How To Intercept Profits From Large Institutional Trades

MARKETGAUGE

Has This Ever Happened To You?

Have you ever entered a trade based on a set up that looked perfect, only to have the market do the exact opposite as you thought?

Have you ever watched the market trend in one direction, without any retracements, for what seems to be an illogical amount of time?

Have you ever seen a perfectly strong trend immediately reverse?

Have you ever been in a losing trade as a result of a relentless trend or an unexpected reversal?

Have you ever felt as though the market is…

… Manipulated!
… Unfair!
… Random?

Well, I think you're right! The market is manipulated, unfair, and at times random. But it works incredibly well and…

You don't have to be a victim of this reality – I'll show you how to profit from it (legally)!

"Your first step to overcoming the market's inequalities is to understand the playing field you're on."

I've been trading for over 20 years. I've been on the NYSE floor, in the commodities trading pits as a floor trader, traded for a multi-billion dollar hedge fund, and built software and trading systems to profit based on what I know about how those "big bad traders" play the market. Your first step to overcoming the market's inequalities is to understand the playing field you're on.

This Report Is Not Intended To Scare Or Discourage You

I'm going to explain why the market is stacked against you (until you play by "their" rules).

Big institutions do have unfair advantages. They have better and faster access to the latest information and technology that moves markets. At times, they even get preferential treatment when it comes to order execution. And of course, they also have deeper pockets to be able to more easily withstand losses on individual positions.

Big institutions can also "manipulate" the market. In this report I'll show you how they do it.

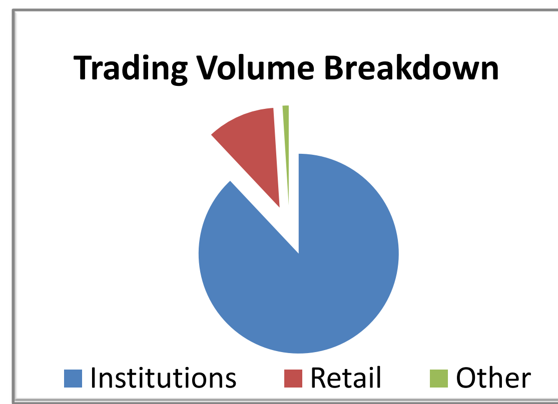
It’s not hard for them to drive prices up or down for extended periods of time. Plus, they can (and do) push prices through key chart points to force stop orders to be executed (maybe yours) and in an effort to get what they want.

However, I’m not suggesting that any of this is illegal. And they’re not doing this to stick it to the little guys…the truth is, they don’t even care about you. If you make money, fine. If you lose money, fine. It’s just the way the big guys play. So don’t expect these unfair advantages to go away.

Let’s face it; you’re playing in a game on their home court, by their rules - not yours!

In a report produced by the premier financial markets research firm, TABB Group, it was estimated that **88% of the daily volume is done by institutions, 11% by retail investors and 1% by other (non-proprietary banking).**

Clearly, the average retail trader and investor is like a row boat on the ocean!



You Need To Play With Them – Not Against Them

If you want to succeed in trading, it’s time to stop fearing market makers and high frequency traders. Stop worrying about manipulative hedge funds, mutual funds, and pension funds. You need to start thinking like them!

It’s time for you to play with them – not against them.

And as you’ll learn in this report, you even have some advantages over them! The first step to profiting from your advantage is to understand how big institutions trade.

The Rise of The Machines

I’m not going to focus on “high frequency trading” specifically in this report. It’s not really a concern. But I do need to point out that over the last several decades Wall St. has been developing computers to trade better and more anonymously than humans. It’s often referred to as algorithmic trading – machines making trading decisions.

High frequency trading is one form of algorithmic trading, which gets most of the media attention, but there are other forms of it which are not “high speed day trading”. Instead these algorithms are designed to help large institutions accumulate or exit big trading positions more efficiently and without being noticed.

“Nowhere is this “poker match” between buyer and seller more intense than between institutions on Wall Street.”

Institutions have always tried to buy and sell quietly! Why? There are a lot of reasons, but the most important one for you to leverage is that an institution who is trying to buy a big position doesn’t want others traders to have any information about how much they want to buy because…

It takes big traders days, weeks, even months to accumulate or exit a position!

If traders know that another fund is looking to accumulate a position in a stock they’ll take advantage of that information. If you knew there was a fund that wanted to buy so much stock that it would move the price higher what would you do? You’d probably buy some, or if you already owned it, you’d wait for a higher price to sell! That’s how markets work – supply and demand. And nowhere is this “poker match” between buyer and seller more intense than between institutions on Wall Street.

While computers have become more sophisticated and even changed the complexion of markets, they have not replaced the fundamental economic forces that make markets – the human emotions of fear and greed, and the laws of supply and demand are still driving the true direction of the markets.

The rise of the machines has created markets filled with erratic short term price action, but it has not changed the fact that the trends and ranges in the market are driven by the important institutions (mutual funds, pension funds, and hedge funds) accumulating and selling big positions.

As a trader you need to be aware of the machines, but don’t focus on them. If you focus on when and where the institutions are pushing the markets you’ll have much more trading success.

<u>Who's On The Other Side Of Your Trade, And How Much Is Behind It</u>?

"Figuring out where the big orders are is an art as much as a science, and remember, in this game bluffing is allowed!"

When I was in college I was fortunate to be able to spend a month on the floor of the NYSE. The head floor trader of a major bank took me under his wing and let me shadow him for a month. All the while he explained how and why he worked big institutional orders the way he did. His job was to get the best average price over the course of hours, days or weeks to fulfill the desires of institutions to buy or sell large amounts of stock.

During this time I was taught (and witnessed) these very important reasons for how and why markets move.

1. Institutions are attracted to volume
2. Institutions accumulate positions over time
3. Institutions accumulate positions over a price range
4. Institutions are human and very opportunistic!

I watched how the institutional trader worked to get the best prices for his orders. He always wanted to know the answer to two questions…

1. "Who was on the other side?" (of his trade), and
2. "How much was behind it?"

He wanted to know who he was trading with, because he wanted to know which institutions were active that day. Then he wanted to know "how much was behind" the bid or offer. In other words, how much stock was likely to be available after the publically posted bid or offer was hit. This information was not posted anywhere, it was discussed and inferred.

Figuring out where the big orders are is an art as much as a science, **and remember, in this game bluffing is allowed!** But this process is how he could judge at what prices the big players were interested. For someone who needed to move big amounts of stock, this defined the real support and resistance.

How does this relate to you?

Well, have you ever wondered if you're buying your position from an institution that has tens of thousands of shares left to sell? Ooops!

Wouldn’t you feel better if, instead of buying from an institution, you were buying your position either…

… after the institutional seller was done selling, or

… as an institution is buying tens of thousands of shares behind you!

Of course you would! And your trades would do much better too!

Here’s How It Works

FACT: Like a shark’s attraction to bloody chum, institutions are attracted to volume!

You can’t realistically figure out if you’re buying from an institution, but you can figure out when and what price levels the institutions get active.

When they get active two very important things happen.

1. Tradable price points are created which create an opportunity for you to profit from getting into a great trade (or taking profits) as institutions are moving the market in the direction you want it to go.
2. You also learn where institutions view support and resistance which gives you insight into the price ranges that matter, and helps you ignore the noise of the machines.

How would you feel if you had to wear these “liquidity handcuffs”?

Imagine that every time you tried to buy a thousand shares of stock, the market only filled you on 100, and then told you the next 900 would cost you more. When you agreed to pay up you are only given another 100 shares, and again told the next 800 would cost you more, and then the process continues 100 shares at a time until you’ve finally bought your position at a much higher price than where you started.

I bet you’d be frustrated! This situation is what I call “liquidity handcuffs”. You can’t buy or sell what you want at the price that you want even though the market traded there.

Put a few more zeros on the number of shares in that example above and you describe the challenge an institution faces in getting into and out of a position! I’m not suggesting you should feel sorry for them, but understand that they are constantly seeking a solution to this problem, and the simple solution is volume!

It also explains why volume can attract more volume. It's simple supply and demand with the twist of "if you show it they will come".

When there are big bids or offers (which you and I as individual traders don't necessarily see on our trading platforms) or if there is a flurry of volume which we do see, the institutions have an opportunity to get in or out of larger amounts of stock at a predicable price. Therefore, when volume shows up, so do the big guns!

> *"It's simple supply and demand with the twist of 'if you show it they will come'."*

How does this help you?

You may not see the initial bids or offers that precipitate into volume, but you can see the volume when the trades occur, and it is the actual trading that is the most important information. Don't worry about "what's behind", that will drive you crazy. *I'll show you that you can do just fine watching the actions of the institutions without worrying about all the pre-trade posturing.*

Watch The Market Like The Institutions:

There's A Balance Between Time & Price

Of course every institution is different, but they're all constrained in some way by the liquidity handcuffs I described above. Additionally, any experienced trader knows that every day the market presents new reasons for a stock to go up or down. Combine these two factors and you have the reasons why institutions tend to spread their orders out over time and price levels.

This means that an institution will have a price range in which they are interested in buying or selling and they work to build a position over a time frame. The price range can be rather wide – bigger than an average days range. And the time frame can be hours to weeks.

Now consider how this impacts the market. When there is a big buyer (or several) they will try to quietly accumulate shares. They'll turn on their algorithmic trading applications, but we're not concerned with that.

More importantly, they don't want to push the stock up too far before they've accumulated the shares they want. However, the range in which they are willing

to push the stock to accumulate it may be a gold mine for you as a day trader or short term swing trader!

Plus, if the stock gets to the low end of their desired price range they're likely to be more aggressive about buying, and…

They may even play games with the charts! Here's fun one…

If a big player sees a stock that he wants to buy sitting right on a key chart support level he may actually sell stock to push the price to break support!

Why would someone who wants to buy more stock, start selling? Because he needs to create volume!

"Why would someone who wants to buy more stock, start selling? He needs to create volume!"

His bet is that he can sell a relatively small amount of shares to cause the chart to break support, which will cause the shorter-term traders to sell because they are stopping out of longs or jumping into shorts. This will create the selling volume he needs to buy many more shares than he sold to create the selling pressure, and thereby build his long position. Plus he could see additional benefits such as buying back shares he sold higher for less, and the resulting reversal pattern created as the price climbs back over the broken support line creates an additional quick profit on his newly acquired shares!

If you're crying "foul", I'm sorry, it happens. BUT you don't have to be a victim of it. You can profit from this when you know how to see an institutional reversal happening! Learn to trade with the institution that is buying rather than sell into his trap!

"If you're crying 'foul', I'm sorry, it happens. BUT you don't have to be a victim of it. You can profit from this…"

On the other hand, if the stock is trending higher they don't want to miss it either. Remember, they're as greedy as the retail trader! In fact, if a broker is working a big order that has a time limit, he's under pressure to buy before the price moves too high or he runs out of time (the end of the day for example). This can create the need to buy in big volume as the price is rising, which can clearly demonstrate to other big players that there is real demand and attract more buyers!

This creates obvious demand that may not be visible to the retail trader in any other way than the pattern of the steady trend that seems to continue for an illogical amount of time. Yes, this is the same pattern I asked you about in the opening of this report.

"In an uptrend, it is just as important that you are able to recognize when the big buyers are exhausted or the price has reached a level where even bigger sellers will create a top!"

On one hand you want to be able to recognize when this institutional demand is driving the market trend, but…

In an uptrend, it is just as important that you are able to recognize when the big buyers are exhausted or the price has reached a level where even bigger sellers will create a top!

This is how you take profits when the big sellers become more dominant than the buyers.

Your Institutional Perspective

How should all this improve your trading?

Most traders are looking at chart patterns that create trading setups. This is a great way to trade. I do it too. But few traders are trading with the benefit of seeing:

- If the setup may be completely contrary to what the institutions are doing
- When there is a chance to trade with institutions that are piling into a trend
- When a top or bottom was created because institutions are taking profits or building positions

When you learn to identify the price levels that the institutions are concerned with, then you'll focus on entering with the institutions that are moving the market rather than providing them with the stock they are looking for!

You can learn to identify these price levels through price and volume patterns. The patterns are not difficult to spot, but they're also not the commonly accepted "up on good volume" patterns that most trading text books teach.

Everybody Needs A Day Off

Looking at the market like an institution means understanding that:

- Great trends don't go the same direction every day. Look at the market in terms of ranges where the institutions are playing.
- You can't expect to have good trading conditions every day. Sometimes the markets are random, erratic, and manipulated by short-term trading machines. When the markets are trading this way you should take the day off (don't trade). You want to trade when the institutions are active.
- You have to be opportunistic. Often, the best time to sell is when it looks like everyone else is buying, and vice versa. Plus, you have the advantage of not wearing liquidity handcuffs, so you should be looking to trade right alongside the players that do.

> *"88% of the volume trades everyday is controlled by big institutions that play by rules that give them many unfair advantages…"*

So Let's Review

88% of the volume traded everyday is controlled by big institutions that play by rules that give them many unfair advantages over you as an individual trader.

This means…

1. Institutional money is the biggest determinant of market direction.
2. If you trade against them you'll lose your shirt, but if trade with them you can profit handsomely.
3. Despite their efforts to hide their actions, you can to identify where they are buying and selling.

We've been (legally) front-running the institutions for the more than 10 years and now we're going to reveal how you can do the same…and benefit handsomely from it!

Register for our special training event where I'll show you how to identify when the institutions are trading and how you can take advantage of when the institutions are trading, providing you BIG MONEY opportunities.

On this special training event you'll also discover:

- ✓ The secret indicator that MarketGauge has used to track institutional trading to identify trade ideas for more than 10 years …***(We also use it for our own personal trading…)***
- ✓ How to trade with the 'big guys' and potentially **profit from their privileged information**
- ✓ How to identify **when big market movements are about to take place** so you can be pro-active in your trading
- ✓ How to **capture 'big money' before everybody else does**…as the 'insiders' are doing it
- ✓ How to **easily identify stocks that have unusual price action and volume**
- ✓ And More…

Follow this link to register your seat for this special training event.

http://www.marketgauge.com/hotscans-event/