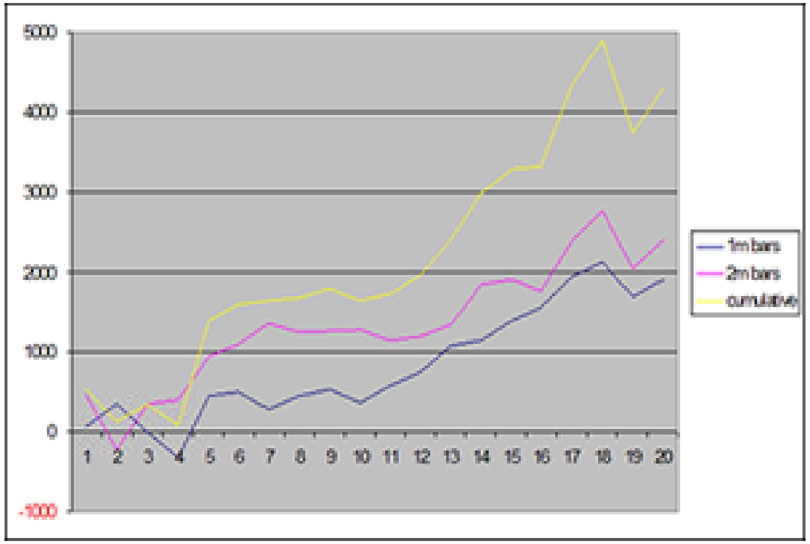
ATM Scalper Research Note

April 2008

The ATM Scalper on the ES is best traded on the 2 min bars. However, when used in conjunction with the 1 min bars, it can provide an insight into the changing short term dynamics of the market.

We can take advantage of this by executing the ATM Scalper strategy on both the 1 min bars and the 2 min bars in parallel.

The ATM Scalper Performance takes on a whole new dimension to smooth out the winning and losing streaks to provide an improved performance curve.



Take a look at the comparative cumulative and individual performances of the 1 min bars versus the 2 min bars. The results for the past 4 weeks (20 trading sessions) is shown in the table opposite.

	2 min bars		1 min bars		Cumulative	
Period	Net Profit	# Trades	Net Profit	# Trades	Net Profit	# Trades
24/04/2008	67	7	458	9	525	16
23/04/2008	277	5	-674	13	-397	18
22/04/2008	-342	9	561	11	219	20
21/04/2008	-324	5	59	6	-264	11
18/04/2008	762	8	544	12	1306	20
17/04/2008	58	9	144	12	201	21
16/04/2008	-219	4	266	10	47	14
15/04/2008	167	7	-119	12	48	19
14/04/2008	78	10	23	11	101	21
11/04/2008	-166	6	20	17	-146	23
10/04/2008	223	11	-142	9	81	20
09/04/2008	170	9	59	14	229	23
08/04/2008	319	12	142	15	461	27
07/04/2008	77	5	503	10	580	15
04/04/2008	241	10	58	9	298	19
03/04/2008	172	6	-144	12	28	18
02/04/2008	375	8	639	13	1014	21
01/04/2008	191	2	380	7	570	9
31/03/2008	-438	8	-730	17	-1168	25
28/03/2008	214	5	362	8	576	13
Totals	1901	146	2408	227	4309	373

Whilst the ATM is individually profitable for the 1m and 2m bars after all expenses, it is clear that trading both the 1m and the 2m charts in parallel with ONE ES emini contract produces a boost in profits and a smoother performance curve for little additional risk.

The cumulative strategy performance shown in yellow will generally be trading ONE EMINI contract as both the 1m and 2m bars are being traded in parallel. However, there will be some occasions when the cumulative strategy can enter 2 EMINI contracts in the market.

This note provides an insight into how our strategy can leverage the market dynamics on varying timeframes to greatly bolster overall performance for limited risk.

The alternative of trying to decide which timeframe to trade any given strategy is a dilemma that faces all system traders. Our research here highlights that a solid and generic strategy can provide a way of having your cake and eating it too.