A seasonal trade in Australian dollar futures

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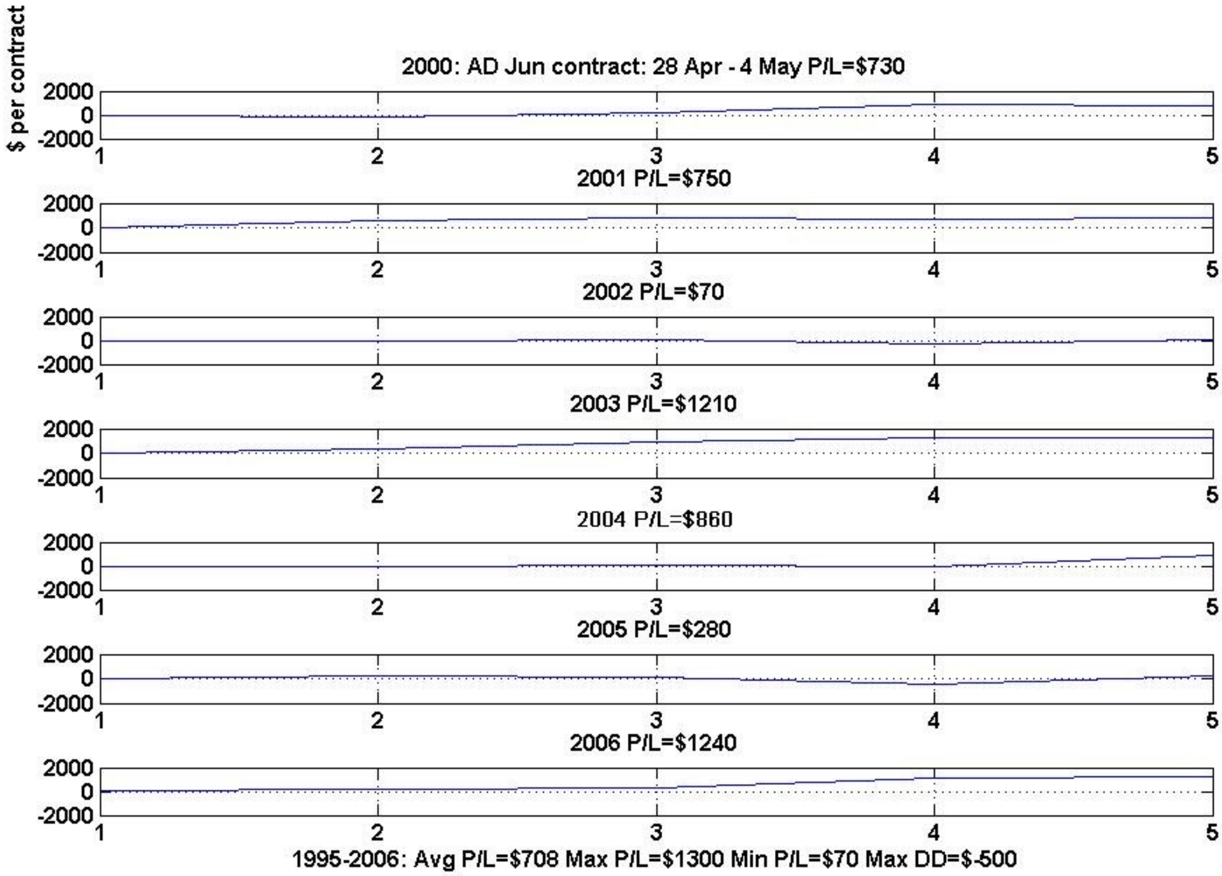
I ususally don't discuss trades that I don't understand. But this time I will make an exception because the historical patterns is so consistent -- but still, I will urge the reader to be cautious. Here is the trade: buy the CME/Globex June Australian dollar futures (ticker AD) at the close of April 28, and sell it at the close of May 4. Just like the gasoline futures trade that I mentioned in my last article, historically we would have realized a profit on this trade every year since 1995. Here is the annual P/L and maximum drawdown (measured from day 1, the entry point) experienced by this position:

Year	**P/L**	**Maximum Drawdown**
1995	$1300	$0
1996	$1000	-$60
1997	$330	$0
1998	$140	$0
1999	$590	$0
2000	$730	-$220
2001	$750	$0
2002	$70	-$290
2003	$1210	$0
2004	$860	-$30
2005	$280	-$500
2006	$1240	$0



The average P/L of this trade is $708, the maximum P/L is $1,300, the minimum P/L is $70, while the maximum drawdown is -$500. The initial margin is $1,148 and the maintainence margin is $850, which means that at the maximum drawdown your investment is $1,350 (per contract). The holding period is about 5 trading days only.

Acknowledgement

Once again, this research has been inspired by the monthly seasonal trades that Mr. Paul Kavanaugh at PFG publishes.

Disclaimer

This research is for informational purposes only, and is not a recommendation to buy or sell any securities mentioned. As always, past performance is no guarantee of future results!

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