

LIVE @ TAG

W O R K B O O K



UNDERSTANDING THE DECISION MAKING PROCESS IN ANY MARKET

Forward Testing with Price, Volume, and Direction

By Peter Steidlmayer

COVERING: FUTURES AND DAY TRADING

In this presentation, Peter will describe the important distinction between internal and external market information, and how successful floor traders rely primarily on data the market generates internally about itself. Floor traders can readily determine whether or not the market supports, or "uplifts", their decisions by evaluating the emotions, sounds, and energy levels generated in the pits. Physical proximity to the pits provides them with a distinct advantage over individual traders, for whom the only internal information available is volume.

Peter will describe the strides that the Chicago Board of Trade and NYMEX are making to provide users with more and better internal data. However, more data does not necessarily improve the decision-making process. Peter will discuss how information overload can disrupt this process, causing the downfall of even highly trained and disciplined traders. Rather than overwhelming individual traders with too much information, the new platforms offered by the CBOT and NYMEX combine price, volume, and direction into a single market operating unit, and provide decision filters which, in essence, allow for forward testing trading strategies. Peter will describe the mechanics behind this process and provide examples from a variety of markets.

Peter Steidlmayer's interest in the markets began even before he graduated from the University of California at Berkeley in 1960. He joined the Chicago Board of Trade (CBOT) in 1963 and has been an independent trader ever since. Peter served on the board of directors of the CBOT from 1981 to 1983. While a director, he was responsible for initiating his own concepts, Market Profile[®] and The Liquidity Data Bank[®], revolutionary ideas in data arrangement and trading information.

He has written four books: Markets and Market Logic, Steidlmayer on Markets, New Market Discoveries and 141 West Jackson, A Journey Through Trading Discoveries, and is presently working on a fifth, The Essence of Trading. Each of these books establishes a rational working framework for organizing the market(s)' underlying structure and movement.

[Mr. Steidlmayer's Personal Workshop was presented and recorded at a recent LIVE @ TAG conference.](#)

LIVE @ TAG

Copyright Peter Steidlmayer / INO.com
All Rights Reserved

[<< Next Page >>](#)

I. General Orientation of Self

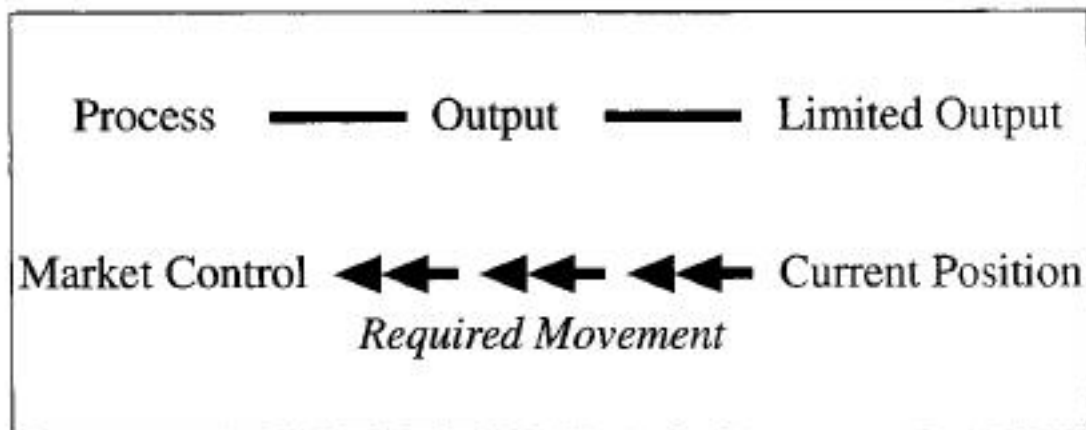
A. Current Position (Individual Control)

B. Future Position (Market Control)

II. The Nature of Information

A. How Additional Information is Produced

B. Result of Additional Information — Less Individual Control



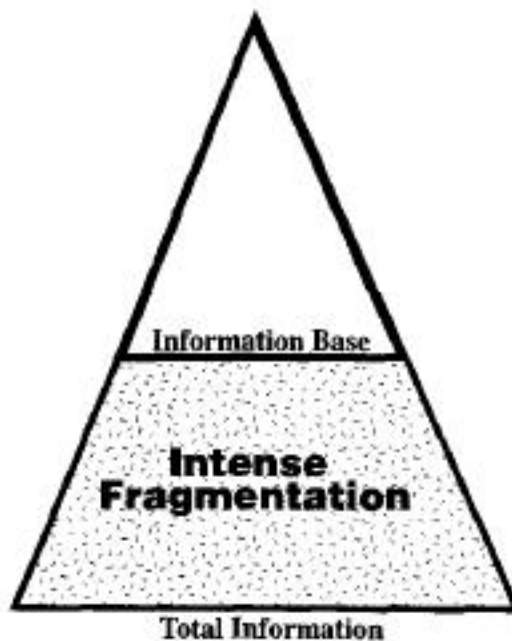
III. The Nature of Market Information

A. External

B. Internal

C. Two Types of Information Representing
Two Distinct Markets

D. Volume — the Link Between
External and Internal Information



IV. The Nature of Trading Information

A. Balance

B. Imbalance

C. Trading Economics vs. Standard Economics



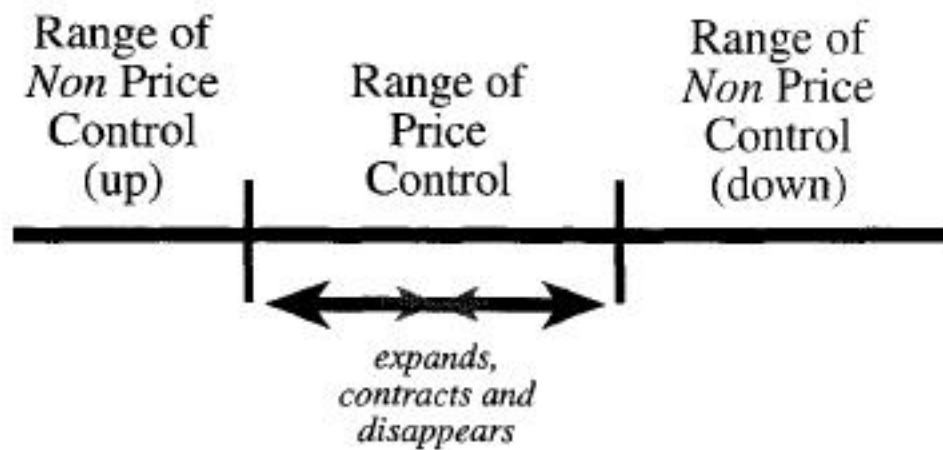
**Uplift
Process**

V. Market Control

A. Direction

B. Price Control

C. Non Price Control



VI. Internal Trading Platforms

A. NYMEX EDP Platform

1. Basic Design (Trader Control)

2. Further Uplift to Market Control

a. Segmenting Data

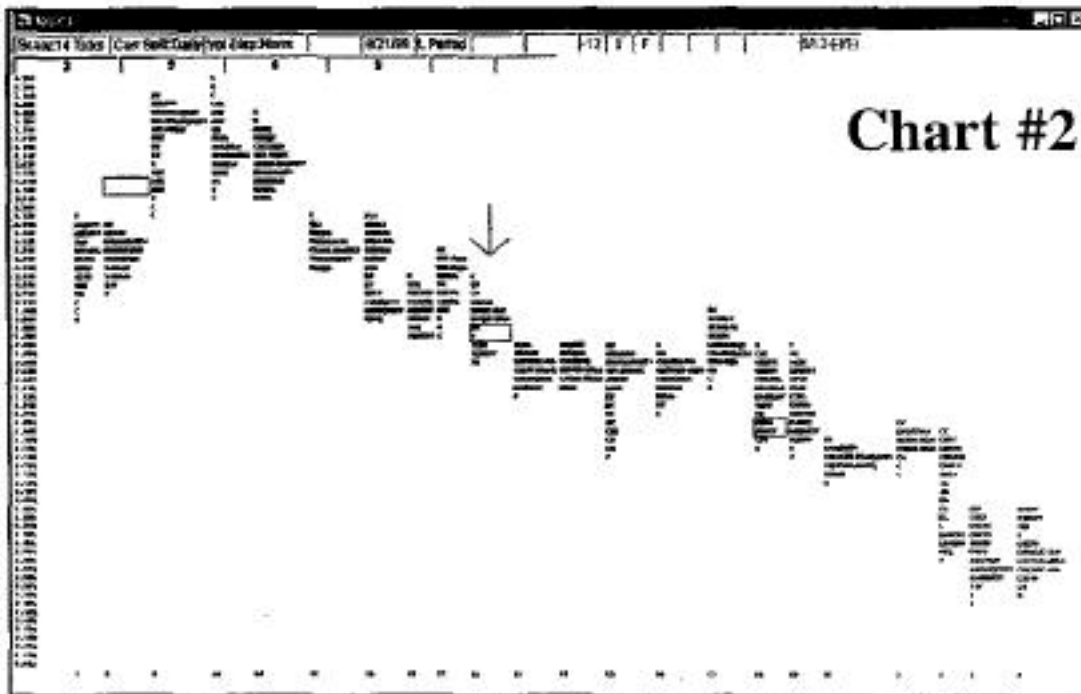
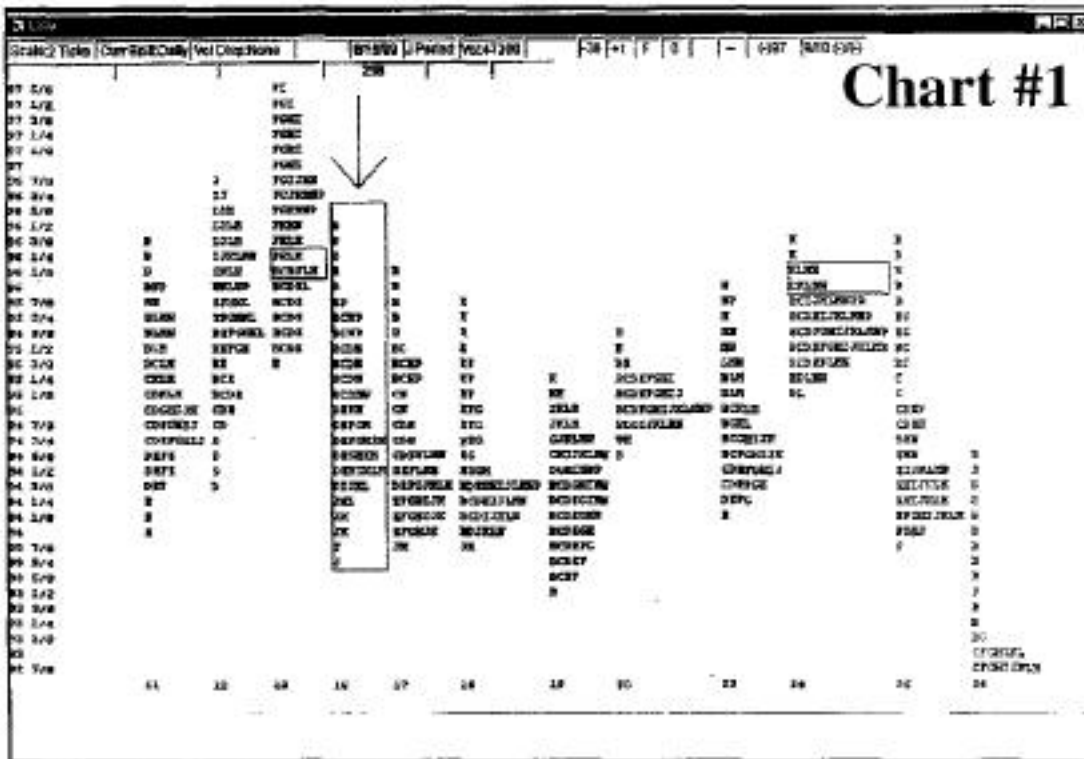
b. Coding Data

c. Automatically Reading Data

d. Reaching Market Control

B. Market Profile Plus Trading Platform

- 1. Generative Tool**
- 2. Illustrates Market Control**
(Vertical/Horizontal Relationships that Define the Uplift Process)
- 3. Readability**
 - a. Trade**
 - b. Information**
 - c. Display**
- 4. Perfect Template — Example and Insights**
- 5. Display Values — Combining Price and Volume**
- 6. OFI (Order Flow Imbalance)**
 - a. New Information**
 - b. Earliest Possible Indication of Imbalance**



Capital Flow Software OBC Spreadsheet											
Settings Reports Help											
Contr: NGAX9			Samples: 450			Change: 7.36 %			Max Chg: 36.79 %		
Date	Time	Price	Band	B-Move	Icon-2	Holder	Page 2	Vert-2	Move-2	Icon-1	
9/21/1999	S	2769			▲				4	↕	
9/22/1999	C	2782			▲				5	↕	
9/22/1999	F	2792			▲				5	↕	
9/22/1999	I	2777			▲				7	↕	
9/22/1999	L	2772			▲				9	↕	
9/22/1999	Q	2818			▲				11	↕	
9/22/1999	Y	2828			▲				11	↕	
9/23/1999	B	2918			▲				11	↕	
9/23/1999	G	3002			▲				11	↕	
9/23/1999	J	3018			▲				11	↕	
9/23/1999	M	3047			▲				11	↕	
9/23/1999	R	3027			▲				11	↕	
9/23/1999	V	3034			▲				11	↕	
9/24/1999	J	2982			▲				11	↕	
9/24/1999	M	2957			▲				11	↕	
9/27/1999	H	2985			▲				12	↕	
9/27/1999	K	2988			▲				16	↕	
9/27/1999	K	2975			▲				17	↕	
9/27/1999	P	2988			▲				19	↕	
9/27/1999	S	2976			▲				20	↕	
9/28/1999	C	2912			▲		2988		1	↕	
9/28/1999	F	2987			▲		PK 1429		4	↕	
9/28/1999	I	2857			▲				5	↕	
9/28/1999	L	2878			▲				5	↕	
9/28/1999	Q	2823			▲	4 Ba			7	↕	
9/28/1999	Y	2795			▲				7	↕	
9/29/1999	B	2845			▲				8	↕	
9/29/1999	G	2917			▲				9	↕	
9/29/1999	J	2895			▲		PK 3412		10	↕	
9/29/1999	M	2827			▲				18	↕	
9/29/1999	R	2795			▲				18	↕	
9/29/1999	V	2883			▲				18	↕	
9/30/1999	E	2775			▲				18	↕	
9/30/1999	K	2755			▲				18	↕	
9/30/1999	K	2778			▲				10	↕	
9/30/1999	M	2743			▲				10	↕	

Chart #3

We hope you enjoyed Mr. Steidlmayer's LIVE @ TAG Personal Workshop Presentation

Contact information.

PETER STEIDLMEYER
Chicago Board of Trade
141 W Jackson Room 1806
Chicago, IL 60604
312-360-0638 0
312-360-0501 FAX
Pete@steidlmayer.com



For FREE information on upcoming TAG conferences for stock, futures and options traders. Visit our web site at: <http://www.ino.com/tag>

A FREE catalogue of all LIVE @TAG recordings may be ordered from:



INO.com
Discovery Village
Shady Side, Maryland 20764-9797
Telephone: 1-800-538-7424
Fax: 410-867-4203
E-Mail: Tag@ino.com

Attention Stock, Futures and Options traders. We have FREE quotes, news, and charts for you. Visit our web site at: <http://www.ino.com>

Copyright Peter Steidlmayer / INO.com
All Right Reserved

