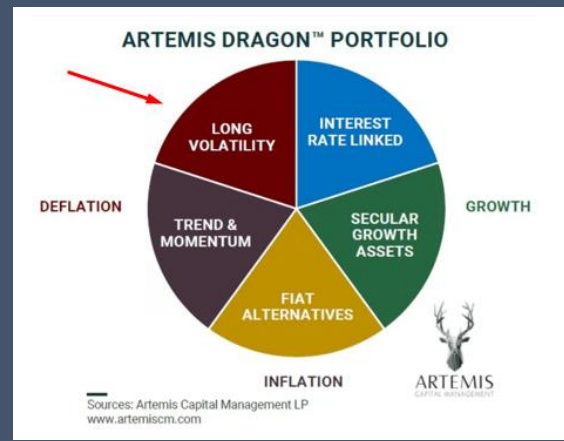
SGG has focused much of its work on Absolute Return



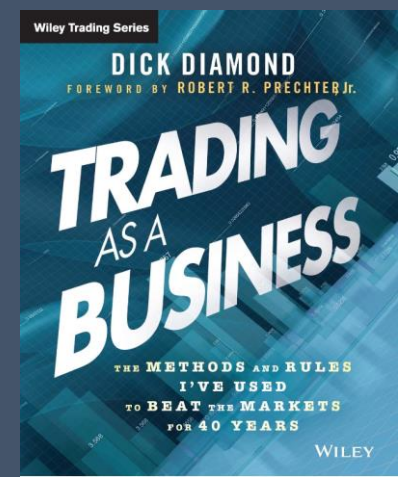
Inspired by the work of



Chris Cole from [Artemis Capital](#),

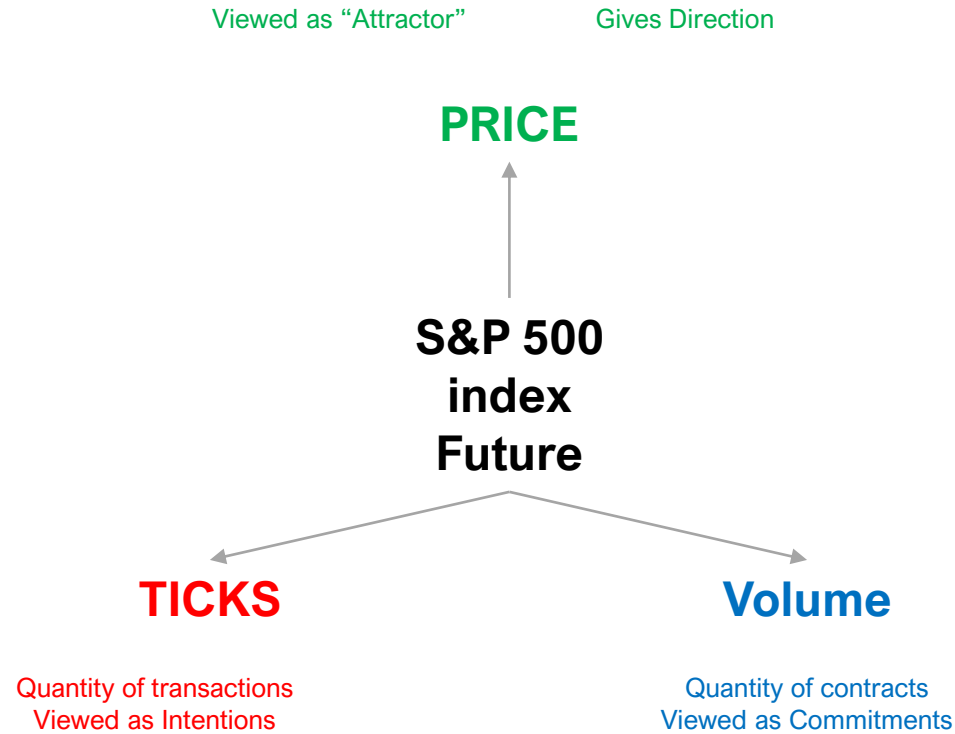


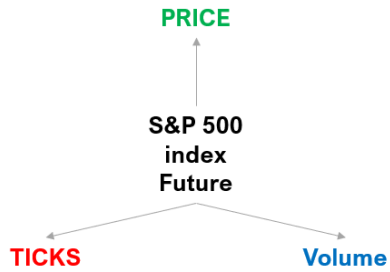
SGG is including a “long volatility trading approach” as a core allocation



How does SGG approach works?

Looking at the
Anatomy of
Price Change.
A Tripod !





In a nutshell... **PRICE** , **TICKS** and **Volume** seek **synchronicity**. Price is linked to “x” transactions and “y” contracts (volume).

Perfect synchronicity is rare. Strong SYNC. = strong market moves. Most of the times, SYNC. is out of balance and many observations / divergences appear as potential opportunities.

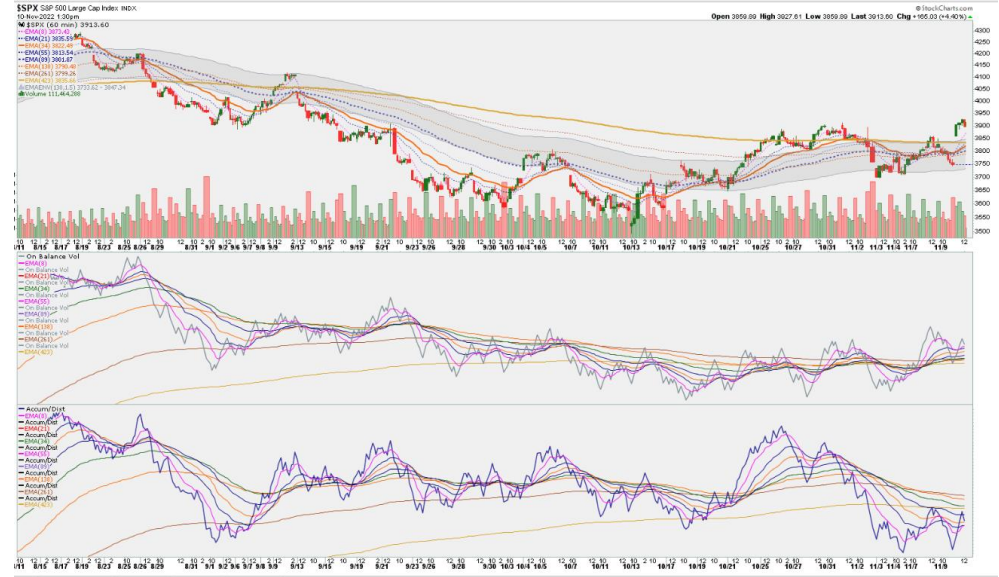
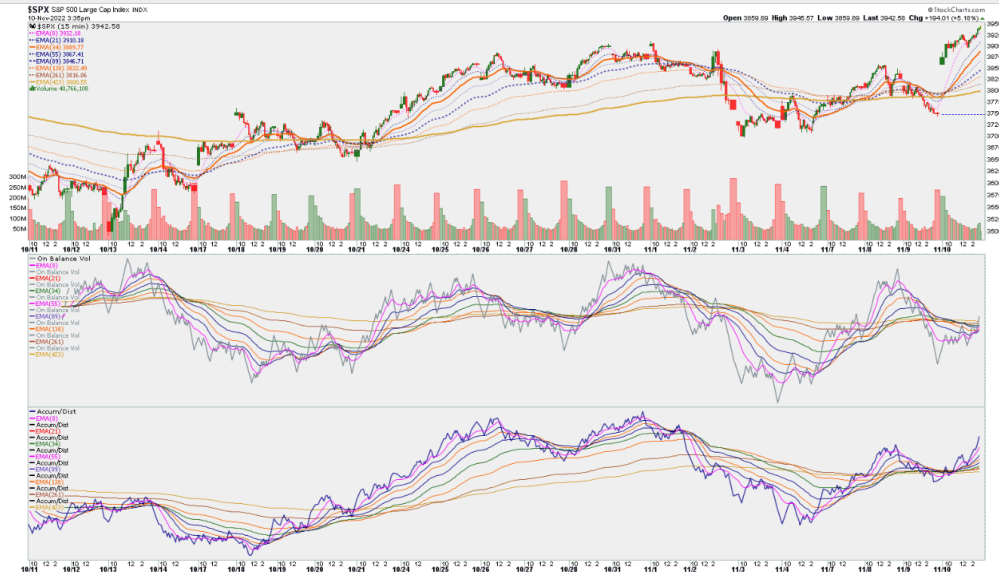
Multiple observation points and indicators are used in parallel as tools for decision.

TICKS chart with under OBV (On Balance Volume line)

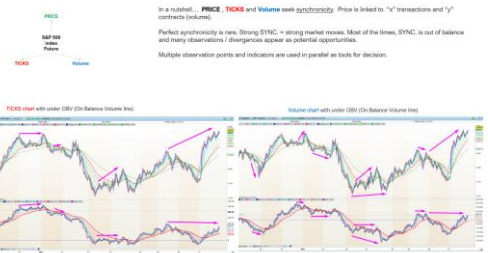


Volume chart with under OBV (On Balance Volume line)





Synchronicity with the NYSE stock exchange is also analyzed in parallel.



Along with sectors.

SELECT SECTOR SPDR TOOLS

SECTOR TRACKER	CORRELATION TRACKER
Today's Performance	
S&P 500 Index	+5.11%
Communication Services XLC	+5.97%
Consumer Discretionary XLY	+6.87%
Consumer Staples XLP	+2.07%
Energy XLE	+1.92%
Financials XLF	+4.92%
Health Care XLV	+2.40%
Industrials XLI	+4.02%
Materials XLB	+5.21%
Real Estate XLRE	+7.10%
Technology XLK	+7.42%
Utilities XLU	+4.49%

And individual behavior.



It is an observational framework



By analogy, the **market behavior** is a bit like an old drunk man with a cane walking on a dirt road at night. The cane and his two legs are Price, Ticks and Contract volume (Tripod). Any leg can lead the impulse but are linked (synchronicity).

However, trade types can be identified like, reversal, trend acceleration, squeeze etc.

Where Volatility is viewed opportunistically

Volatility (VIX index) can be translated into a travel distance during a period.

Ex: VIX between 25-30 means that during one trading month, you can observe around 300-350 moves of 10 points minimum (S&P index around 4000). This means an average of sixteen, 10 points minimum, daily moves each trading day.

In other words, the S&P 500 will travel easily 4000 point during a trading month.

Volatility is somehow the guarantee of the abundance of potential opportunities (Long – Short). It is a comfort, opportunities abound.

SGG mostly focuses on small intraday opportunistic incremental gains.

Positioning (Long –Short) is set in contracts quantity or exposure and targets in points.
Ex: a 10 points move with a 40% exposure (index around 4000) means roughly a 0.1% impact on the strategy NAV.

[Prorealtime](#) (PRT) is the best tool selected by SGG for trade analytical and precision trading (strict stop loss, OCO, Trailing stops etc.).

There is no obligation to trade, and it is very rare to carry a position overnight. Options positioning is possible but very seldom.

SGG approach is an open book to anyone (each image is a hyperlink to article -book – document)

15 An approach to Intraday Trading hint: it is not a recipe!

absolute return, day trade, Equities, futures, Investment Strategy, S&P 500, Stock Market, trading, Volatility
day trade, futures, vix, S&P 500, SPX, trading, volatility

Trading and intraday trading has become quite widespread. Nowadays, many have access to tools, software, and trading platforms. They have captured the attention of the crowd that... "yes! You can do it like the pros!"




The above chart does not show return and time frame on purpose. Each little dot corresponds to a trading day. What matters here is the behavior of the dots. Sometimes there is more spacing between them which means time passing by with no activity.

The following link - absolute trading index doc - is a kind of manual I have created which explains how such "SGG" have been achieved. FYI, this document is focused on the SPX E-Mini and Micro Contracts but can be extended to other markets.


If you are interested about trading, Absolute Trading Index is an approach I have developed over the years. I say approach because it is not mechanical. It is about reading the environment and get enough comfort to pull the trigger and limit your potential losses. Since 1984, my path has been built around a macro investment approach and slowly moving down to the micro intraday level. It is a process which gives me the flexibility to constantly review, question my errors and improve the approach.

Technology and computer processing power have been fundamental drivers behind the process of Hyper-Financialization. It is said that +80% of the stock market volume is now run by computers, algorithms, and passive managers.

Here is a sample (144 Ticks data chart of the Index Future contract) when machines take over as the cash market is closing (last minute 15:59 - to 16:00)



21 Portfolio Navigation



21 Portfolio Navigation

absolute return, Bubble, Currency Reserves, day trade, Derivatives, Equities, Financial Repression, Gold, Inflation, Investment Strategy, Precious Metal, S&P 500, Stock Market, trading, Unsubordinated, Volatility

absolute return, currency, fiat, debate, Gold, inflation, investment strategy, S&P 500, vix, index, volatility

SGG return is highly correlated with market volatility. The enclosed two charts show this.

Trading activity is focused on exploring market volatility and extract regular small opportunistic incremental gains. Capital preservation is managed through reducing potential losses with strict STOP, Trading STOP orders and a mostly "sleep cash - measure" positioning.

Risk is managed as what potential loss a transaction can produce. In practical term a 40% exposure and a 10 points move of the index means about 0.1% of NAV. (index value = 4000).

Trading activity depends on markets conditions and is optional. I would add that change in volatility (VIX index or VIX of 500) is probably a more important drive.

The above chart shows:

- In light blue the average daily monthly returns. A month is around 21-23 trading days.
- In light green, average daily return since start

The below chart shows:

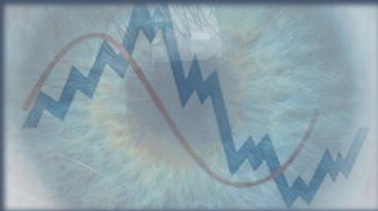
- In light thick dashed blue, the 21 days moving average of the VIX index and light blue the 6 months VIX Future index.
- In light green you have the VIX average for the period

Behind is light Gold +VIX



2022 first half offered great volatility conditions for trading. Spot VIX has been catching up with 6 months VIX. Futures and merely exceeding it. We had great intraday market moves and many opportunities. Will it keep the same? We never had any real panic. Such trading and volatility conditions can remain for more time but... it is a bit unusual.

SGG VOLATILITY TRADING INDEX



In a nutshell ...

Just one thing!
If you want to implement such approach, the best tool and platform is:

ProRealTime SOFTWARE — The Technology for Better Trading —

Home Why choose ProRealTime? Free Access Prices Auto Trading Help & Support Contact us

Innovative trading & charting software

Online trading
Technical analysis
Charting

Decision support tools
Automatic trading
Financial news

Create your free account with end of day data
Request your free trial with real-time and intraday data

BEST TRADING SOFTWARE 2022

