

MOON

DAY TRADING SYSTEM



USER GUIDE

Revised 14 Aug 2016

METHOD

Trend and Countertrend

STYLE

Day Trading

DESCRIPTION

Methodology - MOON is a customizable hedge-fund style day trading system for accredited professional traders. It is traded everyday by the designer. Though it was developed to catch the intraday trends in the S&P 500 Equity Index Futures market, it can also catch the intraday trend in some other markets, though not in all markets. MOON can be deployed as an automatic plug-and-play trading system, or used for decision support by discretionary traders. This system will work on many bar types such as Kase, Momentum, Range, Renko, Heikin-Ashi, as well as Tick, Volume, and Regular bars. For Regular bars, the start of trading and the time of the last entry can be controlled, as can the time to exit the market at any time prior to the close of the market. For synthetic bars which are independent of time, the time-based entry and exit controls can only be made approximately. The default targets and stops can be also changed to suit the trader's personal style and risk-reward tolerance. No restrictions have been placed on the number of charts of MOON that can be opened with different symbols, or the number of contracts that can be traded.

Entry Logic – As soon as the Regular Trading Hours begin at 8:30 am Exchange Time in Chicago, MOON will begin to scan the futures prices in search for an entry pattern. When an opportunity arises, MOON will print an up arrow to signal a BUY or a down arrow to signal a SELL. The system will enter at a limit price and will stay with that position until the default target using a limit price is achieved, or there is a change in the signal, or the default stop has been triggered at market price, or the end of NYSE trading day has been reached at 3:00 pm CT.

MOON will then automatically exit any open positions at the market price. There are no overnight trades. Since trading technology is not fail-safe, all automation must be used with caution and constant supervision. It is important to ensure that no position has been left open and carried into the overnight market inadvertently.

Data - The system requires a minimum of 50 days of @ES.D data or @US data.

Signals – The system will generate more signals if you use smaller bars.

There are almost equal numbers of long and short trades.

	Trades/Day
MOON 30 min	3
MOON 15 min	5
MOON 10 min	7
MOON 5 min	12

Money Management Rules – The system allows users to redefine the default Profit Target and Stop Loss, while sophisticated traders can also adjust the Daily Profit and Daily Loss to suit their risk-return tolerance.

MINIMUM REQUIREMENTS

TradeStation 9.1

Version 9.1 (Update 25)

INPUT NOTES

There are eight user-defined inputs.

- 1) BuyOnlySwitch. Default is True.
- 2) SellOnlySwitch. Default is True.

- 3) ProfitTarget. The default value of \$250 can be changed to suit the trader's risk-return profile. This amount is per contract. If you trade 10 contracts, you do not need to change the target to \$2,500. The system will calculate it from the number of contracts you have specified and end the trade when the target of \$250 per contract has been reached.
- 4) StopLoss. The default value of \$500 can be changed to suit the trader's risk-return profile. This amount is per contract. If you trade 10 contracts, you do not need to change the stop to \$5,000. The system will calculate it from the number of contracts you have specified and end the trade when the stop of \$500 per contract has been reached.
- 5) NumberOfContracts. The default value is 1.
- 6) StartTime. The default is 1030 (i.e. 10:30 am Exchange Time). The system will initiate new trades after the StartTime is reached.
- 7) EndTime. The default is 1430 (i.e. 2:30 pm CT CME Chicago). The system will not initiate any new trades after the EndTime. The EndTime can be set to the same time as FinalExit, but cannot be greater than the FinalExit.
- 8) FinalExit. The default is 1500 (i.e. 3:00 pm CT CME Chicago). The system will close any open positions at this time. The FinalExit can be set to the same time as EndTime, but cannot be less than the EndTime.
- 9) Daily Profit. This is a money management feature. The default is \$1,250 per contract before trading commission. Once this amount is reached, no new trades will be initiated, but while you are in the current trade, the profit could exceed the specified value by an amount equal to the profit target minus commission. This feature is

provided for advanced traders and must be used with great care. Novice traders should not change the default values.

- 10) Daily Loss. This is a money management feature. The default is \$1,250 per contract before trading commission. Once this amount is reached, no new trades will be initiated, but while you are in the current trade, the loss could exceed the specified value by an amount equal to the stop loss plus commission. This feature is provided for advanced traders and must be used with great care. Novice traders should not change the default values.
- 11) Trail Option. Default is False.
- 12) PositionBasis. Default is False.
- 13) FloorAmt. Default in USD is 100.
- 14) TrailingPct. Default in % is 10.

FORMAT SYMBOL - for Back Testing

Symbol = @ES.D or @US

Intervals = Any time frame between 15 minute and 30 minutes.

FORMAT SYMBOL - for Live Trading @ES

Symbol=@ESxYY.D

x= H (Mar), M (Jun), U (Sep), Z (Dec)

YY= year.

Example: @ESZ17.D for ES contract expiring in Dec 2017

DATA RANGE

About 50 Days

DISPLAY

Time Zone = Exchange

Important: The automatic exit will only work correctly if this system is using Regular bars (not synthetic bars) set to Exchange Time in Chicago. The exit time selected must be in sync with the time interval chosen for the trading. i.e. bar sizes.

PROPERTIES FOR ALL

Commission = \$2.50 per Trade

Position Slippage = \$0 per Trade*

Initial Capital = \$10,000 per e-mini contract

Account Size = \$20,000 per e-mini contract

Max number of bars study will reference = 50

* MOON's entry and exit orders are placed at limit prices. The only slippage that occurs is when stopped out or when the system exits at the end of the day. This slippage will vary between systems and between traders due to a variety of factors such as the type of order, the speed of your machine, the version of your trading platform, the bandwidth and latency of the network between your machine and the Exchange, your place in the order queue, the volume on the opposite side of the trade, the speed of the market at that time, and the delay setting used to convert an unfilled limit order to a market order. All this requires fine-tuning on your part. MOON cannot automatically optimize any of this.

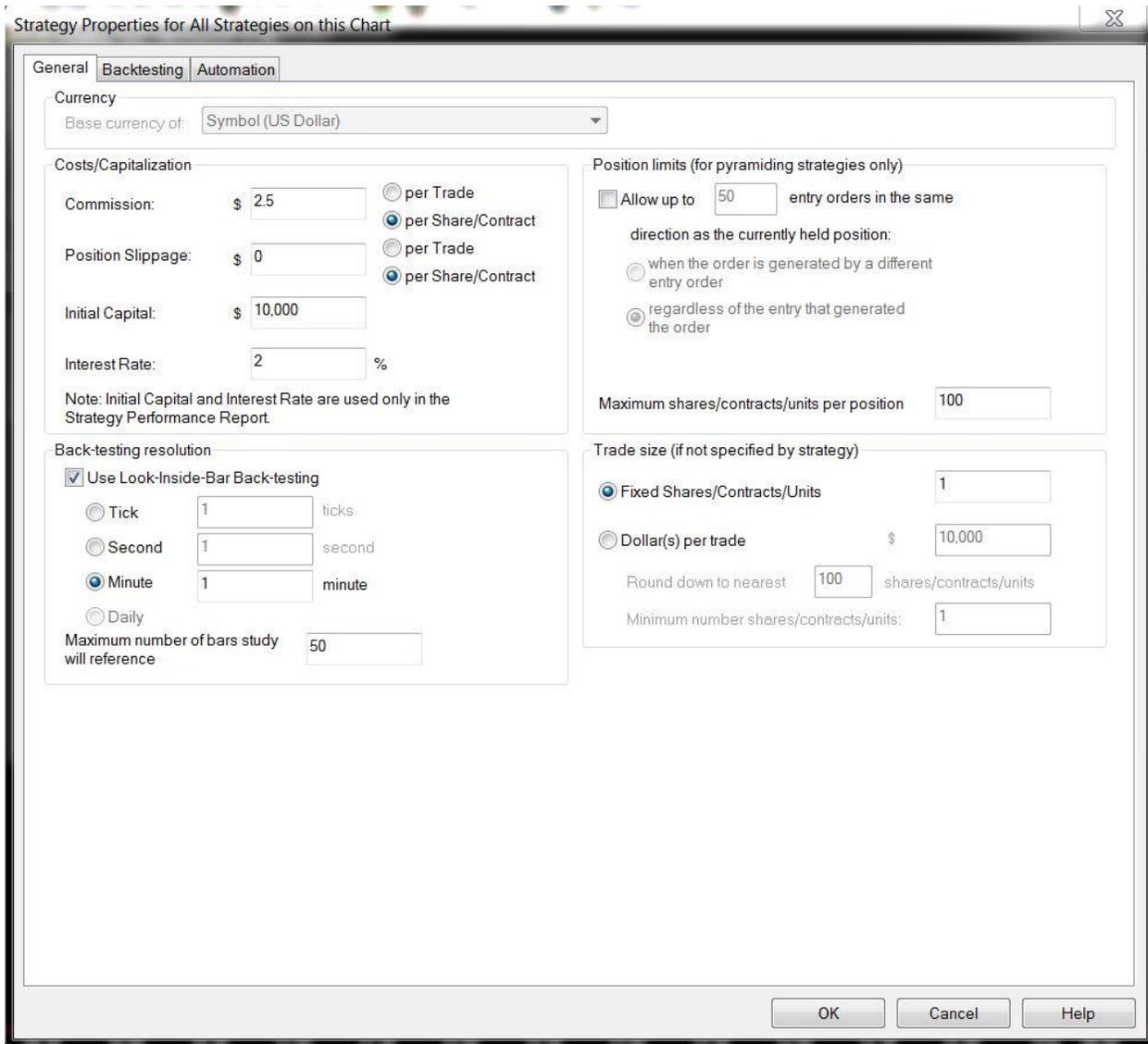
There are other factors, but the most important one to be aware of is this; in simulation trading, TradeStation judiciously records a trade as filled the moment the price is touched. In real life one may or may not get filled at that value. These trades are easy to recognize. They happen at the tops and bottoms of bars. The smaller the bar size used, the more of such occurrences. Naturally there will be a deviation in the overall performance of simulated trades versus real trades. The simulation will generally have a higher performance.

Different traders suffer different amounts of slippage. The average slippage varies from period to period - month to month, quarter to quarter, and year to year. The number of trades of course has an impact too. If your target is small, you will be taking more trades.

MOON for @ES has been optimized for a target of \$200 and a stop of \$550 using 15 minute regular bars.

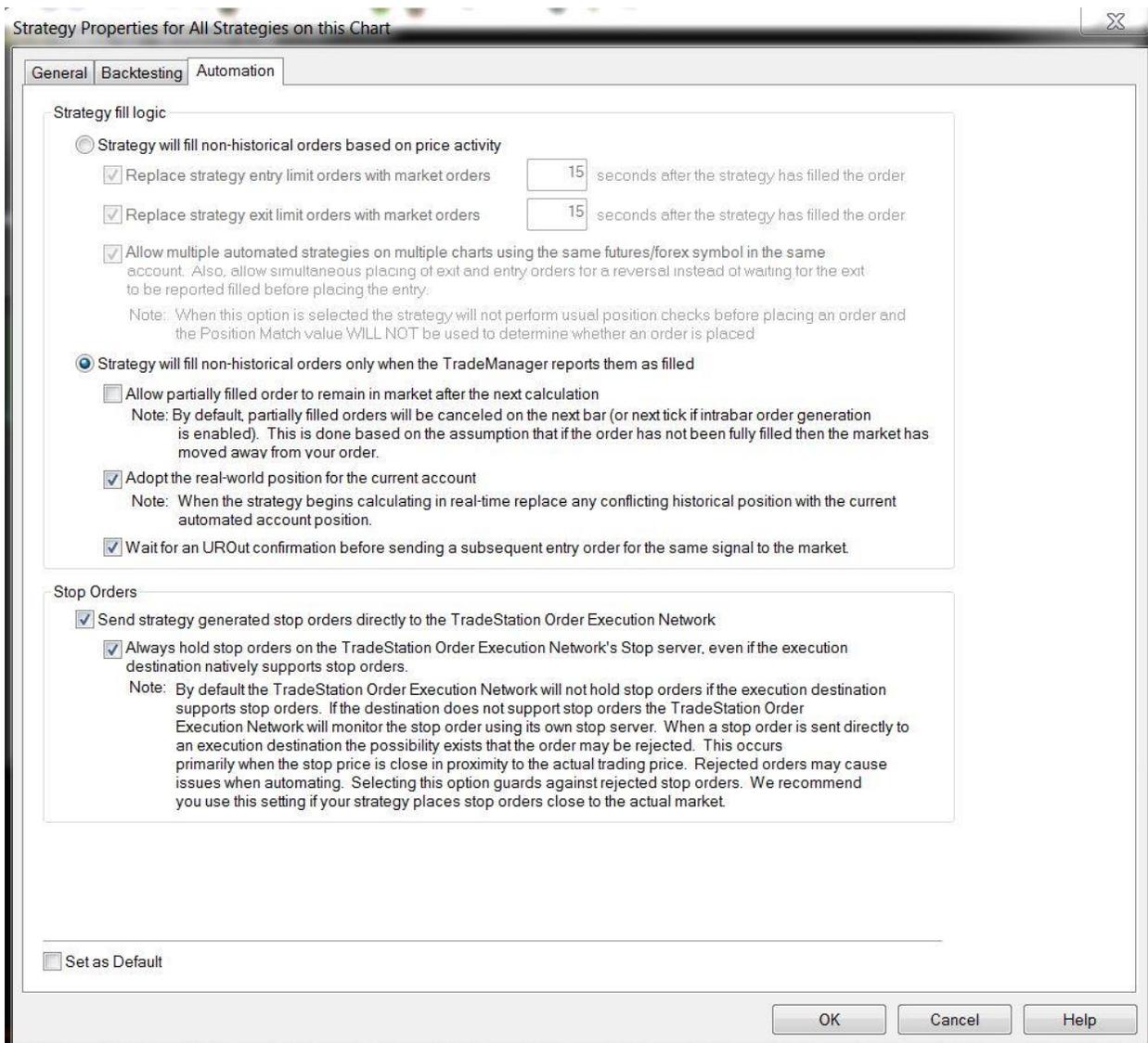
MOON for @US has been optimized for a target of \$300 and a stop of \$750 using 15 minute regular bars.

If you continue to suffer excessive slippage, you should consider using a Virtual Private Server (VPS)



SET UP FOR AUTOMATION - Using one @ES system

To automate MOON-ES change the chart symbol to the current contract. The amount of data required for trading need not be more than 50 days. Next go to Format Strategies>Properties for all>Automation Check the second Radio Button and the second and third small square boxes beneath it. Check both the small squares under Stop Orders Click OK



- Check box for *Generate strategy order for display in TradeManager's...*
- Check *Automate execution using ...*
- Select your futures account number
- Select account with confirmation Off
- Close the window
- Click File>New>Window
- Select TradeManager
- Or select TradeManager from your side bar
- The set up is now complete

Please trade at your own risk!

SET UP FOR AUTOMATION- Using more than one @ES system in the same account.

To automate MOON-ES change the chart symbol to the current contract. The amount of data required for trading need not be more than 50 days. Next go to Format Strategies>Properties for all>Automation Check the first Radio Button and the three small square boxes beneath it. Check both the small squares under Stop Orders Click OK

The screenshot shows the 'Automation' tab of the 'Strategy Properties for All Strategies on this Chart' dialog box. The 'Strategy fill logic' section has the first radio button selected: 'Strategy will fill non-historical orders based on price activity'. Under this option, three checkboxes are checked: 'Replace strategy entry limit orders with market orders' (with a 15-second delay), 'Replace strategy exit limit orders with market orders' (with a 15-second delay), and 'Allow multiple automated strategies on multiple charts using the same futures/forex symbol in the same account. Also, allow simultaneous placing of exit and entry orders for a reversal instead of waiting for the exit to be reported filled before placing the entry.' Below these is a note: 'Note: When this option is selected the strategy will not perform usual position checks before placing an order and the Position Match value WILL NOT be used to determine whether an order is placed'. The second radio button, 'Strategy will fill non-historical orders only when the TradeManager reports them as filled', is unselected. Under it, three checkboxes are checked: 'Allow partially filled order to remain in market after the next calculation' (with a note about cancellation), 'Adopt the real-world position for the current account' (with a note about replacing conflicting positions), and 'Wait for an UROut confirmation before sending a subsequent entry order for the same signal to the market.' The 'Stop Orders' section has two checked checkboxes: 'Send strategy generated stop orders directly to the TradeStation Order Execution Network' and 'Always hold stop orders on the TradeStation Order Execution Network's Stop server, even if the execution destination natively supports stop orders.' A note below explains that the TradeStation network will monitor stop orders if the destination doesn't support them. At the bottom left, there is a 'Set as Default' checkbox which is unchecked. At the bottom right, there are 'OK', 'Cancel', and 'Help' buttons.

Strategy Properties for All Strategies on this Chart

General Backtesting Automation

Strategy fill logic

Strategy will fill non-historical orders based on price activity

Replace strategy entry limit orders with market orders 15 seconds after the strategy has filled the order

Replace strategy exit limit orders with market orders 15 seconds after the strategy has filled the order

Allow multiple automated strategies on multiple charts using the same futures/forex symbol in the same account. Also, allow simultaneous placing of exit and entry orders for a reversal instead of waiting for the exit to be reported filled before placing the entry.

Note: When this option is selected the strategy will not perform usual position checks before placing an order and the Position Match value WILL NOT be used to determine whether an order is placed

Strategy will fill non-historical orders only when the TradeManager reports them as filled

Allow partially filled order to remain in market after the next calculation

Note: By default, partially filled orders will be canceled on the next bar (or next tick if intrabar order generation is enabled). This is done based on the assumption that if the order has not been fully filled then the market has moved away from your order.

Adopt the real-world position for the current account

Note: When the strategy begins calculating in real-time replace any conflicting historical position with the current automated account position.

Wait for an UROut confirmation before sending a subsequent entry order for the same signal to the market.

Stop Orders

Send strategy generated stop orders directly to the TradeStation Order Execution Network

Always hold stop orders on the TradeStation Order Execution Network's Stop server, even if the execution destination natively supports stop orders.

Note: By default the TradeStation Order Execution Network will not hold stop orders if the execution destination supports stop orders. If the destination does not support stop orders the TradeStation Order Execution Network will monitor the stop order using its own stop server. When a stop order is sent directly to an execution destination the possibility exists that the order may be rejected. This occurs primarily when the stop price is close in proximity to the actual trading price. Rejected orders may cause issues when automating. Selecting this option guards against rejected stop orders. We recommend you use this setting if your strategy places stop orders close to the actual market.

Set as Default

OK Cancel Help

Check box for *Generate strategy order for display in TradeManager's...*

Check *Automate execution using ...*

Select your futures account number

Select account with confirmation Off

Close the window

Click File>New>Window

Select TradeManager

Or select TradeManager from your side bar

The set up is now complete

Please trade at your own risk!

DEVELOPER PROFILE

With a background in aerospace and artificial intelligence, the developer is a former trader with a major British financial institution. He has over 25 years of system development experience. However, past successes cannot guarantee the future. *Caveat Emptor!*

DISCLOSURE

The developer's main source of income is from trading, and may trade one or more of his systems for his own account.

DISCLAIMER

All information in this document is for educational purposes only and nothing here should be considered personalized financial or investment advice. It is not to encourage you to follow our lead. If you follow our lead, you do so at your own risk. In any case you should only trade in a simulation account, or with funds you can afford to lose. Futures trading is not appropriate for all traders. There is a substantial risk of loss associated with trading these markets. Losses can and will occur. No system or methodology has ever been developed that can ensure returns

or prevent losses. No representation or implication is being made that using the systems or signals described in this document will generate returns or ensure against losses. We do not and cannot give individual investment advice. We do not and cannot manage funds. We are simply developers of trading systems mainly for our own use. Please note that since we trade for a living, we may have open trades in any one of our systems. We do not recommend or endorse any brokers, dealers, or advisors. Any brokers mentioned constitute a partial list of available brokers and is for your information only. Thank you for being on our list. To opt-out just let us know.

U.S. Government Required Disclaimer - Commodity Futures Trading Commission Futures and Options trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this web site. The past performance of any trading system or methodology is not necessarily indicative of future results.

CFTC RULE 4.41 - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

SP500Timer is owned by Oceanic International. SP500Timer.com is an educational portal for professional traders, sophisticated private investors, and hedge-funds. It is not an investment advisory service, or a registered investment advisor, or broker-dealer. With backgrounds in trading, finance, computer science, telecommunications, aerospace engineering, and artificial intelligence, the dedicated researchers at SP500Timer have been developing forecasting models for international financial institutions for over 25 years. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, statistics, studies or opinions expressed and it should not be relied upon as such. Oceanic International, its employees, owners, and subsidiaries may have positions in the markets mentioned. Neither Oceanic International nor any of its officers or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document. © 1991 – 2016. All Rights Reserved. For personal use only. Duplication and distribution in any media or format is strictly prohibited. Oceanic International. SP500timer.com StarzBank.com Email: starzun [at] aol [dot] com