



# Aussie Rob's Newsletter



**Aussie Rob News: 37  
September 2006**

G'day Folks

Here's a new acronym for when you're impressing your friends at a BBQ.... "BUPs".

"What da heck is a "BUPs?????"

BUPs is the most exciting Aussie Rob Lifestyle Trader upgrade of the year. It's an acronym for "Bull Put Spreads".

"So what's a Bull Put Spread?" You'll read all about em in this special newsletter.

### **This month's quote is an absolute humdinga:**

Let others lead small lives, but not you. Let others argue over small things, but not you. Let others cry over small hurts, but not you. Let others leave their future in someone else's hands, but not you. not you.

Jim Rohn

I'm sure you can relate to Jim's simple, yet powerful message as you are already pro-active. You're not leaving your future in someone else's hands. You're proactive, you're studying, you're learning and the best of all, you're "doing". As I've mentioned at numerous training workshops, "There is no better feeling when you reached financial freedom". Not that money is everything, but for the simple fact that when you have taken care of your finances, you then have the freedom to take care of the really important things in your life.

### **Here's Some Great Correspondence Since The Last Newsletter:**

Hi Rob Wilson;

I have recently subscribed to the ARLT program. I have had a good look at the options section. You have done a great job in making everything user friendly. Even a computer dummy like me finds it easy. The short put scans are fabulous.

[Thanks for your feedback John, I appreciate it!](#)

You always welcome feedback & questions, so I will give you mine.

A. Covered Calls

I am not keen on covered calls for the following reasons, but perhaps you have some great new innovative ideas, which I am not aware of. If so, please let me know about them in due course.



(a) Covered calls (CC), are equivalent to a short put. The only reason some brokers push them is the extra commission, & also because they are easy to understand by unsophisticated investors. Also they are safer than naked short puts. (Reference; Market Wizards; Blair Hull interview.)

Are you generally in agreement in agreement with the above comments?

The risk curve of Covered Calls and Naked Puts are the same, which you will learn when you attend my Hands-On Computer Lab Training.

The only reason why Covered Calls are touted as being “safer” is that you already own the shares so you can’t get a margin call if the stock tanks. With Naked Puts, if the stock goes below the sold strike, the stock will get “Put” to you at the sold strike price. If you do not have enough money in your account to cover the cost of the stock, you will get a margin call.

(b) CCs are usually used by people who already own the shares (& wish to keep them), but wish to gain extra income.

That is one reason why people write them.

CCs are more suited to medium & long term investors than to traders.

Not necessarily. I like to see “newer” traders write CCs before they start writing NPs. CC’s are easier to understand so I take a new trader from being a stock trader to being a CC writer and I then take them to the next level of being a NP / BUPS (Bull Put Spread) writer.

CCs also require a higher investment than the equivalent short put.

Yes, because you have to own or buy the stock.

To summarise, the above comments are my reasons for believing that covered calls are always inferior to the equivalent short put, or bull put spreads.

Agreed, but again, it is better for newer options traders to progress through the ranks! :-) With that said and done, you certainly have a great grasp on the concepts.

Are you generally in agreement with the above comments, or am I missing something important?

I’m with ya all the way Mate! :-)

## B.Short Puts

This is an excellent strategy, & has been a favourite of mine for a long time. I thought I had discovered the holy grail, & only recently discovered the flip side.

(a) As you would know better than me, a trader can make consistent profits trading naked short puts. However a disaster such as Sept 11, or the 1987 crash, could wipe out several years of profits (& then some) in one evening. Some experts advocate never to trade short naked options under any circumstance for the above reason. (Other experts believe you can manage these risks, But I do not believe you can.) What are your thoughts on the above?

If you go naked, you should always consider the “worse case scenario” and make sure that you have the funds to cover the stock being “Put” to you. Alternatively, instead of going “naked”, give up some of your premium to buy some insurance by creating a Bull Put Spread.

(b) I prefer bull put spreads for safety reasons. Also the lower margin requirement is a plus, although the vega is not as favourable.

Do you plan to offer bull put scans in the future? I hope so.

Certainly do Mate. Should have a “beta” version for you to trial next week. (4.3 has now been released)



(c) Your put scans show a margin requirement. I assume this is per share, & it is necessary to multiply this figure by 100 to obtain the margin per option contract? Is this correct?

Correct (This has just been changed on ARLT 4.3 to show the per contract amounts NOT per share)

(d) Some strategies work best using indices. Do you plan to offer scans using indices in the future?

If the indices produces the premium that we're scanning for, it'll show up.

#### C Other Stuff

(a) One of your 'competitors' is offering a 2 day seminar at the George St labs for \$4,000. Makes your program look good value.

My only comment on this is to replace the word "good" with "extreme"! :-)

(b) The best options book I have read recently is;

"High Performance Option Trading" by Len Yates (President of OptionVue)

He's a highly recognized writer.

(c) I have a friend who is an experienced trader. I have been urging him to attend an Aussie Rob presentation, & he eventually did. He was so impressed with the program that he signed up on the spot.

Great stuff, thanks for the referral Mate! It is sooo pleasing when I run my workshops to see the amount of people in the room that have been referred by their family and friends.

Hope you don't mind this long feedback, but some of these questions are very important & should be sorted out at the start. I do not expect a quick reply, as some of these answers will require some thought & consideration.

I love emails like this John as you have put a lot of thought into it! They also act as great training tools for others when I publish the Q&A's in my newsletters.

John

G'day Rob & Kerry,

Wow the million dollar party may have been sooner if only we had been trading now. What an extraordinary three weeks since the training workshop! Forex trading up US\$10,000 in first two weeks. Closed all trades except long Aussie Dollar Friday 1st Sept as we were going away and being remembering Wendy the Forex traders warning about the last Friday in August announcements. Great advice especially as a public holiday followed. Left trades in open spreadsheet to compare results and discovered catastrophic results. All profits vanished. What a lesson?!!

Folks, we were honored to have "Wendy the Forex Trader" (how's that Wendy? You have a new nickname!:-) at our Brisbane 2 Day Hands-On Computer Lab. She had previously made the observation that the last Friday of each month is an extremely volatile day so she takes all of her trades off the table.

See the value of networking and attending Training Workshops? Some of the best value is networking and sharing trading insights!

Since reopened trades Wed, Thurs & Fridays results if prices hold until Monday US time up a further US\$19,600 or US\$30,000 in THREE WEEKS trading 10 mini-lots per trade. Even without profit taking on the last Friday in August \$20,000 still sounds good. May consider profit taking as a strategy in the future especially if and when trading in multiple lots.

Sounds good to me guys!

Rob we need your online brokerage service up and running as were hooked. Definitely will need tuition in how to place trades. 90 days nearly up.

It's coming "real soon"!



Commodities not as successful down \$5000 same period, but will persist and with learning curve as these are really interesting. May have to sort a few into the watch but hands off basket.  
Yeh, things cycle, which is why I instill "90 Days" so then you see the cycles. "Softs" are a great conservative collection of Commodities to start with.

Know a few people who could be interested but we would like to be able to show them a successful trading sheet of ours in the very near future as some think we are stretching the truth about the results.  
Thanks for bringing a smile to my face. Now you know how I feel when I'm teaching at the front of the room with a group of people who are seeing a demo for the first time. "It seems too good to be true!" It's tough when you become successful and then want to share the success with family and friends. That's when the "Doubting Thomas's" and the "Dream Crushers" pop out of the woodwork. I never forget the time that my Dad asked me, "When are you gonna get a real job?" Hmmm, a "real job".... 60 to 80 hours a week making my Boss rich. Thanks but no thanks!!!

Let us know when you hold a workshop on the Bull Put spreads you were telling us about. We will definitely be there.

Tom and Jennie

The Hands-On Computer Lab Training Workshops have been a HUGE success! I'm in the process of planning advanced options training workshops for next year.

Hi Rob,

I really enjoyed the Computer Lab Training !!!!!!!  
A lot of thing makes more sense to me now and I value it highly, thank you!

I am very proud on my Lifestyle Trader Cert and it found a special place on my office wall (see attached Photo)

Rob you are a champ and I am very excited about all the new things on the horizon.

I love a person with vision & dreams.

Good on you ROB!  
Have a Brilliant day!  
Kind Regards **Johan**

Thanks for your kind words of encouragement Johan. You're a great bloke too! :-)



**Johan**

*"A proud Sydney Computer Lab Graduate"*

**Folks, Duncan is on my Beta test team and here is some invaluable feedback:**

Hi Aussie,

First look.. Bull Put spreads function is easy and intuitive BUT when checking for non standard options noticed much different options prices being quoted on the msn link you gave to us.

Thanks, DunCAN

Option prices can vary a lot as there are 6 different option exchanges so you can look at several different websites and see several different prices. This is one of the major reasons why at my Computer Lab Training I teach to place a "Net Credit Order". ie. If the sold option brings in \$1.00 and the bought option costs \$0.40, you tell your Broker that you want a net credit of \$0.60 instead of saying that you want \$1.00 for the sold option and are willing to pay \$0.40 for the bought option.



## Nasdaq Plans On Options

BY SUSAN HARRIGAN  
Newsday Staff Writer  
September 8, 2006

The Nasdaq stock market said yesterday it plans to get into the options-trading business, a move that would put it up against six other exchanges including its arch rival, the New York Stock Exchange, in a race to profit from the rapidly growing options market.

Chris Concannon, Nasdaq's executive vice president, said in a statement that pending approval from the Securities and Exchange Commission, the exchange will begin trading equity and index options in the third quarter of next year. The NYSE, the world's biggest stock exchange, acquired an options market through its purchase of Archipelago Holdings last year and introduced a new, automated trading system for options last month.

If approved, the move will make Manhattan-based Nasdaq, the nation's second-largest stock exchange in terms of market value, its seventh options exchange. The two largest, the Chicago Board Options Exchange and the Manhattan-headquartered International Securities Exchange, control about 63 percent of the options market, according to statistics from the Options Clearing Corp., which clears all options trades. The NYSE is the fifth-largest options exchange, with 9.2 percent of the market.

Options give their owners the right to buy an asset, such as a stock or index, at a certain price by a specific date. Institutional investors, such as hedge funds, and many small investors use them to try to profit from market movements, or to hedge their portfolios against losses.

Experts called Nasdaq's possible entry into the options arena good news for investors because it would increase competition.

"This is going to bring better service, cheaper service and faster service," Jim Angel, a finance professor at Georgetown University, said. "It's basically unalloyed good news for the consumer and bad news for the existing players. The big question is whether the market will grow fast enough to provide enough market flow for everybody."

**Options trading is a fast-growing market.** Last month, trading volume was 42 percent higher than at the same time last year, according to Jim Binder, a spokesman for the Options Clearing Corp. In 2005, volume was up 27 percent compared with 2004, when it was 30 percent higher than in 2003.

Meanwhile, intensified electronic trading, along with fierce competition, has made stock trading less profitable for exchanges. "Nasdaq needs the option business because they have to diversify," said Meyer Frucher, chairman and chief executive of the Philadelphia Stock Exchange, the nation's third-largest options exchange.

In Thursday's statement, Nasdaq's Concannon said the options market is "on the verge of a transformative change" because federal regulators are pushing for trading of options in increments of pennies, as opposed to nickels and dimes. Such a change, similar to one imposed on the nation's stock exchanges six years ago, would likely increase trading volume because investors would have more price choices, and markets wouldn't have to move as much to produce a profit.

U.S. options markets

Ranked by volume of contracts this year through August



1. Chicago Board Options Exchange 446.2 million
2. International Securities Exchange 392.5 million
3. Philadelphia Stock Exchange 168.2 million
4. American Stock Exchange 129.2 million
5. New York Stock Exchange Arca 121.7 million
6. Boston Options Exchange 65.0 million

**DUNCAN:** These different exchanges could offer different prices!

SOURCE: OPTIONS CLEARING CORP.  
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This article originally appeared at:

<http://www.newsday.com/business/ny-bznasd084881235sep08,0,548292.story>

## Business

More Business News



### Investors flee resource stocks

INVESTORS sold down resource stocks yesterday in an unexpected meltdown after international prices for metals and oil were crunched.

Date: **September 13, 2006 08:47am AEST** |

**Folks:** What have I been saying about being careful with resource stocks? The headline on the left says it all!!!

Learn to trade Commodities and make money shorting them on the "meltdown"....

### ARLT 4.3 is Here....

And now for some REAL EXCITING NEWS..... The beta version of ARLT 4.3 is here. You'll be able to download it from the download section of my website on Tuesday!

**WARNING:** You MUST uninstall all old versions of ARLT "BEFORE" you install 4.3

Here is a list of the enhancements on this FREE 4.3 upgrade:

#### 1. Option Scanner

Bull Put Spreads added. Bear Call Spreads coming soon.

#### 2. Export to Stocks

You can now export in the order that you sorted in the Options Module.

#### 3. Export to Excel

You can now export in the order that you sorted in the Options Module.

#### 4. Export to Text

You can now export in the order that you sorted in the Options Module and save as .txt file.

To do this, you export to Excel, and then save the result as a .txt file.



## 5. Analyser

1. When you click on a stock that has been imported from the Options Module, the Analyser Chart appears first, not the Aussie Rob Daily Chart.
2. Correct chart title is displayed on the Analyzer chart.

## 6. Print

Chart details (name and contract details) are printed on the top.

## 7. Commodities Module

Decimal place changed for Yen, 10 yr notes, EuroDollar, Treasury Bonds, Soybeans & Soybean Oil.

This now makes ARLT and the Paper Trading Spreadsheet uniform. You simply enter the figures in the spreadsheet with the decimal place the same as in ARLT.

## 9. EULA

“End User License Agreement” acknowledgement upon installation.

## FREE Software Upgrades

Periodically you will receive notification like today, that there is an update available. When you do, you simply follow these steps:

- WARNINGS:**
1. DO NOT do this if you don't have your User Name and Password.
  2. You must keep a record of your User Name and Password as it will be required every time that you install updates! You were advised of this in your Welcome Email that contained your original User Name and Password.

**Step 1:** Uninstall all old versions of ARLT

**Step 2:** Download the Update

**Step 3:** Install the Update

**Step 4:** Enter your User Name and Password

- WARNINGS:**
1. You MUST uninstall all old versions of ARLT “BEFORE” you install 4.3
  2. Make sure that you have your User Name and Password as you need to enter it during the install process!

I've attached a copy of my Bull Put Spread Training Notes and my Bull Put Spread Trade Sheet. They'll be on the web in due course along with my brand new training site! When? “Soon”.

Bear Call Spreads are coming soon in ARLT 4.4. What's a Bear Call Spread? It's the same as a Bull Put Spread, except opposite! :-) It's a strategy that uses Calls instead of Puts and it's for Bearish stocks instead of Bullish stocks.

## User Name and Password

This is a bit of a “touchy” subject as there are some people who continually email asking for their details every time we announce an upgrade or when they change computers etc etc. We really need your help with this please!



DO NOT email Support, Trading Help or any other email address other than [customerservice@aussierob.biz](mailto:customerservice@aussierob.biz) to request your original User Name and Password. Customer Service is the only department who will reply.

Every time we announce a FREE upgrade, Customer Service gets inundated with emails from people asking for their User Name and Password. It is not fair that other people who have been responsible by saving their User Name and Password that their other emails get delayed due to the influx of UN/PW requests. YOU MUST keep a record of your User Name and Password!

If you email Customer Service asking for your User Name and Password, they will reply within 2 or 3 working days. This will not affect you if you simply keep a record of your User Name and Password and do not upgrade to a new version of ARLT unless you have your User Name and Password.

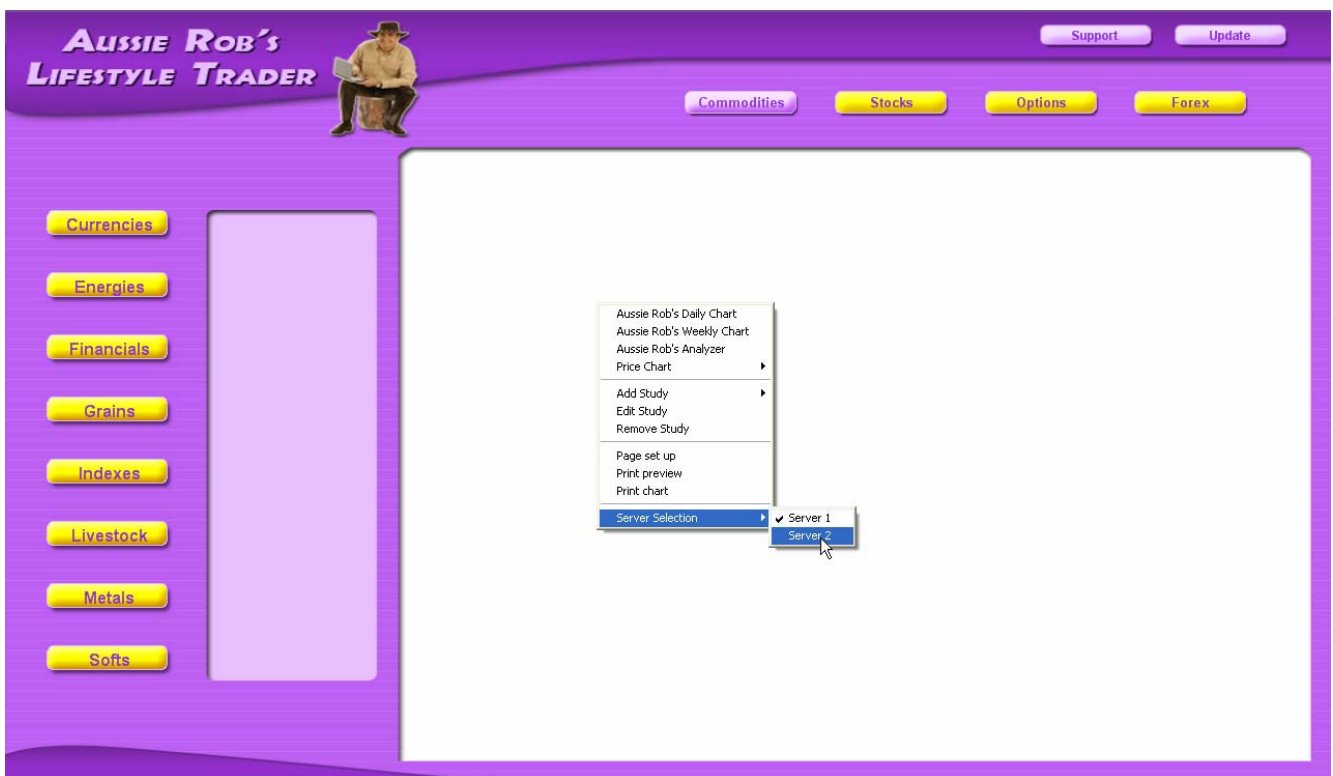
**Bottom Line:** *This is commonsense folks, trading is a business so you need to treat your ARLT software as your most important business tool. Please help us to help you by being responsible with your business!*

### How To Change Servers

If you ever have problems using ARLT, here is the problem solving procedure:

1. Right click the chart area and select Server 2.

You can do this from the Commodities, Stocks & Forex screens but not the Options screen.



2. If changing Servers does not fix your problem, reboot your computer and try again.

3. If you still have a problem, take a screenshot of your error message and forward it to [support@aussierob.biz](mailto:support@aussierob.biz)



To take a screenshot, simply click on the PrtSc button on your keyboard and paste it into your email.

To paste, simply hold down the Ctrl button on your keyboard and while holding it down, click on the “V” button on your keyboard.

### **Lifestyle Investor Services**

We’re very, very close to launching our unique brokerage, “Lifestyle Investor Services”. With that said and done, I’d like to introduce you to our Broker, Scott Goold...

### **Scott’s Column**

G’day Traders,

Rob and I thought it’d be a great idea if I wrote a column that would be full of great trading advice and tips. As this is my first column though I thought an introduction would be appropriate especially for anyone who has yet to meet me at one of Rob’s events.

Well I’ve been in the finance game since 1998 when I finished Uni and got a job with a company which is now part of the SFE (Sydney Futures Exchange). I then worked for Citibank as support for FX and then in the finance department. This was a crazy time and it was great to be in the heart of the action when the AUD hit record lows and when the Reserve Bank would intervene to prop up the currency. Then came September 11 and being on the trading floor at that time was certainly eye opening. After this I went and day traded commodities for a large UK firm which had just set up in Sydney. It was a great time to trade and an amazing learning experience in volatile markets with events such as the start of the war in Iraq.

I then travelled for a bit and after returning I became a Broker. This was where I discovered Rob’s Trend Genie and I was impressed. After you have worked as a day trader, using lots of complicated ideas and formulae, discovering there was a way to make money in the markets without becoming a zombie was a huge shock.

Suddenly I had something that would quickly tell me which commodities to trade without all the stress and without spending hours searching all the markets for a trade. I would then recommend these trades to my clients... and weren’t they astounded. That’s how I got to meet Rob and Kerry. Eventually we got to talking about a way we could specialise in servicing his clients and now we have Lifestyle Investor Services.

Rob and I sat down and worked out exactly what we wanted for our clients. We then found the best fit... the **Lifestyle Platform** will allow you to trade **Stock Options, Forex and Commodities** all from the one account. The pricing is fantastic and I am going to teach clients how to place the trades so it will be a simple process to go from finding the trade to placing the trade. We are just awaiting authorisations from the NYSE (New York Stock Exchange) and should be all systems go in the next few weeks.

In the meantime I’m working on a few enhancements that will make your trading even easier. Plus if you have any questions on trading (or paper trading) and your trading buddy is just as stumped as you are then send them through to me at [tradingsupport@aussierob.biz](mailto:tradingsupport@aussierob.biz)

All the best from behind the column,

Scott  
Lifestyle Investor Services



### **An Hour With Scott... One on One**

We have a dozen 1 hour time slots available for a “One on One” personal session with Scott to enable you to check that you’re interpreting the ARLT charts, entry and exit signals and any questions that you might have with your trading. In addition to that, Scott will go through the account opening process with you so you’ll be up and running with a live trading account.

This will create a win/win as it will reinforce your techniques, simplify your trading account opening and it will help us ensure that we have our procedures down pat prior to opening our platform to all clients.

So, if you’d like the opportunity to visit our Gold Coast Headquarters and spend an hour with Scott, email [customerservice@aussierob.biz](mailto:customerservice@aussierob.biz) the reasons why you should be one of the select few to be chosen for this special opportunity.

### **Aussie Rob Headquarters ~ Gold Coast, Australia**

Word has snuck out that the Aussie Rob Headquarters is close to being open. The exact address will be announced within the next couple of weeks. Some know of its location, however, we are not ready for appointments as our fit-out has not been completed. We’re aiming for the 1<sup>st</sup> of October.

All visits will be by appointment only as we are not geared for “walk-ins”. We’d be delighted to meet with you however; it will be via appointment only.

### **Hotmail is a Pain in the....**

We constantly receive reports from people with Hotmail email address saying that they do not receive our emails. We cannot guarantee replies to Hotmail. If you are using a Hotmail email address, we strongly suggest that you consider upgrading to a superior email provider. Take a look at GMAIL which is Google’s FREE email service: [www.gmail.com](http://www.gmail.com)

### **Data Feed Update Times**

Here are the current data update times:

	<u>US EST</u>	<u>Sydney</u>	<u>Syd Daylight Saving</u>
<b>Forex:</b>	6:15pm	8:15am	10:15am
<b>Options:</b>	6:45pm	8.45am	10:45am
<b>Stocks:</b>	7:00pm – 7:15pm	9:00am – 9:15am	11:00am – 11:15am
<b>Commodities:</b>	7:00pm – 7:15pm	9:00am – 9:15am	11:00am – 11:15am

To equate the above times to your local time, go to: [www.worldtimeserver.com](http://www.worldtimeserver.com)

**Note:** Forex trades around-the-clock so we base our “close” on the prices at 5:00pm US EST. We base the following day’s “open” on the price of the first trade that occurs after 5:00pm US EST.

### **Forex News ~ Up, Down, Who Cares as Profit is Flow’n Both Ways!**

GBP/USD \$1,670 short and now \$1,370 on the current long  
USD/CHF: \$1,341.60 profit on the long and now the short profits are flow’n...  
EUR/CHF: \$514.80 long and now \$577.20 short  
EUR/GBP: Trending nicely with profits flowing both ways  
GBP/JPY: Ditto with this pair too!  
NZD/USD: Ditto again  
USD/ZAR: And the Zar’s rally continues!



## Commodity News ~ What Goes Up, Must Come Down!

**Crude Oil:** Short 29<sup>th</sup> Aug at 71.53 and it closed Friday at 60.55 for a \$10.980 profit in the trade so far.



The above chart shows Crude's unquestionable short but check out its weekly chart for the bigger picture.... and ... what about Unleaded Gas? And what about the Skinny Pigs? Profit on the way up and now profit on the way down. And of course the old faithful "Softs" are do'n well too! Profits flowing in all directions on all kinds of stuff....

### Upcoming Events

Click on the "Upcoming Events" button on my website to see upcoming training workshops. Come as many times as you wish as they're a great way to learn and to network with fellow like-minded traders. If you haven't been to one yet, ya gotta do it as they're a lot of fun and you'll go home an inspired and more confident trader! If you've been before, come again and get your "Aussie Rob" fix! :-)

### 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/cdooffer.htm> and order a copy of the CDs right now and receive free shipping! 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.. I hope you enjoyed reading this newsletter 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)

*"Everything's EASY when you know how!"*

If you choose not to receive any further exclusive opportunities from Aussie Rob simply reply with "unsubscribe" as the subject and we'll remove you from the list as quickly as possible.

