

Day Trading University

Part 5. Futures Trading

WHAT IS FUTURES TRADING?

Futures is another tool/instrument in trading. Many traders trade shares and/or options. It offers another way of entering the markets for traders and investors. Futures trading is a game changer for me for several reasons:

- Overnight trading access
- No PDT rule
- Highly Liquid
- No Options Greeks

When day trading the S&P500, my go to is the \$ES_F and \$MES (1/10 of the full ES_F contract)

- Each point on the full contract is \$50 and the micro \$5
- This allows both large and small accounts to be involved in futures trading

There are also many different types of futures contract to trade including

- NQ – Nasdaq
- IWM – Russell
- Gold and other metals
- Coffee and other materials etc.

Futures are leveraged and require margin, so it is key to respect your stop loss and follow proper risk management that we discussed in previous lessons

This leverage also allows for huge potential gains and to grow accounts rapidly. It is a double edged sword and you must be disciplined when using them. Here is my futures crash course:

<https://youtu.be/hIJALDyICck>



WHEN TO USE FUTURES CONTRACTS?

Futures trading can be used with any strategy. For new traders with small accounts it's key to have a stop loss to limit your downside.

When holding overnight the contracts require more margin and cash in the account so be aware to not get liquidated

I also swing trade futures contracts as hedges using weaker indices and also for short term investments.

My go to trading strategies with futures are:

Triggers: <https://youtu.be/S4mrL-V5ojc>

We set daily trigger levels for the S&P 500 in discord which can be filled overnight or during regular trading hours.

This way you can enter a trade before market opens either late at night or right before the open to catch early momentum and look for an edge based on the overnight price action.

These plans can also be fully automated so you get filled while you are asleep with a full stop loss, target and entry.



Here is an example of using futures in the pre-market: <https://www.youtube.com/live/dS2rKqv0RYA?feature=share>

An ideal system would be to risk 5 pts to make 10 pts or risk 10 pts to make 20 pts (remember each pt is \$50 per full contract or \$5 for micro)

Sample

SPY FUTURES Trading Plan May 31st, 2023

Type: Trigger Trade

Long Plan: Entry – 4234.75 Stop – 4224.00 Target – 4245.25

Short Plan: Entry – 4203.75 Stop – 4214.75 Target - 4193.50

A - Enter whichever side breaks out first then cancel other order

B – We start with a wide stop and tighten up once we trigger in and approach out target

1:13 PM



WHEN TO USE FUTURES CONTRACTS? CONTINUED

ORB: <https://youtu.be/S4mrL-V5ojc>

I prefer to use the ORB strategy with futures over options because often at the open the options greeks will be inflated. This is a quick way to get in and make a few points within the first 10-15 mins at market open.

Fibonacci: <https://youtube.com/playlist?list=PLFAKby4qxtHVXUxudppWUtGrsqHZZiRV>

This is my bread and butter with futures. Even if we chop all day long you will not experience the decay on options premiums as futures are a points based system

We trade futures everyday with Fibonacci and have done several small account challenges. To follow a long and to see the broker statements please follow TWDERRY: <https://twitter.com/TWDerry>

Here is a sample of futures trading with the broker statements:

11:20:50	MES Jun16'23	@CME	BOT	13	4211.50	8.06	1202.63
10:20:01	MES Jun16'23	@CME	SLD	13	4230.25	8.06	

WHAT BROKER TO USE?

The only broker I can vouch for and have used without any issue is **Interactive Brokers**.

I've had such a great experience using them over the past 7 years that I've been helping promote their superior platform. The key for me is as follows:

- Low commissions on futures
- Automation so I can enter trades with a stop loss and target
- Fast fills and low slippage

I can't vouch for any other broker as I haven't used them and when it comes to futures I would be very careful where I put my money. A proven broker with an excellent track record is critical

Interactive Brokers also has a futures course they put together for free and it's super helpful as part of their Traders Academy: <https://ibkrcampus.com/traders-academy/futures/>

Here is also the IBKR link where you can read up more on futures:

<https://www.interactivebrokers.com/mkt/?src=tradingwarzPY2&url=%2Fen%2Ftrading%2Fproducts-futures.php>

Clicking on the link above directly supports TradingWarz



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Options Disclosure

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled Characteristics and Risks of Standardized Options by calling 312-542-6901, or clicking the link below. Multiple leg strategies, including spreads, will incur multiple transaction costs. <https://www.theocc.com/company-information/documents-and-archives/options-disclosure-document>

Futures Disclosure

Futures Trading:

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the CFTC Risk Disclosure. A copy and additional information are available at ibkr.com.



ARE FUTURES BETTER THAN OPTIONS?

- *They key benefit with options is you can use a cash account. However the other variables within the greeks can cause you to lose money even if you have the right direction on the trade
- *They both have their time and place and I would stick to using options for the afternoon leg Fibonacci set-up to get cheap premiums
- *As you grow your account transitioning to futures will help you to scale quickly while paying lower commissions and having access to the market after hours

I did a case study here on this topic: <https://www.youtube.com/live/tafcLb4G1Ic?feature=share>

***BONUS:** Here are some LIVE trades I recorded trading futures: <https://youtu.be/QPOilzPuL7c>

<https://youtube.com/shorts/FT-Yux8SMZM?feature=share>



How to Day Trade 618 Fibonacci S&P 500
@TradingWarzOfficial
TRADINGWARZ



<https://youtube.com/shorts/CKQWt2Wsv9k?>



How I make \$1000 per day using Fibonacci Day Trading Strategy
@TradingWarzOfficial
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EXCLUSIVE SALE & PERKS

Since you've taken the time to read this document and are serious about learning to trade and better educate yourself, here is an exclusive offer for 2 months FREE in my discord with the purchase of any of my 3 books: <https://tradingwarz.com/day-services/>

Normally it only comes with 30 days access but for the duration of the course, I will keep this active. 60 Days with a great community plus access to our Premium indicators and Scanners for LIFE!

Just email rich@tradingwarz.com once you've purchased and we will manually add an extra month with no additional charge

You can also join the TW Army and lock in for lifetime at \$4.99/month this gives access to special BONUS TOP picks every day, exclusive giveaways and is a great way to support the community.

Join here: <https://www.youtube.com/channel/UCVNiVH8UKQXBRr4j3jXUzBA/join>

CRITICAL RESOURCES

TradingWarz Resources page: <https://tradingwarz.com/resources/>

Full Video Tutorials & Trade of the week

Trading Tools – Scanners, Tracker, and Indicators

Charting Platform Discounts: **Tradingview & Trendspider**

TradingWarz Twitter: https://twitter.com/TradingWarz?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%

TradingWarz YouTube	https://www.youtube.com/channel/UCVNiVH8UKQXBRr4j3jXUzBA
Fibonacci King Playlist	https://youtube.com/playlist?list=PLFAKby4qxtHVXUxudppWUtGrsqHZZiRV
Complete Beginners Playlist	https://youtube.com/playlist?list=PLFAKby4qxtHVu2YhSXP92Kn-M7FOtWjS
Futures Trading Playlist	https://youtube.com/playlist?list=PLFAKby4qxtHWRDI2VtXBy3ZBzuQvOBiYF
How to trade \$SPY For A Living Series	https://youtube.com/playlist?list=PLFAKby4qxtHWrVBZSrLzzjmx3UyunOkU
Options Seminars & Recaps	https://youtube.com/playlist?list=PLFAKby4qxtHVTAZwGHytQ7RHuqwkQtMW
LIVE Trading with Rich	https://youtube.com/playlist?list=PLFAKby4qxtHXyV9aCp6BzyJnoxMmh7G7p
Broker Tutorials	https://youtube.com/playlist?list=PLFAKby4qxtHUo1W6WHzpfPdpCE_nOJPOT

