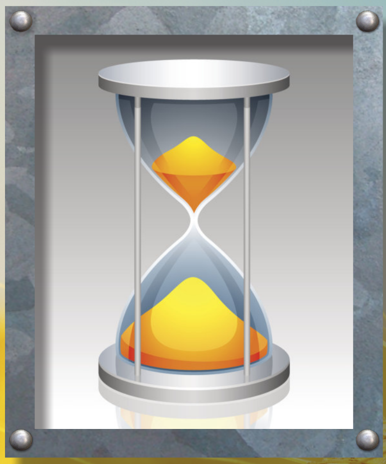
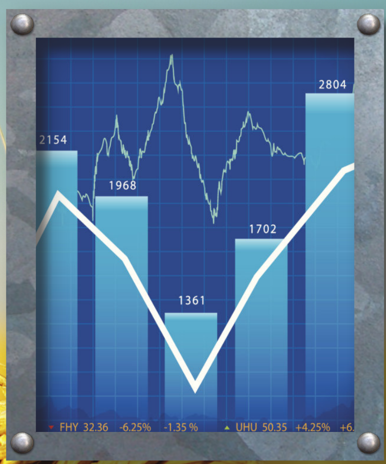
PitNews.com
FUTURES, FOREX, & STOCKS Magazine
Vol. 8 No. 10 October 2013

'Tis the Season to be Trading..





GET YOUR ACCOUNTS READY!

WWW.PITNEWS.COM

PitNews.com FUTURES, FOREX, & STOCKS Magazine

Editor in Chief:
Lan H. Turner

Managing Editor:
Marlene Sampson
submit@pitnews.com

Assistant Designer:
Marlene Sampson

National Sales Manager
Erik Akins

Controller:
Joseph Chambers

Webmaster:
Jacob Anawalt

Website:
www.PitNews.com

Email:
magazine@pitnews.com

In this issue...

TRACK'N TRADE®

Get your **FREE TRIAL** TODAY!

Accumulating Wealth One Tic at a Time..

STOCKS · FUTURES · FOREX TRADING SOFTWARE

Gecko Software, Inc. of Providence, UT has been honored with a recognition by Stocks & Commodities Magazine's "Reader's Choice Award."

Gecko Software Inc.
Telephone: 1.800.862.7193
email: sales@geckosoftware.com
website: www.trackntrade.com

Click here to learn more:
www.TracknTrade.com

Or call us:
1.800.862.7193 ext. 2

Commitment of Traders

What is the COT? (Commitment of Traders)

By: Lan Turner

The Federal Government keeps tabs on all of us who trade. **SURPRISE!!!**

Whenever we sell short...they know, whenever we buy and go long...they know, whenever we buy options, either long or short, again...they know!

This can be a good thing, because if they know what everybody else is buying and selling, and then they tell US about it, that's good! It's good to know what everyone else is trading in the markets. It's kind of like sitting at a table playing Gin Rummy and every time, just before its your turn, the other players have to turn and show you their hand of cards. Now, given that information do you think you would be a better Gin Rummy player? Absolutely, I think so! Okay, sure, you may not know what the deck holds, or what the other players are going to do when its their turn, but at least you know what hand they hold. That's what the COT is to us as traders and that information can be an incredible resource in helping us formulate a successful trading strategy.

Would you even dare venture out and try to trade without knowing this information?

I must say, years ago, I never figured the COT was of much value. The Feds used to only release the info to us once a month, and it was for the previous months trades. Big deal right? Who cares what everyone was trading last month? How does that help us in our trading decisions today...right? Well, several years ago, they changed their minds and started giving us this information on a weekly basis, which now of course, is of a much greater value to us as traders!!!

(We here at Gecko Software have been collecting that date now for a number of years and have a lot of great historical data to work from and to practice with.)

Notice that the red bars are all pointing down, which indicates that the commercials are all selling, or going short. Notice that the Blue lines are all facing up, which means the large speculators are buying, going long in the market. Basically, the red guys, the big commercials are selling their contracts to the blue guys, the big speculators. (Why is that? One might ask. We'll cover that question in just a moment.) First, look at the little green guys, they are the "small speculators," guys like you and me, who are also going short, or selling, that's why their bars are all facing down too.

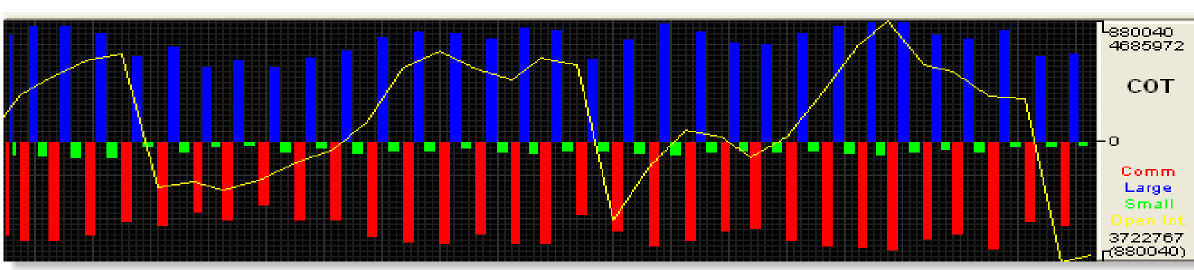
In this graph, you will notice we have three color bars, and one yellow line; this is what they stand for:

Red Bars: Commercial Traders
Example: Farmers, hedgers, producers and factories.

Blue Bars: Large Specilators
Example: Banks, and large financial money managers.

Green Bars: Small Speculators
Example: You and me.

Yellow: Overall open interest in the market.



I hope this quick explanation helps you understand how to read the indicator. Now here are a couple of full sized charts so we can see a little more clearly how this relates to you and me as traders.

But, before we get started with the charts, I must say: My favorite thing about COT, is that it is NOT based on market price whatsoever, it's NOT like any other indicator you've ever seen, it does NOT even take the markets price into consideration. This is strictly a chart that looks at what the largest industry movers are doing, and then points it out to us! (Wow, now that's cool...)

Look closely, you should be noticing something a little funny here...ask yourself this question. "Why are all the commercials selling and going short during an obvious uptrend? Why are all the Large Speculators going long? (That's obvious...right? Buy low, sell high...that's the way we make money!) Well then why are all the small speculators selling and going short?

Okay, let's knock these questions off one at a time.

The Commercial firms are our producers, they already own the product that we are trading here, such as a farmer, he already owns the corn, it's sitting in the field ready to be harvested, therefore he's already long multiple contracts of whatever product he's producing, in this example, that's corn. Therefore, as the price moves higher, he wants to take advantage of higher prices, and so he starts to "sell" his corn to the market,

Chart courtesy of Track 'n Trade. Visit www.TracknTrade.com for a FREE Trial!

therefore it reflects in the COT as going short, because he's "hedging" his corn crop against the futures market, off laying his price risk to the speculators; which are the blue/large and the green/small speculators.

Does that make sense? Let's clarify just a little more: Let's say a farmer has a crop of corn in the field which is equal to ten contracts of corn on the futures market. Well, as prices move up and down, his corn crop or his profit from the sale of his corn crop is effected by the up and down price movement of corn...right? But since the farmer does not really have any corn yet, since it's still growing in the field, he can't really run down to the local "grain elevator company" and sell his corn to them, not yet anyway, he's got to wait until he harvests it.

When he does finally harvest his corn, and takes it down to the grain elevator to sell, that's what we call "selling on the cash market." The farmer sells his corn to the grain elevator at whatever the going rate is at the time of harvest.

Well, what if its only July, and our farmer is not going to harvest his corn until October, but he really likes the price of corn today? Well, if he only sells his corn in the "cash" market to his local grain elevator company, then he's stuck getting the price at the time of harvest and the price of corn in July really means nothing to him. BUT, if he thinks the price of corn will be lower in October than it is today, and he wants to lock in today's price for the corn he's going to be delivering in October, then he can go to the "futures" market and "sell" his October corn crop at today's (July's) prices. The reason we call them the "futures markets," is because even though he sold his corn today, and got today's price for his corn, he does not have to deliver it until October...and that's in the "future!"

Now, here's the big kicker! Who did he sell his corn to? He sold it to either the Large Speculator, or he sold it to a small speculator like you and me. Well, why would we buy the farmers corn? We buy, or the large speculators buy the farmers corn in hopes that the price of corn will continue to rise, and go higher. You see, we want to buy low, and sell high! That's how we as speculators make money. We make the difference between what we bought it for and what we sell it for, and of course our purchases all take place only on paper, we do all of this through the futures exchanges; we as speculators are never expected to make or take actual delivery of the corn product itself.

You see, the farmer is happy that he sold you his corn, because he feels like he got a fair price for his corn crop. You are happy that you bought the corn, because you expect prices to continue higher...buy low, sell high, you make money. That's the belief a speculator works off of, don't get confused why the farmer is selling and the speculators are all buying, that's the name of the game, they've both got opposing interests, and that's why our free market economy works.

You see, the farmer is happy that he sold his corn for two reasons:

First, he believes he got a higher price for his corn today than what he could get for it if he waited until harvest, when everyone would be selling their corn. If the supply of corn is great, then prices go down, and the farmer knows that the supply of corn is never greater than at peak harvest time. (Therefore being able to sell his crop before peak harvest time can be a great advantage to a farmer.)

Second, now that he's sold his corn, he has a budget for the following year that he can begin working off of. He can now go to the store and begin purchasing the items he needs to continue his farming operation; he has his budget and it is now set for the following year.

Sidebar: Many farmers won't sell all their corn at once, not if they think the price of corn may continue higher. Remember back, when we said our farmer had what amounted to ten contracts of corn in his field? Well, maybe at first, he only sold one contract of his corn at today's prices. As the price of corn continues to rise, he may sell off another one, and if the price continues to rise, he might sell off another, and another, and another, until he's sold all his corn. Continually selling during an entire uptrend of the market. (In our COT report, that's what makes it look like the "commercials" are all going short during an up trending market.)

One last point which finalizes the entire process. Who do you as the speculator sell your corn contract to when you finally decide prices have moved high enough and you want to liquidate or get out of your position and take profits? (or suffer your losses if prices dropped below what you paid for it.) You sell your contract to either another speculator, who expects to sell it higher than he's buying it from you for, or you sell it to another "commercial" firm who's actually buying the product, in our example here, who buys the corn, to put it to use, to consume it. (Of course, you don't need to worry who is actually purchasing it, the exchange handles that for you, you just simply sell it back to the exchange.) So you see, there are commercials who both buy to consume, while others are selling to liquidate inventory; then there are speculators like you and me who sit in the middle of those two opposing sides.

You might ask, "Why do they need us at all then, why don't the farmers just sell their corn to the commercials who want to consume the corn?" That's a great question! The answer is "liquidity!" What if the farmer wants to sell his corn today, and the large commercial consumer does not want to buy it until next month? The farmers stuck, with no one to sell his crop to. So, we created exchanges, invited in the speculators, who will take the risk from the farmers, hold the corn for a month in contract until the large consumer wants to buy it. The speculator is then carrying all the risk of price movement so the farmer doesn't have to, and of course we as speculators take that risk in hopes of making money from the difference of price over time.

There you have it, a complete description of how and why the Commitment of Traders report works and how the commodities markets combined with the cash market came about.

Chart courtesy of Track ‘n Trade. Visit www.TracknTrade.com for a FREE Trial!

TRACK'N TRADE®

Purchase one year of data to:

Receive COMMITMENT OF TRADERS Plug-In and One Year of Data

FREE

That's a $197.00 Value!

Use coupon code:

COTFREE

Click Here

www.TracknTrade.com

OR CALL:

800-862-7193

Can you see the Buy and the Sell arrows/signals being generated on the chart above? Those are actually coming from a formula derived from the Commitment of Traders. Now remember, the COT does not take into account the actual "price" of the market whatsoever, all we are doing is telling you when the momentum of the largest industry players are changing direction in their buying and selling power. We are in essence, with these buy/sell arrows, showing you the hand of the other players. We are simply pointing out when the momentum of the market is changing, and when the big boys are changing from buying contracts to selling contracts or vice-versa; not in price, but in time.

"Now remember, the COT does not take into account the actual "price" of the market whatsoever, all we are doing is telling you when the momentum of the largest industry players are changing direction in their buying and selling power."

Chart courtesy of Track 'n Trade. Visit www.TracknTrade.com for a FREE Trial!

Chart courtesy of Track 'n Trade. Visit www.TracknTrade.com for a FREE Trial!

I invite you to pick up your copy or Track 'n Trade Pro, and the COT plug-in. Click here to learn more about this Plug-In.

Sincerely,
Lan H. Turner, The PitMaster
and CEO of Gecko Software, Inc.

www.GeckoSoftware.com
www.LanTurner.com
www.TracknTrade.com
www.PitNews.com
www.Chartbook.com

Tanner's Tips and Tricks

What's new in Track 'n Trade Live?

Have YOU ever been looking at a market and having the hardest time determining where the support and resistance lines are or maybe wondering what price has the most volume. I am pretty sure that this would be true for many traders. At least we at Gecko Software thought it would help and to accomplish this help we have introduced a new indicator to our Award Winning Software. Ladies and Gentlemen feast your eyes on the Volume by Price Indicator.

As Many of you have noticed during our current Public release at Gecko Software volume bars seem to have shifted to the left hand side. This is our newest indicator, VOLUME BY PRICE BAR.

Chart courtesy of Track 'n Trade. Visit www.TracknTrade.com for a FREE Trial!

How does it work?

Volume By Price is pretty straight forward as to what it does. It is the volume at a specific price range. The individual volume bar is then divided into light green (Volume Up Times – Price bar is greater than the open) and dark green (Volume Down Times – Price bar's close is less than the open). This can then be used to help find possible support and/or resistance lines. It is Important to note that the price bars that display on your current screen are the only price bars whose volume is equated into the VOLBP.

How do I change the VOLBP preferences?

Right-click anywhere on the chart and go to "Overlay Properties." Select Volume By Price from the list. The preferences will appear in the Control Panel. (Once you click on the chart, the Preference tab will go back to chart settings.)

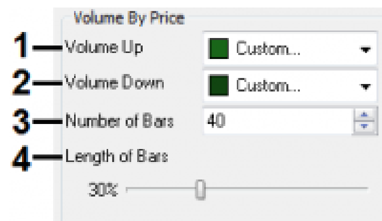
Restore Settings: TNT Default will change your settings back to the original software settings. My Default will change current settings to your personalized default settings. Apply To All Charts will apply your selected settings on all open charts. Save As My Default will save your current personal settings.

1. Volume Up: This is the color of the up volume or the volume for which the close price is above the open price.

2. Volume Down: This is the color of the down volume or the volume for which the close price is lower than the open price.

3. Number of Bars: This option specifies the number of bars that is being drawn on the screen. The number of bars is used the in the calculation for the ranges of the Volume By Price bars.

4. Length of Bars: The length of the Volume By Price bars is the percent of the chart.



As always we at Gecko Software are hear to serve you, so please feel free to give me a call at 1-800-862-7193 Option #3 or send an email to: help@geckosoftware.com

Best of Trading!
Jonathan Tanner- Education and Tech Support Manager

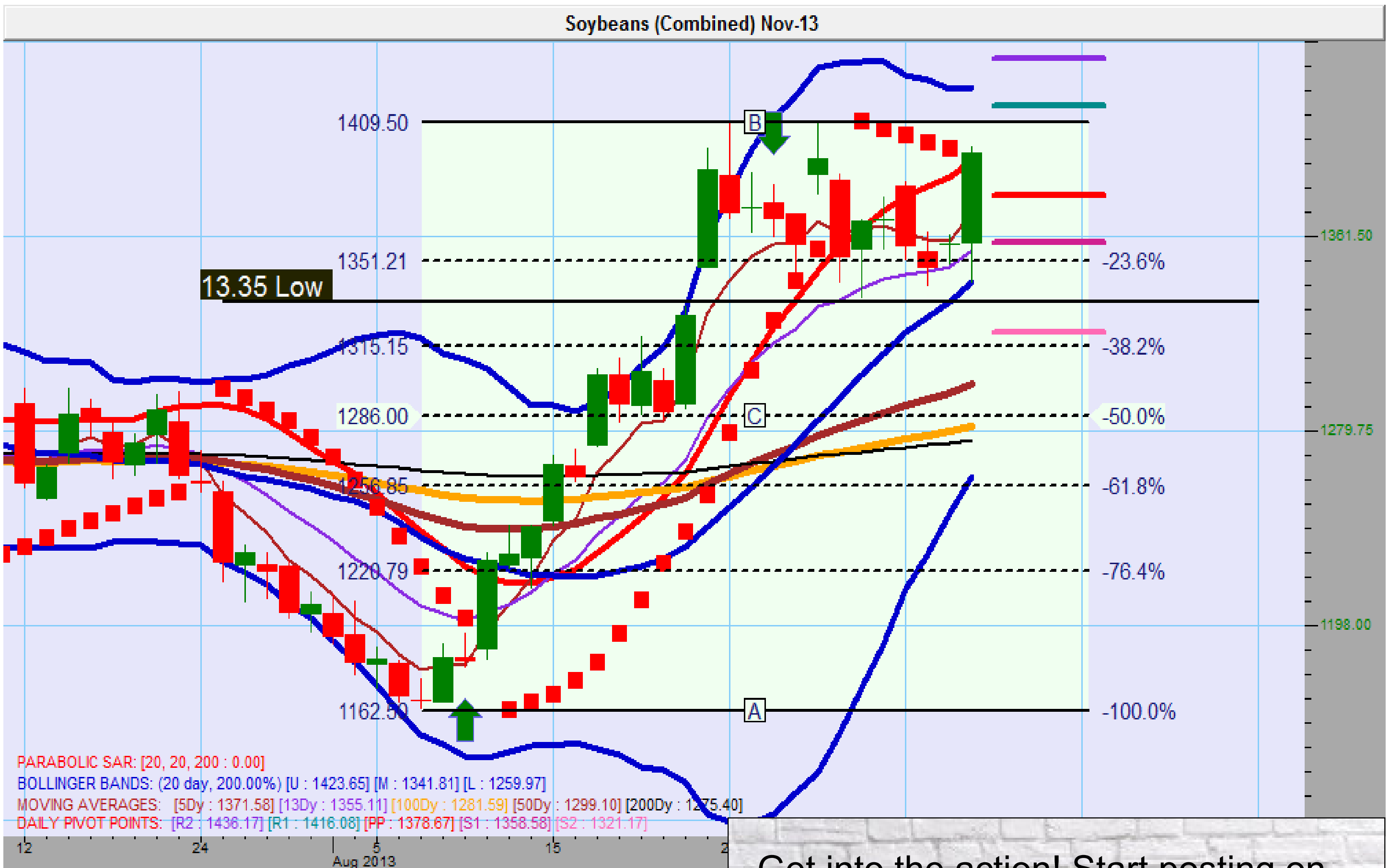
OFF THE WALL

Pulled off the wall From:

The Pitnews.com Forums
Visit The Wall at: Forums at: http://thewall.pitnews.com

The Wall is PitNews.com's trading forum, found on the web at http://thewall.pitnews.com or from the tab link on the front page of PitNews.com. Each month, we highlight a chart submitted by one of our users.

This Month's Off the Wall Chart comes from Country Boy Rob!



Just a chart to get you guys thinking marketing.
OH YA,I prefer over myself.

Getting ready to get the combine a rolling in the next week or so in corn, here in IA.

Look at the trading range at the top here, a large one at that, coiling for the next big move get ready.

Get into the action! Start posting on The Wall, and maybe you'll see your article or chart highlighted here in our next issue of PitNews.com Magazine!

http://thewall.pitnews.com

PitNews.com Magazine Classifieds

Welcome to the Classified Section of the PitNews.com Magazine. All listings below are “clickable”.

FX Trading Platform

Track ‘n Trade Forex Live

Company: Gecko Software
Website: www.TracknTrade.com
Market: Forex Trading
Phone: (800) 862.7193

Trade the currency market with the best tools and the easiest order placement available! Free data for active traders.

Click Here for a FREE 14 Day Trial
www.TracknTrade.com

Futures Software

Track ‘n Trade Futures Live

Company: Gecko Software
Website: www.TracknTrade.com
Market: Futures
Phone: (800) 862.7193

This amazing charting software package gives you the ability to analyze commodity markets technically with various tools, unique market calculators, and customizable indicators.

Click Here for a FREE 14 Day Trial
www.TracknTrade.com

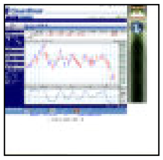
Educational Websites

PerosnalInvestorsHr.com
www.PersonalInvestorsHr.com
Phone: (800) 862.7193
Listen and learn from the best in the business!
Click Here

ThePitMaster.com
Phone: (800) 862.7193
Great site for beginning futures and options traders. Free education on option strategies and more!
Click Here

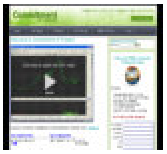
Educational Websites

GeckoSoftware.com
Phone: (800) 862.7193
Six time winner of Stocks & Commodities Readers Choice Award. Take a FREE Trial!
Click Here

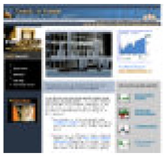


ChartBook.com
Phone: (800) 862.7193
Free Forex Quotes and Charts online. Apply indicators easily, great charts, check it out!
Click Here

PitNews.com
Phone: (800) 862.7193
Get all your current Forex, Futures and Stocks news in one Place!
Click Here



CommitmentofTraders.com
Phone: (800) 862.7193
Learn to apply Commitment of Traders reports to your trading. Examples using Track ‘n Trade.
Click Here



StockAnnual.com
Phone: (800) 862.7193
StockAnnual.com was designed to discover and exploit recurring historical market patterns.
Click Here

TheWall.PitNews.com
Phone: (800) 862.7193
Open forum for traders, visit today to share your trading ideas and post charts.
Click Here

WhyTradeFutures.com
Phone: (800) 862.7193
Learn why you would want to trade futures market. Compare the Futures market to the Stock market.
Click Here

Classifieds

To place a classified ad contact PitNews.com at 1.800.526.3019 or email info@pitnews.com

PitNews.com Magazine E-Store

Welcome to the PitNews.com Estore.
Below are products featured from the online store, click on them to learn more.

Charting Software

Track 'n Trade Forex Live

FREE 14 Day Trial
Price: $297
Data: Free (Active Traders)

Trade the currency market with the best tools and the easiest order placement available! Free data for active traders.

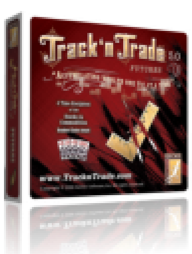
Learn More

Track 'n Trade Futures Live

FREE 14 Day Trial
Price: $297
Data: $39.95/month

This amazing charting software package gives you the ability to analyze commodity markets technically with various tools, unique market calculators, and customizable indicators.

Learn More



Track 'n Trade 5.0

Free 14 Day Trial
Price: $197
Data: $19.95/month
*Get Advanced Tools Plug-in FREE when you buy TNT 5.0

This amazing charting software package gives you the ability to analyze commodity markets technically with various tools, unique market calculators and customizable indicators.

Learn More

Charting Software

TNT High Finance

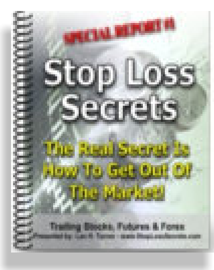
FREE 14 Day Trial
Price: $197

Data: $29.95/month

Track 'n Trade High Finance Stock Trading package allows a trader to monitor, track and chart the popular stock market, giving the trader intra day snapshots and price activity throughout the day.

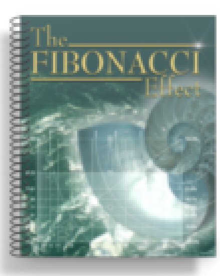
Learn More

Trading Education



It seems that we spend 90% of our time studying and trying to figure out the best timing techniques for market entry, but we spend very little time actually learning the techniques of exiting the market. Getting into a market is easy, but getting out of the market, with a profit, is the true test of a traders skill.

Learn More



Learn how, and what to count, and how and what to measure, and how to read each new setup, and how to set up a trigger, then how to follow through with the final exit strategy. Stop watching your portfolio shrink, and start doing something about it? Learn what you can do, in the next 10 days, to protect your wealth!

Learn More

Accurately identify trends and market cycles with TradeMiner! Get above average market returns with significantly lower average risk by only taking the highest probability trades!

Learn More

E-Store

To sell an item in the PitNews.com estore contact us at 1.800.526.3019 or email info@pitnews.com