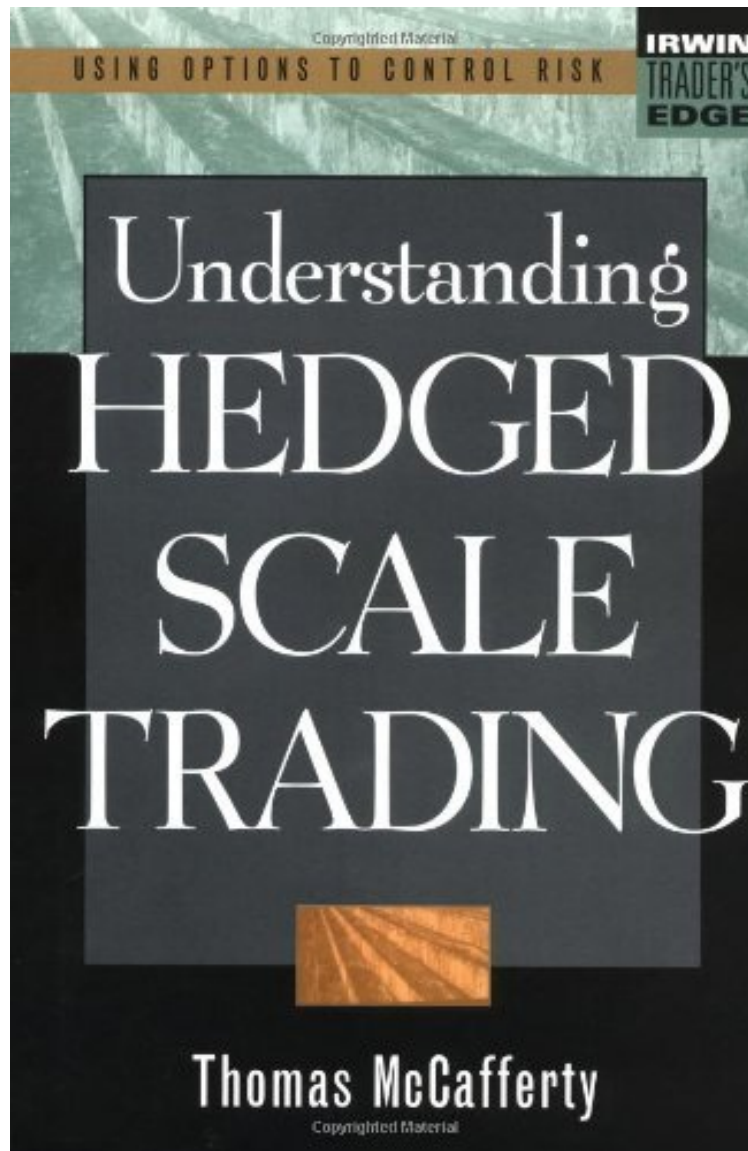


[PDF] Understanding Hedged Scale Trading (McGraw-Hill Trader's Edge)

## Understanding Hedged Scale Trading (McGraw-Hill Trader's Edge)

*Thomas A. McCafferty*

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**Thomas A. McCafferty : Understanding Hedged Scale Trading (McGraw-Hill Trader's Edge)** before purchasing it in order to gage whether or not it would be worth my time, and all praised Understanding Hedged Scale Trading (McGraw-Hill Trader's Edge):

8 of 9 people found the following review helpful. Currently the definitive workBy BLSMr. McCaffery writes with clarity and leads the reader surely towards a grasp of this somewhat arcane futures trading strategy. Scale trading with options means : buying (or shorting) a hedged commodity with the expectation that the price will revert to its mean within a certain period of time.Specifically, you buy a commodity (sugar, soybeans, oil, etc.) that's trading toward its

historic lows. You purchase put options to put a floor under the trade (limiting your risk), and scale into the trade (buy more futures at pre-determined intervals) if the price continues to fall. You are relying on the near certainty that the price must eventually rise. If you hold long enough and if all goes as it should (i.e., you execute), you will make a boatload of money in the eventuality. Obviously, attempting to scale trade a stock, which may have no tangible worth (think "Enron") is a bad idea, hence the focus on commodities futures. "Understanding Hedged Scale Trading" offers a relatively user-friendly technique for playing in the pits. After explaining how the futures markets work, the author gets right down to the real nitty-gritty: deciding which commodities to trade, the mechanics of trading futures, and how to buy more time (roll over your position). There is even a short treatise on technical analysis. According to the publisher (and my search), this is the only comprehensive book on hedged scale trading currently available. Good thing that it's a keeper. 15 of 15 people found the following review helpful. Very disappointing. By Brewhound. The title of this book is misleading. Only one chapter in the entire book deals with hedged scale trading and to sum it up the author says... "buy puts". Brilliant. The rest of the book describes scale trading (poorly) and fundamental analysis. If you want to learn about scale trading go to the source. Look at Robert Weist's, "You Can't Loose Trading Commodities". Weist does a much better job describing this trading technique. This book was a real disappointment and waste of money (in my opinion).

Relatively simple yet highly disciplined, scale trading has become one of today's most popular and rewarding--et risky--futures trading methods. Understanding Hedged Scale Trading explains this high level trading method from the ground up, outline techniques for trader to hedge scaled positions through the judicious use of options. By explaining how to profit from hedged scale trading while controlling its many risks, it should prove to be among the most practical, hands-on advanced trading books on the market today.

From the Back Cover Practical Techniques for Leveraging Consistently Greater Profitsshy;shy;With Dramatically Lowered Riskshy;shy;In the Futures Market Scale trading is one of the most financially rewarding methods of trading in today's turbulent markets. At the same time it can be one of the riskiest. Understanding Hedged Scale Trading explains a proven method for taking advantage of scale trading techniques while strategically using options as a hedge to dramatically reduce that risk. "Futures trading is a lot like war. The winner is the one standing when the loser is forced to sign a treaty. The person standing is the one with an edge who trades defensively." Understanding Hedged Scale Trading shows you how to win the war. Explaining every facet of this highly potent trading methodshy;shy;from how to select your scale trading targets to advanced hedging and scale trading techniquesshy;shy;this step-by step book discusses: Solid, proven ideas and approaches for getting started Factors to consider in choosing a market to trade Effective methods for rolling positions over to extend expiration datesshy;shy;and increase profit opportunities Profitable scale trading requires strong nerves, above-average tolerance for risk, and the ability to understand and use leverage. If you have the nerves and the risk tolerance, Understanding Hedged Scale Trading shows you how to control the leverageshy;shy;reducing your losses and increasing your ratio of profitable trades in every type of market. "Profitable futures trading depends on getting an edge on the market, taking advantage of the edge whenever possible, and doing nothing when the edge is not evident. This book is all about teaching you where there is an edge in the futures market and showing you how to take advantage of it." shy;shy;From the Introduction Scale trading provides the edge and hedged scale trading sharpens that edge, allowing experienced traders to stay on both sides of the market and use their edge most effectively. Understanding Hedged Scale Trading covers everything traders need to know to work with the increased leverage provided by scale trading while covering their backs against the inevitable moments when, despite taking every precaution, they find fast-moving markets moving against them. It is the only in-depth treatment of hedged scale trading on the market. This high-level trading book provides an easy-to-follow roadmap for combining the increasingly popular hedged scale trading method with the judicious use of options to control downside risk. Author Tom McCaffertyshy;shy;a veteran of nearly three decades in the futures industry who has seen everything and is fazed by nothingshy;shy;shows you how to keep your wits about you in the heat of futures trading battle as he discusses: The mechanics of scale trading, and the similarities and differences between traditional and hedged scale trading Techniques for effectively offsetting the cost of commissionsshy;shy;the unspoken yet omnipresent cost of trading Strategies for grabbing quick profits in the brief period of increased price volatility referred to as the Red Zone Methods to reduce margin callsshy;shy;and avoid your broker closing out your positions before their full potential is realized Proven tactics for applying hedged scale trades to commodities groups including grains, foods and fibers, energies, metals, and entire indexes Understanding Hedged Scale Trading is all about using your brainshy;shy;instead of your bucksshy;shy;to take advantage of market turnarounds. Filled with examples of both successful and unsuccessful scale trades, it provides strategies to minimize trading risks as you maximize market leverage, initiating trades in falling markets and then waiting patiently for the inevitable laws of supply and demand to drive the markets back upshy;shy;and dramatically increase your risk-adjusted returns. About the Author Thomas McCafferty has been involved in the futures business for nearly three decades. A registered stockbroker and securities options principal, he is the former branch office manager at Securities Corporation of Iowa and is currently chief operations officer at

Market Wise Securities, Inc., of Broomfield, Colorado. McCafferty is the author of several books, including All About Futures, All About Options, All About Commodities, and Winning with Managed Futures.