



# Aussie Rob's Newsletter



**Aussie Rob News: 34  
June (2) 2006**

G'day Folks

This week's quote is: "Most people don't want to do the hard; that's why it's so easy to be successful. There's no competition! Remember short-term pain will equal long term gain and vice versa. It's the hard that makes you great. It's the willingness to do the hard that separates you from your competition, because most of them are only willing to do the easy. Unfortunately, in the long run, the easy always turns out to be the hard." **Warren Greshes**

Doesn't it feel great to know that YOU have control over YOUR financial future!!

Good morning Rob,

While you were sleeping a great Naked Put candidate dropped 51%. At first I thought it was a stock split but apparently it was a setup by the market makers or some institutional investor.

What is your take on this?  
Sid

I have no take on it Mate, sometimes "life happens". Sometimes stocks go up and sometimes stocks go down. We can make ourselves crazy trying to find out "why" things happen. As you know, the stock market is full of "unknowns", that is why I prefer to trade options instead of stocks.

You can protect a Naked Put position buy buying a further OTM Put to create a Bull Put Spread. Your maximum loss is then the spread minus the net credit.

And Shel wrote the following about SVU Naked Put AASRY 27.50 @ 1.70....

I don't know how you would screen this but the information is dangerous. That put is really on a stock that is worth 25.63 and had it been sold the chance of a 27.50 put would have been exercised.

I tried to sell it and OptXpress would not let me, so I called and learned the real adjusted value at the CBOE is 25.63 based on their formula.



They cautioned that if it looked so good there had to be a reason it was not the true picture. Buyer/Seller beware.

I really appreciate you bringing this to us Shel as it is very important for people to understand that at times there are “non-standard options”. It is near impossible to filter them from our scan results. The tell-tale sign is two different option prices for the same strike. We have filtered against that so there should be very few non-standard options coming up in the scan results these days.

I have written about this previously and it’s in the training material that you have to be aware of non-standard options. As I mentioned above, there are very few that get through the filters these days and the ones that I have seen that have gotten through, you would not have got filled from your broker anyway. Regardless of that, it is always prudent to check to see if an option is non-standard. You can do that by checking with your broker.

With Shel’s example above, with the stock’s price being “adjusted”, then he would still have been ok. (27.50 strike – 1.75 premium = \$25.75) Sure, if the stock dropped prior to expiration, there would have been a loss to the same value as if he had actually traded the stock. That is one of the things that I love about trading Naked Puts. Your loss is going to be the equivalent of trading the underlying stock once the stock drops below the breakeven point (strike – premium), so, the naked put is actually safer because you get the buffer of the premium. Pretty cool, eh! :-)

Thanks again Shel for mentioning this as it is a great lesson to reinforce in my newsletter.

A standard options contract controls 100 shares of stock. A non-standard options contract controls a different amount. “most” options contracts are standard. All you need to do is check with your broker.

Hi Rob

The Russell 1000 should be 50 not 500 (Russell moved 694.1 to 675 and we made \$9550 I thing this should be \$955)  
Correct!

Silver should be 500 not 50 (Silver moved from 11.905 to 9.97 and we made \$97 I thing this should be \$970)  
Correct!

E-mini S&P 500 should be 5 not 50 (E-mini S&P 500 moved 12657.5 to 12307.5 and we made \$17500 I think 1750)  
Correct!

The figures displayed in ARLT are directly from the Exchanges. 4.2 will be released real soon and the numbers from it will coincide with the spreadsheet. In other words, we are programming so there are decimal places and the spreadsheet will be adjusted accordingly. Won't be long Mate!



Is 10125 approx the right margin for Natural Gas  
Correct! I have seen it over \$12,000!

Can you please tell me again the difference between the Forex contract and a min contract (besides one is \$1000 and the other is \$50)

The difference between the two Forex contracts is **LEVERAGE**.

The Mini only costs \$50 and has 200:1 leverage. Each \$50 contract controls \$10,000 of currency.

The Standard contract costs \$1000 and has 100:1 leverage. Each \$1,000 contract controls \$100,000 currency.

On the paper trade with all Commodities and Forex we have closed out \$5112 and are in profit \$26460 with open trades at any one point the margin would have been about \$50000. This is without the benefit of Platinum and the others above being out to our favor.

Regards David

Well done Mate, you've nearly made wages! :-)

Hi Rob,

Can you please tell me what the significance of the red and green lines are on the Price Line Graph.

Red is a down day ~ Green is an up day.

Best Regards, Stephen

### **FREE Upgrade to V4.2**

Moss doesn't grow on a rolling stone folks.... Thanks to Kevin and his programming team, they're proving that statement correct once again.

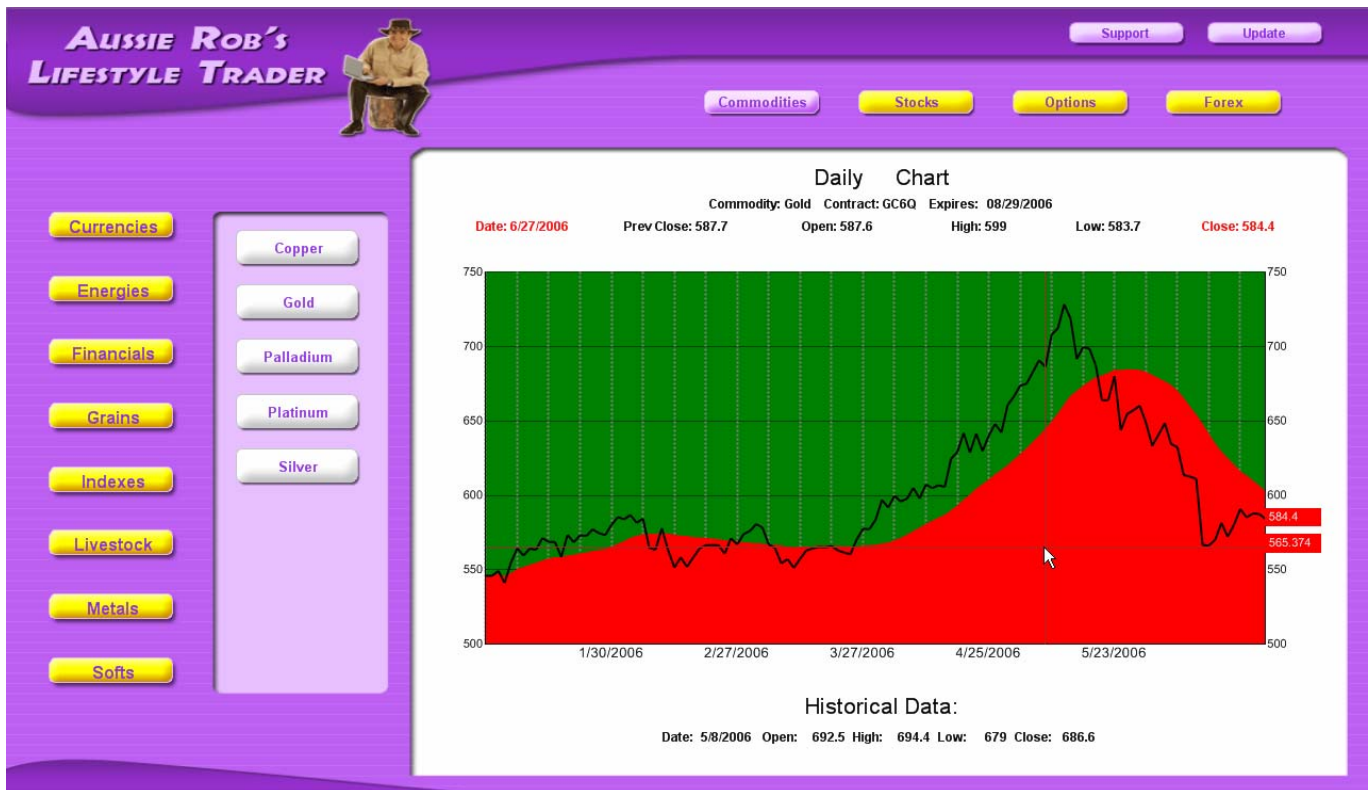
4.2 is full of great enhancements to help you stack more odds in your favor when deciding what to trade. As I mention at my Training Workshops, "trading is all about probabilities". The more of these little "probabilities" that we stack in our favour, (yes, Aussies spell it with a "u") the more probable our trade is at becoming profitable. Make sense? Great!

Firstly, right click any chart and you'll find the brand new "**Aussie Rob Analyzer**". This has been created to give you a very quick visualization to see if the Stock, Commodity or Currency is Bullish or Bearish.

The black line is price. If it is in the green zone, then the item is Bullish and if it's in the red zone, it's deemed to be Bearish.

The following page demonstrates 4.2...





As you can see above, Gold is in the red zone so it's deemed to be Bearish. You can use the crosshairs by moving your mouse over the screen to find Support and Resistance levels too. As per above, you can see that I have found a Support level at approximately \$565. When/if Gold turns back down again, it is highly likely that it will fall to that level. If it doesn't hold at that level, look out this could be the next Titanic!

So, how do you use Aussie Rob's Analyzer in conjunction with Aussie Rob's Crossover Charts? That's easy... trading can be as simple as 1, 2, 3 GO.

### Step 1: Daily Chart Crossover

Find a new crossover on the Daily Chart.

### Step 2: Check the Long Term Trend

Conservative traders like to look at the Weekly Chart to see the direction of the long term trend. It is always safer to trade in that direction. For example, Gold's current long term trend is Bearish, so it is safer to only trade the Short signals.

### Step 3: Aussie Rob's Analyzer

Check to see that what you are considering trading is in the right zone.

### GO

Gold seems to be look'n good as a Short as we have a new crossover on the Daily Chart, the Long Term Trend on the Weekly Chart is Bearish and it's in the red zone of the Analyzer.



*And what about Options?* I'm glad you asked.... As you know, options are my true passion. I actually created my Analyzer specifically for Options, however, it is just as effective for Commodities and Forex.

Both Covered Calls and Naked Puts are Bullish strategies so I prefer to trade candidates that are in the bullish (green) zone.

*And Forex?* Just like Commodities, look to get 3 out of 3 to stack more "probables" in your favour!

The next new feature is **Commodity Decimal Points**. I have recently had an influx of new students who were not sure where to put the Decimal Points so we have enhanced my Lifestyle Trader to include them. The data that comes in from the Exchanges doesn't have Decimal Points and we never programmed them initially as most of my clients were experienced traders that were used to never seeing Decimal Points in the pricing.

My main focus these days is working with newer traders so I have taken onboard their need to make my Lifestyle Trader as simple as possible. We're listening and more importantly, we're acting! :-)

So if you've programmed Commodities with Decimal Points, what about Forex? Ok, you win... we've done that too!

*And...* we have implemented a great new security feature that enables you to switch from one server to another.

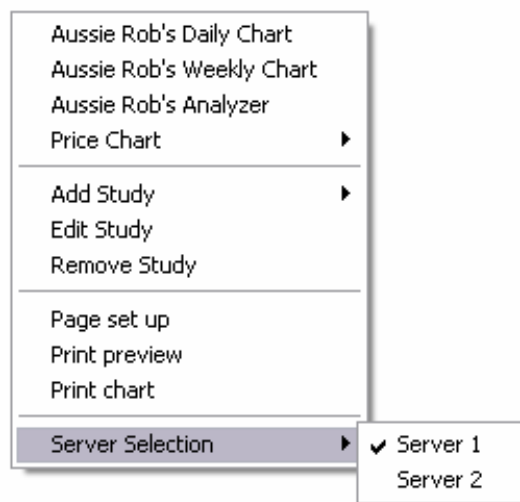
In the unlikely event that a connection to our Server Farm goes down (yes, believe it or not, sometimes the Internet is not perfect), you can switch to our back-up servers by selecting "Server 2".

Please don't change the Server settings unless you experience a problem.

So there ya have it, plenty of new goodies that stack more probables in your favour to help you become a more successful trader.

### How Do I Upgrade to 4.2?

Go to the Download section of my website and click on the "Aussie Rob's Lifestyle Trader" link. You'll then see the beta announcement and download instructions. There is no need to uninstall 4.1. Keep it on your computer as a backup as 4.2 is in beta mode. As always, I look forward to your feedback!



## How to put Covered Calls and Naked Puts on Auto-Pilot

I've been crank'n up the Aussie Training Workshops DownUnder and as I mentioned earlier, my focus has been with newer traders. It has been sooo refreshing to work with them as they don't generally have bad habits to hinder their success. It has also enabled to me go back to basics with a lot of things that over the years, you just take for granted. Take "Contingency Orders" for example. You can apply them to both Covered Calls and Naked Puts.

**Covered Calls:** The moment your trade is filled, place a contingency order with your Broker that if the stock drops to the sold call's strike price, your Broker will automatically buy back the sold call. This ends your obligation and enables you to sell your stock. No point hanging onto it if it's going down!

If you sell ITM Covered Calls, depending on how much time has gone by, even though the trade has gone against you, you can quite often find that you could still be profitable. Worse case is that you take a small loss. It's certainly better than sitting there hoping and wishing that it will go up again. You know what "hope" rhymes with?

**Naked Puts:** The moment your trade is filled, place a contingency order with your Broker that if the stock drops to the sold put strike, your Broker will automatically close out your trade by buying back the sold put.

Just like Covered Calls, you can be pleasantly surprised with getting out of the trade profitably or with only a small loss.

The above two strategies create an intra-day safety net for you too. Bad news could come out during the day and adversely affect the stock. If you're like me and you're doing other things when the market is open, you might never know about it until you update your charts next. By then, the damage could already have been done.

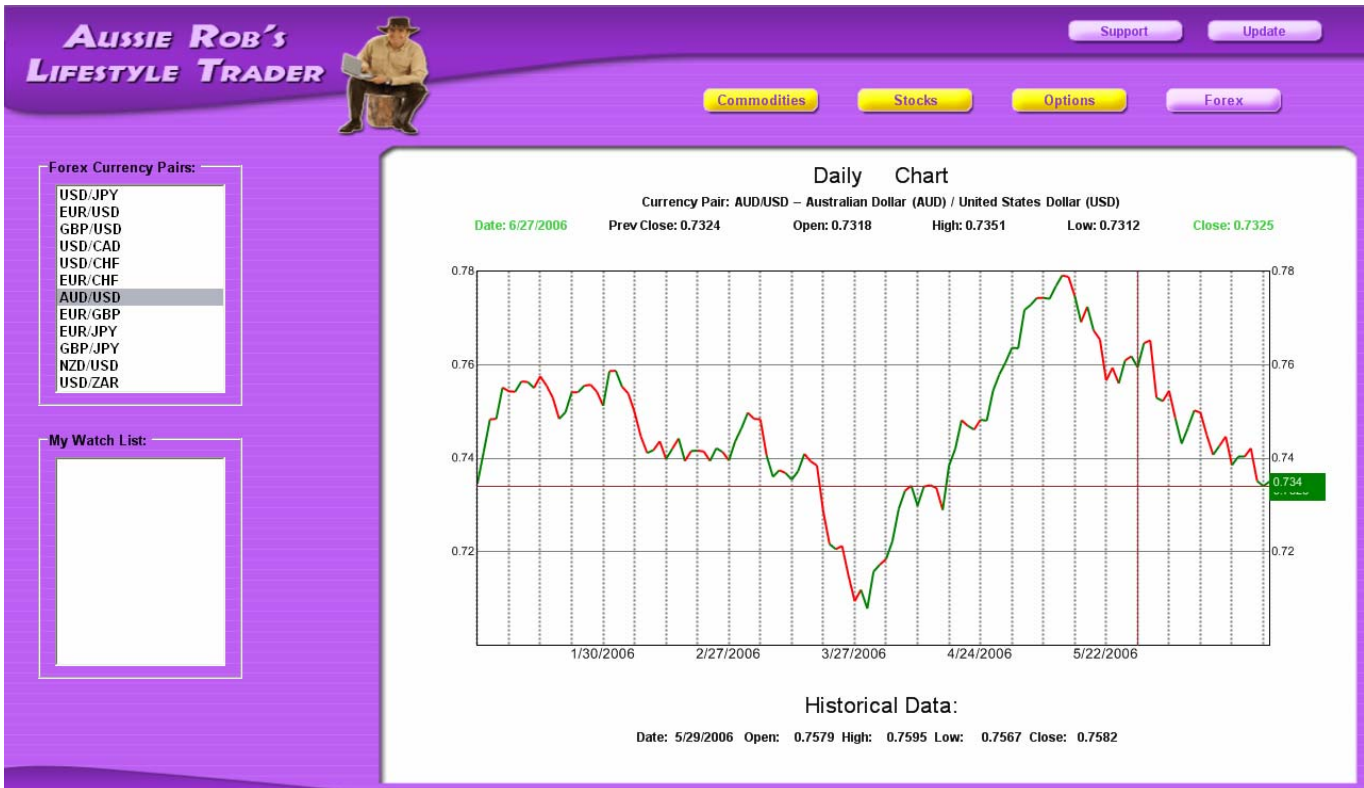
I strongly recommend that you consider applying these strategy as a lot of students have emailed me saying things like, *"I wish I would have listened to you before and bought back the call or put when the stock fell to the sold call's/put's strike price"*. You see, humans are funny creatures. They know the rules but good ole human nature comes in and buggers up the plan because most people are not disciplined enough to follow the plan. What is so difficult with "Plan the trade and trade the plan"? "She'll be right Mate, it'll go back up again!" Yeh, right!?!?!?!?!?

Play it safe and place a Contingency Order every time you place a trade! That forces your exit strategy and eliminates the problem that's between your keyboard and your chair!

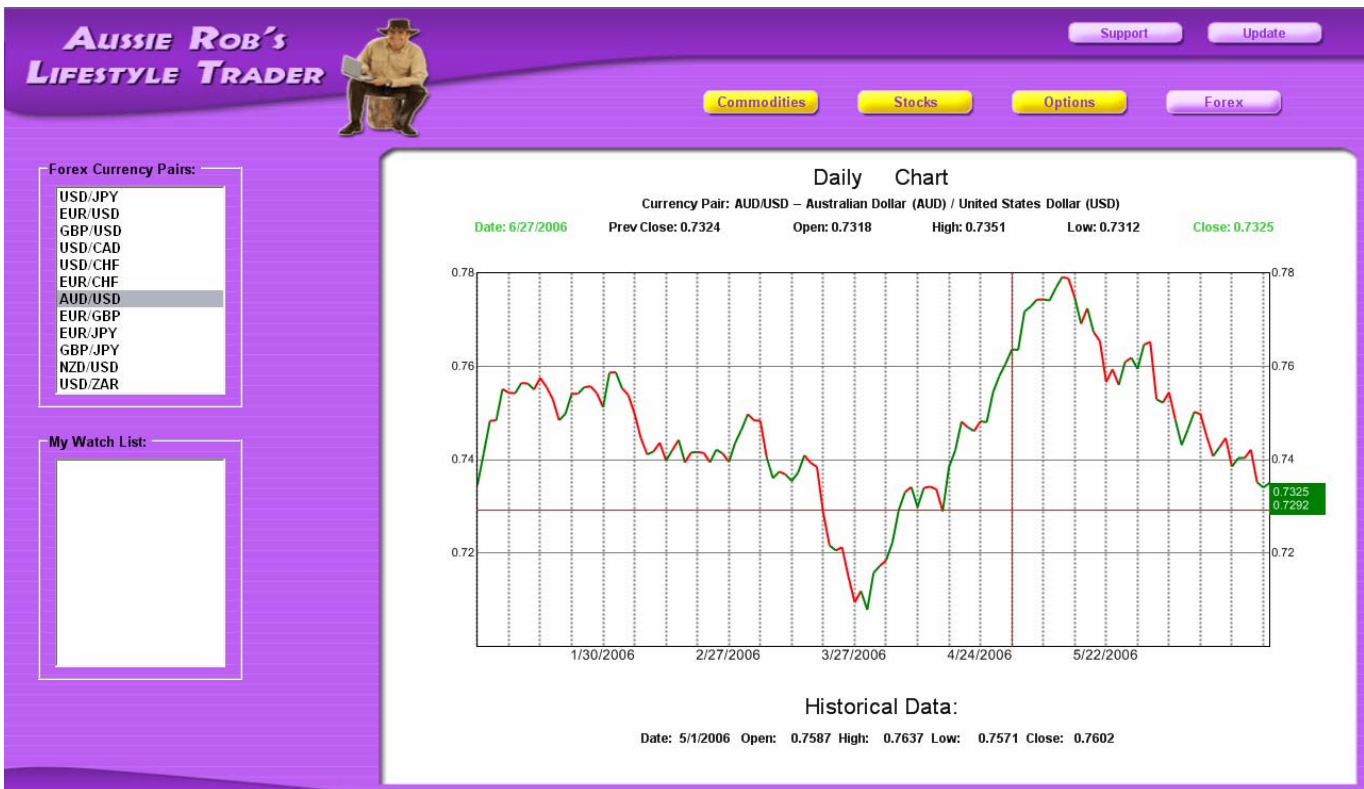
## How Far Can the Aussie Dollar Fall?

This is one that I am personally quite intimate with. Take a look at the chart on the next page and you'll see that it's sitting right on a major Support level. "Theory" says that it will bounce and go higher but we all know about "theory"....





If it breaks the 0.734 Support level, you can see on the chart below that the next major Support is about 0.7292. If it breaks that level, it could free-fall all the way down to 0.7078. and then???



## Hands-on Computer Lab Training

To be announced real soon!

## US/Canadian Training Workshop Tour

November is "Aussie Month"... so clear your diaries and get ready for some great DownUnder trading education. I will be exhibiting at the Traders Expo in Las Vegas as well as running a FREE Training Workshop whilst there. I'm also scheduling a left and right coast Workshop as well as one in Dallas and Toronto.

I am considering running a special "Hands-on Computer Lab Training" while I'm Northside too! Lemme know if you are interested in attending and what City you live in/and/or would like to travel to for your Training. What a great excuse to get away on a deductible weekend. Hawaii sounds good, eh! :-)

## Upcoming Events

The following dates are for FREE Training Workshops across Australia. They will focus on Stocks, Options, CFDs, Commodities & Forex.

These events will fill so jump on the phone to book your seat right now: **1300 55 48 58**

### JULY

- July 1 (Sat) ADELAIDE ~ Shares, CFDs, Commodities, Options & Forex**  
**Where:** Arkaba Hotel  
150 Glen Osmond Rd, Fullarton  
**When:** Saturday 1<sup>st</sup> July 2006  
**Start:** 8.30am for a 9.00am Sharp Start  
**Finish:** 5.00pm (Full Day of Great Step-by-Step Education)
- July 8 (Sat) MT GAMBIER (SA) ~ Shares, CFDs, Commodities, Options & Forex**  
**Where:** Commodore Motel  
1 Jubilee Hwy (east) Mt Gambier  
**When:** Saturday 8<sup>th</sup> July 2006  
**Start:** 8.30am for a 9.00am Sharp Start  
**Finish:** 5.00pm (Full Day of Great Step-by-Step Education)
- July 15 (Sat) MELBOURNE ~ Shares, CFDs, Commodities, Options & Forex**  
**Where:** Sofitel Melbourne  
25 Collins St, Melbourne  
**When:** Saturday 15<sup>th</sup> July 2006  
**Start:** 8.30am for a 9.00am Sharp Start  
**Finish:** 5.00pm (Full Day of Great Step-by-Step Education)
- July 22 (Sat) MILDURA ~ Shares, CFDs, Commodities, Options & Forex**  
**Where:** Mildura Grand Hotel (Donata's Room)  
7<sup>th</sup> Street, Mildura  
**When:** Saturday 22<sup>nd</sup> July 2006  
**Start:** 8.30am for a 9.00am Sharp Start  
**Finish:** 5.00pm (Full Day of Great Step-by-Step Education)



**July 29 (Sat)**      **SYDNEY ~ Shares, CFDs, Commodities, Options & Forex**  
**Where:** Sydney Harbour Marriott Hotel  
30 Pitt St, Circular Quay, Sydney  
**When:** Saturday 29<sup>th</sup> July 2006  
**Start:** 8.30am for a 9.00am Sharp Start  
**Finish:** 5.00pm (Full Day of Great Step-by-Step Education)

### July “Exclusive Members Area” Login Details

User Name: july  
Password: retireearly

### Options Essentials CDs

I continually get great feedback from clients after they have studied my CDs. They contain a lot of psychology as well as great option information. They were created for all traders, not just options traders as there are elements in them that can help you no matter what you trade. Take the section on the creation of a Goal Poster for example. The reason why most people break the rules is that they have not set goals important enough to stop them breaking the rules. What's worse, most people haven't set any goals at all. Have you? I don't mean just thinking, “Doh, I wanna make a million bucks trading....” I mean, clear, concise, realistic and trackable written down goals.

If you seriously want to become a more successful trader you need to step up to the plate and start doing things different to what you have done in the past, afterall, if you keep doing what you have been doing in the past, your future will simply mimic your past.

Go to <http://www.aussierob.biz/cdoffer.htm> and order a copy of the CDs right now before the 50% off promotion ends! You can never learn too much, turn off the TV and spend that time constructively educating yourself!

**Think about this...** *We save and save to educate our children for their future however we do not spend the money to educate ourselves. The importance of educating yourself is to be able to make more money that can be used towards our children's education.*

Well that's it for today.. what a bumper issue this has been. I hope you enjoyed it as much as I enjoyed writing it! Both Kerry and I are looking forward to seeing you, your family and friends at one of my new Training Workshops real soon!

Until next time...

Kind Regards  
Aussie Rob

[www.aussierob.biz](http://www.aussierob.biz)

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