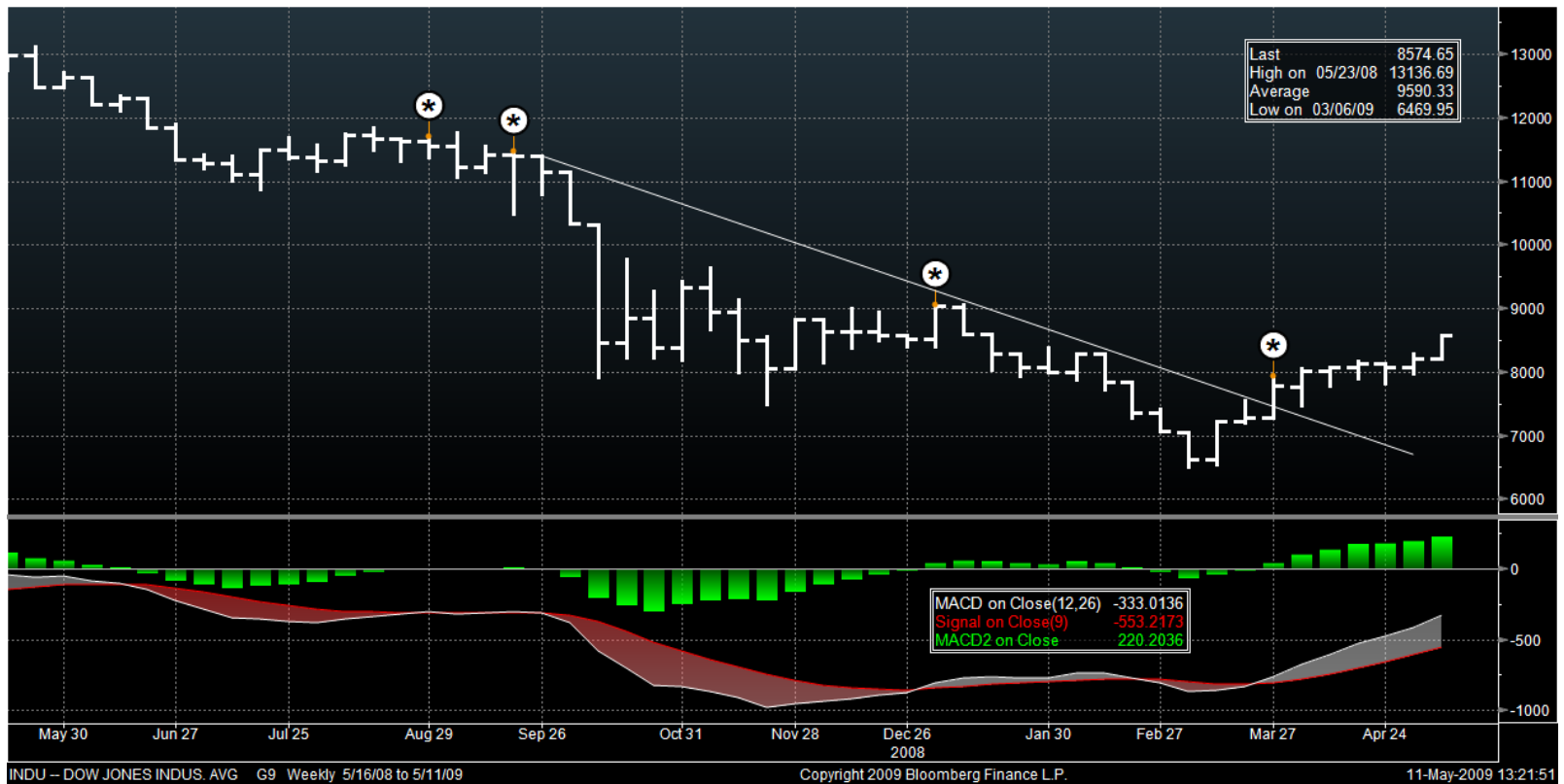


# Strategies for this market

Alpesh B Patel

**Risk Warning:** Spread bets are margined products; it is possible to lose more than your initial margin deposit or credit allocation as well as any variation margin that you may be required to deposit from time to time. Therefore you should only speculate with money that you can afford to lose. Spread betting may not be suitable for all customers; therefore please ensure that you fully understand the risks involved and seek independent advice if necessary and prior to entering into such transactions. When spread betting with WorldSpreads you are merely betting on the outcome of a financial instrument, sporting or political event etc. and therefore do not take delivery of any underlying instrument, nor are you entitled to any dividends payable or any other benefits related to the same.

# Dow



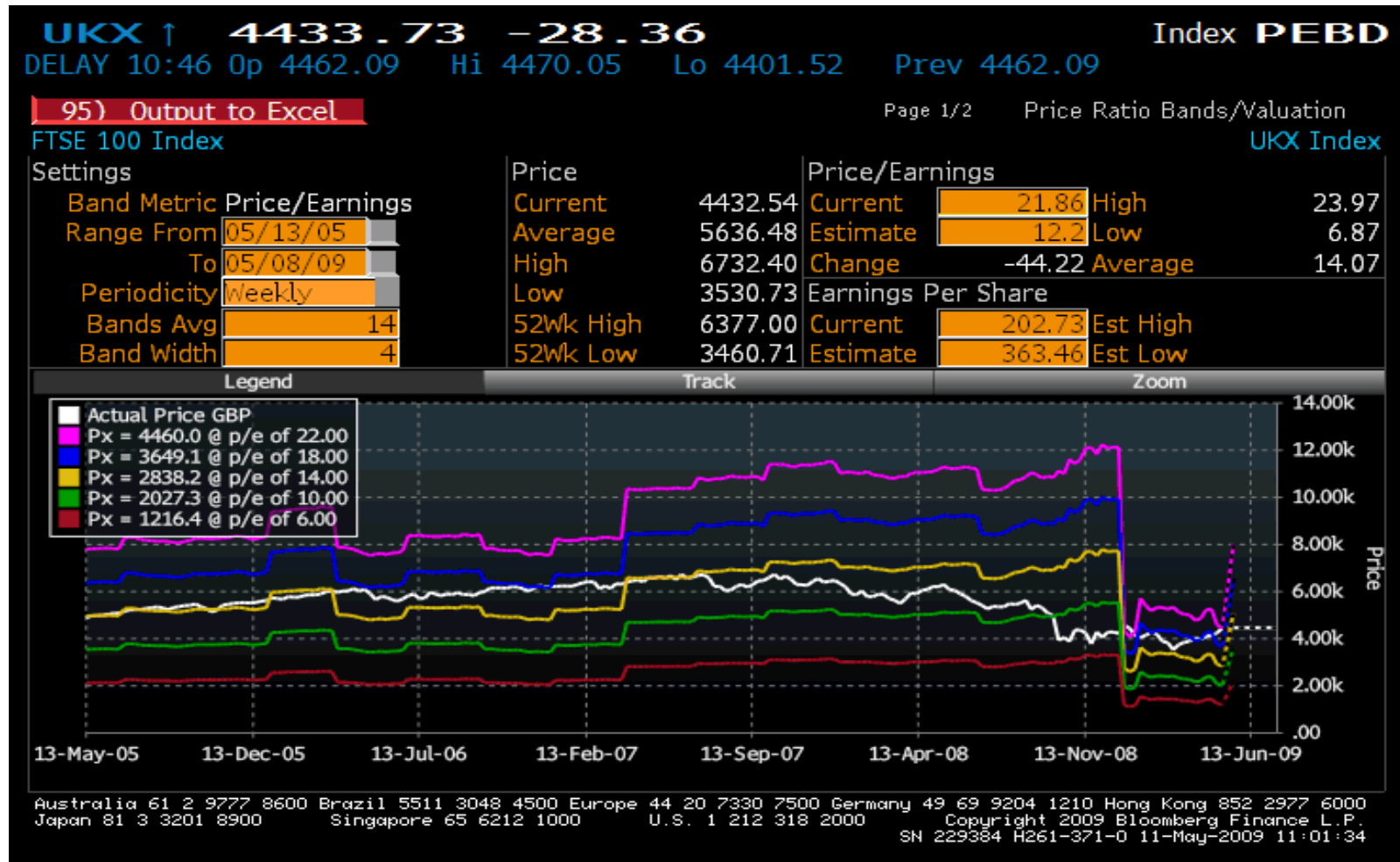
# Dow



# FTSE



# UK Overvalued?



# World PE

<HELP> for explanation, <MENU> for similar functions. EquityWPE  
Enter 1,2,3 or number <GO> for a historical graph of the earnings.

## World Equity Index Ratios 97) WEI 98) EMEQ

Measure 1 Price/Earnings

1) North/Latin America

		Price	Net Chg	Price/ Earnings	Curr Yr Est.	Nxt Yr Est.
4)	INDU DOW JONES INDUS.	8464.65	-110.00	17.75	23.74	13.31
5)	SPX S&P 500 INDEX	915.96	-13.27	14.89	16.02	12.63
6)	CCMP NASDAQ COMPOSITE	1736.41	-2.59	26.29	22.22	16.41
7)	SPTSX S&P/TSX COMPOSIT	10108.62	-129.37	12.55	15.77	12.54
8)	MEXBOL MEXICO BOLSA IND	23863.65	-221.93	15.53	14.10	12.01

2) Europe/Africa/Middle East

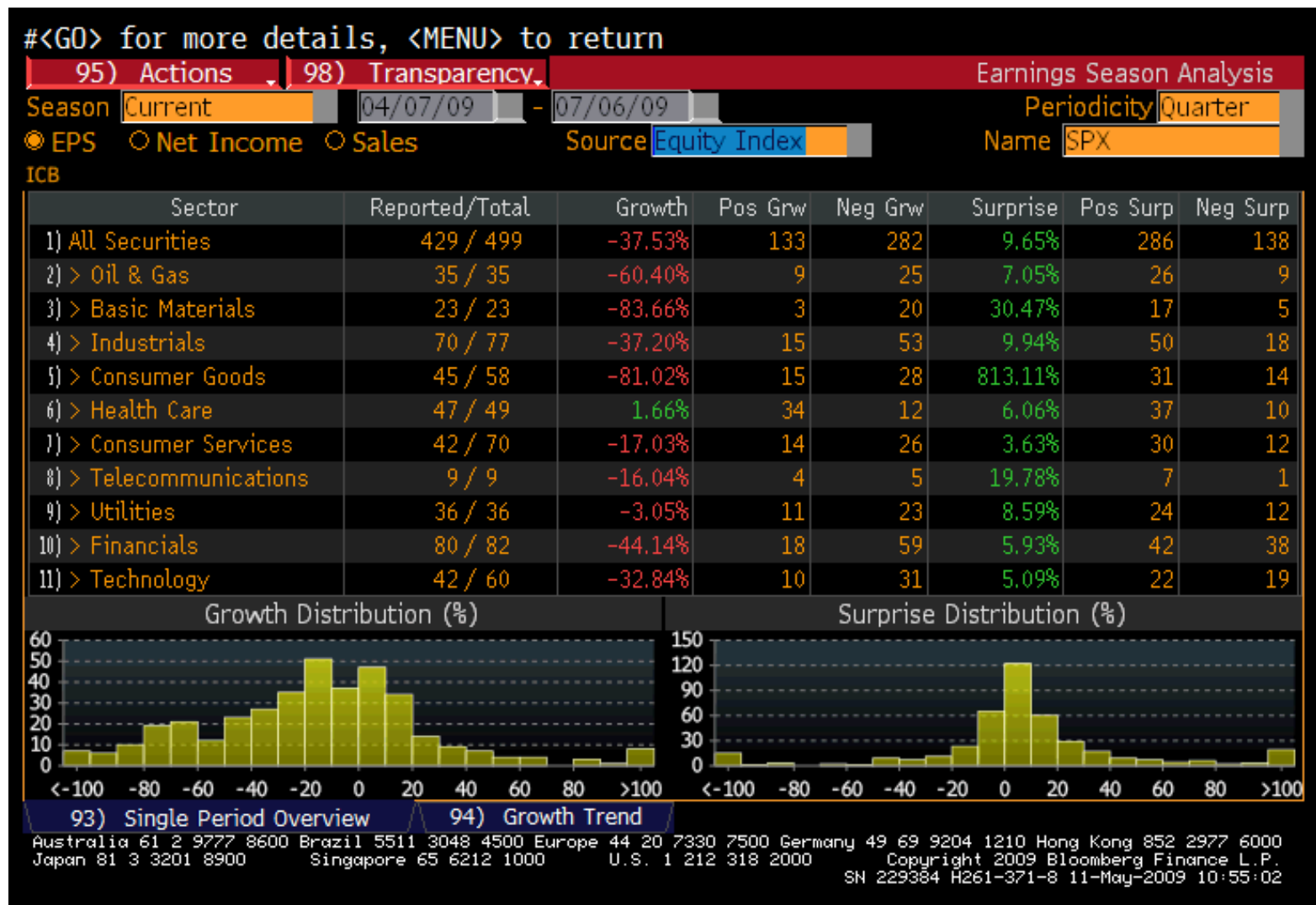
9)	SX5E DJ EURO STOXX 50	2432.85	-29.54	18.08	11.09	9.28
10)	UKX FTSE 100 INDEX	4431.74	-30.35	21.86	12.19	10.44
11)	CAC CAC 40 INDEX	3245.87	-66.72	11.32	10.85	9.53
12)	DAX DAX INDEX	4869.31	-44.59	24.05	13.32	10.39
13)	IBEX IBEX 35 INDEX	9310.40	-97.70	8.53	9.70	9.22
14)	SPMIB S&P/MIB INDEX	20174.00	-335.00	11.07	13.35	10.97
15)	AEX AEX-Index	256.52	-4.83	7.96	13.01	9.79
16)	SMI SWISS MARKET IND	5340.48	-50.53	39.51	12.51	10.66

3) Asia/Pacific

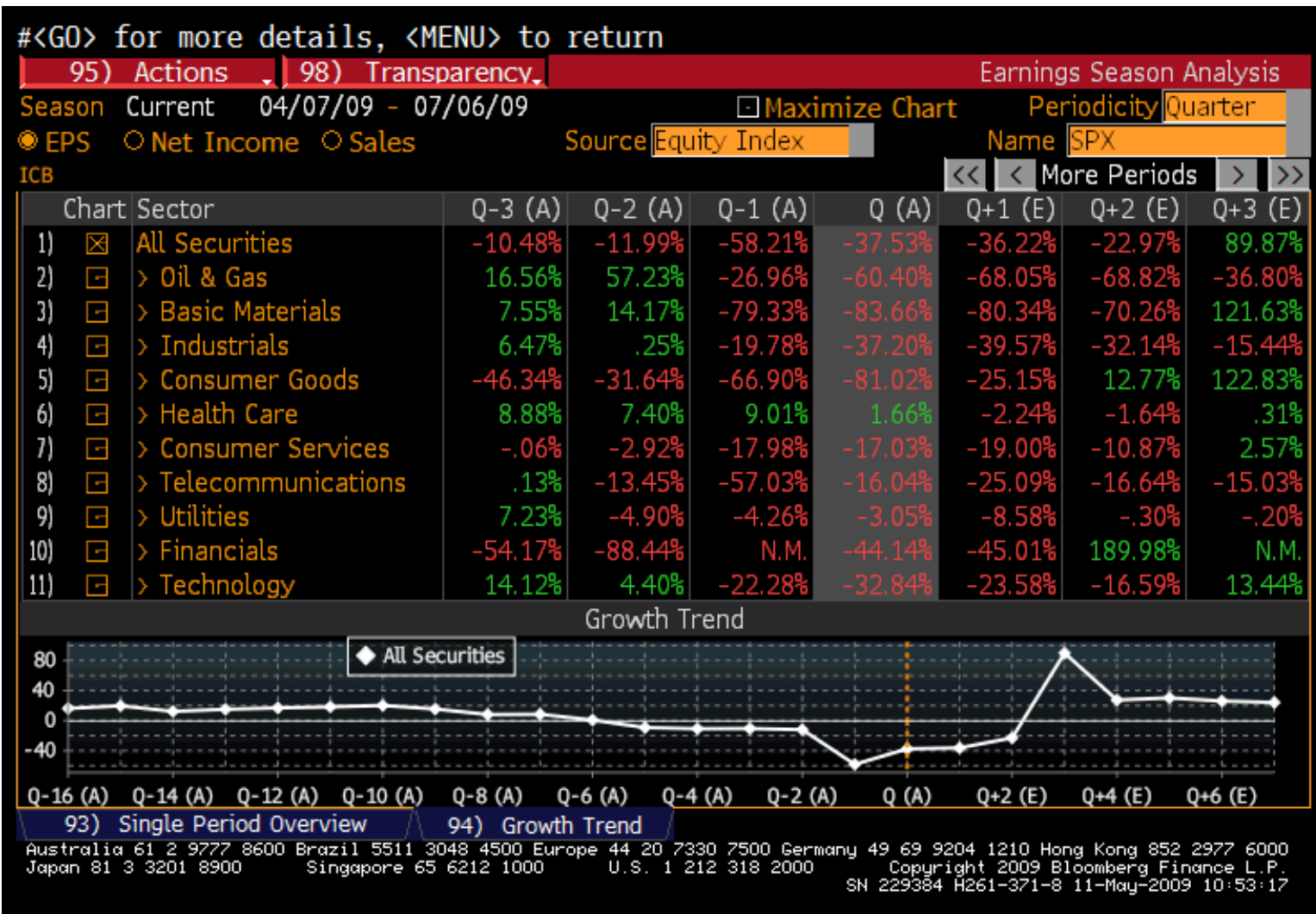
17)	NKY NIKKEI 225	9451.98	19.15	132.63	44.61	22.71
18)	HSI HANG SENG INDEX	17087.95	-301.92	15.34	15.34	13.19
19)	SHCOMP SHANGHAI SE COMP	2579.75	-45.90	25.96	19.04	16.29
20)	AS51 S&P/ASX 200 INDE	3926.00	-15.70	22.84	13.99	13.29
21)	FSSTI STRAITS TIMES IN	2166.10	-72.11	10.73	14.89	13.38

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.  
SN 229384 H261-371-0 11-May-2009 10:59:39

# Earnings Surprises

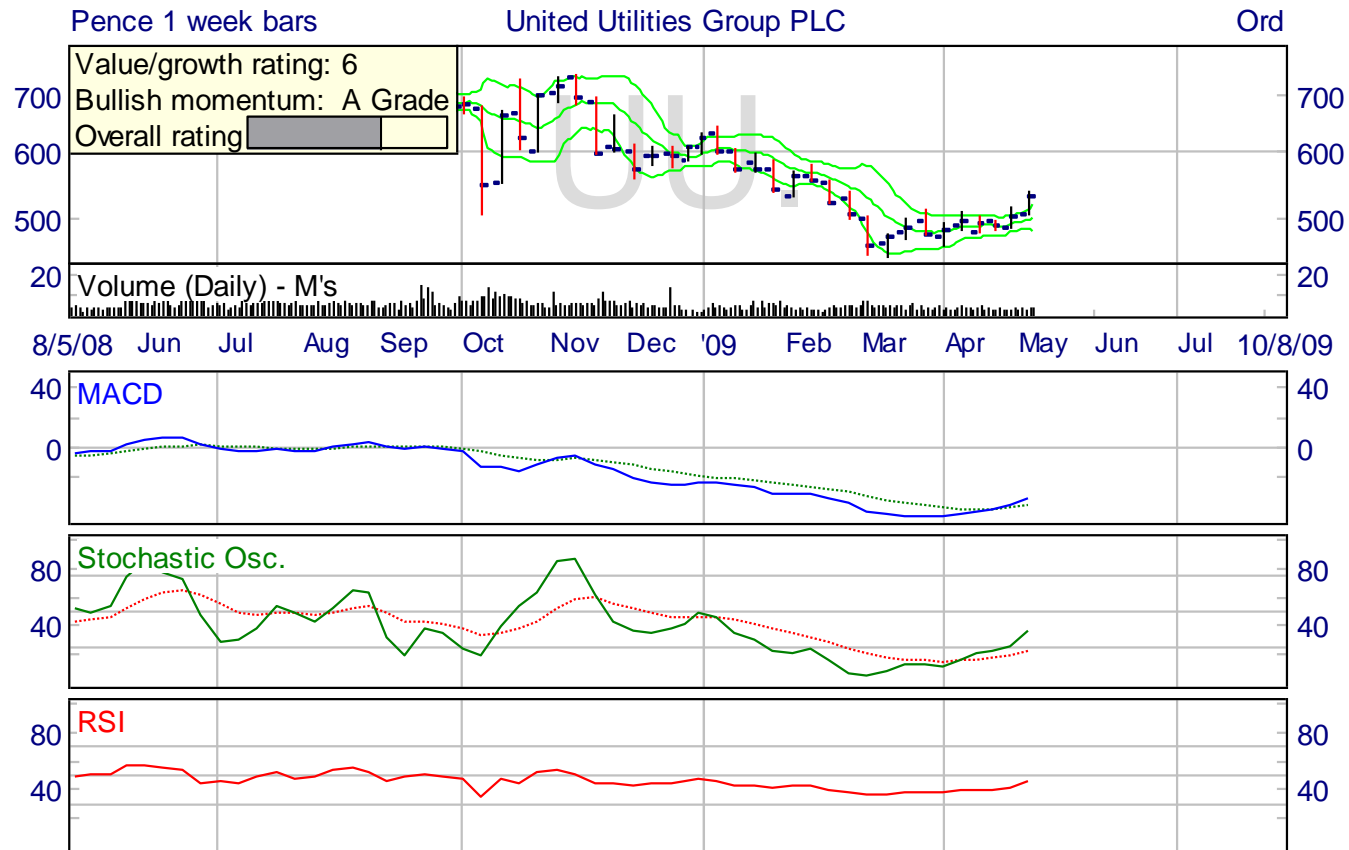


# Earnings Surprises





UU:+ve



[www.sharescope.co.uk](http://www.sharescope.co.uk)

Chart (c) ShareScope

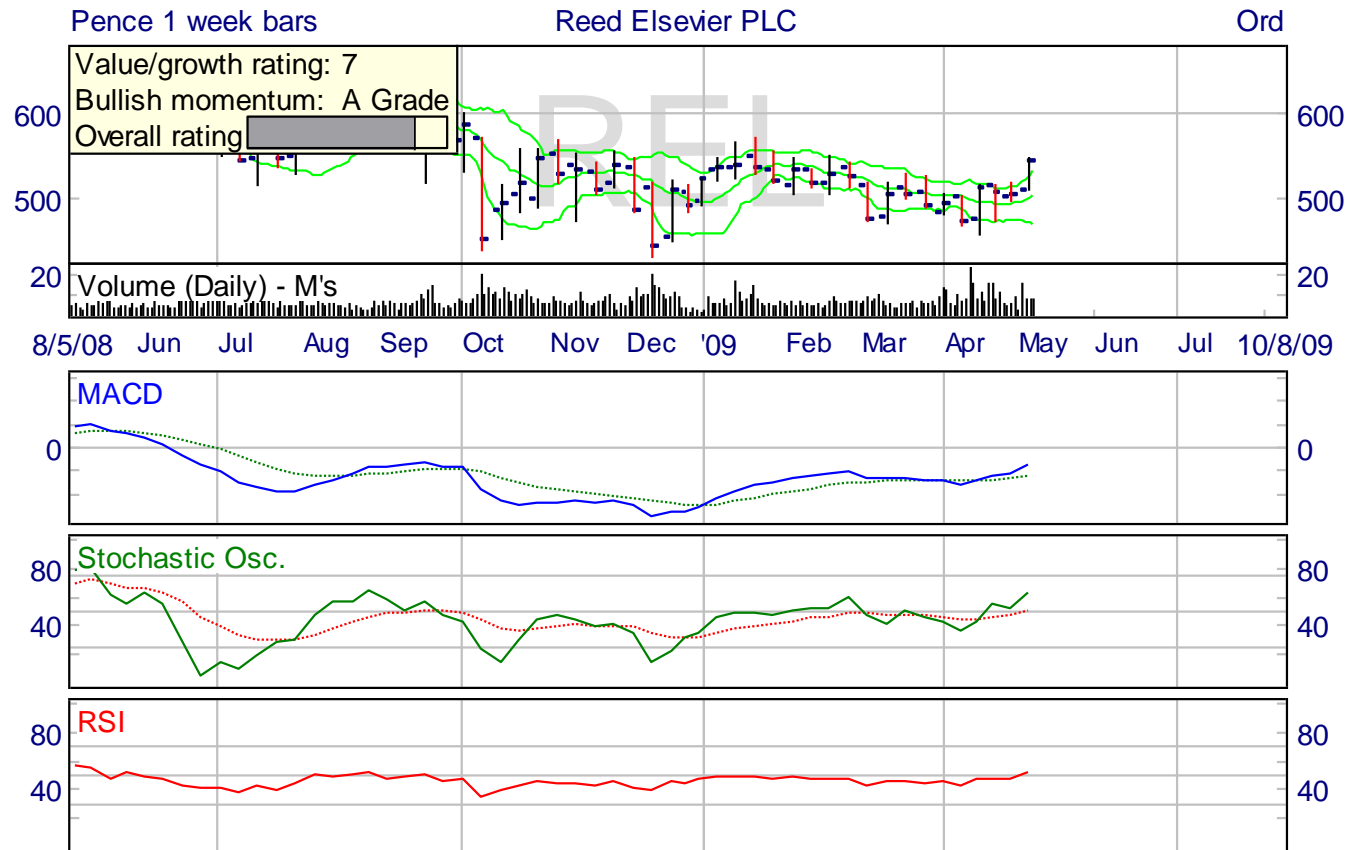
# Severn Trent



[www.sharescope.co.uk](http://www.sharescope.co.uk)

Chart (c) ShareScope

# Reed Elsevier



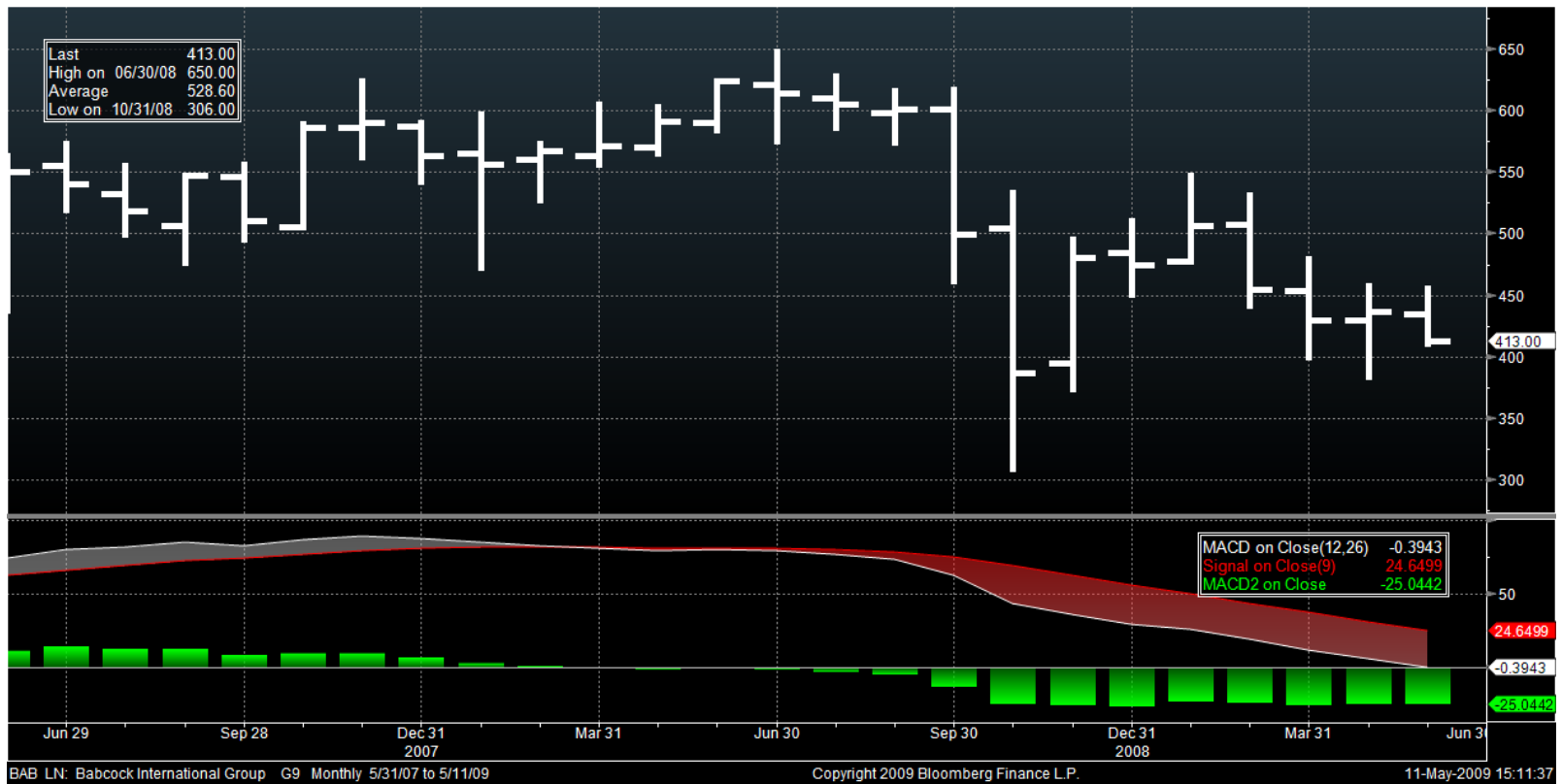
[www.sharescope.co.uk](http://www.sharescope.co.uk)

Chart (c) ShareScope

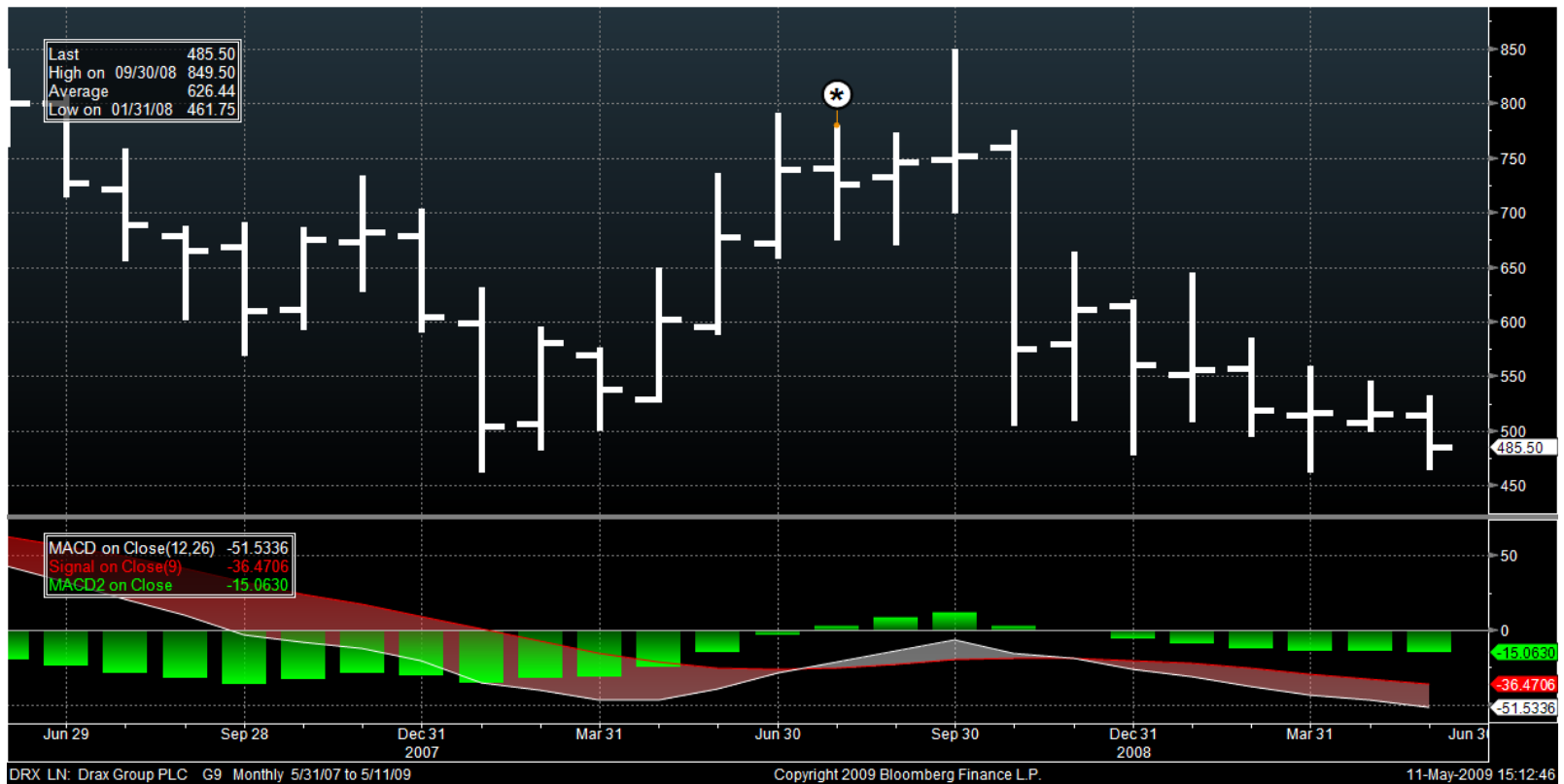
# WPP



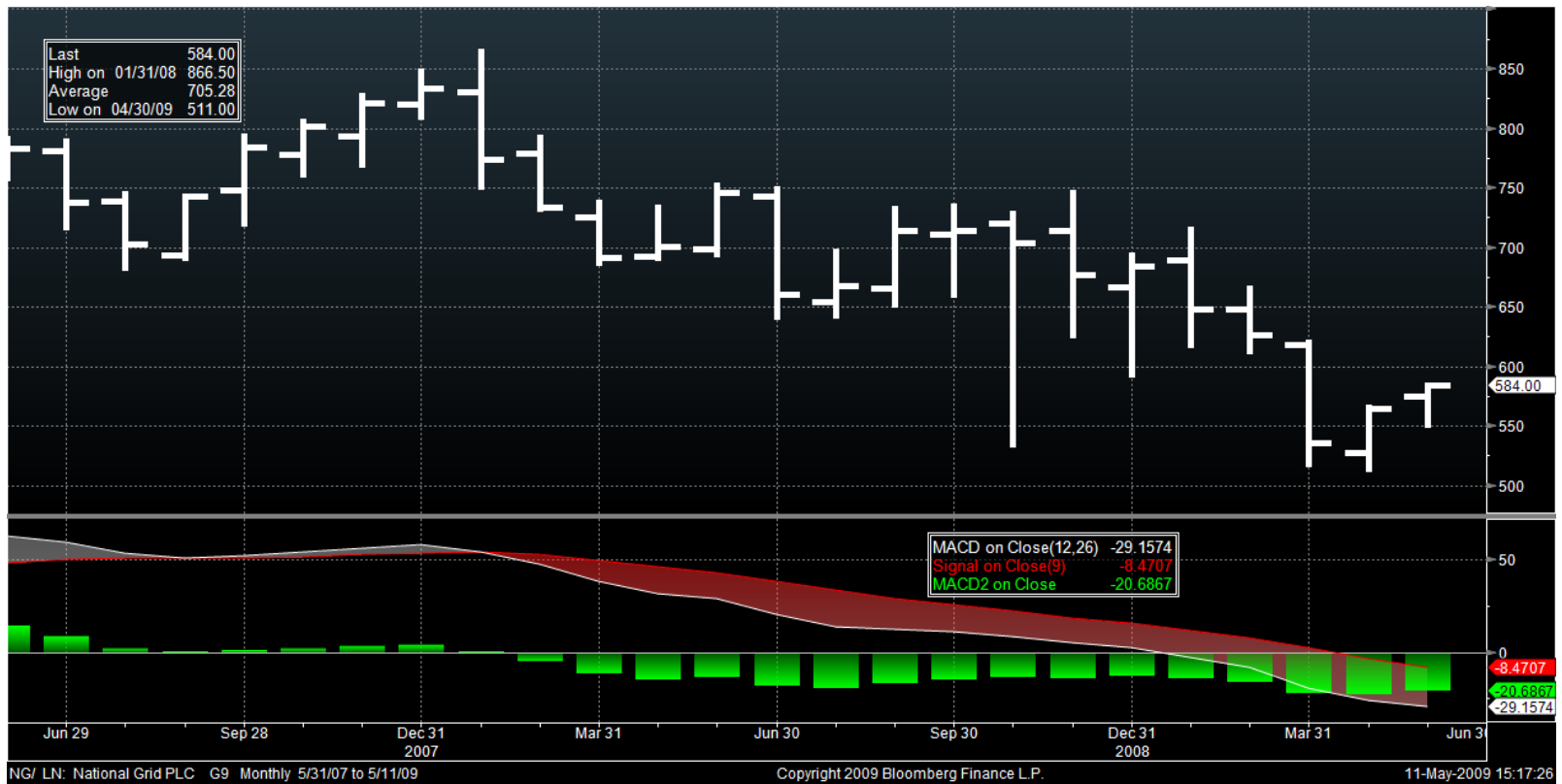
## Babcock - bearish



## Drax - bearish



## National Grid - Bearish



# Berkshire Hathaway "A" (BRK.A) Common Stock Holdings

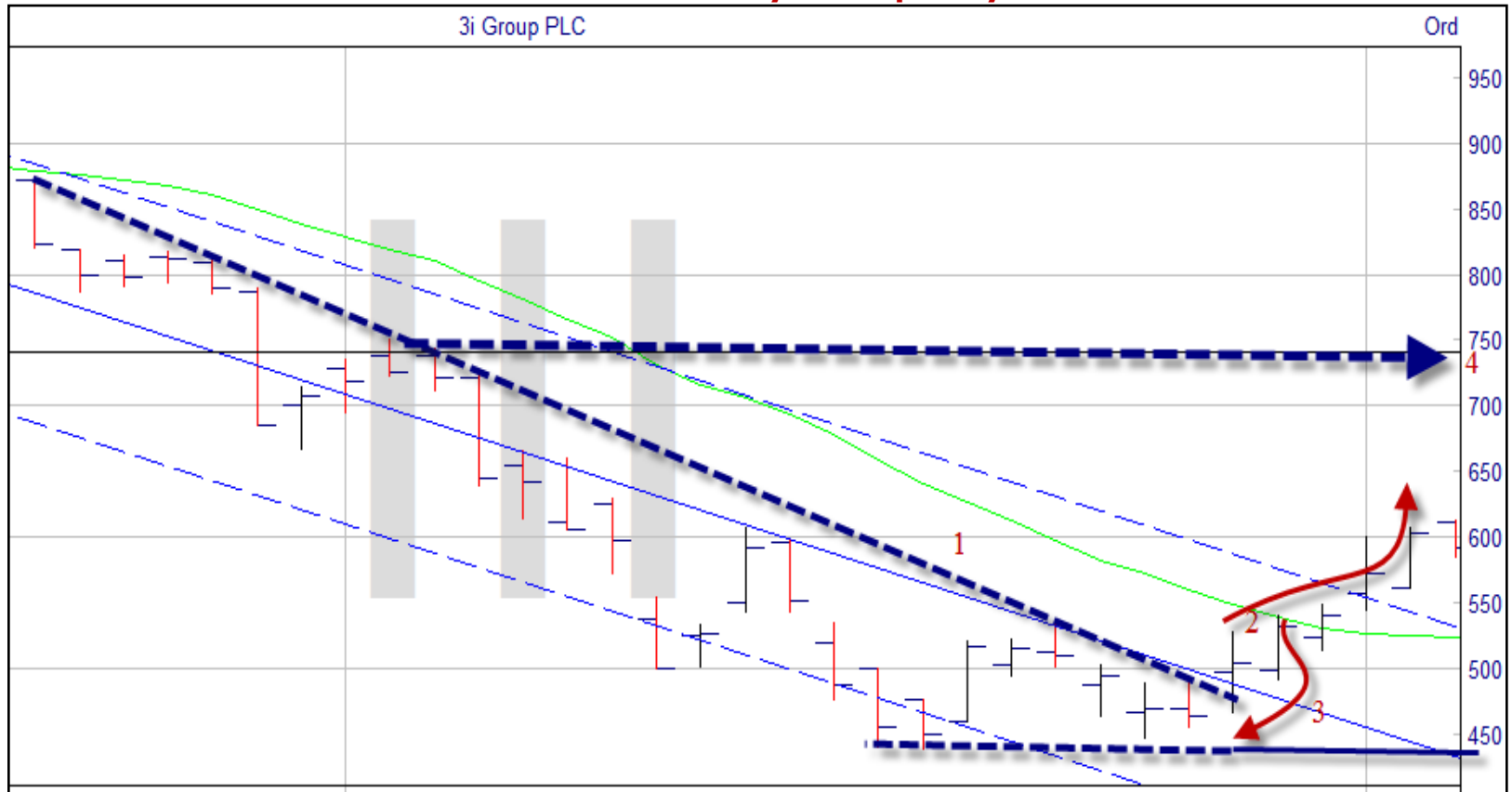
Ticker	Description	Shares	% Chg Week	% Chg Monthly	% Change YOY	% Chg YTD 2009
STI	SunTrust Banks	3,200,000.00	-15.71%	-40.05%	-87.91%	-75.12%
BAC	Bank of America Corporation	5,000,000.00	-31.96%	-42.40%	-91.02%	-73.08%
WFC	Wells Fargo	290,200,000.00	-30.77%	-42.28%	-64.51%	-62.99%
USB	U.S. Bancorp	67,600,000.00	-14.68%	-28.71%	-67.16%	-57.70%
GCI	Gannett Co	3,400,000.00	-11.69%	-35.88%	-88.31%	-53.75%
TMK	Torchmark Corp	2,800,000.00	-19.72%	-26.43%	-63.86%	-50.63%
GE	General Electric	7,800,000.00	-18.01%	-22.67%	-72.16%	-42.10%
MTB	M&T Bank	6,700,000.00	-4.90%	-9.79%	-58.67%	-38.86%
WBC	Wabco Holdings Inc	2,700,000.00	-14.58%	-28.70%	-74.93%	-32.49%
AXP	American Express Company	151,600,000.00	-17.60%	-22.47%	-70.97%	-30.08%
USG	USG Corp	17,100,000.00	-20.37%	-13.52%	-83.41%	-29.98%
NSC	Norfolk Southern	1,900,000.00	-9.97%	-11.44%	-35.36%	-27.80%
LOW	Lowe's Cos	6,500,000.00	-10.90%	-13.19%	-31.73%	-26.30%
CMCSK	Comcast'A'Spl(Non-Vtg)	12,000,000.00	-4.68%	-11.96%	-36.98%	-24.33%
COP	ConocoPhillips	79,900,000.00	-13.64%	-17.02%	-50.58%	-23.86%
UPS	United Parcel'B'	1,400,000.00	-4.55%	0.73%	-40.47%	-22.41%
IRM	Iron Mountain Inc	3,400,000.00	-2.55%	-2.79%	-40.32%	-19.57%
ETN	Eaton Corp	3,200,000.00	-8.04%	-8.50%	-49.45%	-18.97%
PG	Procter & Gamble	96,300,000.00	-1.64%	-7.80%	-23.82%	-18.72%
COST	Costco Wholesale	5,300,000.00	0.00%	-5.04%	-34.19%	-18.55%
BNI	Burlington Northn Santa Fe	70,100,000.00	-6.36%	-6.66%	-29.82%	-18.32%
UNP	Union Pacific Corporation	8,900,000.00	-8.00%	-8.59%	-35.03%	-16.26%
NKE	Nike, Inc'B'	7,600,000.00	-1.15%	-5.13%	-28.83%	-15.82%
HD	Home Depot Inc	3,700,000.00	-8.29%	-9.61%	-28.95%	-15.46%
NRG	NRG Energy Inc	7,200,000.00	-11.29%	-15.24%	-49.87%	-15.13%
CEG	Constellation Energy Group	19,900,000.00	-14.08%	-17.87%	-77.01%	-13.91%
GSK	GlaxoSmithKline PLC ADR	1,500,000.00	-6.95%	-7.69%	-26.85%	-12.66%
KFT	Kraft Foods'A'	138,300,000.00	-6.71%	-16.19%	-23.77%	-12.44%
SNY	Sanofi Aventis	3,900,000.00	-5.90%	0.28%	-26.36%	-12.16%
WMT	Wal-Mart Stores	19,900,000.00	7.50%	6.15%	0.46%	-10.77%
IR	Ingersoll-Rand'A'	7,800,000.00	-8.97%	-2.34%	-59.56%	-8.76%
JNJ	Johnson & Johnson	28,600,000.00	-4.29%	-5.27%	-13.23%	-8.66%
WSC	Wesco Financial	5,700,000.00	-11.07%	-12.14%	-30.08%	-7.95%
KO	Coca-Cola Co	200,000,000.00	-2.30%	0.28%	-26.13%	-5.37%
MCO	Moody's Corp	48,000,000.00	-19.73%	-10.55%	-50.22%	-4.63%
CDCO	Comdisco Holdings Company Inc	1,500,000.00	4.83%	2.70%	-37.96%	-2.56%
NLC	Nalco Holding Company	8,700,000.00	-3.50%	15.29%	-45.94%	-1.99%
WLP	WellPoint Inc	4,800,000.00	-5.26%	0.00%	-44.16%	-1.61%
WPO	Washington Post'B'	1,700,000.00	-5.90%	-0.07%	-46.24%	0.01%
UNH	UnitedHealth Group Inc	6,300,000.00	-3.38%	-1.24%	-41.46%	5.19%
KMX	CarMax Inc	17,600,000.00	-1.69%	5.56%	-54.84%	10.79%

\* All holdings as of most recent SEC filing 12/31/08



# Breakout

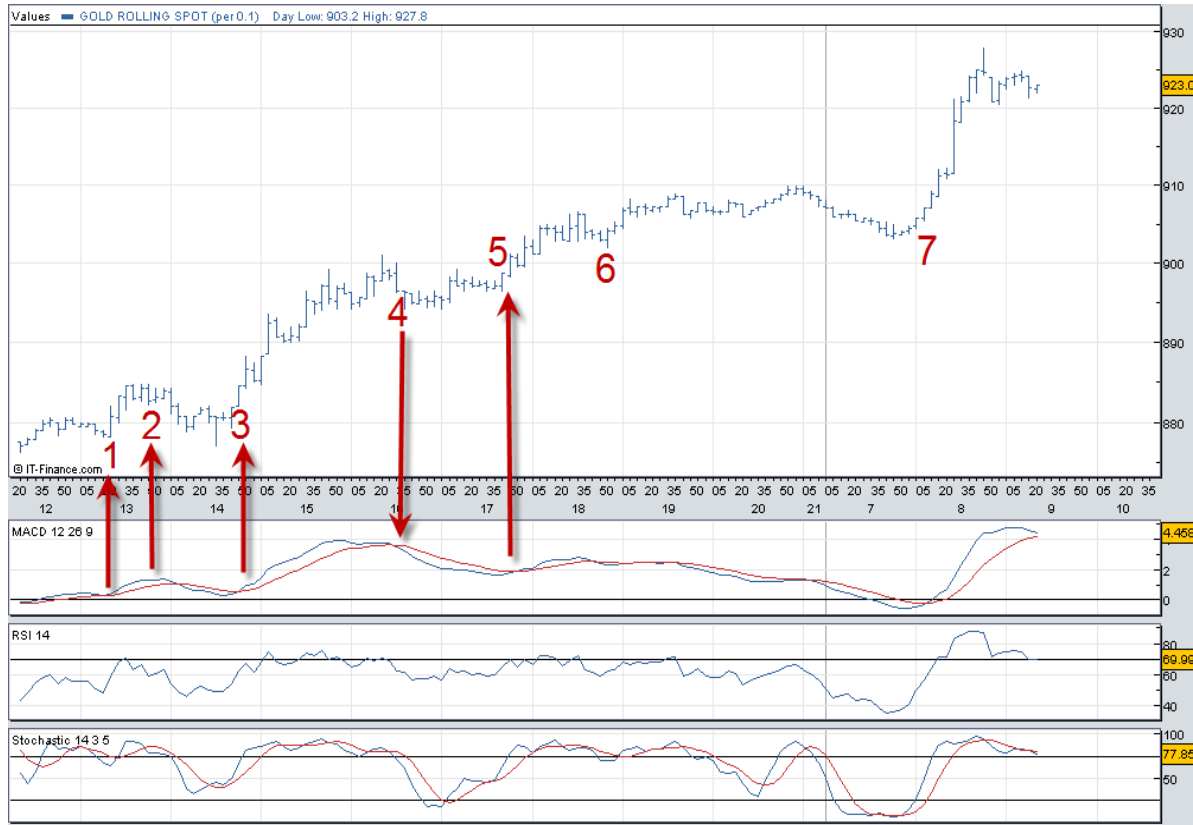
Difficulty:1 Frequency: 3



- Find a trend eg downward trend (1)
- Locate a breakout from that trend to the upside (2) as a purchase point
- Set a stop-loss ie know when you are wrong eg price resumes downward trend (3)
- Set a profit target based on a reasonable recent price level (4)
- Ensure reward target (Reward – Entry) is greater than risk (ie entry – stoploss) (ie  $(4-2) > (2-3)$ )
- Trade size should be such that amount you could lose is less than 2% of total portfolio value ie  $2\% < (2-3)$
- Aggressive: If price half way between entry and profit target, then double stake and move stop loss to entry price

# The Intra-Day Price Trader – 2bar high, 2bar low

Difficulty: 3 Frequency 4



1. Entry: as price makes a two bar rise and MACD bounces of signal line
2. Exit: 2 bar low
3. Entry: Price makes sharp rise above multiple bar highs and MACD rises
4. Exit: 2 bar low
5. Entry: Price makes sharp rise above multibar high and MACD rising or flat
6. Exit: 2 bar low
7. Entry: Price makes a sharp rise above multibar high and MACD rising

Gold: 5 minute bar chart

£10 per 0.1pt bet means a rise from 900 to 901 is a £10 x 10 = £100 profit

# Charts



# Trading with a day job

Alpesh Patel Spreads

Trading Portfolio Deposit Funds Maintenance Logout

Market Name	Market	Quote	DailyChange				
Popular Markets	FTSE - ROLLING FUTURE	4111.5 - 4113.5	↓ -25.5	Trade	Order	Info	Chart
Futures	DAX - ROLLING FUTURE	4350.0 - 4352.0	↓ -87.0	Trade	Order	Info	Chart
FTSE 100 Shares	WALL STREET - ROLLING FUTURE	7977 - 7979	↓ -134	Trade	Order	Info	Chart
FTSE250 Shares	BRENT CRUDE OIL - MAR	4580 - 4588	↓ +44	Trade	Order	Info	Chart
FTSE Ex 350 Shares	GBPUSD - ROLLING SPOT	1.4444 - 1.4447	↑ +0.0143	Trade	Order	Info	Chart
US Shares	EURUSD - ROLLING SPOT	1.2812 - 1.2815	↑ -0.0142	Trade	Order	Info	Chart
Euro Shares	USDJPY - ROLLING SPOT	89.76 - 89.79	↓ -0.22	Trade	Order	Info	Chart
Irish Shares	EURJPY - ROLLING SPOT	115.01 - 115.04	↓ -1.55	Trade	Order	Info	Chart
	ROYAL BANK OF SCOTLAND - ROLLING	22.0 - 22.1	↓ +1.1		Order	Info	Chart
	BARCLAYS - ROLLING	106.0 - 106.3	↓ +5.9		Order	Info	Chart
	GOLD ROLLING SPOT (per 0.1)	927.0 - 927.5	↓ +22.0	Trade	Order	Info	Chart
	APPLE COMPUTERS INC - ROLLING	9099.4 - 9110.6	↓ -195.0	Trade	Order	Info	Chart

1. Set our entry level
2. Our take loss level and
3. Take profit levels
4. So to do that we first look at the price charts; to do that we click on the graph image (circled).

# Trading with a day job



Once we have clicked on the graph icon, we see the chart, in this case for Gold Rolling Spot.

'1' is the current price.

'2' is our stop loss level because that is the level at which we know we are wrong. It is the level the price should not hit if we were correct. It is the level of recent support and so the price moving below that would also mean rises are out of the picture and so a good stop-loss level.

'3' is our profit level. The level of recent highs, a realistic target.

## Trading with a day job

GOLD ROLLING SPOT (per 0.1)	4206455	30/01/09	Buy	1.00	928.8	928.3	(5.00)	<div><div>+</div>Add Order</div>	<div><div>×</div>CLOSE</div>	
↳ Closing Order	4206475	30/01/09	Sell	-1.00	931.0	928.3	OQ	<div>AMEND</div>	<div>DELETE</div>	1
↳ Closing Order	4206477	30/01/09	Sell	-1.00	927.0	928.3	OQ	<div>AMEND</div>	<div>DELETE</div>	2

The above will then appear on your trading screen.

The first closing order shows your take profit level of 931 and the second one of your take loss level of 927. You bought at 928.8 and the current price is 928.3.

Now, whatever happens you know where you stand and you can leave the orders to do their work whilst you go to work in your day job.

# Performance

## PERFORMANCE SUMMARY

(returns are net of all fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>1991</b>								0.17	1.34	6.48	(0.06)	6.13	<b>14.65%</b>
<b>1992</b>	4.19	4.18	5.90	(0.45)	8.32	4.66	3.99	0.17	2.39	1.72	1.52	2.90	<b>47.02%</b>
<b>1993</b>	1.66	17.36	1.49	18.91	2.47	5.48	0.01	0.77	1.72	3.46	(1.15)	0.58	<b>64.10%</b>
<b>1994</b>	1.07	1.35	0.58	0.01	0.90	(0.21)	0.57	1.27	1.28	0.39	(1.05)	1.11	<b>7.49%</b>
<b>1995</b>	(0.70)	1.19	(0.35)	(1.52)	(0.01)	(1.40)	2.40	0.02	0.04	4.46	6.00	9.39	<b>20.65%</b>
<b>1996</b>	4.20	5.77	1.13	0.52	2.82	1.81	4.48	(2.57)	0.94	1.35	5.65	(2.13)	<b>26.27%</b>
<b>1997</b>	5.48	16.71	4.30	0.03	4.30	(2.07)	5.50	(2.43)	6.12	(3.03)	3.71	(3.90)	<b>38.50%</b>
<b>1998</b>	9.29	3.85	(3.45)	0.69	15.22	(5.24)	1.52	3.79	4.96	6.36	2.48	(2.18)	<b>42.05%</b>
<b>1999</b>	0.80	10.02	0.80	2.41	(2.24)	(1.02)	1.66	(1.93)	(0.39)	(0.87)	(1.18)	(0.07)	<b>7.72%</b>
<b>2000</b>	(2.12)	1.22	2.45	(1.09)	2.44	0.95	0.51	2.00	1.20	1.72	2.56	(0.56)	<b>11.75%</b>
<b>2001</b>	2.58	1.13	5.65	1.81	(1.49)	0.03	(0.58)	2.33	5.05	(0.39)	(1.47)	1.76	<b>17.35%</b>
<b>2002</b>	0.05	(1.39)	(1.81)	(4.56)	(1.37)	(0.26)	(0.74)	0.49	(0.59)	(0.68)	(0.49)	(0.10)	<b>(10.97%)</b>
<b>2003</b>	0.36	(1.32)	2.57	1.23	(0.78)	(1.18)	(0.45)	(2.79)	(0.17)	1.38	(3.67)	2.04	<b>(3.01%)</b>
<b>2004</b>	0.73	2.45	0.36	1.53	1.06	0.85	0.50	2.01	0.12	(0.49)	0.20	0.14	<b>9.81%</b>
<b>2005</b>	(0.69)	(1.05)	(1.53)	3.76	(1.32)	3.62	(1.89)	1.60	(1.51)	1.89	(1.50)	11.40	<b>12.69%</b>
<b>2006</b>	3.98	(0.20)	(1.26)	0.38	(0.46)	(2.31)	(1.11)	(2.05)	(0.11)	0.71	4.20		<b>1.57%</b>

## PERFORMANCE STATISTICS

Average Annual Return (%) 18.59

Average Monthly Return (%) 1.49

Average Monthly Gain (%) 3.00

Average Monthly Loss (%) -1.29

Profitable Months 119

Unprofitable Months 65

One Month High (%) 18.91

One Month Low (%) -5.24

Maximum Drawdown (%) 15.38

Sharpe Ratio 1.19

Sortino Ratio 1.13

Calmar Ratio 1.21

### Correlations

US Treasury Bonds 0.09

World Bonds 0.06

Barclay Currency Index 0.20

S&P 500 0.02

EAFE 0.12

# Alpesh Everywhere

<http://www.sharescope.co.uk/alpeshpatel.php> Free software trial

[www.videos.alpeshpatel.com](http://www.videos.alpeshpatel.com) 100 hours free videos

[www.facebook.com](http://www.facebook.com) – Tradermind Markets – discussion group

[www.youtube.com](http://www.youtube.com) – <http://uk.youtube.com/alpeshbp> alpeshpatelspreads channel – free training videos

<http://twitter.com/alpeshbp> Free trading commentary

<http://alpesh2.spaces.live.com> – Blog of trades and education



# Appendix

# Ugly on a Beautiful Day

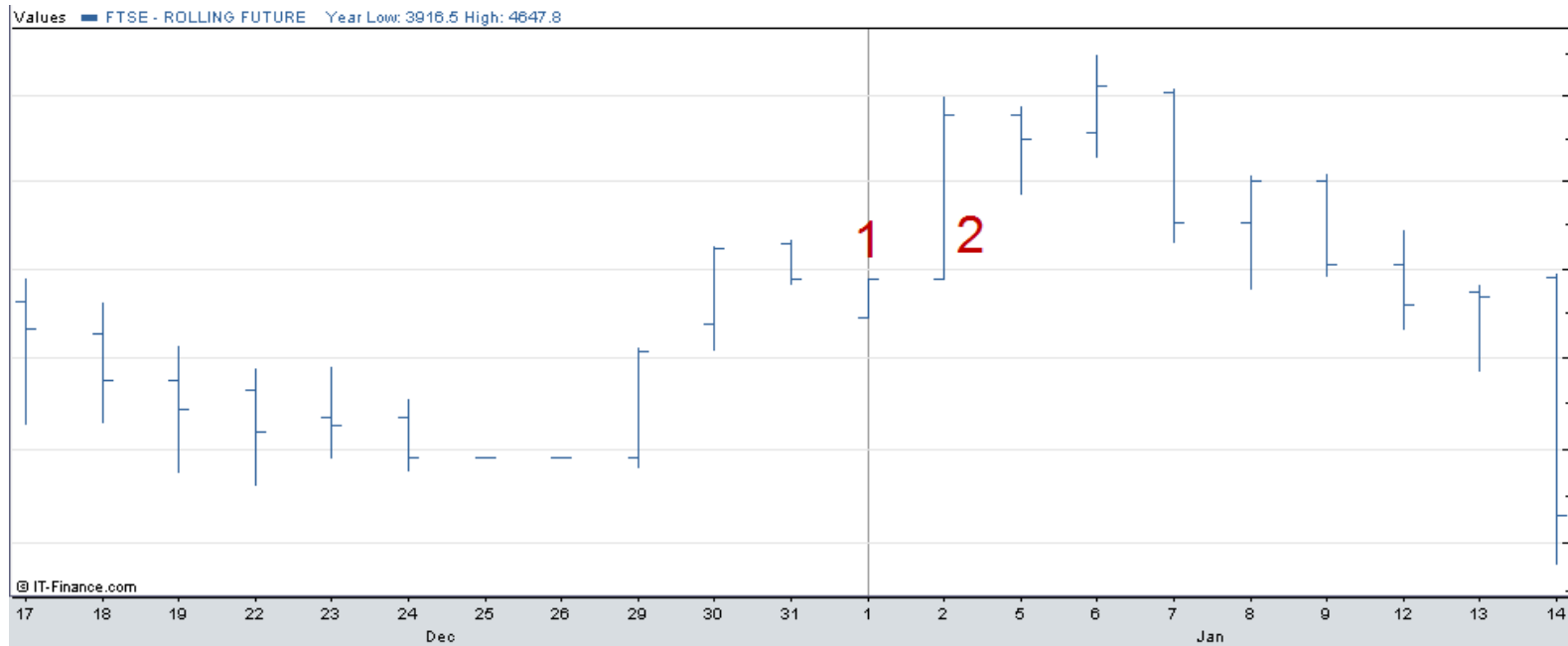
Difficulty: 1 Frequency 2

MARKET DATA			
LSE WINNERS & LOSERS			
ENTERPRISE INNS	42.75	6.25	+17.12%
JOHNSTON PRESS	8.72	1.22	+16.27%
INDP NEWS AND MEDIA	0.29	0.03	+12.62%
ICG	424.25	-150.25	-26.15%
ENNSTONE	1.05	-0.25	-19.23%
MWB GROUP HLDGS UTS	28.00	-5.00	-15.15%
POPULAR SHARES			
BP	505.75	-2.25	-0.44%
VODAFONE GRP	136.30	0.50	+0.37%
BT GROUP	108.40	-0.70	-0.64%
BARCLAYS	93.20	4.50	+5.07%
TESCO PLC	357.80	-2.80	-0.78%
HSBC HLDG	532.48	-8.52	-1.58%
BRITISH AIRWAYS	132.40	-1.40	-1.05%
FTSE 100 WINNERS & LOSERS			
ENTERPRISE INNS	42.75	6.25	+17.12%
ROYAL BK SCOTL GR	16.30	1.80	+12.41%
YELL GROUP	47.00	4.25	+9.94%
WOLSELEY PLC	187.00	-14.00	-6.97%
AVIVA	285.00	-16.25	-5.39%
3I GROUP	255.25	-13.00	-4.85%

- Visit <http://uk.finance.yahoo.com>
- If its a strong rally day (100 point plus), find which stocks down – usually because of bad company news.
- Short those. They will probably fall for a couple more days at least and by then the market will start falling too.

# Closer

Difficulty:2 Frequency 5



- Daily charts
- FTSE future closes in last 15 minutes near the high
- Enter before close in the last minute
- Exit at a loss next day if drop below high

# Gap

Difficulty: 1 Frequency 2



Daily bars

Gap is at 1

Entry is at 2 where the price moves above the Gap bar's highest point

Exit is at 3 where the price moves below a 2 bar low (or exit at a 1 bar low)