THE A-Z GUIDE TO E-MINI FUTURES TRADING

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# A-Z Guide to E-Mini Futures Trading

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>- Description</td>
<td></td>
</tr>
<tr>
<td>- Course Producer</td>
<td></td>
</tr>
<tr>
<td>Section 1 – E-Mini Basics</td>
<td>6</td>
</tr>
<tr>
<td>Stock Index Futures</td>
<td></td>
</tr>
<tr>
<td>- The E-Mini’s</td>
<td></td>
</tr>
<tr>
<td>- What a Contract is Worth</td>
<td></td>
</tr>
<tr>
<td>- Minimum Fluctuations</td>
<td></td>
</tr>
<tr>
<td>- Calculating Profits and Losses</td>
<td></td>
</tr>
<tr>
<td>- Order Types</td>
<td></td>
</tr>
<tr>
<td>- Contract Specifications</td>
<td></td>
</tr>
<tr>
<td>Section 2 – Technical Analysis</td>
<td>9</td>
</tr>
<tr>
<td>Divergence/Trend Change</td>
<td>10</td>
</tr>
<tr>
<td>Accumulation/Distribution</td>
<td></td>
</tr>
<tr>
<td>Break-Out Indicator</td>
<td>13</td>
</tr>
<tr>
<td>Accumulative Swing Index</td>
<td></td>
</tr>
<tr>
<td>Ascending Triangles</td>
<td></td>
</tr>
<tr>
<td>Support and Resistance</td>
<td>15</td>
</tr>
<tr>
<td>Amplitude (Fibonacci Numbers)</td>
<td></td>
</tr>
<tr>
<td>Aroon Indicator</td>
<td></td>
</tr>
<tr>
<td>Fibonacci Numbers/Line</td>
<td></td>
</tr>
<tr>
<td>Gann Indicators</td>
<td></td>
</tr>
<tr>
<td>Pivot Points</td>
<td></td>
</tr>
<tr>
<td>Channels</td>
<td>23</td>
</tr>
<tr>
<td>Channels</td>
<td></td>
</tr>
<tr>
<td>Commodity Channel Index</td>
<td></td>
</tr>
<tr>
<td>Descending Channel</td>
<td></td>
</tr>
<tr>
<td>Keltner Channel</td>
<td></td>
</tr>
<tr>
<td>Trend Following</td>
<td>29</td>
</tr>
<tr>
<td>Average Directional Index (ADX)</td>
<td></td>
</tr>
<tr>
<td>Bollinger Band</td>
<td></td>
</tr>
<tr>
<td>Volatility</td>
<td>31</td>
</tr>
<tr>
<td>Average True Range (ATR)</td>
<td></td>
</tr>
<tr>
<td>Market Top Indicator</td>
<td>32</td>
</tr>
<tr>
<td>Blow-Off Top</td>
<td></td>
</tr>
<tr>
<td>Double Top</td>
<td></td>
</tr>
<tr>
<td>Market Bottom Indicator</td>
<td>35</td>
</tr>
<tr>
<td>Double Bottom</td>
<td></td>
</tr>
</tbody>
</table>
# A-Z Guide to E-Mini Futures Trading

<table>
<thead>
<tr>
<th>Pattern Recognition</th>
<th>36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakaway Gap</td>
<td></td>
</tr>
<tr>
<td>Candlestick Charts</td>
<td></td>
</tr>
<tr>
<td>Descending Triangle</td>
<td></td>
</tr>
<tr>
<td>Flag</td>
<td></td>
</tr>
<tr>
<td>Head and Shoulders Pattern</td>
<td></td>
</tr>
<tr>
<td>Inside Day</td>
<td></td>
</tr>
<tr>
<td>Pennant</td>
<td></td>
</tr>
<tr>
<td>Rounded Bottom</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Moving Averages</th>
<th>45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exponential Moving Average</td>
<td></td>
</tr>
<tr>
<td>Moving Averages</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directional Indicator</th>
<th>48</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parabolic Indicator</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Overbought/Oversold Indicator</th>
<th>49</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative Strength Indicator</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Momentum Indicator</th>
<th>51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stochastic Oscillator</td>
<td></td>
</tr>
</tbody>
</table>

## Section 3 – E-Mini Strategies

<table>
<thead>
<tr>
<th>X-Power Strategy</th>
<th>52</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guru Index Strategy</td>
<td>53</td>
</tr>
<tr>
<td>Parabolic Magic</td>
<td>56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>58</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A-Z Guide to E-Mini Futures Trading

Introduction

The A-Z Guide to E-Mini Futures Trading

Thank you for purchasing the Home Study Course for E-Mini’s produced by Daniels Trading. This course is designed to help you understand how to use the E mini futures contract to diversify your investment portfolio.

Who would potentially benefit most from this Course? The Course was crafted for those that already have a working knowledge of how futures contracts work, what margins are about and ideally have done some basic trading in futures. In our opinion, investors looking to leverage that basic introductory knowledge have the opportunity to learn some new strategies that they may not have been exposed to. The strategies are simple, yet powerful.

What is an E-Mini – An E-Mini refers to mini versions of the full-sized stock index futures contracts traded on regulated exchanges. Typically, these contracts are one-fifth the size of a full-sized contract. They are traded electronically via order management software or over the telephone with a registered commodity brokerage firm.

Regulated Marketplace – E-Mini’s are exchange traded instruments that come with the backing of solid institutions such as the Chicago Mercantile Exchange (CME). Investors are protected from default on futures and options products by the exchange’s sophisticated risk management and surveillance techniques. The exchange itself provides the integrity for each and every transaction.

Diversity – E-Mini’s cover a broad spectrum of the stock index world. From the S&P 500 to the Dow and NASDAQ, an investor seeking to participate in a particular sector of the stock index market can do so easily and efficiently. Plus, mini contracts are also now available in many other non-stock index markets like grains, energies and metals.

Low Participation Costs – At one-fifth the size of a standard contract, E-Mini’s allow the investor the ability to participate in stock index trading at a level that is more approachable than the standard-sized contract. E-Mini’s provide the flexibility to allow them to test ideas without the large margins and fluctuations of the standard-sized contacts.

Coverage –The reason many investors utilize the E-Mini is the ability to cover or emulate the movements of a large basket of stocks without having to actually fund and control the actual group of stocks.

It is our hope that you can use this course to build on your knowledge base and hopefully help you to be a better trader. We have designed this course to be highly interactive, simple to follow, and hopefully informative.
A-Z Guide to E-Mini Futures Trading

You may start and stop anytime, go back over a section...we will also give you a live trading platform to test the things you have learned!

The course is divided into three sections

Our teaching philosophy is simple: Learn about E-Mini’s and how they work; Indicators give you insight about technical analysis including the use of indicators; Trade some amazing techniques developed by experienced traders with the goal of making you a better trader.

1. LEARN - E Mini Basics  If you are new to futures or just new to the E-mini, we will provide all the basic components such as point values, margins, etc. We will provide you with everything you need to know to confidently understand a transaction involving the E-Mini futures contract.

2. INDICATORS – Technical Analysis  There are hundreds, if not thousands of technical analysis indicators, patterns to recognize and strategies. While we don’t offer every one, we have assembled a robust cross-section of indicators and strategies. Each one comes with information on when to use it, a detailed definition, a graphical representation, and an implementation strategy.

3. TRADE - Market Analysis  We will teach you three trading strategies that in our opinion are necessities in every trader’s tool box. We believe that these simple, effective strategies may help you to better understand market analysis and perhaps make you a better technician. The best part is that not only are these techniques easy to follow but with the live demo, you can try them out in a safe and risk free environment.

Course Producer

The A-Z Guide to E-Mini Futures Trading is produced by Daniels Trading, a registered Introducing Broker established in 1995. Our expertise allows Daniels Trading to help investors diversify their portfolios through the use of futures trading systems, professionally managed funds and programs, and electronic trading.

Electronic Trading  - Trade on virtually any exchange in any market, efficiently and economically. Whether it is commodity futures, options or foreign exchange, Daniels Trading offers an easy-to-use order entry system designed for the individual investor. Daniels Trading strives to make the complex process of managing and transmitting orders as simple, efficient, and cost effective as possible.
Managed Futures - Drawing on our years of experience, Daniels Trading assists investors from around the globe in placing investment funds with what we believe are some of the most successful Commodity Trading Advisors in the world. Our team specializes in providing diversified investment portfolios through the analysis, implementation, and management of commodity futures trading advisors and advisory services.

Trading Systems - Daniels Trading offers a full array of investment solutions for investors seeking to diversify their portfolio using commodity futures and forex trading systems. We will administer and manage the system or a basket of systems for you. We automatically execute the instructions generated by the trading system on your behalf and report the results to you.

Section 1: E-Mini Basics

Stock Index Futures

Before we get into what E-Mini’s are let’s begin with some background on stock indexes. Stock index futures contracts were introduced by the Kansas City Board of Trade on February 24, 1982. This was followed up by the Chicago Mercantile Exchange (CME) in April of the same year with the introduction of a futures contract based on the Standard and Poor’s Index of 500 common stocks.

Stock indexes are futures contracts traded on regulated exchanges just like physical commodities such as corn and wheat. The index tends to follow the rise and fall of the stock market. Stock index futures require margins like all other futures markets and are also cash settled, meaning that it is impossible to take delivery of the index.

The E-Mini’s

As the versatile smaller cousin to the big stock index contracts, the E-Mini is a term that is applied to several variations of stock index contracts. There are now electronically traded mini versions of the S&P 500, NASDAQ, Russell and Dow. For the purposes of this tutorial we will focus on arguably the most popular contract, the E-Mini S&P 500 contract traded at the CME.

What a Contract is Worth

E-Mini’s are the one-fifth size versions of traditional stock index futures. The E-Mini contract value is 50 times the underlying index as opposed to 250 times in the case of the full sized contract. For example, if the S&P 500 futures are trading at 903, then the contract is valued at $45,100 (50 X 903).
Minimum Fluctuations

Each contract has its own tick value. This represents the value of one increment in price movement. In stocks it is one penny in the price of the stock.

The Chicago Mercantile Exchange E-Mini S&P 500 Futures contract tick value is 0.25 index point, or $12.50 per contract.

A one increment move from 1200.00 to 1200.25 equals $12.50

Therefore, if you bought one contract for 1200.00 and the market moved in your favor to 1200.25, your account would be credited $12.50. Conversely, if you sold a contract at 1200.00 and the market moved up to 1200.25, your account would be debited $12.50. (Keep in mind this does not include commissions)

Calculating E-Mini Profits and Losses

In the sample at the left, we bought one E-Mini S&P 500 contract at 1500 and sold it at a later time when it went to 1550:

1550 – 1500 = 50 ticks

50 ticks X $50 (Index Value) = $2500 Profit (not including commissions or fees)

Obviously, if you had sold instead of bought, this would have generated a loss of $2500 plus any commissions or additional fees.
Order Types

You can place limit orders and market orders into this all-electronic market. Since it is traded electronically, stop orders are only accepted as stop-limits. With this type of order you must specify a limit price when placing your stop. Once the stop price is reached, the stop-limit becomes a limit order to buy or sell at the specified price.

STOP LOSS ORDERS DO NOT NECESSARILY LIMIT YOU LOSS TO THE STOP PRICE BECAUSE STOP ORDERS, IF THE PRICE IS HIT, BECOME MARKET ORDERS AND, DEPENDING ON MARKET CONDITIONS, THE ACTUAL FILL PRICE CAN BE DIFFERENT FROM THE STOP PRICE. IF A MARKET REACHED ITS DAILY PRICE FLUCTUATION LIMIT, A “LIMIT MOVE”, IT MAY BE IMPOSSIBLE TO EXECUTE A STOP LOSS ORDER.

Contract Specifications

<table>
<thead>
<tr>
<th>Order Types</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Date</td>
<td>9/9/1997</td>
</tr>
<tr>
<td>Ticker Symbol</td>
<td>ES</td>
</tr>
<tr>
<td>Contract Size</td>
<td>$50 X E-mini S&amp;P 500 futures price</td>
</tr>
<tr>
<td>Tick Size (Minimum Fluctuation)</td>
<td>0.25 index points  = $12.50</td>
</tr>
<tr>
<td>Trading Hours CME Globex</td>
<td>Monday – Thursday 5PM – 3:15PM &amp; 3:30Pm – 4:30PM Sunday 5PM – 3:15PM</td>
</tr>
<tr>
<td>Contract Months</td>
<td>March, June, September, and December</td>
</tr>
<tr>
<td>Last Trade Date and Time</td>
<td>Trading can occur up to 8:30AM on the third Friday of the contract month</td>
</tr>
<tr>
<td>Settlement</td>
<td>Cash</td>
</tr>
</tbody>
</table>
A-Z Guide to E-Mini Futures Trading

Section 2 : Technical Analysis

To make finding the technical analysis technique or indicator best suited to your goals we have organized them into the following categories:

**Divergence/Trend Change**
Accumulation/Distribution

**Break-Out Indicator**
Accumulative Swing Index
Ascending Triangles

**Support and Resistance**
Amplitude (Fibonacci Numbers)
Aroon Indicator
Fibonacci Numbers/Line
Gann Indicators
Pivot Points

**Channels**
Channels
Commodity Channel Index – CCI
Descending Channel
Keltner Channel

**Trend Following**
Average Directional Index – ADX
Bollinger Band

**Volatility**
Average True Range – ATR

**Market Top Indicator**
Blow-Off Top
Double Top

**Market Bottom Indicator**
Double-Bottom
A-Z Guide to E-Mini Futures Trading

Pattern Recognition
- Breakaway Gap
- Candlestick Charts
- Descending Triangle
- Flag Formation
- Head and Shoulders Pattern
- Inside Day
- Pennant Pattern
- Rounded Top/Bottom formation

Moving Averages
- Exponential Moving Average
- Moving Averages

Directional Indicator
- Parabolic Indicator

Market Overbought/Oversold Indicator
- Relative Strength Indicator

Market Momentum Indicator
- Stochastic Oscillator

Divergence/Trend Change

Accumulation/Distribution

When to use Accumulation/Distribution:
Used as a prospecting tool to seek out markets that has perhaps reached a turning point and is ready for a reversal.

Definition:
A momentum indicator that attempts to gauge supply and demand by determining whether investors are generally “accumulating” (buying) or “distributing” (selling) a certain futures contract by identifying divergences between the futures price and volume flow. It is calculated using the following formula:

\[
\text{Acc/Dist} = \frac{(\text{Close} - \text{Low}) - (\text{High} - \text{Close})}{(\text{High} - \text{Low})} \times \text{Period’s volume}
\]
A-Z Guide to E-Mini Futures Trading

Strategic Implementation:
This indicator attempts to highlight times when a market is exhibiting a possible change in trend. For example, should the market display several days (or bars) of up movement with high volume in an overall down trending market, this could be an indication that the demand for that commodity could be starting to pick up. Therefore, if the indicator is heading the opposite way as price, maybe a divergence is afoot.

Bullish Signals:
This occurs when the price of a futures contract is moving down and the overall trend is down but the Accumulation/Distribution trend is moving upward. This divergence signals increased buying pressure which may indicate weakening seller strength. It is generally followed by a change in the trend of the futures contract from down to up. As you can see below in the highlighted area, the Accumulation/Distribution line climbs as the prices fall signaling a potential upcoming bullish trend.
Bearish Signals:
The inverse of the bullish signal is bearish and occurs when the Accumulation/Distribution line is trending downward but the underlying price of the commodity is headed higher. The logic is that selling pressure is beginning to increase which could signal a potential downtrend in prices. Notice in the graph below, the Accumulation/Distribution line falling rapidly as prices rise. As you can see, the price never gets above the high water mark and in time the prices fall.

Keywords:  Divergence  Trend change indicators
Break-Out Indicator

Accumulative Swing Index

**When to use Accumulative Swing Index:**
Used as a trading tool to attempt to determine a long-term trend of a market. Simply put, if the Index is higher, generally the trend is also higher and on the inverse, should the Index point down, the market could be headed the same direction.

**Definition:**
Utilizing only price, this Index may be used in conjunction with other charting techniques to confirm the direction of a trend.

**Strategic Implementation:**
The swing index is calculated by using the current bar’s open, high, low and close as well as the previous bar’s open and close.

**Metastock explains it best:**
“A breakout is indicated when the accumulative swing index exceeds its value on the day when a previous significant high swing point was made. A downside breakout is indicated when the value of the accumulative swing index drops below its value on a day when a previous significant low swing point was made.”

**Keywords:** Breakout indicator

Ascending Triangles

**When to use:**
Possibly to confirm that a bullish move is in place.

**Definition:**
A pattern recognition tool that is easy to spot as seen by the converging trend lines (see chart below). In an ascending triangle, one trend line is drawn horizontally at a level that has previously prevented the market from moving higher. The second connects successively higher troughs.
Strategic Implementation:
Traders can enter long positions when the futures price pierces the top resistance line. Typically a price target may be set by measuring the vertical height of the triangle, then adding that to the entry or breakout price.

Keywords:
Pattern recognition, Ascending triangle, breakout, continuation pattern
Support and Resistance

Amplitude (Fibonacci Numbers)

When to use:
When a trader seeks to determine potential areas in which a market could make a trading channel or areas of possible support and resistance.

Definition:
Chart pattern analysis that says that after a retracement, the price will continue to move at least a distance equal to the retracement’s amplitude. The companion for this is the use of Fibonacci Numbers.

Strategic Implementation:
What are Fibonacci Numbers?

First, here is a little background on what Fibonacci numbers are and where they came from. In doing research for a book in 1202, mathematician Leonardo Pisano set about to study patterns in numbers identified by another countryman named Fibonacci, as they applied to some rabbits in his garden. The example he started with was this: If you started with a pair of baby rabbits enclosed in the garden and assumed that each pair of rabbits bears a new pair each month, which from the second month on itself becomes productive, how many pairs of rabbits will be in the garden at the end of a year’s time?

As the months go by in the garden, a given sequence of numbers (pairs or rabbits) 1, 1, 2, 3, 5, 8, 13, occurs. Leonardo noted that the sequence is that each number after the second 1 is equal to the sum of the two previous numbers. Thus, 1+1=2, 1+2=3, 2+3=5, and so on. Now back in the garden, each month, the new rabbit births consist of one pair born to each of the newly adult pairs plus one pair for each of the earlier adult pairs. By reading out in the sequence to the twelfth number you get 144 pairs.

These numbers as it turns out appear in nature over and over again. The number of petals found on most flowers equals a Fibonacci number. An iris has 3 petals, an aster 21, and a daisy 34. Counting the beautiful spirals on a sunflower you will find 21, 34, and 55, all of which are Fibonacci numbers.

Another interesting property of these numbers is that any given number is 1.618 times the preceding number. And 0.618% of the next number

\[
\frac{34}{55} = \frac{55}{89} = \frac{144}{233} = 0.618
\]

\[
\frac{55}{34} = \frac{89}{55} = \frac{233}{144} = 1.618
\]
One more interesting Fibonacci fact:
If you take any two adjacent values and divide each by their sum:

Fibonacci Numbers
5, 8
5/13 (sum of 5 and 8) = 38.5%
8/13 (sum of 5 and 8) = 61.5%

8, 13
8/21 = 38.1%
13/21 = 61.9%

Often referred to as the “Golden Ratio” this property is the link to nature, and in turn market prices.

Thus, the two magic numbers are 38% and 61.8%

Putting it to work
Okay, so we have identified Fibonacci numbers, now what? These two numbers can now be used as support and resistance numbers for virtually any market.

Example #1
I primarily use Fibonacci numbers to determine where to buy or sell a market. The basic thought is that all markets retrace at some point. For a market to retrace back 38% from its high point is sometimes known as a natural retracement. To calculate this point we take the recent high, in this case Crude Oil at $79 and subtract the significant low point of $59.

High – low = swing point
$79 - $59 = $20

To find the 38% Fibonacci Retracement point, and perhaps a golden buying opportunity, we take the swing point value of $20 and multiply it by 0.38. This equals $7.60. Now, subtract the swing point value from the high of $79 to get our buy point of $71.40!

$20 X 0.38 = $7.60
$79 - $7.60 = $71.40

A major retracement is the 61.8% Fibonacci point. The process to get this buy point is the same as above, simple substitute the 38% for the 61.8%

$79 - $59 = $20
$20 X 0.618 = $12.36
$79 - $12.36 = $66.64
I have included a chart of crude oil and drawn in the two Fibonacci numbers to illustrate how the two might be great buying points should crude oil start to fall. **Orange represents the 38% Fibonacci number and green the 61.8%.**
Example # 2

What about using Fibonacci points to find a selling point? All the same principals apply; we just need to invert the numbers. Here is an example of a declining market, coffee:

As in the first example, orange is the 38% Fibonacci number and green is the 61.8%.

Here is how they were calculated:

Recent high = 130.5
Recent low = 94.5

130.5 – 94.5 = 36 (swing point)

36 X .38 = 13.68 (38% Fibonacci point)
36X .618 = 22.25 (61.8% Fibonacci point)
This time we ADD the Fibonacci point to the LOW price to get our points.

\[94.5 + 13.68 = 108.18 \text{ (38\% Fibonacci point)}\]
\[94.5 - 22.25 = 116.75 \text{ (61.8\% Fibonacci point)}\]

Now we have some selling points should the market rally and retrace part of the down move. **Also note how coffee rallied to exactly the 38\% retracement in August of this year!**

**Example # 3**

Now let’s look at an example of a market that has seen prices fall below the 38\% Fibonacci number already. Wait to buy when it goes down to the 61.8\% number? Take a look at Heating Oil:

Again, orange is the 38\% and green, the 61.8\%. You can see the major support that the 38\% mark provided at an area just below 2.00.
Here is how they were calculated:

Recent high = 2.175
Recent low = 1.675

2.175 – 1.675 = 0.5000 (swing point)

0.5000 X .38 = 0.1900 (38% Fibonacci point)
0.5000 X .618 = 0.3090 (61.8% Fibonacci point)

This time we subtract the Fibonacci point to the high price to get our points.

2.175 - 0.1900 = 1.985 (38% Fibonacci point)
2.175 - 0.3090 = 1.866 (61.8% Fibonacci point)

**Conclusion**

Fibonacci points are easy to calculate and use. In my opinion they are also very powerful. Try it out on paper for a while. No matter whether it is a commodities or stock chart, I think you will find them to work for you too.

**Keywords:** Channel, Fibonacci Channel, Fibonacci Retracement, Support, Resistance

**Aroon Indicator**

**When to use:**
Used as a prospecting tool to seek out markets that has perhaps reached a turning point and is ready for a reversal.

**Definition:**
Made up of a pair of lines, one called the “Aroon Up” which measures the strength of the uptrend, and the other is called “Aroon Down”, which measures the downtrend. The indicator reports the time it is taking for the price to reach, from a starting point, the highest and lowest points over a given time period, each reported as a percentage of total time. Both the Aroon up and the Aroon down fluctuate between zero and 100, with values close to 100 indicating a strong trend, and zero indicating a weak trend. The lower the Aroon up is, the weaker the uptrend and the stronger the downtrend is, and vice versa. The main assumption underlying this indicator is that a E-Mini’s price will close at record highs in an uptrend, and record lows in a downtrend.
A-Z Guide to E-Mini Futures Trading

Calculation

\[
Aroon Up = \frac{(\text{number of periods} - \text{number of periods since highest price})}{\text{number of periods}} \times 100
\]

\[
Aroon Down = \frac{(\text{number of periods} - \text{number of periods since lowest price})}{\text{number of periods}} \times 100
\]

Strategic Implementation:

When the futures market’s price is equal to the highest price over the given period, the Aroon will have a value near 100, which indicates the time it has taken to reach its highest price has elapsed 100%, indicating the potential for a strong uptrend. In addition, trading decisions may be made upon the lines crossing, indicating a new up or downtrend is beginning.

In general, the security is considered to be in an uptrend when the Aroon-up line is above 70 along with being above the Aroon-down line. The security is in a downtrend when the Aroon-down line is above 70 and also above the Aroon-up line. The trend is considered to be in a consolidation pattern when the two lines are near each other in between 70 and 30.
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In the graph above note the crossing of the Aroon lines on the left side of the yellow highlight. The lines cross again when the momentum has run out and the trend is turning.

**Fibonacci Numbers/Line**
See Amplitude above

**Gann Indicators**

**When to use:**
For those traders that seek support or resistance levels.

**Definition:**
Originally developed by W.D. Gann, Gann Angles are an attempt to predict the future price movements through a relation of geometric angles in charts depicting time and price. Users of this method point out that should one of these trend lines be pierced, the following angle or line will supply support or resistance.

**Strategic Implementation:**
Gann angles can be quite powerful but also take a bit of getting used to in terms of how to apply them and be successful. Further, since they operate a bit differently than a simple trend line, users can attempt to project not only where the support is but fix a date and time to it as well. Below you can see an example:
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Here you can see in the yellow highlighted area how the market broke through three upper support lines but how powerful the most central support became. One strategy that some traders use is to wait until one support has held through at least three bars and use that as confirmation to enter into the appropriate position. Place your protective orders just below the lowest low (for long strategies).

**Keywords:** Gann, Chartist, support, resistance, trend analysis

**Pivot Points**

**When to use:**
This technical indicator is known as a predictive indicator.

**Definition:**
A pivot point is found by calculating the numerical average of a particular commodity’s high, low, and closing price. If the following day’s price activity falls below the pivot point, it may be used as a new resistance level. Conversely, if the market price rises above the pivot point, it may then become the new support level.
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Strategic Implementation:
In the chart above you can see three pivot points. These points or lines become the support and resistance areas. As such, they can also become valuable points in which to base your ultimate market position. As seen above, the upper pivot point is clearly a point at which the market is having a difficult time getting through to the upside. One possible strategy is to maintain a short position as long as the market closes below the upper line. Should it break the upper line, then a reversal to long may be in order.

Keywords: Pivot points, congestion, resistance, support, technical analysis

Channels

When to use:
May be used as a trend-following tool.

Definition:
Either ascending or descending, a channel is price action contained between parallel lines. Pivots or reversals denote the top and bottom lines of the channel. Price is not always perfectly contained but the channel lines show areas of support and resistance for price targets. A higher high above an ascending channel can signal continuation. A lower low below the low of an ascending channel can signal trend change.
Strategic Implementation:
Channels may portend a trend. Trades have the option to either trade in the direction of the trend. In an ascending channel for example, you would buy the market when it drops to the lower line and exit when it reaches the upper line. Some traders also wait for the channel to be broken (price escapes the channel) and establish a position in the direction of the breakout.

Keywords: Channel, pattern recognition, ascending channel, descending channel, price channel

Commodity Channel Index - CCI

When to use:
Designed for traders seeking to determine if a market is overbought or oversold.

Definition:
The Commodity Channel Index, first developed by Donald Lambert, quantifies the relationship between the asset’s price, a moving average (MA) of the asset’s price, and normal deviations (D) from that average. It is computed with the following formula:

\[ CCI = \frac{Price - MA}{0.015 \times D} \]

Strategic Implementation:
The CCI is an excellent tool for identifying potential peaks and valleys in most commodity markets, especially when combined with other oscillator type indicators.

Potential Sell Signals:
CCI crosses above 100 and has started to curve downwards (See chart below)
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Potential Buy Signals:
The CCI crosses below -100 and has started to curve upward (see chart below)

Keywords:
Commodity Channel Index, Channel, Oscillator

Descending Channel

When to use:
If you believe that the trend will continue lower you seek out this simple pattern to find for confirmation.

Definition:
A descending channel or downtrend is the price action contained between two downward sloping parallel lines. Lower pivot highs and lower pivot lows are a bearish signal.
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**Strategic Implementation:**
Once a clear descending channel has been identified simply wait until the market goes to the top trend line and establish a short position, placing your stop above the trend line. Should the line be broken, the odds of a breakout to the upside are high and you should not try to find a new trend.

**Keywords:** Channels, Ascending Channel, Range-bound trading

**Keltner Channel**

**When to use:**
Best used by trend-followers to determine the over-all direction of the market.

**Definition:**
An indicator based on volatility that forms an envelope around a market, creating an upper and lower band from which to base analytical decisions.
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**Strategic Implementation:**
Similar to Bollinger Bands, Keltner bands form a channel around the market. The Keltner channel signals are produced when the price action breaks above or below the channel bands. What, generally, but not always occurs, is a continuation of the move.

As you can see from the chart above, as the market breaks out from the lower band a continuation of the move ensues. A possible strategy can be to establish a new position; in the case of the example above a short position upon break out and close below the lower band. Depending on your risk tolerance, you can place your protective orders above the middle line or the upper band. This strategy is generally used for longer term trend-following and thus tends to have more risk associated with it.

**Keywords:** Keltner channels, Bollinger Bands, technical analysis
Trend following

Average Directional Index - ADX

When to use:
Typically used to determine the overall strength of a trend.

Definition:
This indicator is non-directional in nature and simply used to determine the strength of trend. The ADX is plotted as three lines. Typically, when the green line (Di+) is above the red line (Di-), the trend is deemed to be upward. The black line is the ADX. When the ADX increases above 20 it suggests that the trend is increasing strength. An ADX above 40 could suggest that the trend is exhausted.

Note in the chart below that the green line is above the red line and the black ADX line is on the rise.
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**Strategic Implementation:**
Traders typically use this indicator to confirm the direction of another indicator. Further, traders may be able to use this to choose the strongest trends and also to let profits run when the trend is at its strongest.

**Keywords:** Average Directional Index, trend following, strength

**Bollinger Band**

**When to use:**
Those seeking to find a break-out in either direction. Typically used by trend followers to signal the beginning of a new trend.

**Definition:**
An indicator that is comprised of a band plotted two standard deviations away from a simple moving average and originally developed by John Bollinger.
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**Strategic Implementation:**
Bollinger Bands are a measure of the volatility in the markets. Therefore, the bands adjust themselves to market conditions. When the markets become more volatile, the bands widen, and during less volatile periods they contract. Some traders wait for the bands to tighten with the logic that increased volatility is on its way and potentially a big market move will come with it.

As mentioned above, trend followers use the bands to seek out break outs and a potential new trend. The chart above is an example of this. Within the yellow circle is an example of a breakout of the band. Typically traders look for two closes above the band as confirmation that the new trend (in this case up) has begun.

**Keywords:** Bollinger Bands, trend follower, moving average, trend

**Volatility**

**Average True Range - ATR**

**When to use:**
If you seek to better understand the current level of volatility in the market.

**Definition:**
On the base level, ATR is the difference between the high and the low on any given day and is meant to reveal information about how volatile a particular futures market is. The ATR is basically an exponential moving average. As an investor, you can select whatever time frame suits your trading best. Longer timeframes will be slower and likely lead to less trading signals while shorter timeframes will tend to increase trading activity.
Strategic Implementation:
The logic applied to ATR is that volatility tends to behave cyclically. Therefore, the ATR could be used as a method to trigger entry into a particular market. When the ATR levels begin to drop and stagnate as you can see in the middle of the chart above, this may signal that volatility and the ensuing price movement could be near. If you combine this with a directional indicator to help with determining long or short, a powerful tool could be added to your trader’s tool box.

Market Top Indicator

Blow-Off Top

When to use:
Traders lucky enough to be in a long position the constant thought is when is the top going to be put in?

Definition:
A steep and rapid rise in price and can be accompanied by extreme spikes in volume.
**Strategic Implementation:**
This is best implemented as an exit strategy or indicator. Look for the exaggerated long bars such as the one in the middle of the yellow circle in the graph above. Long bars followed by the gap island (the lone dot at the peak of the move) usually indicate that the top is being put in and as such is a warning that the market may be bracing for a fall.

**Keywords:**
Blow-Off, Blow-Off top, Pattern recognition, Top picking
Double- Top

When to use:
If you believe that the trend will continue lower, seek out this simple pattern to look for confirmation.

Definition:
This is a bearish technical analysis (pattern recognition) pattern that is created by the rise in price of a particular futures contract, a drop, and another rise level to the same level as the original rise, and finally another drop.

Strategic Implementation:
A double-top is found at the peak of an upward trend and can be interpreted as a clear signal that the preceding up move is weakening and that perhaps the buyers are losing interest. Once the formation is completed and confirmed with prices descending below the trough in-between the two peaks (see chart below), the market has the potential to drop further.
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This pattern is easy to spot and is a great illustration of a bull market that falters, then the buyers try to push it up one more time, and when this fails, a collapse could be eminent. The sellers can gain a foothold in the market and really drive prices south.

It is advised that you do not establish a new short position until the confirmation mentioned above is in place. To find a target or profit simply measure the distance between the top of the two peaks to the bottom of the trough between those peaks. Subtract that amount from your entry point to get your price target.

**Keywords:** Double-Top, Double-Bottom, pattern recognition, top

### Market Bottom Indicator

**Double- Bottom**

**When to use:**
If you believe that the trend will continue higher and you seek out this simple pattern to look for confirmation.

**Definition:**
This is a bearish technical analysis (pattern recognition) pattern that is the inverse of a double-top in that it is created by the drop in price of a particular futures contract, a rise, and another drop level to the same level as the original drop, and finally another rise.

**Strategic Implementation:**
A double-bottom is the mirror opposite of a double-top and signals that perhaps prices have lost their momentum to the downside and are poised for a rally. See the chart below.
As with the double-top, it is best to wait for confirmation which in this case is the price rise through the “V” in-between the two bottoms. Once that occurs, use the same measurement techniques used in the double-top to find a profit target.

**Keywords:** Double-bottom, double-top, pattern recognition, bottom

**Pattern Recognition**

**Breakaway Gap**

**When to use:**
When supported by higher volume this can be an excellent indicator that the market is poised for a big move.

**Definition:**
A pattern recognition strategy represented by a gap in the movement of the price of a particular commodity; basically, a sharp up or down move with no trading in between. (See chart below).
Also, there are different types of gaps. The one shown below is a continuation gap and typically happens in the middle of a price move. Breakaway or exhaustion gaps (see Blow-Off Top above) are usually seen at the end of a price move.

Strategic Implementation:
Keep in mind that gap trading can be a tricky affair. By nature, if a gap is present, usually the market is in a highly volatile state and as such the risks can be much greater. You must first identify whether the gap is potentially a continuation or is it part of a top being put in. Second, has the volume also increased? If there is no pick-up in volume there is reason to believe that the gap was not part of a bigger move and could not have the follow-through you seek.

Strategy:
For this example, we will use the chart and the highlighted gap depicted above. While there are many different gap strategies the one that is commonly used is as follows.

Step 1: Confirm that this is not a blow-off top or exhaustion gap. Since this is part of a downward move, we will eliminate this.
Step 2: Check to see that volume has also picked up. In this example, we will assume volume is high but it is important that you not eliminate this step or make assumptions.

Step 3: Look at a longer timeframe chart (daily) to determine the overall trend of the market. The chart above is a 30 minute chart. If the daily chart confirms that the overall trend is down, we proceed to the next step.

Step 4: Typically, once the original bar has been formed that initiates the gap, the market will attempt to head back in the direction of the gap. You will notice that the next bar does indeed begin to move up to fill the gap. If the high of the next bar exceed the close of the gapping bar, enter the market short.

Consider placing a protective stop near the bottom of the gap.

STOP LOSS ORDERS DO NOT NECESSARILY LIMIT YOU LOSS TO THE STOP PRICE BECAUSE STOP ORDERS, IF THE PRICE IS HIT, BECOME MARKET ORDERS AND, DEPENDING ON MARKET CONDITIONS, THE ACTUAL FILL PRICE CAN BE DIFFERENT FROM THE STOP PRICE. IF A MARKET REACHED ITS DAILY PRICE FLUCTUATION LIMIT, A “LIMIT MOVE”, IT MAY BE IMPOSSIBLE TO EXECUTE A STOP LOSS ORDER.

Keywords: Gap, pattern recognition, exhaustion gap, continuation gap

Candlestick Charts

When to use:
For use with all trading and countless technical analysis techniques.

Definition:
A price chart that displays the high, low, open, and close for a security each day over a specified period of time.
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Strategic Implementation:
Originally developed by the Japanese over 100 years ago, candlestick techniques actually predated Western style bar charts. A futures trader named Homma determined that markets are strongly influenced by the emotions of traders. Further, his opinion was that when emotions played a part there was a vast difference between the value and the price of rice occurred. It was from his principles that the basis for candlesticks was formed.

Just above and below the real body are the “shadows”. Chartists have always thought of these as the wicks of the candle, and it is the shadows that show the high and low prices of that day’s trading. If the upper shadow on the filled-in body is short, it indicates that the open that day was closer to the high of the day. A short upper shadow on a white or unfilled body dictates that the close was near the high. The relationship between the day’s open, high, low and close determines the look of the daily candlestick. Real bodies can be either long or short and either black or white. Shadows can also be either long or short.

STOP LOSS ORDERS DO NOT NECESSARILY LIMIT YOU LOSS TO THE STOP PRICE BECAUSE STOP ORDERS, IF THE PRICE IS HIT, BECOME MARKET ORDERS AND, DEPENDING ON MARKET CONDITIONS, THE ACTUAL FILL PRICE CAN BE DIFFERENT FROM THE STOP PRICE. IF A MARKET REACHED ITS DAILY PRICE FLUCTUATION LIMIT, A “LIMIT MOVE”, IT MAY BE IMPOSSIBLE TO EXECUTE A STOP LOSS ORDER.

Keywords: Candlestick, pattern recognition

Descending Triangle

When to use:
If you believe that the trend will continue lower, seek out this simple pattern to find for confirmation.

Definition:
This is a bearish technical analysis (pattern recognition) pattern that is created by drawing one trend line that connects a series of lower highs and a second trend line that has historically proven to be a strong level of support.

Strategic Implementation:
Traders typically wait for a breakout of the bottom line to occur before entering short positions. As you can see from the chart below, it is easy to pick out all the pent-up selling that gets released on the market once the bottom support is taken out. The logic is that once support is broken, momentum is likely to continue or even become stronger. The most common price targets are generally set to equal the entry price minus the vertical height between the two trends Lines.

Keywords: Ascending triangle, descending triangle, bear, pattern recognition

Flag

When to use:
A potential method to determine if the current market is in a continuation pattern and therefore, could resume the trend.

Definition:
A method of pattern recognition in which the chart appears to form a flag, with a mast on one side. These patterns develop from price fluctuations within a narrow range (consolidation) after a big move in one direction (the flag pole). These are sometimes referred to as pennant formations. See chart below:
**Strategic Implementation:**
Flag formations as seen in the chart above are not that common but have the potential to be a reliable tool. A buy signal is produced when the upper trend line is broken. A key confirmation is the drop in trade volume during the consolidation phase.

**Keywords:** Flag, pennant, pattern recognition

**Head and Shoulders Pattern**

**When to use:**
This is a pattern recognition technique used for traders seeking to find a top or bottom in a market.

**Definition:**
This pattern has two sides, head and shoulders top and head and shoulders bottom. As the name suggests, one is used to attempt to find the top and the other a bottom in the market. A head and shoulders top is formed by a rise in the market to form a peak and a subsequent decline; a rise again to a higher level and a decline and lastly the final rise and decline forming the remaining shoulder as seen below.
Note the confirmation above is when the market is able to close below the red, or neck-line.

**Strategic Implementation:**
This popular chart pattern has the potential to be reliable and is generally easy to spot. As mentioned and displayed above, when the neckline is broken, the trend is considered reversed and ideally the commodity should begin heading in the new direction. Caution should be given not to jump in before confirmation as the market has not proven itself to have reversed until the neckline is broken. Further, markets have a tendency, once the neckline is broken to migrate back to the neckline area. Very seldom will a head and shoulders top yield a run-away bear market.

Price objectives are achieved by a simple measurement. Measure from the top of the Head to the line drawn for the neckline, directly below it. Then, in the case of a head and shoulders top, subtract that amount measured from the break-out point (your new short position).

**Keywords:** Bearish, bullish, head and shoulders, pattern recognition, inverse head and shoulders
Inside Day

When to use:
This is a pattern recognition technique used for traders seeking to find a top or bottom in a market.

Definition:
This formation occurs when the entire daily price range for a given commodity falls within the price range of the previous day. It is sometimes referred to as the harami pattern, and can be useful in spotting changes to a trend.

Strategic Implementation:
The logic behind this pattern recognition technique is that neither the bulls nor the bears have the power to send the market one direction or the other. Therefore, if this inside day comes after a sustained up or down move, it could be a signal that the momentum is gone and a reversal is eminent. Below is an example:

A possible strategy in this case is to initiate a short position on the day after the inside day and place protective orders above the high of the move.

Keywords: Inside day, pattern recognition, bearish harami, bullish harami
Pennant

See “Flag” above

Rounded Top/Bottom

When to use:
Whether the top or bottom variety, this technical analysis formation is very useful in seeing a potential change in overall market direction.

Definition:
This chart pattern is identified by a series of price movements that when graphed form a “U” in the case of a rounding bottom or an upside down “U” for a rounding top. These formations are typically found at the end of an extended price move in one direction or another. In the case of a rounding top, the initial rise in price comes from a decrease of supply, but as the slope of the ascent diminishes it is perceived that supply might actually be building or the buyers are beginning to wane. As the transition occurs from buyer dominated, to seller dominated, a follow through of selling can occur. See graph below:
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Strategic Implementation:
This formation can take quite a long time to develop. A daily chart could take days or even weeks to build a rounded top or bottom formation. While this formation is fairly easy to spot, it is not easy to use as an entry vehicle. Strategically, this is probably better suited to a long-term, multi-position trader. As the formation takes shape the trader can begin to establish the position. Once solidified, the trader can take advantage of the formation and build a bigger number of contracts with the logic that momentum will carry the position much further. Again, this strategy comes with a higher degree of risk as you collect more positions and due to the very nature of position trading.

Keywords: Rounded bottom, rounded top, technical analysis, pattern recognition

Moving Averages

Exponential Moving Average

When to use:
A potential method to not only seek out the overall direction of the market but to get changes of direction as well.

Definition:
The mathematical result that is calculated by averaging a number of data points. Similar to a simple moving average except more weight is given to the latest or most recent market activity. The logic is that this moving average may react better to price changes and therefore be more accurate.

Strategic Implementation:
Most traders use a pair of moving averages in concert, the 12-period and 26-period being the most common. Generally, the longer term the outlook, the bigger the moving averages get, for example a 5- and 200- day are popular for long term trend followers.
In the chart below you can see an example of two moving averages, the blue line indicates the 12-period and the red is the 26-period moving average. As you can see the lines track along with the basic movement of the market.
There are many possible strategies that use moving averages, but one of the simplest to use is the cross-over. As you can see in the graph above the blue and red lines come together and briefly cross. It is this crossing that signals a potential market trend change. From the graph above a long position is signaled as an uptrend is suggested. A buy signal is generated when the short-term average crosses above the long-term average, while a sell signal is triggered by a short-term average crossing below a long-term average.

**Keywords:** Moving averages, exponential
Moving Averages

When to use:
Moving averages have many uses, from learning the direction of a trend to guidance in placing protective orders or even entries or exits.

Definition:
This indicator is used to show the average value of a commodity over a set period. They are typically used to emphasize the direction of a trend and smooth out anomalies in price fluctuations. Typically, moving averages are used in pairs where one is a short-term (12 day) and is combined with a longer-term (40 day). Momentum to the downside is thought to be confirmed when the short-term average is below the long term average. Upside momentum is the inverse, the short-term average above the long-term.

Strategic Implementation:
Moving averages are not so much used as a strategy in and of itself but rather a tool to be used in concert with other technical analysis. As a trend identifier, it is helpful as seen in the chart below. Note how the black line, when moving to a position above the red line, indicates the market is moved to a bullish tone.
Further, you can see how moving averages can help with support and resistance points in the market. Keep in mind that each market and each time frame are different. It is important to test various settings and time frames with each market to find the best combination that works with your market of choice.

**Keywords:** Moving average, support, resistance, exponential moving average

### Directional Indicator

**Parabolic Indicator**

**When to use:**
Used as a tool to find entry and exit points or sometimes traders use it as a directional indicator.

**Definition:**
Also known as a stop and reversal system, this indicator was developed by Wells Wilder, the developer of the relative strength indicator. It is depicted as a series of dots placed either above or below a particular market’s price on a chart.

**Strategic Implementation:**
The potential strategy used with this indicator is fairly simple. Following the “dots” allows the trader to generate a transaction based on where the dot is relative to the current market price of the commodity selected. Simply put, a dot placed below the price is deemed as bullish and a dot above is bearish.
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In the chart above you can see an illustration of potential positions using the parabolic as a trading system. On the bottom left is the first “buy” signal. From there it is easy to follow the reversal pattern. If you were to start out with a long position, you would then, when the dots switch to a position above the market, not only sell to exit the long position, but also sell to establish a new short position. While there can be a tendency for whip-saw action to cause the losses, however the goal is to be on the right side of the market for extended gains.

Keywords: Parabolic, technical analysis, trailing stop

Market Overbought/Oversold Indicator

Relative Strength Indicator (RSI)

When to use:
An effective indicator used by traders in an attempt to determine if a particular market is overbought or oversold.

Definition:
This indicator is based on market momentum and compares the magnitude of recent gains to recent losses. RSI is calculated using the following formula:

\[
\text{RSI} = 100 - \frac{100}{1 + \text{RS}}
\]

\[
\text{RS} = \frac{\text{Average of } x \text{ days' up closes}}{\text{Average of } x \text{ days' down closes}}
\]

Strategic Implementation:
The RSI value has a range between 0 and 100. Simply put, once a commodity moves to an RSI above 70 it is deemed overbought and below 30 it is thought to be oversold.
The RSI can be a useful tool but is best suited as an indicator and not a trading strategy. For example, long, sustained surges in price can cause the RSI to stay at very low or high levels for extended periods of time. A good implementation could be to use it in conjunction with other indicators or perhaps as an exit tool. For example, if you have a long position and as profits build, the RSI gets above 70, you could then liquidate the position. You may be leaving some profits on the table, but at least you exited with the market in an overbought state.

**Keywords:** Relative strength indicator, indicator, overbought, oversold
Market Momentum Indicator

Stochastic Oscillator

**When to use:**
An effective indicator used by traders in an attempt to determine if a particular market is overbought or oversold.

**Definition:** This is a momentum-based indicator that compares the closing price of a particular commodity to its range over a given time period. The sensitivity of the oscillator to market movements can be reduced by adjusting the time period. The theory behind this indicator is that in an upward-trending market, prices tend to close near their high, and during a downward-trending market, prices tend to close near their low.

![Chart showing stochastic oscillator](image)

**Strategic Implementation:**
In the chart above you can see the stochastic oscillator (the lower graph). Similar to an RSI, the stochastic can help illuminate overbought and oversold conditions. As you can see in the highlighted sections, when the stochastic gets above 80 the market yielded some sharp drops and conversely, then the oscillator dips below 20, there is an answering rise.
As with any indicator of this style, you cannot simply sell the market whenever the stochastic rises above 80 or buy when it is below 20. What you can do is use the oscillator as a guide. For example, in the chart above, in the highlighted area, when the oscillator moves above 80 you can then begin to look for topping formations in the market via the chart. You can see the big up bar as the market peaks and then an inside day, a classic topping pattern. Putting together two technical analysis methods such as this might give you a better chance at success.

**Keywords:** Stochastic Oscillator, momentum, technical analysis

**Section 3: E-Mini Strategies**

_PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE RISK OF LOSS IN TRADING FUTURES CONTRACTS OR COMMODITY OPTIONS CAN BE SUBSTANTIAL, AND THEREFORE INVESTORS SHOULD UNDERSTAND THE RISKS INVOLVED IN TAKING LEVERAGED POSITIONS AND MUST ASSUME RESPONSIBILITY FOR THE RISKS ASSOCIATED WITH SUCH INVESTMENTS AND FOR THEIR RESULTS._

YOU SHOULD CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. YOU SHOULD READ THE “RISK DISCLOSURE” ACCESSED BY THE LINK BELOW. DANIELS TRADING IS NOT AFFILIATED WITH NOR DOES IT ENDORSE ANY TRADING SYSTEM, NEWSLETTER OR OTHER SIMILAR SERVICE. DANIELS TRADING DOES NOT GUARANTEE OR VERIFY ANY PERFORMANCE CLAIMS MADE BY SUCH SYSTEMS OR SERVICES.

The following is meant to serve as some new additions to your trader’s toolbox.

_The strategies presented below are simple to set up and easy to execute and follow. For demonstration purposes we have presented them on our home futures trading platform called DT Pro. It is important for you to understand that you can apply any of these strategies to almost any commercially available order placement platform._
X-Power Strategy

This strategy has been around for a long time and is simple to follow and in our opinion has the potential to be quite effective. The basic theory is that you are trying to take advantage of the market moving in a sustained way. The trigger for this is the crossing of two moving average lines on a 30 or 60 minute chart.

1. Open your DT Pro Demo.

2. Within the quote window, select the ES (E-Mini) contract with the most volume and open interest and LEFT-CLICK on the ES symbol.

3. Select CHART in the Pull-Down menu.

4. In the upper left-hand corner of the chart window click on the down arrow and then select a 60 minute chart (you can also try the 30 minute version).

5. Add the Exponential Moving Average by selecting “Indicators” from the menu bar, then “Moving Averages” and then “Exponential Moving Average.”
6. This will bring up a box in which you will set the parameters for the moving averages you will be using to guide you. For the first moving average, select the “color” as red and under Periods, select “Window” and change the number to “40.”
7. Repeat this process to add a second moving average but this time use green as the color and 15 as the window value. The result will be a 60 minute chart that can be used for guidance as to what the trend is for the markets. This is a good place to point out that this indicator is not a certainty or guarantee of trend but a potential indicator. We can use the direction of the two lines for guidance. As you can see here, both lines are pointing up and point to the potential for the market to go higher.

8. Now we have identified a market that shows potential to go higher.

9. Here you can see the lines cross giving us a potential for a buy signal. Once this happens, enter a BUY MARKET ORDER.

10. To “Buy Market” using the order entry platform simply click on the “Trade Mode.” That will produce a menu on the right with order placement. For risk management trail a stop just beneath the red line. Exit if the red line is violated or the lines cross indicating a change in direction.
Guru Index

1. Duplicate steps 1 – 4 from the first strategy to get a 60 minute, E-mini chart.

2. Select “Indicators” on the menu bar, then “Channels,” then “Bollinger Bands.”
3. Now that the Bollinger Band is added, you simply need to add one more indicator, the Relative Strength Indicator. Do this in a similar fashion to adding via the “Indicators” menu, then “Oscillator,” and finally, “Relative Strength Indicator.”

4. The premise of this is to attempt to identify times when the Relative Strength (RSI) of the market is either high or low. In this case, above 81 and below 50. Once the RSI breaches either or those two areas (81 or 50) it is signaling that the market may be losing momentum, or strength. Once you find this then look for a place where the candlestick breaks above or below the blue Bollinger Band. Our example (note RED cursor) may show a potential for a “Buy” entry. The RSI is low and the market is potentially at low ebb.
5. In the chart above you can see where the low RSI (A) and simultaneous breakout of the Bollinger Band (B) occur. Following this path, you would BUY at this point. For an exit you would have a couple of options. As for a stop, place a sell stop $250 below the entry point. If the market breaks out of the top of the Bollinger Band, use that as an exit and SELL to liquidate the position. You can also exit buy positions when the RSI exceeds the top band range (over 81).

**STOP LOSS ORDERS DO NOT NECESSARILY LIMIT YOU LOSS TO THE STOP PRICE BECAUSE STOP ORDERS, IF THE PRICE IS HIT, BECOME MARKET ORDERS AND, DEPENDING ON MARKET CONDITIONS, THE ACTUAL FILL PRICE CAN BE DIFFERENT FROM THE STOP PRICE. IF A MARKET REACHED ITS DAILY PRICE FLUCTUATION LIMIT, A “LIMIT MOVE”, IT MAY BE IMPOSSIBLE TO EXECUTE A STOP LOSS ORDER.**

6. Sell signals can also work using this method, just in the reverse. Look for an RSI exceeding the top band and a breakout to the top of the Bollinger Band.
A-Z Guide to E-Mini Futures Trading

Parabolic Magic

1. Duplicate steps 1 – 4 from the previous strategy to get a 60 minute, E-mini chart.

2. Select “Indicators” on the menu bar, then add a Parabolic SAR from the Oscillators section. The logic of this strategy is to attempt to capitalize on a concept that when the markets open and establish a direction up or down, that it may continue that way. The chart below shows a 60 minute E-mini chart and the 6:30 AM (PST) is highlighted in red.

3. Entry – for the purposes of this example we will begin with a BUY potential. Once the first bar of the day has been completed, wait for the following bar to either break out above (BUY) or below (SELL) that first bar. In this case, the top of the 6:30 AM bar was eclipsed. When this happens, BUY at Market. Now, place a trailing stop BELOW the green, dotted parabolic level. Ideally, the market will continue to move higher. If you have not been stopped out during the day, exit on the close and repeat the process the next open of the markets.

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Conclusion

The road to building a knowledge base in futures is a long one and we hope this course was of help to you. Within the three sections of this course, Futures Basics, Indicators, and Strategies, you should now have a good foundation to build upon; however we would like to offer the following resources to assist you:

Futures Basics

An excellent source of information is the education section of the Chicago Mercantile Exchange’s website:  http://www.cmegroup.com/education/

Also, within the Daniels Trading website are many resources and instructional videos to help give you futures basics information:  http://www.danielstrading.com/resources/education/futures-trading-and-you/#gain-knowledge

Indicators

The indicators presented here in the course are just a sampling of what is available to investors. The main theme is to understand that it is important for you, the trader to attempt to ascertain if a market is going up, down or is sideways. Indicators are as unique as the markets themselves and it is your job to find the indicators that work best for you and the markets you trade. In addition to those presented here, please utilize the indicators offered by the trading platform you use.

Strategies

It is important that once you are comfortable with understanding the markets and attempting to figure out market direction, you need to have a plan in place before you trade. We have presented just three possible trading strategies. There are literally thousands of other strategies in the marketplace. The key is for you to determine what makes sense to you. A great resource is: The Encyclopedia of Trading Strategies by Jeffrey Owen Katz Ph.D. (Author), Donna L. McCormick B001I9OWGA (Author).

We appreciate your business, and if you are not already a client of Daniels Trading we hope to earn the opportunity to assist you in trading the futures markets. When you are ready, a Daniels Trading licensed futures broker will be happy to answer your questions and assist you in opening up your trading account.

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YOU SHOULD CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. YOU SHOULD READ THE “RISK DISCLOSURE” ACCESSED BY THE LINK BELOW. DANIELS TRADING IS NOT AFFILIATED WITH NOR DOES IT ENDORSE ANY TRADING SYSTEM, NEWSLETTER OR OTHER SIMILAR SERVICE. DANIELS TRADING DOES NOT GUARANTEE OR VERIFY ANY PERFORMANCE CLAIMS MADE BY SUCH SYSTEMS OR SERVICES.

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