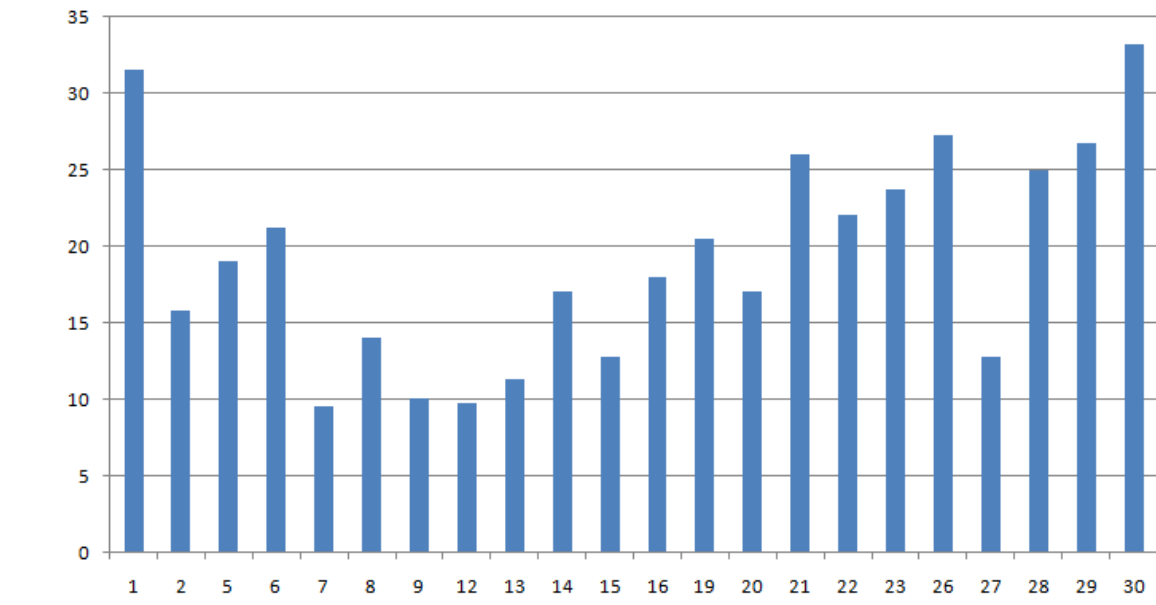


Comparing different markets for Profits

Many new traders begin their trading experience on the mini Indices, with a primary focus on the mini S&P 500, as either a scalping trader or an intra-day trader. Their daily profit target is normally between three to five points (at \$50 per point). Sounds reasonable -- right? WRONG.

For an experience scalping trader, this could possibly be done but not for a new trader. To understand why, we need to look at the daily movement of the mini S&P. For the month of October, the mini S&P, moved on average 19.27 points per day. Therefore, if the objective is to capture five points a day, in effect, a new trader is trying to "capture" 26% of the daily movement -- quick hard for someone that is new to trading. Now we can take this a step further and look at the individual daily movement:

Mini S&P Daily Movement



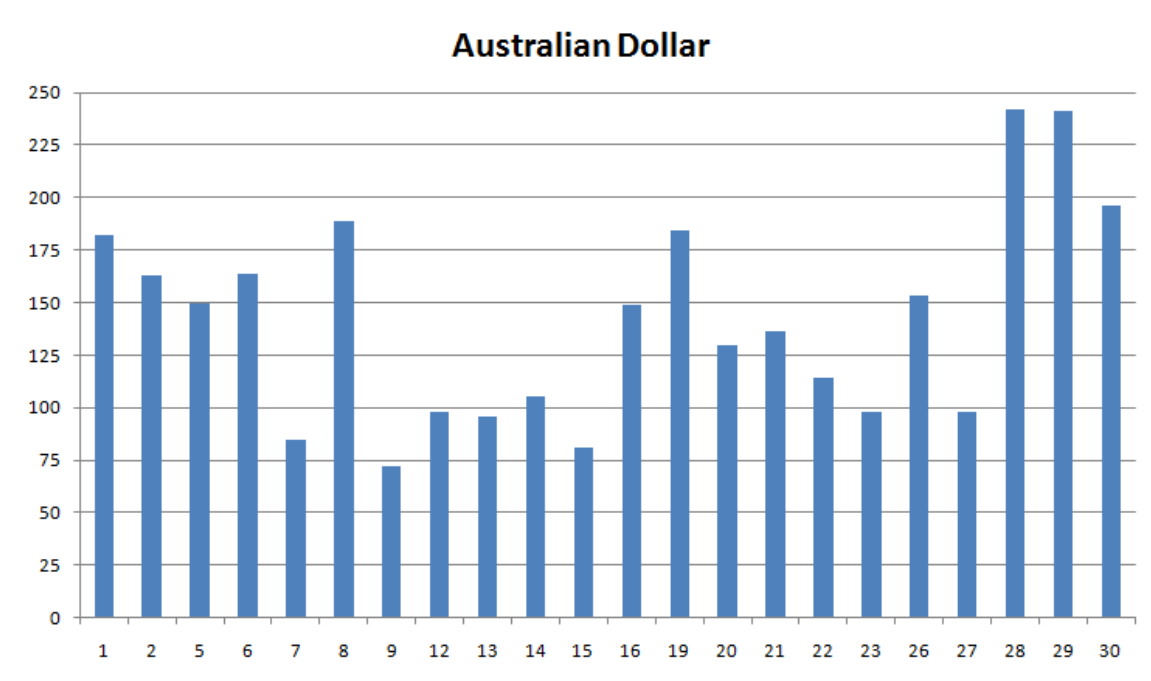
As you can see from the chart above, in October, out of 22 days, there were only two days that the S&P moved more than 30 points and twelve days that the mini S&P moved less than 20 points -- making it even harder to capture the daily profit goal of five points. (When the mini S&P moves more than 30 points, the five point daily goal is only 16% of the daily range -- making it easier to capture the daily goal provided the movement is after 9:30am ET.)

Now, let's take a look at just one of the currency futures -- the Australian Dollar (AD). (The Australian Dollar has a point value of \$10 per point -- each price increment is considered a point.)

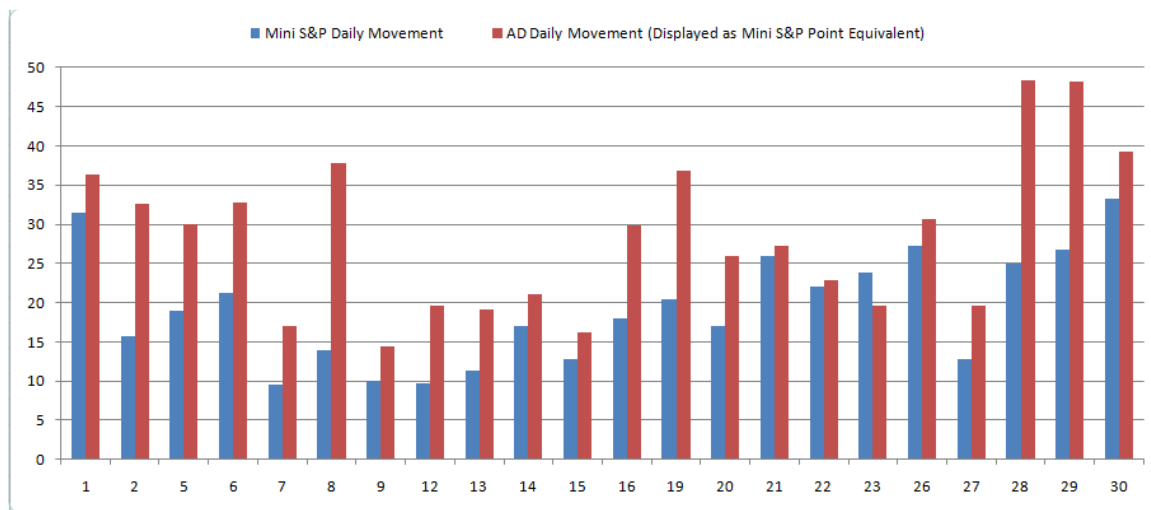
The AD moves on average of 142.09 points per day (the equivalent of 28.42 mini S&P

points). Using the same goal of five mini S&P points per day, the new trader is only trying to capture 17 1/2 % of the daily movement.

Again, if we go one step further and look at the daily movement, we see that for the month of October, out of 22 trading days, there were ten days that the AD moved 150 or more points (a five point mini S&P equivalent goal on these days is 16.6% or less of the daily range). Additionally, there were seven days that the AD moved less than 100 points (a 5 point mini S&P equivalent on these days is 25% or more of the daily range).



Comparing the two (mini S&P and AD) shows that a trader had more opportunity to capture the equivalent of five S&P points by trading the AD than the mini S&P (ten days versus two days). And, less days of slow movement (seven days versus twelve days).



We can take this analogy one step further and compare each of the other five currency futures to the mini S&P, to see if there is one or two currencies that stand out. The October daily averages for the five other currencies are (stated as mini S&P equivalencies):

Currency	Average Daily Points (displayed as mini S&P point equivalents)
British Pound	23.60
Canadian	27.49
Euro	33.22
Swiss Franc	24.32
Japanese Yen	31.13

We have now identified that the Euro and Yen are the two that stand out, with an average daily movement of 33.22 and 31.13 (mini S&P point equivalent).

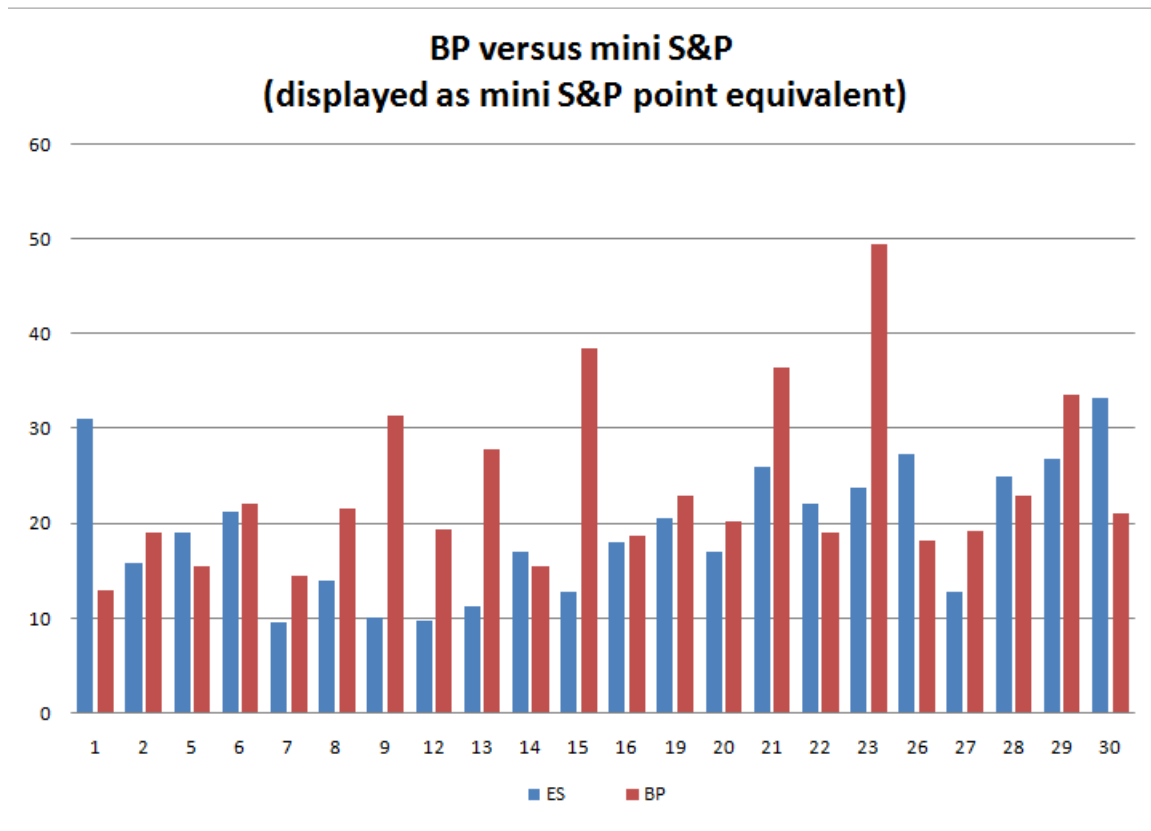
Since we have already established that on days where there is a greater than 30 point mini S&P movement, the five point daily profit goal is only 16.6% of the daily movement. And, on days where the daily movement is less than 20 points, the five point daily profit goal is greater than 25%. We can now look to see how many days, the currency futures moved more than the equivalent of 30 mini S&P points or less than 20 mini S&P points.

As you can surmise from the chart below, the mini S&P had more slow days (< 20 points) than any of the currency futures. Additionally, with the exception of the Swiss Franc, the mini S&P had less >30 point days than the currency futures.

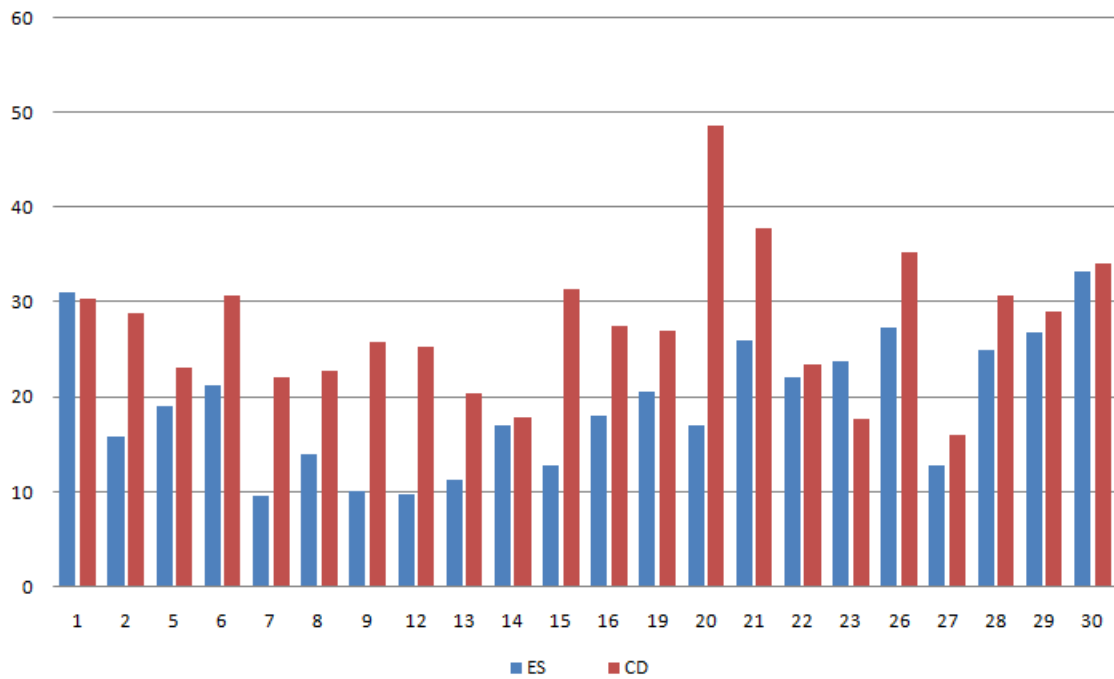
Symbol	Days > 30 mini S&P Points	Days < 20 mini S&P Points
ES	2	12
British Pound	5	10
Canadian	8	3
Euro	12	1

Swiss Franc	1	3
Japanese Yen	10	3

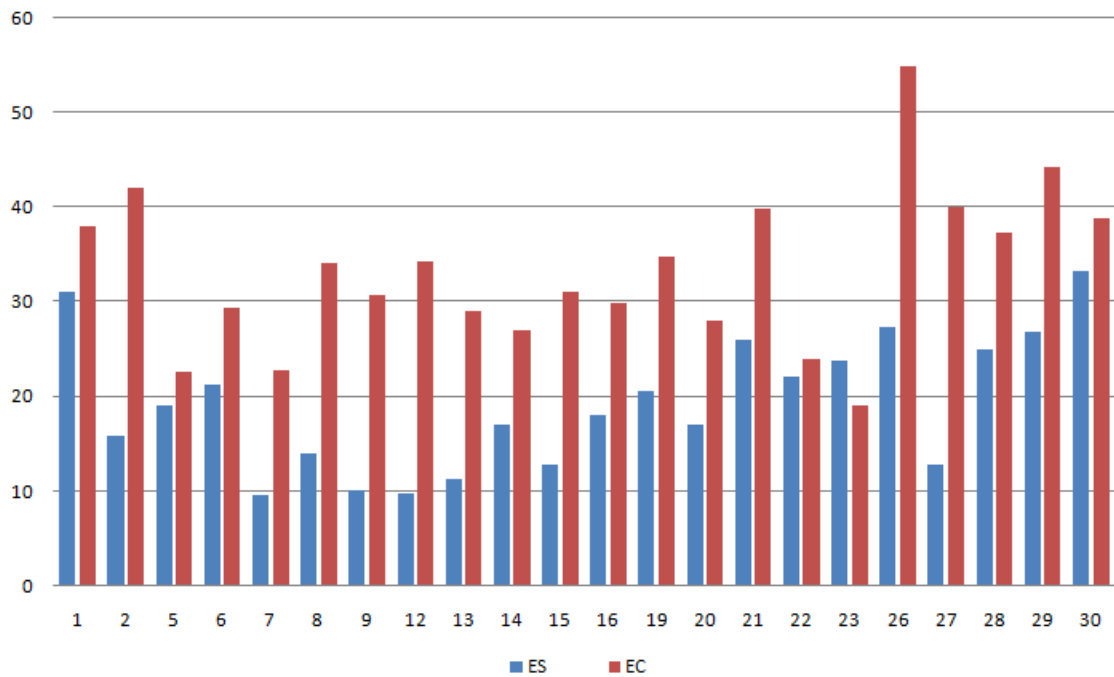
The actual per day movement (displayed as mini S&P point equivalents) on each of the currency futures are:



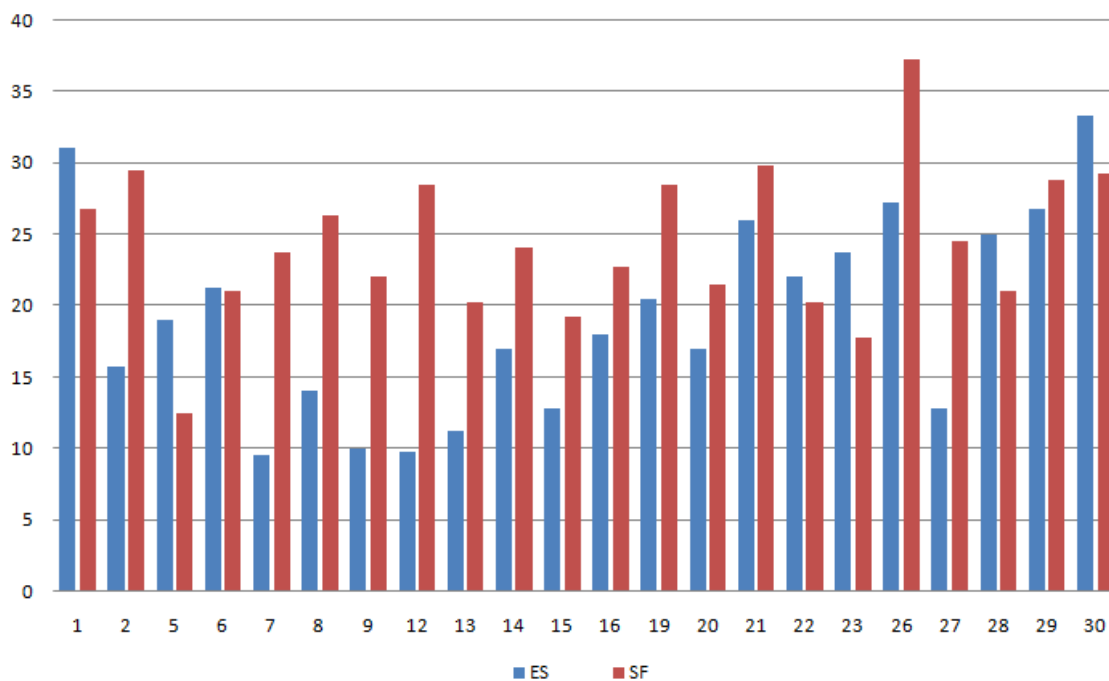
CD versus mini S&P
(displayed as mini S&P point equivalent)



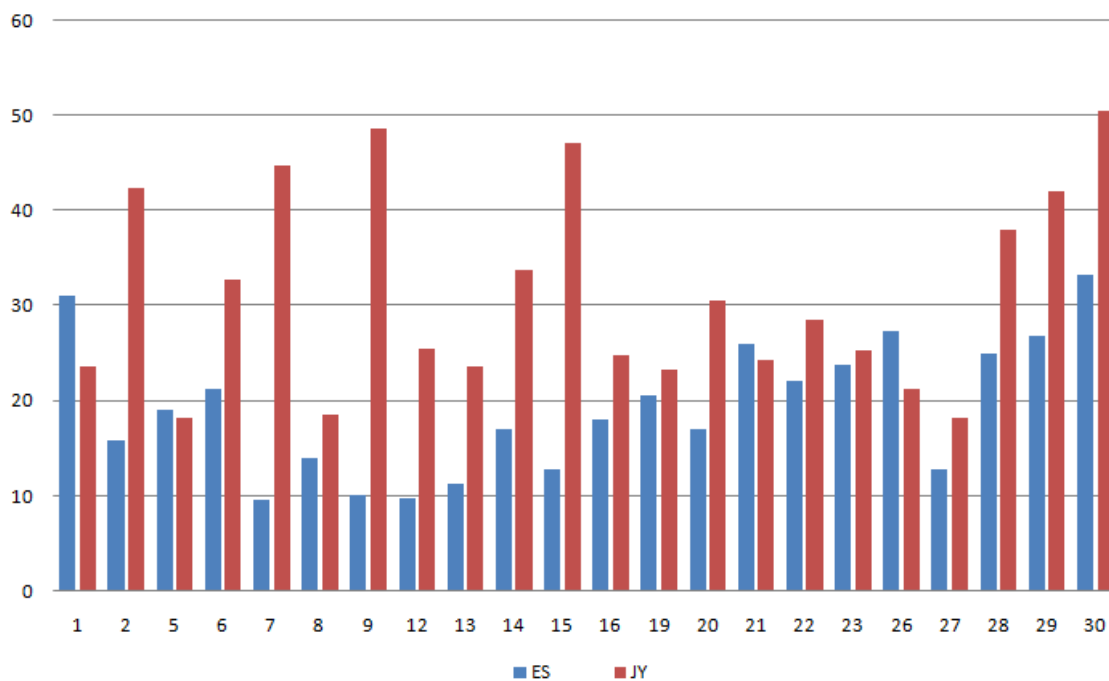
EC versus mini S&P
(displayed as mini S&P point equivalent)



SF versus mini S&P
 (displayed as mini S&P point equivalent)



JY versus mini S&P
 (displayed as mini S&P point equivalent)



Since we have identified the EC and JY as having the most movement in the currency futures, we can also adjust our daily profit target to one that is more realistic for a new trader, who has little market experience. Since the EC and JY moves an average of more than 30 points, a more realistic expectation of capturing only 3 points per day (only 10% of the average daily movement). By changing the markets traded and setting a more realistic goal, a new trader can increase their number of profitable traders.

Additionally, the currency futures offer multiple openings -- not just the U.S. market opening. The Asian session or the European session are often better sessions to trade for a new trader because they are, quite often, smoother and less volatile than the US market opening. However, there are also more market reports, which a trader will need to prepare for when scheduling their trading sessions.

For those traders who are interested in looking at the currency futures, the TradeStation contract symbol and point value are:

Currency	Symbol	Point Value
Australian Dollar	AD	\$10
British Pound	BP	\$6.25
Canadian Dollar	CD	\$10
Euro	EC	\$12.50
Swiss Franc	SF	\$12.50
Japanese Yen	JY	\$12.50