Technical Analysis for Agricultural Markets

AMEXA agency

Course Date: TBD

Course Length:
2 days
8:30 a.m. – 4:30 p.m. EST
each day (includes 60 min. lunch break)

In-Person Onsite

Instructor/ Host:
Richard Weissman
Nour Zekhmi

Questions?

For more information or to register, contact:

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WHAT YOU WILL LEARN

With more than 30 years of experience developing trading models for agriculture markets and two highly acclaimed trading books to his name, let one of the great minds in technical analysis, Richard Weissman shows you how this extraordinarily valuable set of tools can improve your bottom line. Throughout this course, we will explore strengths, weaknesses, and variations of the major technical indicators and techniques used by agricultural professionals today. Agriculture-focused traders and risk managers will gain a thorough understanding of the most popular and successful techniques and how they can be applied to their specific business. You'll leave this course with an integrated framework for incorporating technical analysis into agricultural trading and risk management.

Topics covered include:

- Using technical analysis to develop Weissman's "Casino Paradigm" – a positive expectancy method combined with robust risk management and a disciplined psychological attitude towards agricultural trading
- How technical analysis aids in identifying Weissman's "Golden Ticket" (low risk, high reward, high probability) setups
- Available technical tools and techniques for trading and managing ongoing volatility and its impact on price
- How technical analysis is used for trading, quantifying, and managing risk
- How to incorporate technical analysis with fundamental analysis
- Using trend lines, Japanese Candlesticks, support and resistance, and retracement levels
- Regret minimization techniques
- How to analyze and incorporate volume and open interest
- Calculating and using moving averages and MACD
- Using DMI, ADX, ATR, RSI, Momentum, and Bollinger Bands
- How to combine indicators and approaches
- Hedging and speculating exercises with technical analysis
- Mechanical trading system development: trend-following, counter-trend, and combining non-correlated trading systems
- Classical and candlestick reversal patterns
- Using real-time and historical trading exercises to solidify your understanding of technical analysis

Course Syllabus – Day One

Morning Session

Session 1: Benefits of technical analysis

- This session explores the types of technical indicators (trend-following, mean reversion and volatility) and how they correspond to the behavior of agricultural markets
- Charts offer mathematically objective answers to questions such as, "What is the trend?", "Is volatility high or low?" and, "What is a significant move in the market?"
- The technicals aid in development of Weissman's Casino Paradigm (positive expectancy model, risk management and trader discipline)
- Technical analysis helps traders identify Weissman's "Golden Ticket" (high probability, low risk, high reward) set-ups

Session 2: The history of charting

- Classical technical analysis and the work of Charles Dow
- Evolution of technical analysis
- Timeframe analysis – the classical approach vs. Weissman's timeframe divergence

Session 3: Technical vs. fundamental analysis

- Nuances of fundamental and technical analysis.
- Combining these into a techno-fundamental approach
- When and how to use each approach

Session 4: Technical Trading Simulation

Using historical charts with various technical studies, attendees will be given a wide array of trading alternatives. Based on their view of the technicals, they will match their market view to the trading alternatives presented.

Afternoon Session

Session 1: The main types of price charts

- The four main types of price charts: The Western bar chart, the line chart, point and figure and Japanese Candlesticks
- Construction, analysis, and interpretation of the price chart
- Exploration of what the ag markets are telling us about market direction
- Charting analysis and techniques and how to augment our analysis of price with volume and open interest studies
- Classical and Japanese Candlestick reversal patterns – their strengths and weaknesses

Session 2: Classical charting patterns

- Classical charting patterns: Horizontal support and resistance, gaps and trendlines
- Classical reversal patterns: head and shoulders, rounded tops and bottoms, distribution tops, double tops and bottoms
- Classical continuation patterns: triangles, rectangles, wedges, flags and pennants
- When to buy, hold, and/or sell using current and past agricultural examples

Session 3: Behavior of the market and participants

- What makes traders react?
- Philosophy and psychology of the trader
- Following the trend
- Contrarian theory
- Interpreting the news in light of technical analysis
- Fear and greed
- No-nonsense rules that should be part of every trader's repertoire to successfully compete in today's highly volatile agriculture markets

Session 4: Trader psychology and trading the news

- How agricultural traders trade the news
- How successful agricultural traders, "Trade Like a Casino"
- How a disciplined approach dampens fear and greed
- Trend-following, mean reversion and contrarian theory

Session 5: Price risk management

- For over three decades price risk management has been our forte. This session introduces attendees to the basics including:
    o Stop-losses
    o Correlation risk
    o Volatility analysis
    o Portfolio level risk management

Course Syllabus – Day Two

Morning Session

Session 1: Mathematical technical indicators

- How trading system developers use math-based technical indicators like moving averages and oscillators
- How system traders develop, test, and use math-based technical indicators in conjunction with classical charting techniques as well as on a standalone basis
- The evolution and classes of indicators such as trend-following, mean reversion and volatility indicators
- A review of major indicators used throughout the trading industry, i.e., moving averages, oscillators, momentum, volatility, directional indices, and Fibonacci retracements

Session 2: Regret Minimization Techniques

What can we do to make it easier to follow our trading rules? Since the most common reason traders abandon discipline is regret over losses and/ or missed opportunities (aka "fear of missing out"), this session offers various methods to counter these self-destructive tendencies. Particular emphasis is placed on techniques to minimize regret for trend-followers as well as countertrend traders.

Session 3: Short-term trading methods

- Chicago Pivots and how short-term traders use them to develop an edge in today's ag markets
- How short-term traders use classical and mathematical technical indicators to trade and manage risk in agriculture
- The cyclical nature of volatility and how short-term traders use technical tools to capitalize on periods of low and high volatility

Session 4: Trading Simulation with Regret Minimization

Using historical charts with various technical studies, attendees will be given a wide array of trading alternatives. Based on their view of the technicals, they will match their market view to the trading alternatives presented. Particular emphasis will be on choosing multiple trading alternatives in order to minimize trader regret.

Afternoon Session

Session 1: Working with technical indicators

- How to apply various indicators to current markets situations in actively traded agriculture markets
- How successful are the buy signals, sell signals, and no trade decisions? Can we make them more robust?
- Which indicators work better in trending markets vs. sideways markets

Session 2: Using technical analysis to develop mechanical trading systems

- Why mathematically objective technical indicators are the gold standard in systems development and backtesting
- Improving results by combining indicators/techniques
- Pros and cons of software programs currently on the market
- An examination of basic trading systems and how they perform in agricultural markets

Session 3: Advanced topics in technical analysis

As computers become more powerful and cost effective, top traders and analysts are exploring more complex technical tools. Concepts discussed include:

- Optimization techniques
- Portfolio trading
- Pattern recognition software
- Elliot Wave Theory

Session 4: Using what you've learned

We'll close out the course with two practical exercises where attendees will develop the following:

- Corporate hedging strategy - Using technical analysis, attendees will answer the following questions:
    - What percentage of our physical market exposures do we want to hedge based on what these charts are showing us?
    - What should be the duration of our hedge?
    - Should we hedge with linear derivatives (futures, swaps or forwards) or options?

- Speculative trading strategy
    - Do we want to buy, sell or stand aside?
    - Where should we place our stop-loss (in case we are wrong)?
    - When should we move our stop and/or take profits?

MEET YOUR INSTRUCTOR

Mr. Richard Weissman is one of the world's foremost authorities and thought leaders in the fields of derivatives, risk management and technical analysis. He is the author of two books: *Mechanical Trading Systems: Pairing Trader Psychology with Technical Analysis* (Wiley, 2004) and *Trade Like a Casino: Find Your Edge, Manage Risk and Win Like the House* (Wiley, 2011) which was a finalist for the 2012 Technical Analyst Book of the Year Award.

Richard has more than 30 years of experience as a derivatives trader and has provided training and consultation services to traders and risk managers at investment banks, hedge funds, energy and agricultural companies for more than 20 years. He has helped train staff from virtually every major firm that uses derivatives including Morgan Stanley, Citicorp, Exxon-Mobil, Shell, Exelon, Cargill, CFTC, EIA, Platts, Intercontinental Exchange and CME Group. He has been the featured speaker at leading industry conferences throughout the world.

 Richard provides state-of-the-art training and consulting solutions for traders, risk managers and professionals supporting traders and risk managers. Although his primary focus continues to be serving the needs of the energy and agriculture industries, many of the courses and risk management solutions he provides are applicable to all asset classes including foreign exchange, interest rates, equities, metals and softs.

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