

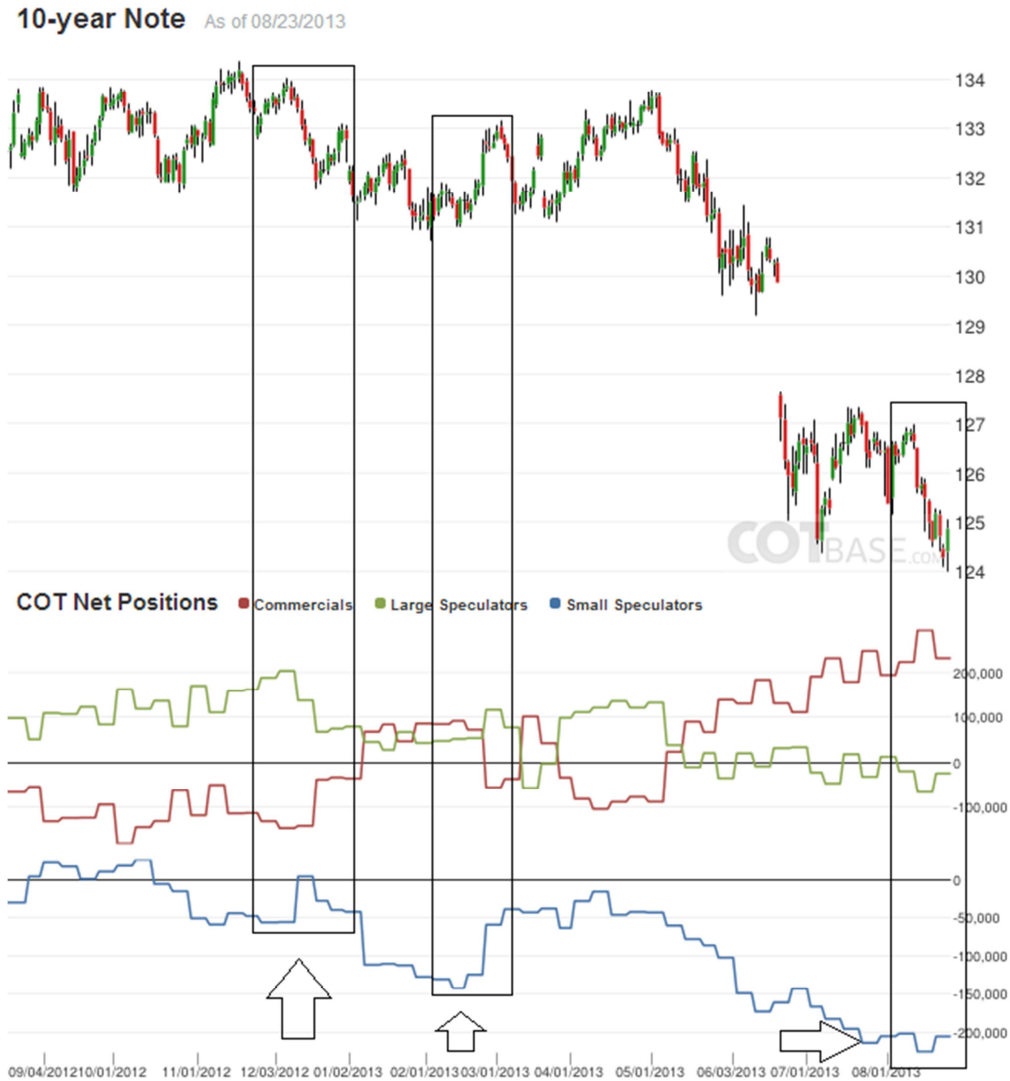
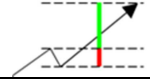
Flash report COT 10yr



August 29th, 2013

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“Quantitative approach for asymmetric results”



The above is a chart of the American 10 year Treasury future (ticker: TY U3) with a visualization of the Commitment of Traders (COT) with the latest information available (Source: www.cotbase.com).

What is important to note here is the twelve months highest short exposure of the Small Speculators.

Since I am of course a Small Speculator (hopefully only for a short period of time) I felt in the past, and I would feel it right now if I would have any position on this instrument, as a mice chased by a cat.

In fact everytime Small Speculators had their highest short exposure on this instrument, something happened that made them close their position all of the sudden, creating what you can see from the chart a substantial rise in the price of the future.

It is true that in previous times after each pull back the price continued its descent up to the current levels, and it seems that those pull backs, triggered by the cat, were only created to change ownership of the futures contracts, from Large Traders to either Commercials and or Small Speculators.

It is therefore very possible that we will be witnessing something similar very soon, with sudden spike in the price of this future due to a short squeeze which will make the (mice) Small Speculators run to close their positions that in fact is only a change in ownership of those contracts, to the (cat) Large Traders.

On the daily chart an inversion candle (from bearish to bullish) has already materialized on August 23rd, therefore long positions are welcome with an imperative stop below that low, set at 124.04 usd.

Target for this long position can be as high as 130 usd.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.



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Useful Links:

European Central Bank: www.ecb.int
Bank for International Settlements: www.bis.org
International Monetary Fund: www.imf.org
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US CFTC www.cftc.gov

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