



## A Brief Report for Trading Game

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### ABSTRACT

This paper summarizes trade details, strategy made, and the participant learned through trading on STOCKTRAK game. The report also includes the profits and losses, every trade made on derivatives products, the timing for buying and selling and gain some practical experience.

**Keywords:** trading strategies and motivations, empirical edification

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## 1. Profile

Benchmark interest rate has been lifted from 0.25% to 0.5% by Bank of England since 2007. Market response quickly and some investors already obtained profits.

The news proves again that the changes of investment market is complicated, and volatility of derivatives is difficult to predict in the dynamic market. Therefore, the practical experiment is necessary for us. We tried to trade with various derivatives as much as possible, including stocks / ETFs, options, mutual funds, futures, future options, bonds and spots on STOCKTRAK game. The market changing was reflected through profits and losses shift on investors' virtual account with € 1000,000 initial funds. This experiment assisted us with knowing investment market directly and using knowledge in an empirical method.

## 2. Overall profits & losses

I totally ordered thirteen trades with equities, a stock option and a future[ The future was expired, this trade will be illustrated in “empirical edification “part.] in the past four weeks. Figure 1 summarizes the basic information on virtual account. Total returns take 1.22 percentage of € 1,002,204.40 balance, thirteen trades worth € 4,170.89 positions on net market value. And commissions totally cost € 23.78 (currency exchange rate: € 1= \$1.18).

### 2.1 Profits

The most profitable derivatives are equities in portfolio. Figure 2 describes the greatest part of return is from equity 603499 by 1500 positions with €6,281.49.

**Figure 1. Basic information of portfolio**

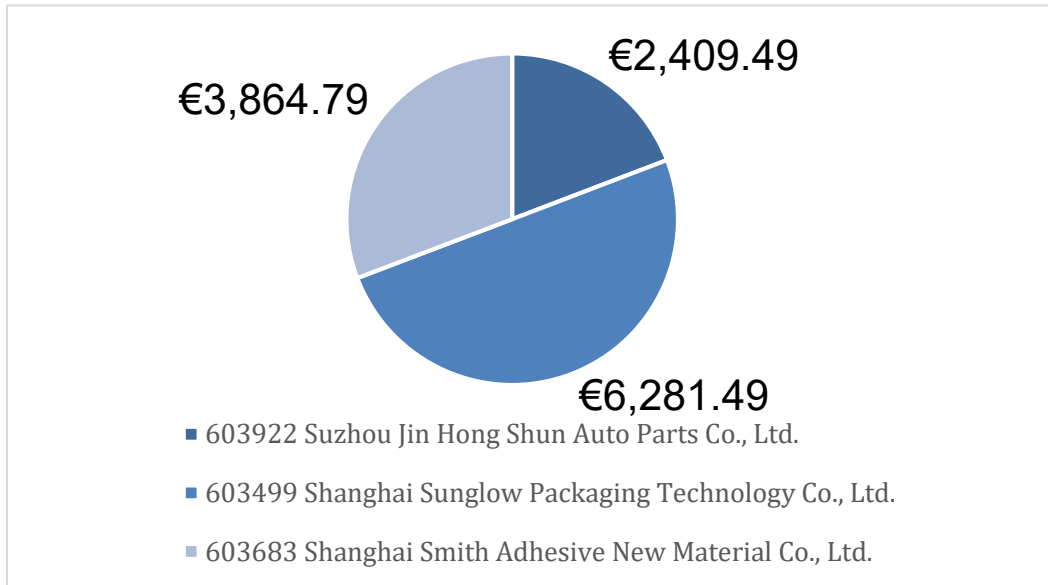
Market Value	
Market Value of Long Positions	€ 4,170.89
Net Market Value of all Positions	€ 4,170.89
Portfolio Summary	
Portfolio Value	€ 1,002,204.40
Percentage Return	0.22%
Buying Power	€ 998,033.51
Trades Made/Allowed	13/9987
Current SPY ETF	€ 258.09
SPY ETF at start date	€ 254.95
SPY ETF % Return	1.22%

**Figure 2. Details of profitable Derivatives**

Transaction Type	Security	Symbol	Company Name	QTY	Price (¥)	Amount(€)
Market - Sell	EQUITIES	603683	Shanghai Smith Adhesive New Material Co., Ltd.	-25	17.91	57.09
Stop - Sell	EQUITIES	603922	Suzhou Jin Hong Shun Auto Parts Co., Ltd.	-500	37.25	2,409.49
Stop - Sell	EQUITIES	603499	Shanghai Sunglow Packaging Technology Co., Ltd.	-1500	32.37	6,281.49
Stop - Sell	EQUITIES	603683	Shanghai Smith Adhesive New Material Co., Ltd.	-1005	29.11	3,807.70

Figure 3 indicates that equity 603499, equity returns with 50%, 31% and 19% of the 603683 and equity 603922 respectively earn proportion on total returns.

**Figure 3. Proportion of return from different equities**



**2.2. Losses**

**Figure 4. Details of Losing Derivatives**

Trade Date	Transaction Type	Security	Symbol	Company Name	QTY	Price (¥)	Amount(€)
10/23/2017	Market - Buy	EQUITIES	603103	Hengdian Entertainment Co., Ltd.	15	¥43.36	€-83.38
10/25/2017	Market - Sell	EQUITIES	603103	Hengdian Entertainment Co., Ltd.	-15	¥43.50	€83.19
10/23/2017	Limit - Buy	EQUITIES	600490	Shanghai Synica Co Ltd	20	¥10.93	€-28.02
10/23/2017	Limit - Buy	EQUITIES	603717	Tianyu Ecology & Landscape Co Ltd	30	¥32.25	€-124.03
11/10/2017	Limit - Buy	OPTIONS	BABA1717 K 177.5	Alibaba Grp Shs Sponsored American Deposit Share R	5	\$10.00	€-4,294.39

**3. Trade**

Obviously, the price of the derivatives remained with a stable tendency in the portfolio. And the cheapest derivative is a Chinese stock approximately by €1 (equal to ¥10.93 in Figure 5) per share. The most profitable derivative has the biggest quantity of positions.

The pie chart (Figure 6) describes thirteen transactions, including 3100 positions that mostly divide by stock 603499 (with 1500 positions), stock 603683 (with 1030 positions)

The pie chart (Figure 6) describes thirteen transactions, including 3100 positions that mostly divide by stock 603499 (with 1500 positions), stock 603683 (with 1030 positions) and stock 603922 (with 500 positions), whereas other stocks and an option only take small proportion on total volume.

**4. Trading strategies and motivations**

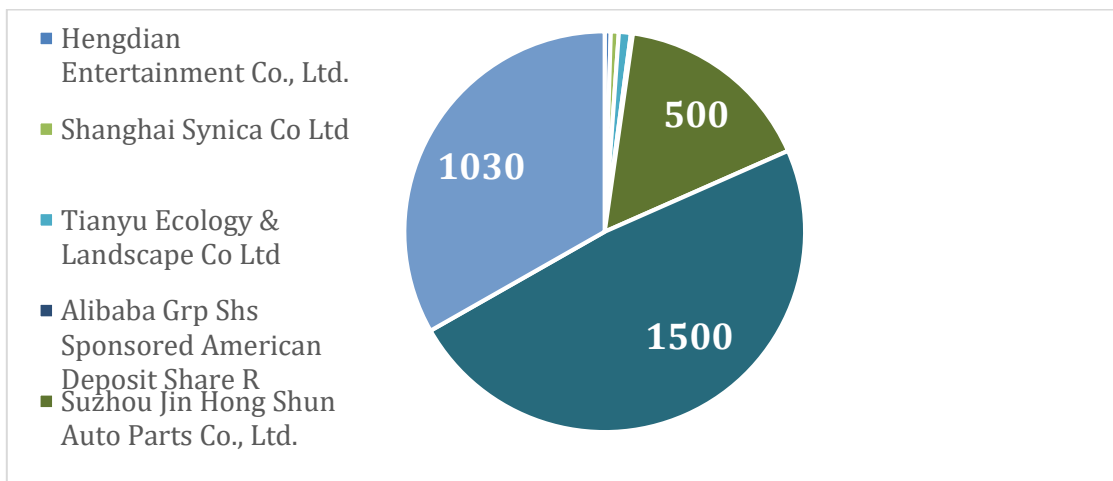
and stock 603922 (with 500 positions), whereas other stocks and an option only take small proportion on total volume.

**Figure 5. Transaction details**

Trade Date	Transaction Type	Security	Symbol	Company Name	QTY	Price (¥)	Amount(€)
11/10/2017	Limit - Buy	OPTIONS	BABA171 7K177.5	Alibaba Grp Shs Sponsored American Deposit Share R	5	63.00	-4,294.39
11/9/2017	Stop - Sell	EQUITIE S	603922	Suzhou Jin Hong Shun Auto Parts Co., Ltd.	-500	37.25	2,409.49
11/9/2017	Stop - Sell	EQUITIE S	603499	Shanghai Sunglow Packaging Technology Co., Ltd.	-1500	32.37	6,281.49
11/8/2017	Stop - Sell	EQUITIE S	603683	Shanghai Smith Adhesive New Material Co., Ltd.	-1005	29.11	3,807.70
11/7/2017	Limit - Buy	EQUITIE S	603922	Suzhou Jin Hong Shun Auto Parts Co., Ltd.	500	36.09	-2,345.21
11/7/2017	Limit - Buy	EQUITIE S	603499	Shanghai Sunglow Packaging Technology Co., Ltd.	1500	31.89	-6,216.84
11/7/2017	Market - Buy	EQUITIE S	603683	Shanghai Smith Adhesive New Material Co., Ltd.	1000	27.92	-3,628.60
10/25/2017	Market - Sell	EQUITIE S	603103	Hengdian Entertainment Co., Ltd.	-15	43.50	83.19
10/25/2017	Market - Sell	EQUITIE S	603683	Shanghai Smith Adhesive New Material Co., Ltd.	-25	17.91	57.09
10/23/2017	Market - Buy	EQUITIE S	603103	Hengdian Entertainment Co., Ltd.	15	43.36	-83.38
10/23/2017	Limit - Buy	EQUITIE S	600490	Shanghai Synica Co Ltd	20	10.93	-28.02
10/23/2017	Limit - Buy	EQUITIE S	603683	Shanghai Smith Adhesive New Material Co., Ltd.	30	14.80	-56.92
10/23/2017	Limit - Buy	EQUITIE S	603717	Tianyu Ecology & Landscape Co Ltd	30	32.25	-124.03

Source: <http://www.stocktrak.com>

**Figure 6. proportion of quantity from different Derivatives**



**4.1. To set a goal**

Based on limited trading days and €1000,000 initial balance on virtual account, to gain profits and to mitigate risks as more as possible are primary target. Firstly, I am a risk averter and

**4.2. To choose investment market**

The Chinese investment market was driven by government policy upon most occasions. During trading days, a very important party meeting was convened. Government usually proposed new policies and guidelines at this conference and financial market would response these documents within two days maximumly.

Equities price of some companies particularly increased if their industry was indicated to government documents in the meeting. The government emphasized the green development this year and refer to environmental governance. Thus, certain industries would have government supports in the future, such as the industry about new energy, new materials, and landscaping.

In addition, the trading period near to “Double 11 shopping carnival” , this online shopping

prefer to choose one investment with lower risk than another one, even they both have same expected rate of return. Secondly, I plan to arbitrage through a series of transactions that can offset with each other.

carnival was holding by Alibaba Group, the biggest Chinese e-commerce conglomerate. They earned ¥120.7 billion revenue on 11th November 2016. Since they had IPO in NYSE on 19 September 2014, their share would be ups and down around November.

**4.3. To screen out equities**

Firstly, I selected some stocks by their performances on website of Shanghai Stock Exchange in trading days. Secondly, I screened stocks out via turnover rate. A turnover rate implies the investors’ confidence about this stock. If a stock had high turnover rate, it may have high level of liquidity and low level of confidence from investors. Due to the negative expectation, investors want to trade a high-turnover rate stock as soon as possible.

The selected stocks as Figure 7 shows:

**Figure 7. the selected stock**

	Symbol	Company Name
1	603922	Suzhou Jin Hong Shun Auto Parts Co., Ltd.
2	603499	Shanghai Sunglow Packaging Technology Co., Ltd.
3	603683	Shanghai Smith Adhesive New Material Co., Ltd.
4	603103	Hengdian Entertainment Co., Ltd.
5	600490	Shanghai Synica Co Ltd
6	603717	Tianyu Ecology & Landscape Co Ltd

Source:<http://www.stocktrak.com>

Taking equity 603683 (company Shanghai Smith Adhesive New Material Co., Ltd.) as an example: Their products were made from new materials, for instance, rice and was sold nationally. This company had ¥3,159.1 million

on market capital, ¥833.51 million on total assets, and earned ¥166.83 million quarterly revenue in the first quarter of 2017.

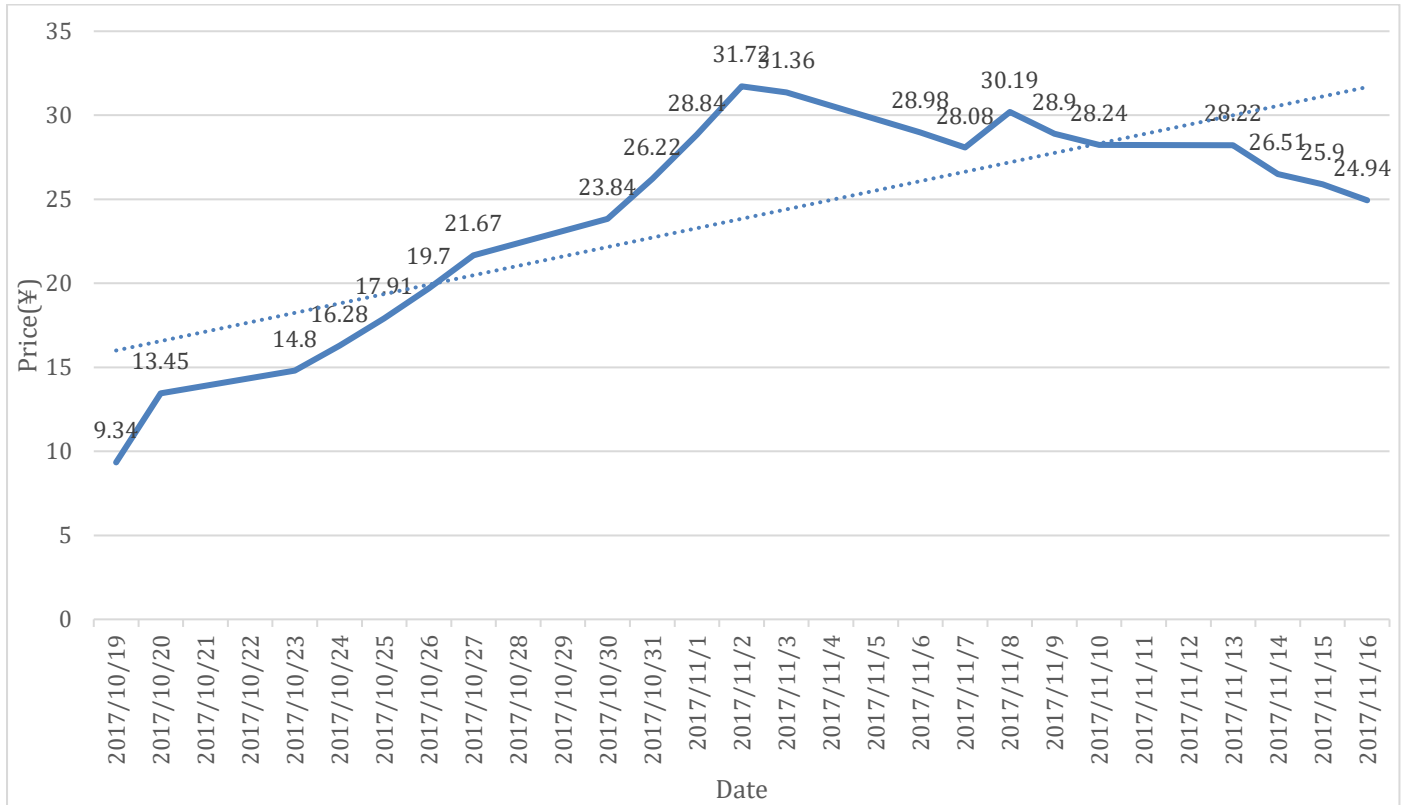
According to the basic information above, this company already found a right position in

market and had their unique advantage. Most attractive is that their products and idea had same direction with government new policy, it demonstrated that company's manager was good at planning for big picture, this company might have big chance to expand and would have good performance on stock market in the trading period.

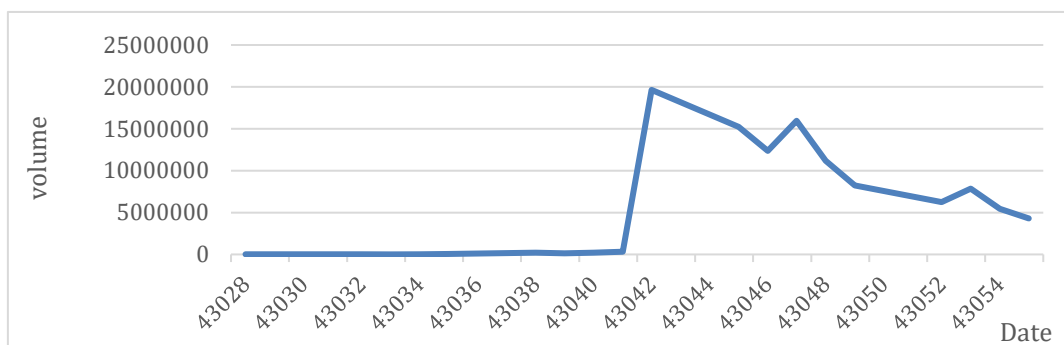
**4.4. To wait a suitable time**

Firstly, to collect historical price for every stock. I believe that history has a continuous cycle, there is no exception as well as on stock market. The past price of equity 603683 (Figure8)

**Figure 8. Historical Price for Equity 603683**



**Figure 9. Historical volume for Equity 603683**



Secondly, three data signified a great time to buy equity 603683 on 23th October 2017. The 0.01% of turnover rate was markedly low, the stock price didn't reach historical peak time

(Figure 8), and volume was relatively low as well (Figure 9). The low turnover rate and volume of transaction indicated that most investors still highly expected this equity could

performance better at end of October or even at beginning of November.

Thus, I continuously bought this stock with 30 positions and 1000 positions on the game.

**4.5. A time difference**

Owing to 8-hours difference between Ireland and China, I select limit or stop price to transact. No immediately response on market changing was a major problem that occurred by time lag. These transaction type partly resolve the problem and mitigate risks.

**5. Empirical edification**

We approached typical derivatives products that highly related to our basic knowledge for derivatives on STOCKTRAK game. The fluctuation in market also impacted on our virtual account with balance dramatically changed. Based on the four-weeks trading I mainly learned three piratical experiences.

**5.1. Finding an appropriate market**

This game let me understand that profits highly correlate with risks, if I want to obtain more returns within one month, even I am averse to risk, I should choose a market with more volatility than Chinese investment market. This enlightened me that a great investing environment is not a stable market, is a market that meet investors' demands, maybe it's a

fluctuant market or a market has tendency which is driven by private information.

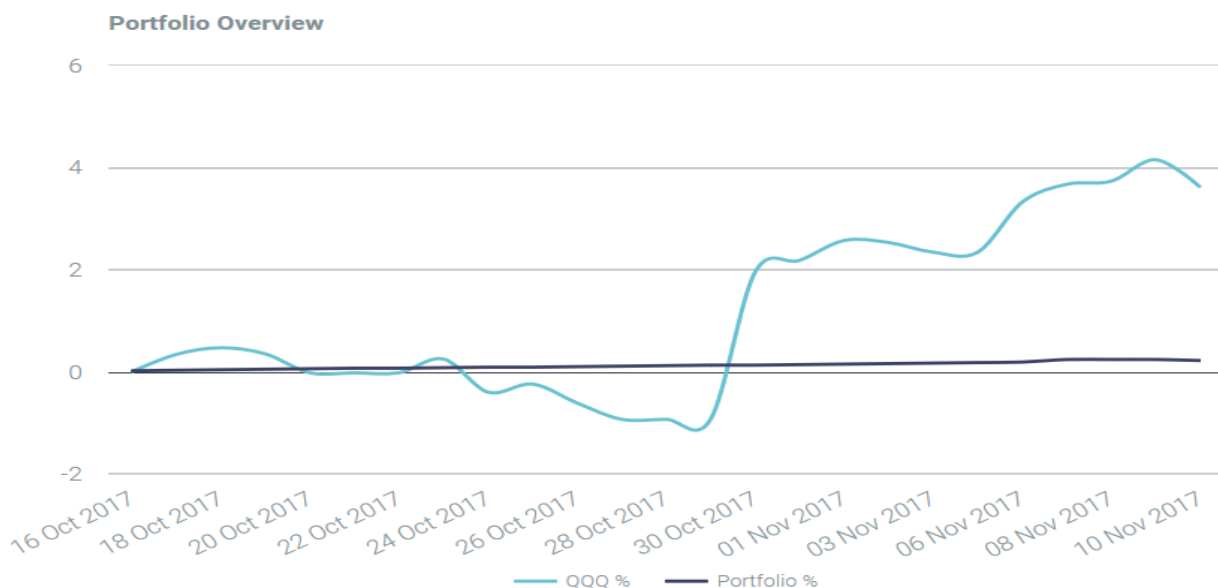
**5.2. Commission costs**

Since I didn't earn a lot of money by implementing the cautious strategy, then every cent counts. But one trade costed \$10 or ¥10, the commission totally costed \$28 (currency exchange rate: \$1= ¥6.63) in trading period. I didn't think highly of the commission costs, and frequently traded with small amount every time. And if I got more losses on portfolio, the commission will hold a considerable part of amount of total loss.

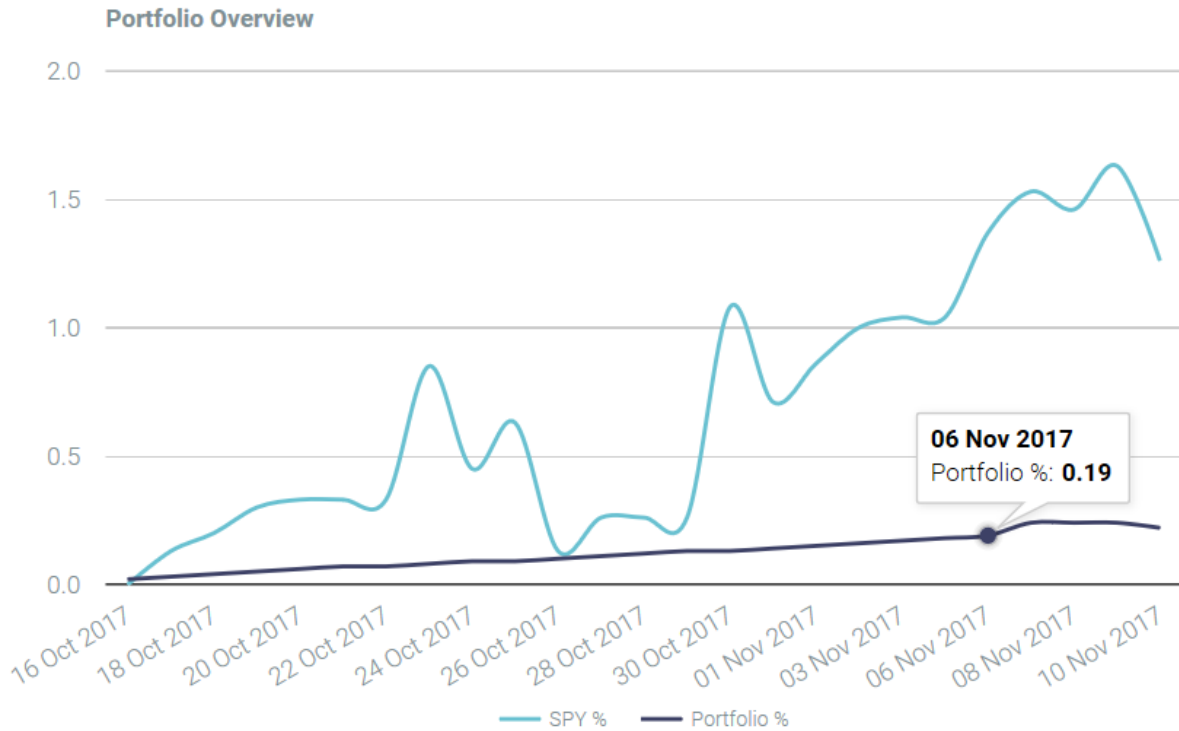
**5.3. Impact from market fluctuations**

To avoid some risks that from market volatility I invested very careful. At meanwhile, I lost profits. When Nasdaq index dramatically moved between 26th October and 4th November (Figure 10), my strategies prevent loss happened and contribute profits to other investors in the same period. This sacrifice on profits is specifically describe on Figure 11 and Figure 12: When S&P 500 and Dow Jones index greatly increased after 31th October, percentage return only rose 0.05% (=0.24%-0.19%).

**Figure10. Nasdaq ETF (%) VS. portfolio Return (%)**

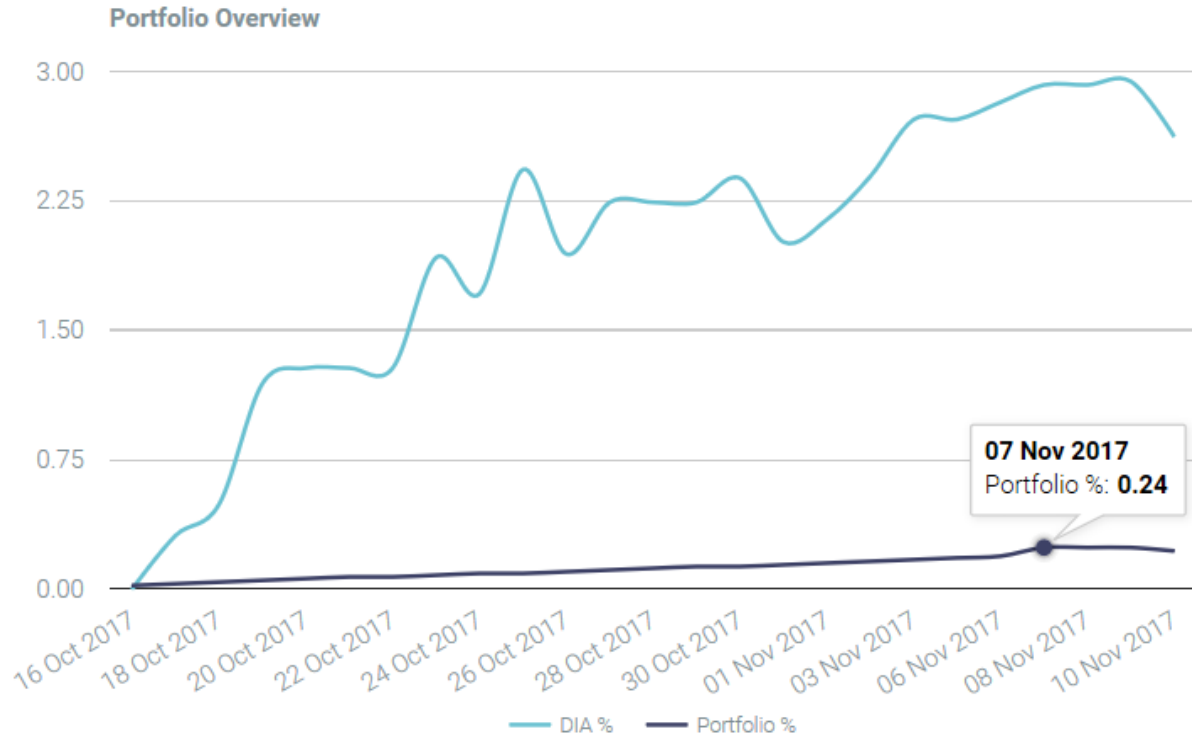


**Figure 11. S&P 500 ETF (%) VS. portfolio Return (%)**



Source: <http://www.stocktrak.com>

**Figure 12. Dow Jones ETF (%) VS. portfolio Return (%)**



Apparently, it's not difficult to observe and predict the market trend like this, two major index both ascend in the same time. I need to practice more to acquire keen sense of the

market change. Besides, the expired future reminds me stick to the date of delivery. Missed the delivery time makes me lose a chance to deal with futures.



This game let me experience the dynamic market by means of trading basic and practical derivatives. Furthermore, derivatives products more attractive because changes of derivatives highly interact with variable market.

## 6. References

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