

Rollie White - Futures Day Trading Plan

Trading Plan Overview:

By my nature, I am a conservative trader that has evolved a set of strategies for day trading the futures markets regardless of market conditions. My strategies are based on day trading techniques espoused by Markus Heitkoetter and Mark Hodge of Rockwell Trading, and have been modified to best suit my conservative style of trading.

Selecting a Market:

I will trade the following markets for their diversity, volume, and liquidity:

- E-mini S&P 500 (ES)
- E-mini Dow (YM)
- 30-Year Treasury Notes (ZB)
- Euro FX Futures (6E)
- COMEX Gold (GC)
- NYMEX Crude Oil (CL)

Selecting a Timeframe:

I will trade these markets using range bar settings since I prefer to trade price volatility over time frames or volume of contracts:

- ES: 8 ticks
- YM: 16 ticks
- ZB: 4 ticks
- 6E: 8 ticks
- GC: 20 ticks
- CL: 20 ticks

Chart Indicators and Settings:

The only indicators I use on my charts are Bollinger Bands (BB), the MACD, and the Relative Strength Indicator (RSI). This is sufficient for helping me determine if the market is in a trending or sideways moving condition. Here are the settings I use:

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Page 1

Trading Futures, Options on Futures, and retail off-exchange foreign currency transactions involves substantial risk of loss and is not suitable for all investors. You should carefully consider whether trading is suitable for you in light of your circumstances, knowledge, and financial resources. You may lose all or more of your initial investment. Past Performance is not indicative of future results.

Rollie White - Futures Day Trading Plan

Bollinger Bands (BB)

- Bars used in average: 12
- Number of standard deviations: 2

Shadow Bollinger Bands (BB Channel)

- Bars used in average: 12
- Number of standard deviations: 1.25

MACD

- Fast Period: 12
- Slow Period: 26

Relative Strength Index (RSI)

- Periods: 7
- Moving Average: 7

Average Daily Range (ADR)

- 7 day moving average

Bar Colors, Symbol Colors, Support & Resistance Levels

Each bar will be colored either green, red, or black. The colors are determined by the MACD. The RSI determines when and where a green or red ball appears:

- **Green Bars** (up trend): MACD has moved over its moving average and is above 0
- **Red Bars** (down trend): MACD has moved under its moving average and is below 0
- **Black Bars** (transition): MACD has moved under its moving average and is above 0 or MACD has moved above its moving average and is below 0
- **Green Ball** (up trend): RSI has moved above 70
- **Red Ball** (down trend): RSI has moved below 30
- **Green Dashed Line:** Previous day's high
- **Red Dashed Line:** Previous day's low
- **Blue Dashed Line:** Main pivot point
- **Upper and Lower Grey Dashed Line:** Resistance and Support 2 pivot point

Selecting a Trading Style:

I will trade the markets using a trend-following, Trend-Retrace, or scalping strategy as appropriate.

Underlying assumption:

I will use MACD, Bollinger Bands, and RSI to determine the direction of the market and when trending conditions are present, I will use a Trend-Following or Trend-Retrace Strategy. If the markets are moving sideways, I will use a Bollinger Band Fading or Scalping Strategy.

Entry Signals:

Trend-Following Strategy (primarily used in ES, YM, GC, and CL markets):

The trend-following strategy is used to capture profits when the markets are in a trending condition. This strategy has a 1 to 1.5 risk/reward ratio and with stop loss and profit target settings that vary per market traded.

- **Long Entry:** Green Bar with Green Ball, MACD above 0 line and above MA, Upper Bollinger Band (BB) leading prices higher at 45 degree angle, Relative Strength Index (RSI) above 70, Buy Stop order 1 tick above range bar high IF bar completing below BB
- **Short Entry:** Red Bar with Red Ball, MACD below 0 line and below MA, Lower Bollinger Band (BB) leading prices lower at 45 degree angle, Relative Strength Index (RSI) below 30, Sell Stop order 1 tick below range bar high IF bar completing above BB

Rollie White - Futures Day Trading Plan

Trend-Retrace Strategy (primarily used in 6E and GC markets):

The Trend-Retrace Strategy is used to capture profits in a trending market after an initial retracement. It is a one bar trade after a pullback that looks to profit from a final move in the direction of the underlying trend and has a 1 to 1 risk to reward ratio.

- **Long Entry:** First Green Bar that loses RSI indicator in trending conditions, MACD above 0 line and above MA, Upper Bollinger Band (BB) leading prices higher at 45 degree angle, Relative Strength Index (RSI) below 70, Buy Limit order 1 tick (ZB), 2 ticks (ES, 6E), 4 ticks (YM), 5 ticks (CL, GC) below range bar low IF prices not piercing BB
- **Short Entry:** First Red Bar that loses RSI indicator in trending conditions, MACD below 0 line and below MA, Lower Bollinger Band (BB) leading prices lower at 45 degree angle, Relative Strength Index (RSI) above 30, Sell Limit order 1 tick (ZB), 2 ticks (ES, 6E), 4 ticks (YM), 5 ticks (CL, GC) below range bar high IF prices not piercing BB

Bollinger Band Fading Strategy (primarily used in ES market)

The BB-Fade Strategy is used in sideways moving markets where I am expecting prices to range between the upper and lower Bollinger Bands. This strategy has a 3:1 risk to reward ratio.

- **Long Entry:** Both Bollinger Bands must be sideways or angling in, volatility must be low (distance between upper BB and lower BB less than 30% ADR), RSI between 40 and 60, buy limit order 1 tick below the low of the bar and in the lower BB channel.
- **Short Entry:** Both Bollinger Bands must be sideways or angling in, volatility must be low (distance between upper BB and lower BB less than 30% ADR), RSI between 40 and 60, sell limit order 1 tick below the high of the bar and in the upper BB channel.

Rollie White - Futures Day Trading Plan

Scalping Strategy (used in all markets):

The Scalping Strategy is used to capture small price fluctuations in sideways moving market conditions. This is typically a one bar trade, and has a 1 to 1 risk and reward ratio, when using a 1-5 tick entry price absorption target (depending on market).

• Long Entry: 2-Bar Pullback and RSI above 40

- **ES, YM, ZB, 6E:** Look for a 2 or more consecutive bars closing higher to establish a mini trend long, enter after 2-bar pullback (2 consecutive bars closing lower in opposite direction of short-term mini trend), buy limit order 1 tick (ZB), 2 ticks (ES, 6E), 4 ticks (YM) below the low of the 2nd pullback bar as long as RSI is above 40
- **GC:** Look for 3 or more consecutive bars closing higher followed by 2 consecutive bars closing lower, buy limit order 5 ticks below the low of the 2nd pullback bar as long as RSI is above 40
- **CL:** Look for exactly 2 consecutive bars closing higher followed by 2 consecutive bars closing lower, buy limit order 5 ticks below the low of the 2nd pullback bar as long as RSI is above 40

• Short Entry: 2-Bar Pullback and RSI below 60

- **ES, YM, ZB, 6E:** Look for a 2 or more consecutive bars closing lower to establish a mini trend short, enter after 2-bar pullback (2 consecutive bars closing higher in opposite direction of short-term mini trend), sell limit order 1 tick (ZB), 2 ticks (ES, 6E), 4 ticks (YM) above the high of the 2nd pullback bar as long as RSI is below 60
- **GC:** Look for 3 or more consecutive bars closing lower followed by 2 consecutive bars closing higher, sell limit order 5 ticks above the high of the 2nd pullback bar as long as RSI is below 60
- **CL:** Look for exactly 2 consecutive bars closing lower followed by 2 consecutive bars closing higher, sell limit order 5 ticks above the high of the 2nd pullback bar as long as RSI is below 60

Rollie White - Futures Day Trading Plan

Exit Signals

Profit Targets:

- **Trend-Following Strategy:** 15% of the ADR or the following minimums if Stop Loss is less than length of range bar for ES (12 ticks), YM (24 ticks), ZB (6 ticks), 6E (12 ticks), CL (30 ticks), and GC (30) ticks.
- **Trend-Retrace Strategy:** Target is the length of the range bar for ES (8 ticks), YM (16 ticks), ZB (4 ticks), 6E (8 ticks), CL (20 ticks), and GC (20 ticks)
- **BB-Fade Strategy:** Initial target is the length of the range bar for ES (8 ticks), YM (16 ticks), ZB (4 ticks), 6E (8 ticks), CL (20 ticks), and GC (20) ticks and is adjusted based on price movement and PP Buy price if going short or PP Sell price if going long. Reverse position IF market conditions remain sideways moving
- **Seahawk Strategy:** ES (4 ticks), YM (8 ticks), ZB (12 ticks), 6E (4 ticks), CL (10 ticks), and GC (10 Ticks)

Stop Loss:

- **Simple Strategy:** 10% of ADR, bar turns black, or the following minimums if Stop Loss is less than length of range bar for ES (8 ticks), YM (16 ticks), ZB (4 ticks), 6E (8 ticks), CL (20 ticks), and GC (20 ticks). Move stops to break-even after market moves 66% in direction of profit target.
- **Trend-Retrace Strategy:** Target is the length of the range bar for ES (8 ticks), YM (16 ticks), ZB (4 ticks), 6E (8 ticks), CL (20 ticks), and GC (20 ticks). Move stops to break-even after market moves 66% in direction of profit target.
- **BB-Fade Strategy:** No set stop, but close position if market changes into trending conditions (BB leading prices at 45 degree angle and RSI above 70 if going long or below 30 if going short)
- **Seahawk Strategy:** ES (4 ticks), YM (8 ticks), ZB (12 ticks), 6E (4 ticks), CL (10 ticks), and GC (10 Ticks). Move stops to break-even after market moves 66% in direction of profit target.

Rollie White – Futures Day Trading Plan

Profit Target and Stop Loss Quick Guide:

	Scalping			Trend- Retrace			Trend- Following		
	PT	SL	BE	PT	SL	BE	PT	SL	BE
ES	4 ticks	4 ticks	3 ticks	8 ticks	8 ticks	5 ticks	12 ticks	8 ticks	8 ticks
YM	8 ticks	8 ticks	5 ticks	16 ticks	16 ticks	10 ticks	24 ticks	16 ticks	16 ticks
6E	4 ticks	4 ticks	3 ticks	8 ticks	8 ticks	5 ticks	12 ticks	8 ticks	8 ticks
ZB	2 ticks	3 ticks	2 ticks	4 ticks	4 ticks	3 ticks	6 ticks	4 ticks	4 ticks
CL	10 ticks	10 ticks	5 ticks	20 ticks	10 ticks	10 ticks	30 ticks	20 ticks	15 ticks
GC	10 ticks	10 ticks	5 ticks	20 ticks	10 ticks	10 ticks	30 ticks	20 ticks	15 ticks

Other Discretionary Rules:

- Trade the first 2-hours of the U.S. markets open 8:30–10:30 central time (Chicago)
- Look for scalping entries in the first 30 minutes of the trading session
- Look for trend-following, Trend-Retrace and BB-Fade entries after first 30 minutes
- If scalping after 30 minutes look for S&R protection between entry and stop loss
- Do not enter a trade 5 minutes before or after scheduled news event
- Do not enter a trade if entry is on support or resistance
- Do not enter a trade if support or resistance is between entry and profit target
- Cancel scalping order if market moves 1 tick beyond profit target before fill
- Cancel Trend-Retrace and BB-Fade order if market moves 1/2 bar length before fill
- Use 10-minute time stop on scalping and BB-Fade trades and break-even exit
- Trade Ping Pong over Seahawk when markets are sideways and volatility is low.
- Stop trading once daily goal (\$100/contract) or weekly goal (\$300/contract) is hit
- Close or manage any open trades if daily or weekly goal is reached
- Only look for A+ entries and when in doubt, stay out of the market

Point and Figure Charts

I like to use point and figure (P&F) charts to help identify additional areas of pricing support and resistance. I use two different chart settings to help me do this:

- **Macro View:** Establishes major areas of support and resistance
- **Micro View:** Allows me to find minor areas of support and resistance

Here are the P&F chart settings for the markets I trade:

Market	Macro View	Micro View
e-mini S&P (ES)	4x3 tick box	2x3 tick box
e-mini Dow (YM)	8x3 tick box	4x3 tick box
30-Year Bonds (ZB)	2x3 tick box	1x3 tick box
Euro FX Futures (6E)	10x3 tick box	5x3 tick box
COMEX Gold (GC)	10x3 tick box	5x3 tick box
NYMEX Crude (CL)	10x3 tick box	5x3 tick box

Point & Figure Trading Strategies:

When prices approach a P&F support or resistance level, these are opportunities to fade the market. The theory is that the markets have "price memory" and that prices will hit a major and/or minor level of support or resistance, and then bounce off in the opposite direction.

When this happens, I will consider using the Trend-Retrace Strategy to fade an area of major support and resistance, and the Scalping Strategy to fade an area of minor support and resistance.