



Brought to by  
[www.surefire-trading.com](http://www.surefire-trading.com)

## Day Trading Strategy

Reading Gary Smith's book "How I trade for a living", I came across a reference to an interview with Donald Sliter, a top S&P floor trader. When asked about his trading strategy he had replied that it is a matter of understanding strength and weakness. When asked to expand on that, he said, "I scalp to the short side if we are trading weak to the Dow. I scalp to the long side if we're trading strong to the Dow." The interviewers were amazed that one of the biggest traders in the S&P pit had such a simple strategy.

For me, this reinforces the idea that as an active day trader of the futures market, it is not about developing complex, high probability strategies; it is about having simple, logical, high frequency strategies that give an edge. There are different approaches to creating an edge in trading. One that I like is to have a technique for determining the trend of the market and then looking for opportunities in line with the trend. One of the problems of trading trend following strategies is that they generate frequent losses in non-trending markets. One way to mitigate this problem is to not trade the signals from your trend following strategy, but use them as a filter for your trades.

Lets say you use a moving average (or any other trend identification approach) to measure trends; instead of buying the market when it crosses the moving average, see it as a signal to look for buying opportunities. So your strategy is to be a buyer when the market is above the moving average and a seller when the market is below the moving average. You can then use any number of techniques for generating entry signals in line with the identified trend. If, for example, you are a fan of RSI or any other oscillator, use that as your entry signal, but only take signals in line with the trend as you see it.

When the market is trending, your trend following technique will keep you on the right side of the market and your entry signal is likely to produce multiple successful trades. When the market is range bound, you will still have the opportunity to trade profitably because you won't be trading every breakout, you will be naturally drawn to buying dips and selling rallies (in line with your trend strategy signals).

Malcolm Robinson

---

Learn How To Trade The Futures Markets

<http://www.surefire-trading.com/futures/index.html>