The Triangle Trading Method

My plan for trading the Futures Markets

David N. Windover

Introduction

I believe that success in the Futures markets is achieved thru the disciplined practice of simple and common methods. Using some previously undocumented techniques, this manual describes a simple but effective method of trading a well known price pattern referred to as a “Symmetrical Triangle”. Traders have known about this pattern and it’s powerful market forecasting ability for years but trading it has always been somewhat subjective.

My goal has been to find and document tools that have worked for me in removing some of the subjectivity associated with trading this pattern. The purpose of this manual is to show you how to recognize this highly reliable pattern and how to apply these tools to trade it. There are 2 very important concepts described in this plan. First, is a recurring cyclical tendency that can greatly improve your trade selection and entry timing. The second is a detailed exit strategy. If you learn nothing else from this information, please remember that the exit strategy is the most important and overlooked aspect of Futures trading today. After all it is the exit, not the entry, that ultimately determines how much you make or lose on any trade.

Skeptics of pattern recognition techniques claim that the human mind will re-interpret visual information to see an optimized version of it. An analogy would be finding shapes in the clouds that you did as a child. To a certain degree this is true and you should always be aware of this when using any visual indicator.

Very Important

There are several things you should understand before risking your money using this or any other method. The first is that no system or method works 100 percent of the time and you can be assured that there will be times when you do lose money. This system always trades with a stop loss order but the amount you lose may be in excess of your initial deposit as the use of stop orders may not limit your losses to the intended amount.

I have been successful trading this method but past performance is not necessarily indicative of future results. For all I know, this year may be remembered as “The year of the Triangle” and this method become totally ineffective from now on, but I seriously doubt it. Also, I have not traded every Triangle chart pattern you see in this manual and I make no claims as to how much you could have made because I have know way of knowing what the market conditions were at the time the Triangle formed. I don’t believe in promoting “hypothetical” trading results. They can be misleading because they often do not reflect certain market factors such as lack of liquidity.

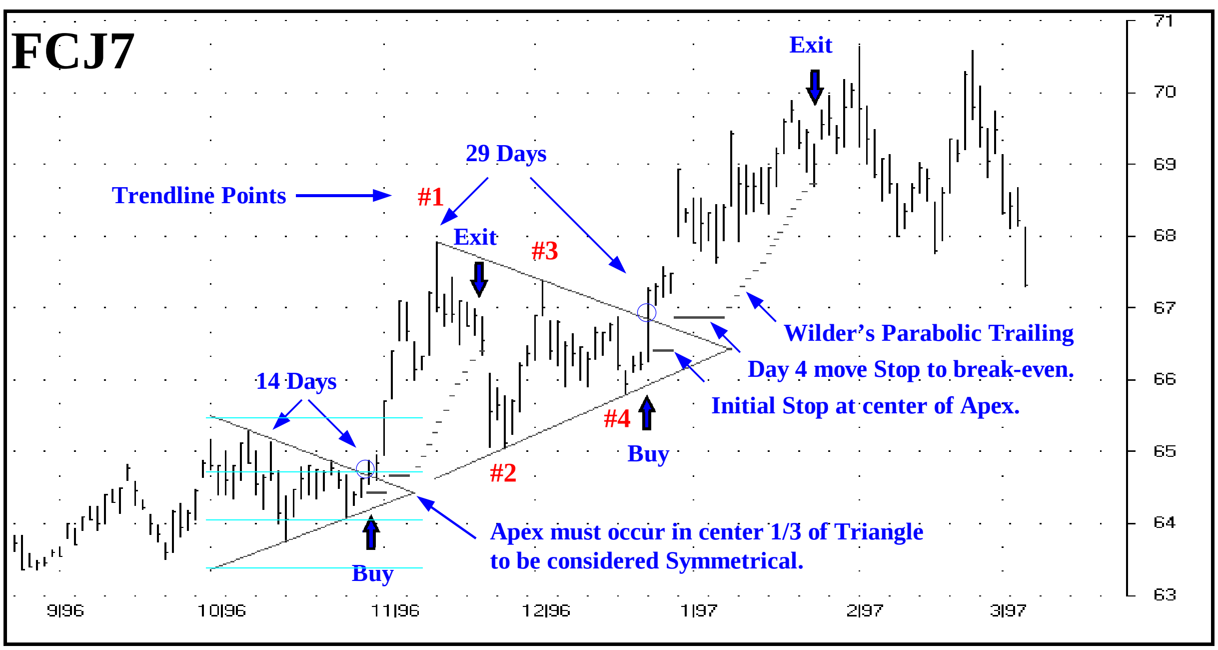
What is Triangle Trading?

Triangle Trading is a trading method that is actually a combination of three different trading systems. It capitalizes on the primary strength and eliminates the primary weakness of both a Volatility Breakout and a Trend Following trading system and uses a recurring Cyclical tendency to improve our timing. The success of this method is based on the trader's ability to recognize and act on a recurring pattern in all markets that often precedes a market trend. This method also eliminates one of the major hurdles of Futures trading and that is picking the markets direction. The trader need only determine that a significant trending move is about to occur in one direction or the other. This manual will show you how to determine this and also how to capitalize on it.

One requirement is that you have access to daily charts of the most common and actively traded Futures contracts. The trader must analyze his or her charts on a daily basis looking for a particular pattern called a symmetrical triangle, which I will define, in a later section. After the pattern is visually recognized, rules are applied to determine if in fact the formation is valid. Applying rules to our trading eliminates a lot of the subjectivity commonly associated with chart based trading and enforces discipline.

I have also included charts that represent actual examples of triangle formations that have recently occurred in the markets. Don't trade with real money until you feel comfortable that you understand the principles involved with trading this method. The author assumes you have some trading experience and are familiar with intricacies of the different order types thus they will not be explained. After all, you pay your broker a commission for his assistance and I recommend using a full-service broker for the first 18 months of trading.

For those of you who like to get right to the point, the chart below shows an example of the Triangle Trading method applied to the Feeder Cattle market. The rules that define how this trade was selected and implemented are described in this manual. We will also discuss the most important and overlooked aspect of futures trading, the exit strategy.



The Problem with Volatility Breakout Systems

Periods of decreasing market volatility, as measured by price movement, often preclude major market moves as the market builds a "base" from which the next trending move will be projected. Volatility can be measured in a variety of ways but the "conventional" approach for trading volatility requires that you first select the method of calculating current price volatility. This measure is then compared to a previous time period to determine if the market is becoming less volatile (consolidating) or more volatile and potentially beginning a trending move as new fundamental information is absorbed by the market.

The problem with most mechanical volatility breakout systems is determining the scale of measure to use in determining if market volatility is expanding or contracting. Which previous period do you choose for your comparison, two weeks ago or two months ago? What is considered a breakout from this period of low volatility? A 10% increase or 50%? With all of these variables involved, traders often use the processing power of a computer system to test multiple combinations and determine which ones worked best in the past for a particular market. This is called "optimization" and is really the computers "best guess" at which combination of parameters will work best in this market at this particular point in time. If you run the "optimization" next week or on a different market, the answer will more than likely be different.

I believe the principle behind volatility trading is valid. Markets do tend to trade in ranges then expand on increased volatility to new trading ranges as fundamental information about the commodity changes. Often the markets "anticipate" this fundamental change and price it into the market before it even occurs. This is why you cannot wait for the information to become available and then decide how to trade the market. Always assume you are the least informed person, because you probably are, about the multitude of influences that are currently affecting market prices. Forget about the Wall Street Journal and CNN-fn, by the time they report the news event, the breakout will be over. Let the Market itself tell you what it wants to do in the form of your daily price charts.

I have not seen a trading system, other than the one I am proposing in the manual, that can effectively trade market volatility. It may sound as if I am against computerized trading systems when in fact that is only partially true. I am merely stating that you can trade futures without a computer generating the signals provided you have a workable trading plan and you have the discipline to execute it with unwavering precision. Due to the complexity in programming pattern recognition systems and the subjectivity required to interpret them, computers still cannot effectively recognize and trade some of the "time tested" patterns in market data such as the Symmetrical Triangle. Those systems will probably be available soon, so until then, use the information provided here in combination with the most powerful computer on earth, your mind.

Triangle Trading rules work the same in all markets and all time frames and if you've ever been in trading systems development, you know how important that is. This method not only tells you where prices should stay if volatility is considered decreasing but its time element also forecasts WHEN the breakout should occur. Don't underestimate the huge trading advantage that this gives you over other traders.

Using this method, we let the market tell us that volatility is decreasing in the form of converging trend lines. The current intermediate market highs are unable to surpass recent previous ones and intermediate lows are also staying above recent swing lows. The market is now under both buying and selling pressure at either side of the Triangle. The RSI indicator begins to neutralize near 50 and market momentum comes to a halt. Essentially, the market is becoming a powder keg that will explode as the apex approaches and usually trend in the direction of the breakout. The market also tells us when the breakout should occur in the form of the Apex. Essentially we are doing what the market is telling us by its own actions.

The Trend is your friend, sometimes!

Statistics show that about 30% of the time markets are trending. The other 70% you are cursing the market for not continuing in the direction it started when your trend following indicator signaled you to take a position. Trend following systems attempt to enter the market at a particular price as soon as a "direction" is apparent. The entry signal is usually given after a significant period of market movement that is reflected in changes in certain indicators such as the 20-day moving average or the ADX. Traders view these changes as a positive sign that a trending move is developing and search for an entry point.

The Achilles Heel of Trend following methods is determining the entry point. You have no way of knowing if the current market movement will continue in the same direction or if you will get "whipsawed" as the market goes thru its normal gyrations. As the market momentum stalls or pulls back you begin to worry if it is a temporary correction or is the market trend reversing. Nervous traders panic and bail out, reckless traders become impatient and also exit in favor of more action elsewhere, aggressive traders figure the top is in and reverse their position. These traders all entered on a technical signal and exited on an emotional one. This same sad pattern is repeated every day, over and over, day in and day out. If you don't believe me, ask your broker.

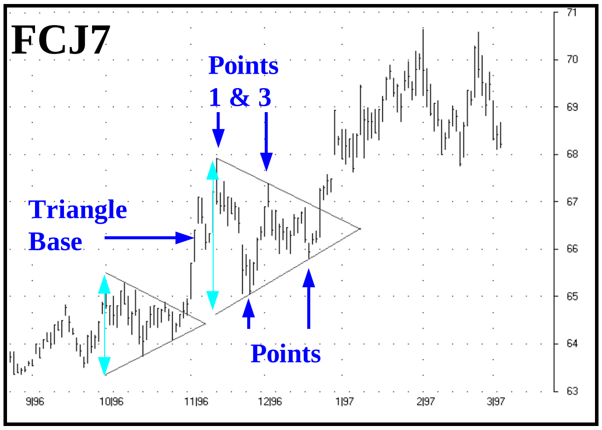
With Triangle trading, you are only in the market when a setup for a trending move has completed and we will use our advantage of precision timing to surgically remove profits from the market. Your stops are placed relatively close so if you are wrong, you don't sit thru agonizing drawdowns wondering when (if) the trend will reassert itself. With Triangle trading, you are either right or you're out, no in-between, no wondering. There are various methods you can use to limit your risk other than the stop orders and I will cover those as well.

Unfortunately, stop orders are useless against one of the primary causes of loss in this business, poor discipline. Traders sometimes relax their guard, usually after a winning streak and take a “flyer” trade on a recommendation from their broker or a friend. More often than not they end up giving back all or part of their profits.An important part of every trader's ability to succeed is discipline.

Trading this method, you will not be in the market all of the time and you must become comfortable with that. There may be a couple of weeks in which you do not trade then there will be times when you will be in several positions at once. You do not need to trade every day or even every week to make money. You should only trade when the odds of winning are decidedly in your favor. You will know when it is time to trade because the markets will begin telling you several days to weeks in advance. The earlier you recognize that a Triangle pattern is forming, the more time you will have to plan and execute your trade. Spend 30 minutes per day looking at charts and stay alert. If you miss the breakout for whatever reason, don't chase the market. Wait for the next opportunity, it is right around the corner.

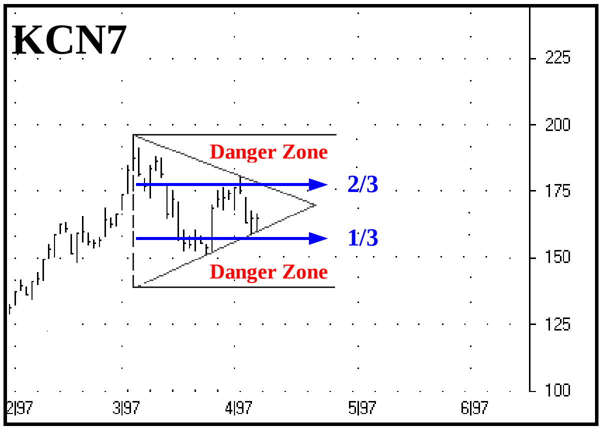
My Definition of a Symmetrical Triangle

I define a Symmetrical Triangle as a chart pattern that appears as a result of connecting 2 trendlines drawn across the intermediate peaks and valleys of daily price movements. The number of bars in the pattern can vary based on the size of the triangle being formed but I require that the formation contain at least 28 days. The reason for this is very important and will become apparent when we discuss "Timing the Trade" . The location of the apex is also very important and will be discussed in this section. Remember, our goal is to remove as much subjectivity as possible and define rules that we can follow to trade this pattern.



To draw the trendlines that create the Triangle pattern, you must have at least 2 points of reference on each side of the formation. Therefore, a valid pattern must contain a minimum of 4 points of reference, 2 on the top and 2 on the bottom in alternating sequence (example left). The number 1 point must be formed in the direction of the primary trend, it cannot be formed in a re-tracement. On occasion, a minor violation of the trendline will happen during a trading session but if the close for the day is back inside the Triangle then the trendline is still valid. In a moment, I will discuss a cyclical pattern that occurs frequently in a Triangle formation that can help you

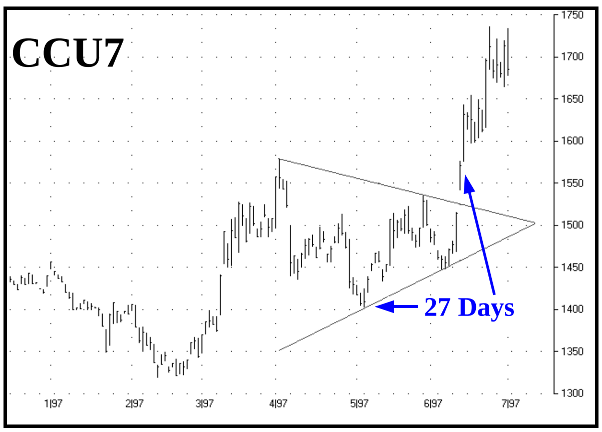
The location of the apex differentiates the Symmetrical Triangle from other well known chart patterns such as Ascending and Descending Triangles and Wedges reviewed under separate study. To determine if a triangle is symmetrical, divide the base of the Triangle into 3 equal sections. Draw a line 1/3 of the distance from the bottom of the base and project it forward towards the apex. Draw another 1/3 of the distance from the top and project it forward also. The apex should occur in the center 1/3 section to be considered "symmetrical". I recommend reading "Technical Analysis of the Futures Markets" by John Murphey for more detailed descriptions of other types of Triangles and Wedges.

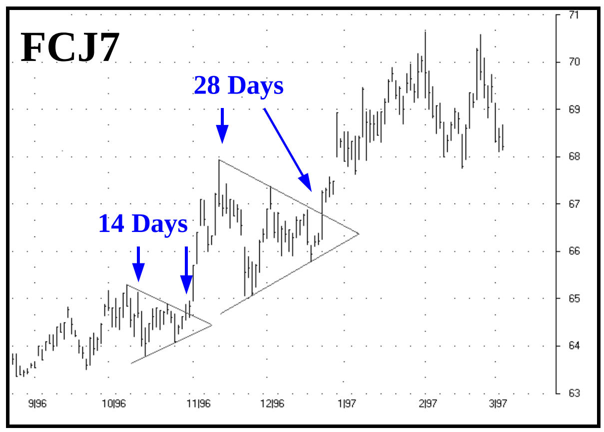


If the apex occurs in the upper 1/3 section, this could be a warning that the market has one more move down before completion of the formation. Likewise, if the apex occurs in the lower 1/3 area, this could be a warning that the market has one more move up before completion. If you decide to trade a Triangle with the apex in the "Danger Zone" and you consider the formation to be "symmetrical", you may want to consider using an option straddle (discussed later) instead of straight futures to lessen the possibility of a whipsaw.

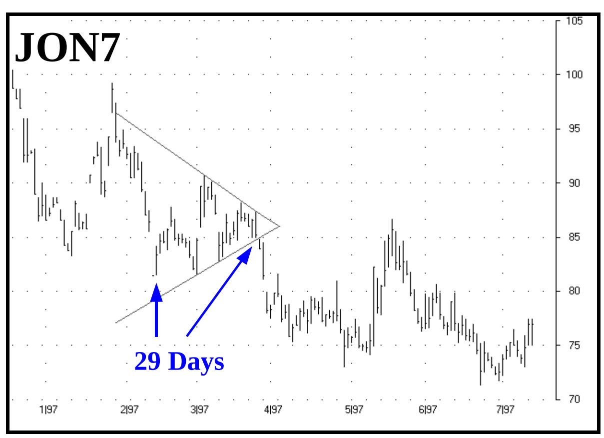
Timing the Entry

This section covers the most fascinating technical indicator I have ever witnessed. I have found that the Triangle breakout tends to occur at 28 days from a swing high or low as in the Coffee chart at right. Generally the breakout is in the same direction as the swing point that was made 28 days earlier but not always as shown by the Cocoa chart below left. The Feeder Cattle Triangle chart shows a Triangle break-out occurring 29 days from a swing high and the smaller triangle on the same chart occurred 14 days from a swing high which is ½ of the 28 day "cycle". This is a very powerful tool and gives you a huge advantage over other traders who are not aware of its existance.





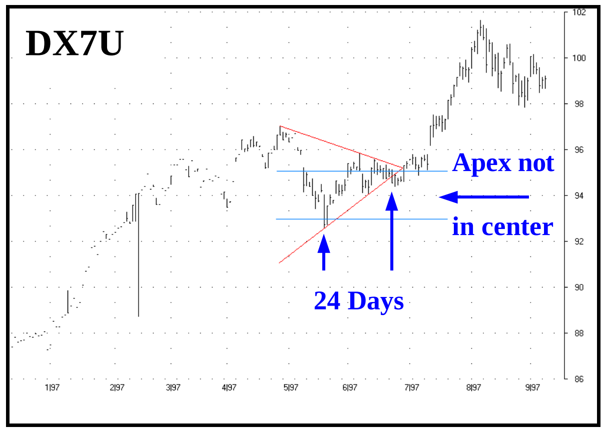
Here are some more examples of the recurring cyclical tendency for the breakout to occur approximately 28 days from a swing high or low. To determine how far along a Triangle is "in the count" , start with the current trading day and count backwards on the chart until a swing high or low is reached. When the count reaches 25 days, pay close attention and finalize your trading procedures in preparation for taking the trade. Always remember, this is a tool, not a guarantee. The markets will do what they want to do, when they want to do it but the first time you watch a market breakout exactly when you had anticipated, you will be amazed. Next we will discuss how to use this tool to eliminate "false breakouts".



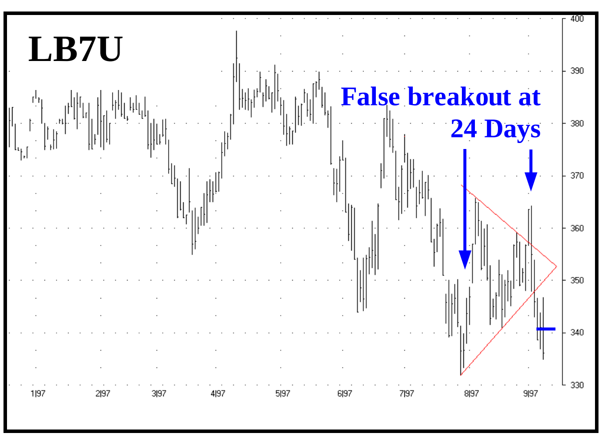
Eliminating false breakouts

Traders have recognized the and traded the Symmetrical Triangle pattern for many years but the complaint most often heard about trading this chart pattern is the false breakout and ensueing whipsaw which causes the trader to lose money. It has been my experience that the false breakout usually occurs around 23 or day 24 “in the count” and often this pre-mature breakout is resolved by a return move into the triangle and final breakout to the other side. From the previous section we learned what to expect from the market in the form of a recurring 28 day breakout cycle. Combine this with the tendency for the false breakout to occur before this time and we have established a window of opportunity for placing the trade between days 25 and up until the morning of day 27. By waiting for our “window of opportunity” we can eliminate a lot of the flase breakouts that will trap other traders who entered pre-maturely.

There are 2 clear warning signs on the September Dollar Triangle at right and therefore I did not take this trade on the initial downside breakout. First, notice that the Apex does not occur in the center 1/3 area of the base as previously discussed. Instead it occurs in the upper 1/3 area. Second, the downside breakout occurred at day 24 which we know is a sign of a false-breakout. These two tools combined are very good at keeping you out of a bad trade and would have prevented a loss on this trade. Place your orders between day 25 and the morning of day 27 and you should benefit greatly by eliminating a lot of false breakouts.



When the September Lumber had a false breakout at 24 days, I looked at the farther out months to see what they were doing and I noticed that the November contract had also formed a Symmetrical Triangle but did not execute the false-breakout. I took this as a signal to trade the November contract as opposed to the Sept contract with excellent results. As expected, the September contract returned into the Triangle and at day 26 broke out to the downside. If you had taken this trade, on the morning of day 4 you would have moved your stop to breakeven per our exit strategy described later. The market came very close to taking you out if you had traded the September contract. I traded the November contract because it “acted better” or in other words, no false breakout. Selecting which contract month to trade falls in an area I refer to as the “art” of trading and cannot easily be mechanized. Experience played a large part in my trade selection.



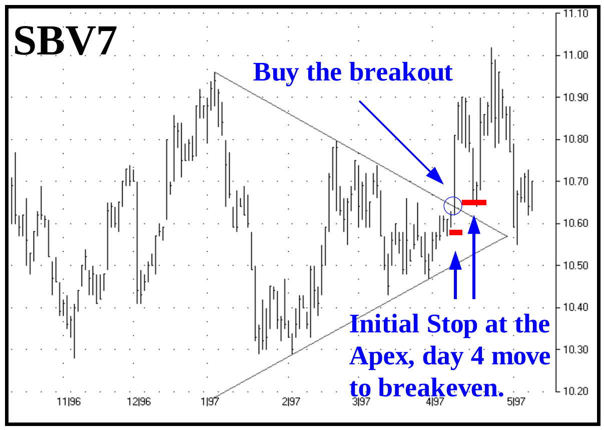
The Advantages of Trading this Method

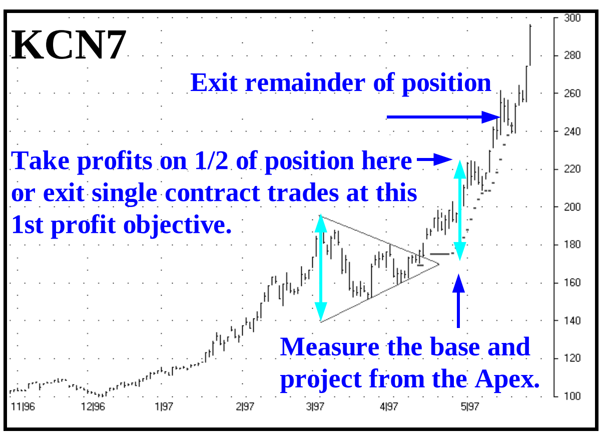
Without a doubt, the most important technical advantage to using this method is the inclusion of a time factor in the form of the apex. In the futures markets, you definitely need a trading edge to survive and this time element provides you with a huge advantage. By observing the converging trendlines, you can not only determine that an impending market move is about to occur but also forecast the time frame in which it should occur. Using a recurring cyclical tendency, previously described, you can sometimes forecast to the day when a breakout will occur.

The most important emotional advantage is that the markets are moving in our favor when we enter. Usually the moves out of the triangle are quite large compared to the recent period of trendless activity as the Triangle was forming. This gives the trader the emotional comfort of knowing that he entered a position with the market moving strongly in his favor. Profits are usually sudden and often large, unlike a lot of systems where you must tolerate periods of significant drawdown. We are either right or we are out, no in between.

Your trading capital is not tied up for extended periods of time as with other forms of trend following trading systems and especially scale trading systems. You are not always in the market and exposed to its uncertainties. We only trade when the market tells us that a setup for a trending move is nearing completion and we exit the trade at the first sign that the momentum created by the breakout and ensuing trending move has stopped or reversed.

The first three days of the trade represent our maximum risk zone and the exit rules are designed for a strong defense of our position in the event the breakout reverses. It is worth repeating that we are either right or we are out, no nail biting, no worrying and no wondering. The initial stop is set at the apex and on the morning of day 4 we go to breakeven and every day there after we have a predetermined trailing stop for that day. You may even want to give your broker the calculation for the trailing stop and allow him or her discretion to change it daily, The stop never reverses, instead it moves closer to the market price by a predetermined amount every day.



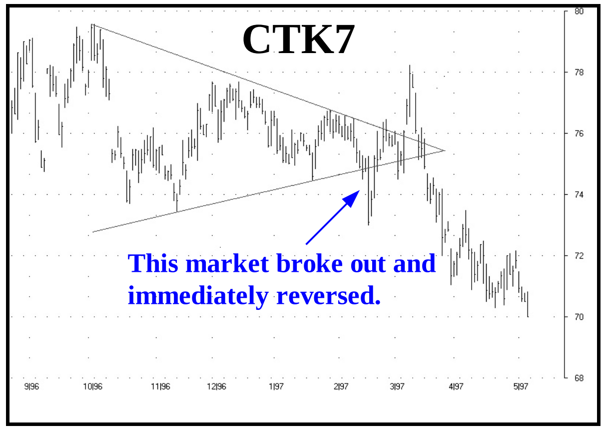


This method includes a first profit objective so you will know before you enter how much you should make as a minimum on half of your position. It also includes a mechanical trailing stop to get us out of the other half. The purpose of the trailing stop is two-fold. First, it keeps a portion of your position in the market should it trend past your profit objective allowing you to achieve additional profits. Second, it protects your profits should the market never reach your first objective. The trailing stop is designed to get you out if the market reverses before your trade turns into a loss.

The Disadvantages of Trading this Method

The primary dis-advantage of trading this method is the occasional false breakout. Occasionally the market starts with a breakout of one side of the Triangle and then swiftly reverses right back into the formation and this sometimes results in a breakout to the other side or continued trendless movement. As previously discussed, this generally occurs at day 23 or day 24 “in the count” and these false breakouts can be minimized somewhat by waiting until the morning of day 26 to place your orders.

If a retracement occurs after we enter our position, we will have an exit strategy already in place so you will not panic or become confused and try to make decisions at this worst possible time, emotionally speaking. Your stops will be executed and you will be taken out of your position where you wait for the next Triangle trading opportunity. The worst thing that should happen would not be the loss of capital because if you have planned and executed the trade properly, you will recover and trade again. Instead, the worst thing that might happen is that you lose confidence and the next time you can't pull the trigger or else you get mad and want to get your money back by doubling up.



To trade effectively you must develop an ice-cold mentality to the sometimes-erratic swings of market behavior and realize that you will on occasion lose. Do not be swayed by the loss or try to make it up on the next trade. My friend, it's just part of the business. Only liars pick market tops and bottoms, the rest of us mere mortals have to accept that on occasion our method just plain did not work.

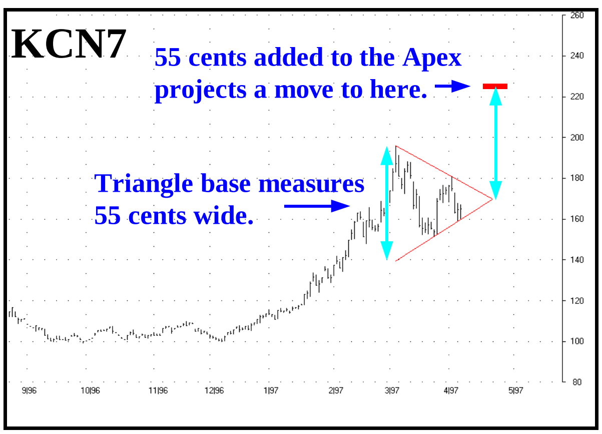
Potential gaps are another problem with trading any breakout method. The trend lines become very obvious to all market participants as the Triangle pattern matures near the apex. Traders who are currently holding positions in the market use a violation of this trend line as their "stop out" point. This happens to be the same trend line you are watching to get "stopped in" to a position. A large amount of orders sometimes rest at this one area and the market swiftly moves thru and often gaps past your entry point resulting in a poor fill, or no fill in the case of a limit move, on your entry order. This effect can be neutralized somewhat by using various entry strategies such

If the market should “gap” out of the Triangle and you are filled at a price considerably different than you had expected to enter the market, be sure to re-evaluate your risk as described in a later section. The amount you are now risking back to your stop loss at the apex of the Triangle could be considerably different than you had planned. This may require you to “lighten-up” some of the contracts you are carrying or close the position entirely. You have to keep the risk adjusted to meet your plan.

Calculating the Risk versus Reward

My Risk Management strategy requires that I calculate how much I expect to make or conceivably lose on any trade before it is placed. My goal is to risk no more than 5% of my trading capital on any given trade. For smaller accounts of $5,000 or less this may be a difficult task and will require careful trade selection when determining the risk as I am about to explain. The risk is determined by first measuring the distance from the trendline back to the apex at the center of the Triangle at the current trading day. The dollar value of this distance is calculated and will be the amount we consider to be our risk. You could potentially lose more than this under certain market conditions such as limit moves or lack of liquidity but this is our basis for calculating risk since we can't predict the future.

In the example at right, The smaller Triangle has a $190 risk per contract and the larger one $330 using our risk measuring technique. If you are trading a $10,000 account, you could have traded two contracts on the first Triangle. After profiting on this trade, your account should have increased sufficiently to allow you to have also traded 2 contracts on the second larger Triangle and still risk only 5%. A $5,000 account could have traded a single contract on the first Triangle but after profiting from this trade you still do not have sufficient capital to even trade a single contract on the larger one unless you take a higher risk.



The expected reward is calculated by measuring the width of the base and projecting this distance forward from the apex of the Triangle. This is the amount you should be expecting to make for the amount of risk you are taking. I refer to this as the 1st profit objective. This objective should be at least 3 times the risk. In the example at left, the expected profit is $10,300 the calculated risk is $2,800. This gives us a risk to reward ratio of over 3.5 to 1. It doesn't matter which way you project the distance, either long or short, the expected profit will be the same.

The simple calculations described above are a tool to allow you to manage your risk in proportion to your account size. Some traders prefer to trade smaller Triangles because the smaller risk allows them to trade with more contracts and still keep the risk down. Multiple contracts also give you flexibility in taking profits at predefined objectives. The downside is if something goes bad wrong with the trade, you suddenly have a much greater exposure due to the fact that you are holding multiple contracts.

Importance of the Exit Strategy

It is my opinion that the long-term success of a trader depends not on his or her selection of the entry criteria but on their exit strategy for both winners and losers. You have undoubtedly heard the saying "Cut your losses and let your profits run". This statement is referring to your exit strategy, not where you entered the market. Have you ever heard "Buy only at the bottom" or "Sell only at the top"? No you haven't and you won't because it is not possible. You need only find an entry technique, and it doesn't have to be a complicated one, that gives you a statistical advantage. Then have absolute rules you follow to exit that position at your preset objectives, win or lose.

The exit strategy is so important we will outline the rules for it now even though the various entry techniques have not yet been discussed. I feel it is much more important that you understand what to do once you are in a position than it is in determining how to get in one. Here are the primary rules for the exit strategy.

1. When the Triangle is near completion but before you take a position, measure the size of the base of the Triangle and project this distance from the apex in both directions up and down. This will be your 1st profit objective and is the amount you should expect to make from the trade. Determine if the risk involved will be worth this reward. The risk is measured by calculating what you would lose if the breakout where to occur placing you into a position and then the market return into the Triangle stopping you out at the apex as described previously. Ideally the risk to reward ratio should be 3 : 1 or higher.

2. When a triangle breakout occurs and you take a position, the stop loss is placed immediately at the apex of the Triangle pattern. If the low of the day of entry is below the apex, place the stop loss just below the low of this day (in the case of a Buy) or if the high of the day of entry is above the apex, place the stop loss just above this high (in the case of a Sell).

3. Now that you have taken a position and your defense is set up, place another order with your broker to take profits on 1/2 of your position at the 1st profit objective as described previously.

4. On the morning of day four, before the market opens, the stop loss is moved to break-even. The exception to this rule is if the market traded below your entry point on day 3 (in the case of a Buy) or if the market traded above your entry point on day 3 (in the case of a Sell). In either case, the stop is left at the apex until such time as the markets daily range does not touch your entry point or you are stopped out which ever comes first.

5. Plot Welles Wilder's Parabolic SAR indicator on the chart with a parameter value of .02 and update it daily. When the value of this indicator is closer to the current market price than your existing break-even stop, start moving your stop every day to the new Parabolic SAR indicator value. Your broker should have this indicator on his quote terminal, as it is very common. You may just want to give him or her discretion to move the stop loss daily to its new value but you may still call and verify that it has been moved.

6. If your 1st profit objective is reached and you exit 1/2 of your position with a profit, be sure to change the trailing stop to reflect only the remaining number of contracts. Example: You bought 4 futures on a breakout and took profits on 2 of them at your 1st profit objective. Change the trailing stop to no longer be 4 contracts but only 2.

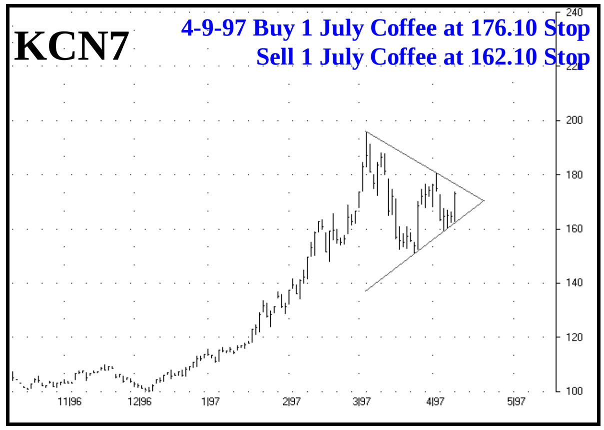
7. If your 1st profit objective is never reached and you are stopped out by the trailing stop, be sure to cancel the open order at what would have been your 1st profit objective.

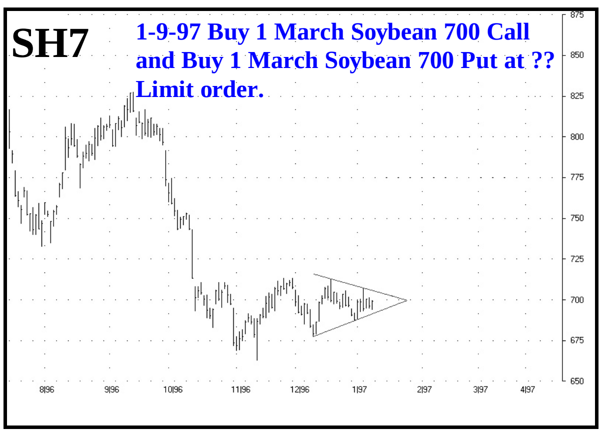
You are now out of the trade.

Various Entry Strategies

Once the Risk-Reward has been determined and the decision is made to trade a Triangle formation, I print a copy of the chart and write the order on it as in the examples below. I also write my "fills" on the chart as well as any stop orders. I keep these in a notebook for future reference. It helps if you can look back and see why you took the trade and it provides a convenient way of tracking your orders.

The primary way I trade Symmetrical Triangles is using straight futures positions. The position is entered by placing a Buy stop above the upper trend line and a Sell stop below the lower trend line as in the chart at right. When the market trades thru either side, I am placed in a position and the other side is cancelled and replaced the next morning with a stop loss at the apex. This strategy offers the highest reward but also assumes the highest risk of the 3 methods described here. If a Triangle forms in front of a major report, or if you have limited trading funds, you may be better off to trade one of the lower risk methods.





Another method of trading the Triangle is buying an option "Straddle". You buy both a Put and a Call option with the same strike price. The strike price should be the closest one offered to the apex. If between 2 strikes, buy both sides. Try to buy them when the futures price is trading near the strike price to keep the position from being biased either bullish or bearish. Don't buy options with more than 30-45 days left to expiration. You are looking for a breakout rather soon and don't need to buy a lot of time value in the options. Set a stop loss to close the position if the options lose 1/2 of their value. That is your risk for this trade.

The last method is call "Delta neutral" and is a combination of both futures and Options. Before the breakout, you go Long the Futures and buy 2 Puts or the equivalent position is to Short the Futures and buy 2 Calls. The options should be "at-the-money" with no more than 30-45 days left until expiration and you must purchase 2 Options for every Futures position. The concept being that as the market moves toward the options you purchased, they will gain value at a rate faster than the Futures lose. Conversely, if the market moves toward the Futures, the Futures will gain value at a rate faster than the options lose value.

I recommend reading "The Option Strategist" by Lawrence G. McMillan for more information about the options concepts and strategies. Also, George Fontanills publishes several options learning tools that deal primarily with the "Delta Neutral" approach.

Placing the order

The following is an actual conversation that took place with a well known discount brokerage firm when I placed an order to trade the March Eurodollar triangle shown at right. I documented this for 2 reasons. First, to show the typical order type when trading the Symmetrical Triangle using Futures contracts. Second, to show how important it is that you understand the "lingo" so that you can catch any mistakes when they repeat the order back to you. I would recommend using a "Full Service" broker for at least the first 18 months of trading as I mentioned earlier.

Me: Good morning, this is David Windover, my account number is 123XYZ. I have 2 open orders I would like to place.

Them: Go ahead.

Me: On the 1st open order, I want to Buy 2 March 98 Eurodollars at 94.10 stop.

Them: Open order for account 123XYZ, good till cancelled, buying 2 March Eurodollar at 98 on a stop, correct?

Me: No, Buy 2 March 1998 Eurodollar at Nine Four One Zero stop.

Them: Open order for account 123XYZ, good till cancelled, buying 2 March Eurodollar at 94.10 on a stop, correct?

Me: Correct.

Them: Go ahead.

Me: On the 2nd open order, I want to Sell 2 March 98 Eurodollar at 93.96 stop.

Them: Open order for account 123XYZ, good till cancelled, selling 4 March Eurodollar at 93.96 on a stop, correct?

Me: No, Sell 2.

Them: Open order good till cancelled for account 123XYZ, Selling 2 March Eurodollar at 93.96 stop, correct?

Me: Correct.