Welcome

Date :8/18/2000 Poster : Steve Ward

Welcome to our User's Discussion Forum. We are providing this forum as a means of information exchange for educational purposes. We are happy that so many of you are interested in sharing ideas about advanced ways to use our products. You are encouraged to share not only interesting techniques, but new and exciting applications of artificial intelligence. Thank you for your continued support of our products. Steve Ward, CEO.

End of day

Date :8/22/2000 Poster : Marco Racca

I am trying to have my trade closed at the end of day since I use only intraday data and daytrade the SP500, any help?

> ***Re: End of day***
>
> Date :8/23/2000 Poster : Eric L. Hoyle, CFA
>
> I'm not sure if this is what you are looking for, but there is a section on the web site that address how to close out trades at the end of the day using rules in the Trading Strategy. The address is: http://www.neuroshell.com/daytrader.htm . If that isn't what you're looking for, and you give me a few more details, I'll try and help.
>
> On 8/22/00 Marco Racca wrote:
> I am trying to have my trade closed at the end of day since I use only intraday data and daytrade the SP500, any help?

> ***Re: End of day***
>
> Date :8/25/2000 Poster : Daniel Lyons
>
> On 8/22/00 Marco Racca wrote:
> I am trying to have my trade closed at the end of day since I use only intraday data and daytrade the SP500, any help?
>
> Marco,
> one way of solving this is to add a rule that checks for and terminates any open trades at a specific time in the day using the time and boolean functions. These functions are available in the Day Trader Professional. Or write a custom function that is called as a DLL.
>
> Kind regards,
>
> Daniel

> ***Re: End of day***
>
> Date :1/30/2001 5:41:18 PM Poster : Maciej
>
> The way I do it is to program an exit using the Time functions and when time is one bar before the close of the exchange, in my case for the mini-Nasdaq 16.15 therefore at 16.10 using 5 min bars I force an exit. Not very elegant as it does not handle an half day as we had recently but that happens rarely,
>
> Regards
>
> On 8/22/00 Marco Racca wrote:
> I am trying to have my trade closed at the end of day since I use only intraday data and daytrade the SP500, any help?

Which addon should I get?

Date :8/24/2000 Poster : Maxwell Craven

I'm having a bit of difficulty understanding the addons, expecially the adaptive indicators and the neural indicators. I never used NeuroShell 2, but I have studied backprop somewhat, but these nets seem totally foreign to me. Can anybody help me out? Any ideas on how they can be used? Any thoughts on which I should purchase? Cheers!

> ***Re: Which addon should I get?***
>
> Date :8/29/2000 Poster : Steve Ward
>
> Fortunately, you don't have to understand the methods to use them. Here are what I believe to be the key characteristics:
>
> Adaptive Net Indicators - they do pattern recognition much like a human would. They actually compare new patterns to the training patterns. They are pretty good for classification.
>
> Neural Indicators - they have backprop architectures, but weights are found by genetic algorithm instead of backprop's gradient descent algorithm. The recurrent nets "look back" in the data. Most important to me, they don't predict anything; they just give buy/sell signals directly.
>
> Adaptive Turboprop 2 - Like the Prediction Wizard in the Trader, except capable of retraining automatically every N bars. Also, you can optimize outputs, just as with the other two types above. You can also optimize the training set size and the lookahead period.
>
> I haven't found any one addon better than the others. None work all the time for all issues. However, I especially like the recurrent Neural Indicators; I often just feed them open, high, low, close, and volume.

> ***Re: Which addon should I get?***
>
> Date :9/8/2000 Poster : tb
>
> Maxwell,
>
> You aren't the only one having trouble keeping up with all of the new Ward products, what they offer, and how they fit together. I have been using Neuroshell2 for years and just started using the Trader. My company utilizes neural nets in some of our trading programs, generally employing GRNN and PNN style nets as opposed to nets based on backprop. They handle sparse data sets, train very quickly, and lend themselves well to trading problems.
>
> The reason we started using the Trader is that Ward created "Adaptive Net Indicators", which is an add-on that essentially creates an indicator in a chart depicting the output of a GRNN or PNN network. The networks update themselves every bar, moving the training set forward one bar at a time so that the network is always up to date. It is very easy to set up trading strategies based on the value of the neural net "indicator", and we are able to export the indicator values to Trade Station 2000i if necessary.
>
> If you use the Adaptive Net Indicators, try the "classify" category of nets. All you have to do is choose a meaningful combination of price based indicators and the package will create an output ranging from 1 to -1, indicating market strength or weakness. Simple trading strategies that get long at values above a given thresh-hold (maybe .25 or higher) and flat when the indicator goes below zero work very well. Short sales would take place at a symmetric negative value and exit above zero.
>
> Good luck!
>
> On 8/24/00 Maxwell Craven wrote:
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Calling a dll

Date :8/24/2000 Poster : chris wong

anybody used visual basic successfully to build indicators? i can't seem to get a vb dll working. have programmed a lot, but kind of new to vb and neuroshell. want to build several ideas i have into my chart.

> ***Re: Calling a dll***
>
> Date :8/29/2000 Poster : Ward.net Webmaster
>
> Visual Basic won't make DLLs . It makes something called an ActiveX DLL, but that is misleading, because it isn't the same as a regular DLL. You can use Microsoft C to build a DLL, but we find that the PowerBasic compiler is a lot easier to use. Take a look at www.powerbasic.com and also take a look at the PowerBasic code we have provided in the Trader examples section of this site.
>
> On 8/24/00 chris wong wrote:
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Signal triggered on bar 1

Date :8/29/2000 Poster : Bruno Voisin

Hi,
Have you noticed that if an indicator, say RSI(10), is used to for instance trigger a signal, it will be enabled from bar 1 even though it requires 10 bars to be calculated properly. This may lead to wrong optimizations.
Some function equivalent to the EasyLanguage "MaxBarsBack" would eliminate such problem, I believe.

Your feedback would be much appreciated.

Bruno

> ***Re: Signal triggered on bar 1***
>
> Date :9/1/2000 Poster : Ward.net Webmaster
>
> In the default chart formatting mode, the oldest data is not showing, so the RSI will be enabled from the first bar SHOWING on the chart. However, there can be many bars earlier than those on the chart that indicators can use for their "build up". In other words, you can have data that is loaded, but not necessarily displayed. The indicator will be calculated on what is loaded. Is this perhaps what you are noticing?
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> Your feedback would be much appreciated.
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> Bruno
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> > ***Re: Re: Signal triggered on bar 1***
> >
> > Date :9/4/2000 Poster : Bruno VOISIN
> >
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> > I may be wrong, of course, but it seems that for instance, a (MACD(x,y,z) > 0) logical condition or signal will always be triggered on bar 1(first bar displayed), without taking in consideration the number of bars required to calculate the indicator properly.
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> > Bruno
> >
> > > ***Re: Re: Re: Signal triggered on bar 1***
> > >
> > > Date :9/8/2000 Poster : Ward.net Webmaster
> > >
> > > But it DOES take into consideration the number of bars required to calculate the indicator properly. Those bars are in the earlier data and are used in the calculation. They are just hidden from your view unless you format the chart wider. Indicators will not be calculated and displayed at all if they don't have enough previous data to compute them properly.
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> > >
> > > Bruno

General advice on using N.Trader Pro

Date :9/1/2000 Poster : Ian

I have owned and worked with NT professional since its first release, on a part-time basis, and would be interested in feedback on the questions below. I know it's a long list….feedback on any aspect useful. I trade primarily commodities (mainly grains and bonds). Sorry this is so long.

Selection of instrument to study

1. I could do with more guidance on this item. For example it is often recommended to select data that is less influenced by fundamental forces, but stocks and commodities are all affected greatly by fundamental forces…what are the technical characteristics I should be looking for in deciding (e.g. is it the lack of a trend, or is it simply the maintenance of the same technical forces throughout the training and walk-forward periods? Or is it a broad range of both trends and non-trending periods?)

Preprocessing

1. Is it necessary to do any preprocessing when feeding data into Neuroshell trader? E.g.
   - In cases where one indicator may show a negative number for a buy and another a positive number for a buy, is it neccesary to make all 'buy' inputs point the same way?
   - How well do inputs with just a binary 1 or -1 value help? Might such an indicator (showing the overall, long-term trend for example) be useful in a system primarily using oscillators for short-term

Inputs

1. With indicators (e.g. RSI), is it enough just to feed in the indicator as is, or should I also feed in variations on it, e.g. the difference between today's and yesterday's value (to show direction), or difference between value and a certain constant (to show crossovers on a constant) etc. Does the adaptive turboprop do anything akin to these variations?
2. Related to 1 above, with the recurrent nets (add-in) is it less necessary to add lags of indicators since these nets retain some 'memory' of past values.
3. Did I read somewhere that binary inputs (e.g. 1 and 0, or 1 and -1 etc) are not well suited to neural nets like NT? Or is it only when the output is not binary as well?
4. Does it make sense to somehow sync the length of the output forecast with the length of the inputs? (i.e. if I am trying to forecast 5 days ahead, should I be looking for moving averages with 5,10, or 15 as the lengths? And RSI with length of 5 etc)
5. With all the advice on the website and doc about using the momentum and volume indicators, has anyone found other categories useful? (Not asking for any secrets here, just a prod in the right direction).

Training

1. Is it simply a matter of trial and error whether I go for multiple walk-forwards, optimize on training or walkforward sets etc? Is there an intelligent process I should go through to look for this?

Outputs

1. Is it worth exploring a binary output that gives a 1 for open in x periods ahead being higher than current period, and -1 for it being lower?
2. Is it possible to find the optimal output…e.g.to see how many days in advance I should be predicting? Jurik talks about an 'optimal forecast distance', that was the idea I had in mind.

Prediction Results, walk forwards etc.

1. I assume that to determine if I have a net that is potentially reliable enough to trade with I need to be looking for
- Consistency of results in training and walk-forward tests
- Good results in both sets of data

Am I correct?

Overall Approaches

1. Has it been found useful to just throw all indicators in the package at a chart, and let the full optimization just find out the best indicators and values? I realize this would take a lot of computer time…
2. Is it useful to first of all take 1 indicator on its own and try all sorts of training criteria, outputs etc and just see what the best result is that I can get, then go on to the next indicator and do the same, and eventually use this process to identify the best outputs and criteria before putting a whole slew of indicators in and letting the optimizer sort out the best combinations and values.

If you are still reading....Thanks!!!!

Re: General advice on using N.Trader Pro

Date :9/7/2000 Poster : Steve Ward

I'll respond to three of your questions that I feel have clear-cut answers. The others are part of the art and can be argued many ways, so I'll let some other users give their opinions on those.

>1. Is it necessary to do any preprocessing when feeding data into Neuroshell trader? E.g. In cases where one indicator may show a negative number for a buy and another a positive number for a buy, is it neccesary to make all 'buy' inputs point the same way?

No, not necessary.

>2. Related to 1 above, with the recurrent nets (add-in) is it less necessary to add lags of indicators since these nets retain some 'memory' of past values.

Yes, it is less necessary, unless you want to look back more than say 5-12 bars. The Lag indicators in Adaptive Net Indicators, however, can look back arbitrarily far.

>2. Is it possible to find the optimal output e.g.to see how many days in advance I should be predicting? Jurik talks about an 'optimal forecast distance', that was the idea I had in mind.

You can apply the optimizer to this task if you have one of the following addons: Adaptive Net Indicators or Adaptive Turboprop2. Both of those can optimize not only the output indicator parameters, but how far ahead the lookahead is.

Re: Re: General advice on using N.Trader Pro

Date :9/8/2000 Poster : Ian

thanks for the replies...Ian

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S&P forcasting

Date :9/2/2000 Poster : John Crisp

Has anyone had any success foecasting the S&P index? I would like a few tips on how to do this.
Thanx
John

Re: S&P forcasting

Date :4/8/2001 9:12:35 AM Poster : NFred

I was successful until the break. Very difficult to design models that train on an uptrend and still work well in a downtrend.
/fb

On 9/2/00 John Crisp wrote:
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Thanx
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Re: S&P forcasting

Date :4/9/2001 5:35:21 PM Poster : OmaSteak

Hello,
I've been able to do a weekly SPY buy/sell point forecast that has worked and continues to work pretty well. While I can't give you the specifics of my indicators, it involved an exponential moving average and a measure of the differential between the projected buy/sell point and the ema value. You can see the results posted at www.powerindexing.com.

On 4/8/01 9:12:35 AM NFred wrote:
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S&P index prediction

Date :9/3/2000 Poster : John Crisp

Could someone please advise me on the data variable for the input and the indicators that I should be using. I am very new to this and would very much appreciate any help forwarded.
Thank you.
John Crisp

Re: S&P index prediction

Date :9/5/2000 Poster : Ian

Hi John,

I am no expert on this but have you looked into the most obvious?

1) the S&P examples contained in the product
2) the momentum and/or volume indicators (as mentioned in help
and on tips at the web site)
3) example in Gateley's book where he uses several other
data items (e.g. CRB index, treasury Bill index etc)
4) if you have NT Pro you can very quickly optimize and test whole
groups of indicators to get ideas (from the contribution factors) which
ones are likely to help you most

You need to have an idea of what you want to forecast (price changes
for example, not absolute prices) and the time frame....it will be a long
slog unles you have an idea that shows promise outside the neural net first.
Oh....and the training data needs to have similar characteristics as
the 'live' data.

Let me know if you would like to collaborate Ed:on this forum, please...as I say, I am no
expert, but two hands could be better than one. Ian

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Re: Re: S&P index prediction

Date :9/7/2000 Poster : Eric L. Hoyle, CFA

How about 3 hands? I would be interested in collaborating on a project in this forum. I found that one of the best things about the Ward Sessions in Florida was the sharing of ideas and techniques. It would be great if we could get that kind of exchange going here. It would REALLY be nice if we had some way to share files/charts..... (hint, hint)

Ed: please see the post concerning sharing files

Eric

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Re: Re: Re: S&P index prediction

Date :9/10/2000 Poster : Ian

John, Eric and anyone else who wants to take part...how about this as a proposal?

I think we need to work through the following items. Lets agree on question 1 first and then proceed. We could split the work between us if you like. I am sure Ward Systems will be watching and hopefully advising us on how best to proceed...

1. Choose a data instrument to analyze - I think we have chosen the
favorite, SP500, but does anyone have a preference to the SP500 futures or the actual SP500 Index? I have extensive histories of both, I can share them if needed.

2. Decide what target to predict and time period - e.g. percent change in close, simple up or down in x days (ie binary indicator), or a derivative indicator such as the direction of the average of the close etc. I am happy for us to concentrate on any or all of these...I have been particularly interested in the binary one, but am happy to look at any of them.

3. Decide on best inputs - I do have the NT Pro and therefore could use the optimizer to help us identify good ones. I also have an extensive range of indicators in Tradestation that I would like to add to the mix. I assume we are heading for a range of about 5 or 6 indicators that are not closely correlated, I think I also have some software that can help us mathematically measure correlations.

4. Decide on training parameters (i.e. how many and how long walk forwards, when to retrain etc).

5. Sell our holy grail for $5k a time - no just joking.....

6. I have many of the NT add-ons and would be happy to use any of those to add to the mix...

Thats all for now, if everyone is in agreement with these steps we should star
with 1 and 2 (2 might need some discussion)...Ian
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Ed: please see the post concerning sharing files

Eric

Re: Re: Re: Re: S&P index prediction

Date :9/12/2000 Poster : Bruno VOISIN

I am interested in taking part in this little project.

Bruno

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Eric

Re: S&P index prediction

Date :9/12/2000 Poster : Ian

1. Choose a data instrument to analyze - I propose that we do the straight S&P500 index (symbol SPX), its easy to add others on later. Next stage is..

2. Decide what target to predict and time period - I will work on four main approaches, namely
i) try to use Jurik's optimal forecast horizon to assess how far in the
future to predict (and pick something like percent change in close), either
creating this OFH in Tradestation and feed it through to NT or try to create it in
NT...
ii) use the various add-ins (e.g. Adaptive Net Indicators) to optimise the output period
iii) create a binary (i.e. buy or sell) output, or maybe this is really the
trading strategy rather than the target output. (comments?)
iv) use a good old favorite, namely 5 days percent change in close

I will create 4 separate charts.

This will keep me busy for several days, after which I will report back on this thread and then we can move onto the indicators/prediction inputs.

Does anyone have any alternative suggestions, or other lines they would like to follow up?

Ian.

Re: Re: S&P index prediction

Date :9/27/2000 Poster : Justin

Word of caution:

Be sure that the data you are going to use is virtually error free, this can be a daunting task. Before using any data files in Trader I check the data against a minimum of two other sources to ensure its integrity.

I have first hand experience with data files from a commonly used eod provider being inaccurate on many occasions, in many markets.

On 9/12/00 Ian wrote:
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Re: Re: Re: S&P index prediction

Date :10/1/2000 Poster : Michael

I spoke with Steve Ward last year, and he suggested using the % change in Open, rather than close. I tried a few nets either way, and the open price seems to give a better predictor in volatile markets.

You're planning to give a binary output for trading. Two thoughts on binary versus analog output. 1) neural nets don't generalize well when forced to yes/no, true/false answers or predictions. We live in an analog world. 2) It will be extremely difficult to compare the possible returns between two alternatives with a binary number. If we predict % change in close, then we'd like to move into the investment which has the most % change. I suggest that a comparison tool between alternatives be the goal, rather than a binary yes/no.

Re: Re: Re: Re: S&P index prediction

Date :10/4/2000 Poster : JM

I agree with Michael. I've tried many months using binary output and the result has been very disappointing.
Generally, my experience with NST is that it is better suited to predicting an analog output. Why not try
predicting some good indicator values, esp oscillators, that will have a positive impact on our trading rather than predicting
price itself?

On 10/1/00 Michael wrote:

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Re: Re: S&P index prediction

Date :10/23/2000 Poster : kc yeong

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Date :11/2/2000 8:48:41 AM Poster : Justin Brundage

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I think the only useful product by Jurik Research is JMA (Jurik's Moving Average). They have implemented this as a DLL and it can be used as a AddOn to Trader.

I do not find the rest of their products like CFB and WAV useful.

Best Regards
-Victor Chu

On 10/24/00 Justin Brundage wrote:
Try www.jurikres.com , that is the Jurik Research website.

I have tried to contact him in effort to explore him writing some of his indicators for use in NT Pro. I have not heard back. I own some of his indicators for Tradestation, but I do not get the benefit of optimizing with the GA.

Maybe if others express an interest to him as well it would help. The indicators are fantastic.

On 10/23/00 kc yeong wrote:
Hi,

I would like to say I'm in but I do not trade US markets.

I'm interested to know more about point 2(i) below regarding Jurik's OFH. Is it an addin? Can it be created in NT Pro from scratch? I've read about it and would like to find out more about it.

Thanks, KC

On 9/12/00 Ian wrote:
1. Choose a data instrument to analyze - I propose that we do the straight S&P500 index (symbol SPX), its easy to add others on later. Next stage is..

2. Decide what target to predict and time period - I will work on four main approaches, namely
i) try to use Jurik's optimal forecast horizon to assess how far in the
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creating this OFH in Tradestation and feed it through to NT or try to create it in
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iii) create a binary (i.e. buy or sell) output, or maybe this is really the
trading strategy rather than the target output. (comments?)
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I will create 4 separate charts.

This will keep me busy for several days, after which I will report back on this thread and then we can move onto the indicators/prediction inputs.

Does anyone have any alternative suggestions, or other lines they would like to follow up?

Ian.

Re: Re: Re: Re: Re: Re: S&P index prediction

Date :1/18/2001 7:50:01 AM Poster : Victor Chu

Hi Troy,

I am not sure if you call RSX from NS Trader since Jurik has not implemented as a DLL, but I can certainly share my TPL file for JMA.

I wonder if Daniel has used JMA to smooth any indicator other than MACD with success.

Thanks
Victor Chu

On 1/17/01 1:48:53 PM TROY BONIN wrote:
IS THERE ANY POSSIBILTY YOU (OR ANYONE ELSE) WOULD CONSIDER SHARING YOUR .TPL FILES FOR JMA AND RSX?

On 10/31/00 9:35:58 AM Daniel P Lyons wrote:
Hi Justin,

I have implemented Mark Jurik's JMA as a DLL. It is pretty good but to get the full advantage of any tools, first try to understand how to implement them. For example, if you create a MACD using a JMA for the fast curve and a simple moving average for the slow curve you will get a better MACD than the traditional ones because in this type of indicator you want to take full advantage of lag and JMA will allow you to do this.

To call the DLL via your own code (assume c or c++) is very easy.

You can optimise settings used in JMA using the genetic algorithms in DTPro although you will want to understand more about the outputs you are seeking first.

Best regards,

Daniel

On 10/30/00 1:20:18 PM Justin Brundage wrote:
Victor,

I appreciate your thoughts and opinions. JMA, and RSX, can be great indicators.

How would I go about using JMA as an add-on? I have no experience with DLL's.

Would I get full use of the GA optimization using JMA in this way?

Thank you,
Justin

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Does anyone have any alternative suggestions, or other lines they would like to follow up?

Ian.

Re: Re: Re: Re: S&P index prediction

Date :9/12/2000 Poster : Eric

Ok, here are my thoughts:

1. The SP500 is fine with me. I would lean towards the Index instead of the Futures, just to avoid the "expiring contract" issue, but I can't say that I really care that much.

2. On the issue of what to forecast, I've always felt that was a tricky question. I've thought a lot about, but I can't say I have any good answers. I was never real happy with "%change over a period of time". I've always wanted to capture sustained moves and simple percentages don't always do that. The path that Stock X took to gain 10% in 20 days I think is important. Was it up 5% in 10 days or down 50%. You can use derivatives to get around a lot of that, but I've never been real happy with thoes results either. I can eyeball a chart and say where I'd like to buy and sell, but I'm not sure how to quantitatively model that... I one time tried optimizing a trading strategy, giving it the future values and adjusting the trading costs to see what it gave me as buy and sell points, but once again, no holly grail. I guess this is a long way of saying "I don't know." I would like to know your thoughts on the binary indicator and what you're looking for the model to predict.

3. I'm working with NDT(?) Pro, the day trader version, with Tradestation, which I bought 1 month before Omega announced they were "changing" to a web site version..... (I'm not real happy with Omega, but I'll hold judgement until I see what they release.) But as far as NT is concerned, I can work with either the intraday or the end of day depending on what everyone else has.

4. I'll leave the training parameters alone for now, but I think that deserves a lot of discussion.

So that's my 2 cents. Let me know what you think about #2.

-Eric

On 9/10/00 Ian wrote:
John, Eric and anyone else who wants to take part...how about this as a proposal?

I think we need to work through the following items. Lets agree on question 1 first and then proceed. We could split the work between us if you like. I am sure Ward Systems will be watching and hopefully advising us on how best to proceed...

1. Choose a data instrument to analyze - I think we have chosen the
favorite, SP500, but does anyone have a preference to the SP500 futures or the actual SP500 Index? I have extensive histories of both, I can share them if needed.

2. Decide what target to predict and time period - e.g. percent change in close, simple up or down in x days (ie binary indicator), or a derivative indicator such as the direction of the average of the close etc. I am happy for us to concentrate on any or all of these...I have been particularly interested in the binary one, but am happy to look at any of them.

3. Decide on best inputs - I do have the NT Pro and therefore could use the optimizer to help us identify good ones. I also have an extensive range of indicators in Tradestation that I would like to add to the mix. I assume we are heading for a range of about 5 or 6 indicators that are not closely correlated, I think I also have some software that can help us mathematically measure correlations.

4. Decide on training parameters (i.e. how many and how long walk forwards, when to retrain etc).

5. Sell our holy grail for $5k a time - no just joking.....

6. I have many of the NT add-ons and would be happy to use any of those to add to the mix...

Thats all for now, if everyone is in agreement with these steps we should star
with 1 and 2 (2 might need some discussion)...Ian
==========

On 9/7/00 Eric L. Hoyle, CFA wrote:
How about 3 hands? I would be interested in collaborating on a project in this forum. I found that one of the best things about the Ward Sessions in Florida was the sharing of ideas and techniques. It would be great if we could get that kind of exchange going here. It would REALLY be nice if we had some way to share files/charts..... (hint, hint)

Ed: please see the post concerning sharing files

Eric

Re: S&P index prediction

Date :9/14/2000 Poster : Ian

Eric,

In answer to your question..

>> I would like to know your thoughts on the binary indicator and what you're looking for the model to predict.

my answer is that I have wanted to research first setting up indicators at the
'ideal' tops and bottoms (maybe by using a zig-zag indicator), and then see if there are
are a good combination of indicators that predict those points well. I am sure
many have tried that before, but I guess I have to learn for myself! Also, I
realise the zig-zag indicator cannot be used realtime, but I just want to use it
for training the net. Meanwhile, I am setting up all the other parameters
mentioned in previous posts and I will be in touch. Ian.

Re: Re: S&P index prediction

Date :9/15/2000 Poster : Olli

May I join in?

Finding out what to predict seems to be one othe most important keys to success in predicting. I have found out, that this depends on the market, the behaviour of which you are trying to predict. The percent change works fairly well in currencies, where trends tend to be longish, but not that well with the SP500 or any other more fluctuating market. So my idea is that you would need to have to compile something, which
1) would tell you the direction and give an estimate of
2) the magnitude of the expected move and which would
3) not lag the market too much, otherwise you are trying to predict the past or the present movements, not the future.

The real outcome of trades is of course most dependant on your exit strategies, but I would be grateful of finding better entries as well.

Any thoughts?

On 9/14/00 Ian wrote:

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'ideal' tops and bottoms (maybe by using a zig-zag indicator), and then see if there are
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for training the net. Meanwhile, I am setting up all the other parameters
mentioned in previous posts and I will be in touch. Ian.

Finding out what to predict

Date :9/20/2000 Poster : Steve Ward

I couldn't agree with Olli more. Here is a very typical comment we've received through the years: "I have just changed my output and now I'm getting great results." We've heard this in scientific applications as well as financial. Remember that neural net outputs do no have to be just price, change in price, or percent change. You can predict any standard indicator or one you custom build. One idea to get you started is already posted on this site under tips and techniques called Normalizing Network Outputs.

On 9/15/00 Olli wrote:

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Re: Finding out what to predict

Date :9/21/2000 Poster : Ian

Thanks to Olli and Steve for the ideas, I will be working on some
output ideas this weekend, including the Ruggiero example referred to.
I thought I would first take a simple net and keep the input the same
try the different outputs to see what happens....for me at least this
is already a very useful forum. I will send the results of my work
back to the forum in the next 4 days or so. Ian.

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Re: S&P index prediction

Date :10/2/2000 Poster : Tom Gamon

John:

As an alternate to modeling the S&P500 index you might consider SPY ADR's traded on the AMEX. They have enormous liquidity as they are one of the most actively traded issues on the
the exchange. I have had good success modling it (over an out of sample of the last 2 years) by using Predict4 AdaptiveNet Add In Not Turbo Prop 2) . just using the
Open, High, Low, Close. However, I have not traded it, but will follow the signals for a while.

Good Luck,

Tom Gamon

On 9/3/00 John Crisp wrote:
Could someone please advise me on the data variable for the input and the indicators that I should be using. I am very new to this and would very much appreciate any help forwarded.
Thank you.
John Crisp

Re: Re: S&P index prediction

Date :10/4/2000 Poster : Ian

Good idea, especially as the ADR's (on any of the indexes) can actually
be really traded. Have you tried the technique detailed below with ratio-adjusted data also. as oppsoed to the raw data? Ian

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Re: Re: S&P index prediction

Date :10/11/2000 Poster : Steve Ward

This sounds like pretty good advice to me, and I am already aware that Tom knows what he is doing. Others, please post if you also have success with SPY ADRs.

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Re: Re: Re: S&P index prediction

Date :10/12/2000 Poster : JM

Hi all,

Can someone please advise me what is the SPY ADRs? What does ADR stand for and is there a futures contract on it? If there is, what's its symbol? Thanks!

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Re: Re: Re: Re: S&P index prediction

Date :10/13/2000 Poster : Eric L. Hoyle, CFA

Someone check me if I'm wrong, but ADR stands for American Depository Receipt, a vehicle used most often for trading share(s) of foreign companies on an American Exchange. However, the SPY are actually more similar to a tradeable mutual fund that has been created to mimic an index. The SPY is supposed to track the S&P 500, while DIA (Diamonds) should track the Dow Jones Industrial. There are a lot more, but you get the point. They are traded throughout the day on the Amex, and I don't believe they're subject to the up-tick rule for short sales. You can read more about them at www.amex.com. Look under "Index Shares" and then again under "Broad based Indexes". I don't know if they trade futures on them, however, I would be very surprised, since you can trade futures on the underlying index they're supposed to track.

Eric

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Re: Re: Re: Re: S&P index prediction

Date :10/13/2000 Poster : JM

Thanks Eric. Your post is very informative. It seems the US trade almost anything under the sun :) By the way, would it be too much if you can kindly explain about the uptick rule for short sale? I come from a country where short sale is strongly discouraged and short position must be closed within the same day. Thanks in advance!

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Eric

Re: Re: Re: Re: Re: S&P index prediction

Date :10/16/2000 Poster : Eric L. Hoyle, CFA

Again I'm not an expert, but generally, the uptick rule says that if you are going to sell a security short, the trade must be conducted at a price above the previous price (an uptick) or at the same price. However, the trade can only be conducted at the same price if the previous price was itself an uptick. It's designed to prevent short sellers from driving down the market. There are other rules for NASDAQ, where you are dealing with Market Makers, but the intent is the same. I did a quick search on Yahoo and found this explanation if you want more specifics: http://www.directaccesstrader.com/short.htm. Good luck.

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DayTrader Pro - question about misprints

Date :9/5/2000 Poster : Jimmy Raineri

I just started using DT Pro. It's a great package. I have a few questions, but let's take one at a time:

1. How does it handle misprints? It seems to me that quote.com only sends corrections (cancels) - and I noticed today that DT Pro didn't adjust the corresponding bar properly. For example, during a 2 minute bar the low price was 10.00 and the high was 20.00. 2 minutes later a cancel is made for the only trade at 20.00 and it is resubmitted at 15.00 - leaving the high trade for the previous 2 minute bar at 12.00. DT Pro still shows 20.00 for that bar, and I assume it trains and optimizes based on that incorrect price.

That leads me to a general question about misprints - is there any way within DT Pro that I can "see" these misprints and create an indicator based on them? It seems obvious that these "mistakes" are made to manipulate the price of a stock.

Thanks.

Re: DayTrader Pro - question about misprints

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Thanks.

Re: Re: DayTrader Pro - question about misprints

Date :9/12/2000 Poster : Ward.net Webmaster

We'll look into whether the cancels that you see on Qcharts are coming into our feed too, and whether they can be handled. In the mean time, you can manually correct any data point in the Trader. Please look in the videos in the section called Formatting a Chart, and the video is called Modifying Raw Data. This technique works with the DayTrader as well as the other versions.

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Thanks.

Re: Re: DayTrader Pro - question about misprints

Date :9/12/2000 Poster : Ward.net Webmaster

Our programmers now tell us that NeuroShell DayTrader Professional is indeed programmed to correct the chart when quote.com sends corrections. This may appear not to be the case, however, because:

1. The DayTrader doesn't make the bad part of the bar turn red like Ocharts does.
2. Different servers have slightly different data. If NeuroShell DayTrader Professional is connected to a different server than QCharts, there is a good chance that the data will vary between the two programs (Open, High, Low, Close, and Volume have been observed to be different).

If you can capture evidence that data correction isn't working, we'd like to see it. Please forward details to support@wardsystems.com.

With regard to building an indicator, it is not possible at this time, but it will be added to our ideas list.

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Fuzzy Logic and Neural nets

Date :9/5/2000 Poster : Ian

I am interested in opinions as to whether I can create systems within
NT pro (incl add-ins) that cover fuzzy logic approach? or if indeed anyone feel that is worthwhile to explore.

Thanks. Ian.

Re: Fuzzy Logic and Neural nets

Date :9/7/2000 Poster : Bruno VOISIN

In my view, neural nets are also good fuzzy logic operators. I would use Kohonens (unsupervised learning) or Probabilistic nets (supervised learning) to do classification, the way a fuzzy logic preprocessor would. I don't know of any FL add-on for NSTrader though.
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Re: Re: Fuzzy Logic and Neural nets

Date :9/8/2000 Poster : Ian

Thanks Bruno, I'll to see if I have my old Neuroshell 2 disks...Ian

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Thanks. Ian.

Re: Re: Re: Fuzzy Logic and Neural nets

Date :9/12/2000 Poster : Bruno VOISIN

Ian,
The discussion can go much further. It is always funny to send a message to the FL newsgroup and tell them that everything FL does can be done by neural nets. You can expect some interesting backfire.
To my (modest) knowledge though, almost everything can be done using classification nets, and you may be better off buying the Ward add-ons, than using NeuroShell 2.

FL however may give you a more targeted approach (based on fuzzy rules), hence tends to give more productive results, a little quicker. You may want to take a look at some FL products. I would myself stick to the Trader and try to add on to the existing platform.

Bruno

On 9/8/00 Ian wrote:
Thanks Bruno, I'll to see if I have my old Neuroshell 2 disks...Ian

On 9/7/00 Bruno VOISIN wrote:
In my view, neural nets are also good fuzzy logic operators. I would use Kohonens (unsupervised learning) or Probabilistic nets (supervised learning) to do classification, the way a fuzzy logic preprocessor would. I don't know of any FL add-on for NSTrader though.
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NT pro (incl add-ins) that cover fuzzy logic approach? or if indeed anyone feel that is worthwhile to explore.

Thanks. Ian.

Re: Fuzzy Logic and Neural nets

Date :9/12/2000 Poster : Ian

Bruno and Steve,

Thanks for the comments on fuzzy logic, I have all the Ward NT add-ins so I
will be trying to use them (on the S&P index prediction thread in fact). I would
love any guidance you have on those...maybe as part of the Index thread? I was wondering if you think NT could basically offer good inputs
of the FL sort....Ian.

On 9/12/00 Bruno VOISIN wrote:
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Bruno

Re: Re: Fuzzy Logic and Neural nets

Date :9/12/2000 Poster : Steve Ward

I agree with Bruno that neural nets contain all the fuzziness you need. Note that NeuroShell 2 nets can be called from the Trader Pro or DayTrader. However, if someone really wants to build a fuzzy logic engine in a DLL or our DataX add-on, wouldn't that be a nice add-on they could sell? For those that own GeneHunter, there's a great (but complicated and undocumented) Fuzzy Logic example on ward.net.

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Hi Steve,

I do own Genehunter (it will be in your records!)...but cannot find the disks with
the serial #...so I cannot immediately access that example, could that be put in the file sharing area? Or could someone outline the main aspects of that example? Also...can the same be achieved with the NT Pro optimising capability? Ian

The GeneHunter Fuzzy Logic Example

Date :9/13/2000 Poster : Steve Ward

Ian:

We'll handle the serial number problem thru tech support channels. I don't know offhand why you couldn't use the Trader GA by coding the fuzzy engine in a DLL, but I'd do a little test first if I were you. Meanwhile, here is all the documentation we made:

Solving Fuzzy Logic Problems Using GA-generated Fuzzy Membership Function Parameters

It is possible to solve problems using fuzzy logic, even if you don't know the proper shape of the fuzzy membership functions (triangles or trapezoids). You can let the genetic algorithm find an optimal set of fuzzy regions (i.e., the membership triangles). You can download two Excel examples of this below. We have actually programmed the fuzzy logic "engine" into Excel, then used the GA to find the optimal membership trianges.

The first example, fuga_ln.xls, is a fuzzy logic example which seeks to approximate a parabolic shape, just as a neural network might do. The example is a fuzzy logic engine that takes an x value and generates the function value y=1.6x^2 - .8. The GA optimizes the form of the membership triangles to achieve the best approximation. (Obviously, the NeuroShell Predictor can do a much better job of such an approximation, but this is just an example.)

In the second example, fuga_3d.xls, we built a fuzzy approximator of the function z(x,y)=.5(x+y).

WARNING: These examples are very, very, difficult to understand and we have not documented them. They are beyond the capabilities of most of our users. Do not even attempt to understand them unless you are very good at Excel and you understand fuzzy logic. We offer them AS IS, with NO TECHNICAL SUPPORT, for anyone interested in building hybrid GA-fuzzy systems. The hardest part about them is understanding how we have built the fuzzy "engine".

Hi Steve,

I do own Genehunter (it will be in your records!)...but cannot find the disks with
the serial #...so I cannot immediately access that example, could that be put in the file sharing area? Or could someone outline the main aspects of that example? Also...can the same be achieved with the NT Pro optimising capability? Ian

Re: The GeneHunter Fuzzy Logic Example

Date :9/14/2000 Poster : Ian

Steve,

Thanks for the follow up on this detail, I will contact the tech support people
to get access to the examples. Ian.

Delphi DLL Example

Date :9/6/2000 Poster : Ward.net Webmaster

For those wishing to code DLLs in Delphi, take a look at the example we have put on this site in the New and Updated Examples section.

Sharing Files on the Forum

Date :9/8/2000 Poster : Ward.net Webmaster

For those of you who would like to share your charts, indicators, etc with the rest of the forum, we have set up some procedures for doing so:

1. Create an archive file, either zip or exe, which contains all relevant files, including *.cht, *.tpl, *.dll along with any necessary data files. Please try to make your file as small as possible.

2. Send your archive file as an attachment to forum@ward.net

3. After review, we will upload your file to our server.

4. Within the body of your post to this forum, make a note indicating that you have sent a file to us. We will then insert a link to your file, so that others may download it.

Please only send example files and NOT problem files. If you have problems with your charts, please send those to support@wardsystems.com. We would like to keep this forum as a means for users to share ideas and not for tech support.

Re-Optomising and Re-Training

Date :9/10/2000 Poster : Nick Ali

Is there any way of preventing certian parameters being re-trained or even giving uper an lower bounds. If you have a system based on say a couple of nets do you have to go into each net and re-optomise and train?

Many thanks
Nick

Re: Re-Optomising and Re-Training

Date :9/12/2000 Poster : Bruno VOISIN

Any parameter range can be set prior to optimising. You may set the parameter range to nil (i.e. lower bound = upper bound) to prevent the genetic optimiser from "touching" it.

Bruno

On 9/10/00 Nick Ali wrote:
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Many thanks
Nick

Optimizing Trading Strategy

Date :10/5/2000 Poster : kc yeong

Hi all!

I've just got Neuroshell Trader Pro recently and found it to be a very flexible software. I have used Metastock before that.

As I was using the trading strategy wizard, I've got some results that I do not understand. Thought I'd post it here and hopefully, someone may have an answer.

It concerns the trading rule selection option. My objective is to optimize a simple moving average system. So, I ran the wizard with a range of parameters (5 to 100 in steps of 5) and ask the wizard to select one rule for simple moving average crossover above and one below. And I set the wizard to buy or sell when _one_ of the conditions is true.

Funny thing is that after optimizing, the software returned more than one buy conditions. Now, this confuses me. If I choose one buy condition, why does it return multiple conditions? In this case, the trading statistics will be calculated based on these multiple buying rules, true?

Any ideas?

Regards, KC

Re: Optimizing Trading Strategy

Date :10/6/2000 Poster : Ward.net Webmaster

When you choose one buy condition, you are saying that if any one of the many conditions is true, then buy. If you selected full optimization, then the genetic algorithm may delete some of the conditions, but it could still leave several there. Remember, it will buy when any one of those left is true.

If you really want only one rule possible, enter it and then do parameter optimization to find the best parameters for that one rule. Does this explanation help?

On 10/5/00 kc yeong wrote:
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Any ideas?

Regards, KC

Re: Re: Optimizing Trading Strategy

Date :10/7/2000 Poster : kc yeong

Thanks. I understand now. In the midst of juggling several things at the same time besides working on NST, I've mistaken rule optimization for parameter selection.

On 10/6/00 Ward.net Webmaster wrote:
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Re-optimising doesn't re-optimising

Date :10/6/2000 Poster : Paul Fowkes

I have a chart which uses two data streams in a strategy (ie it's non-neural, no prediction) to issue buy/sell orders for day trading SP. I created a chart from scratch and got some good results after optimisation (parameter) on the long-side but had mis-typed one of the short-side parameters.

I then updated my short-side parameters and can not get the thing to re-optimise at all. It simply ends up with the same trading stats that it starts with - even after running for half-an-hour (PIII 800MHz). I've tried everything I can hink of (changing parameter ranges, deleting re-adding them etc) but it never changes the results. They're always the same as it started with. Any ideas what I'm doing wrong?

I have built many other strategies/predictions etc and never seen this behaviour before. Normally if a change something and then re-optimise, the results change as you watch it run and you end up with something different. Help.

Re: Re-optimising doesn't re-optimising

Date :10/11/2000 Poster : chris wong

you indicate that the re-optimization was running for a half hour. maybe it was trying to find another solution but just kept coming up with the same one? i'm no expert on this, but maybe the optimal solution was the same for both sets of short side parameters you used?

On 10/6/00 Paul Fowkes wrote:
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How to detect the NN optimal model

Date :10/6/2000 Poster : Peter Hoon

Here are some ideas for traders seeking to detect the optimal model, and avoid over fitting in NT.

Basically, the strategy is to test the model varying the number of hidden neurons you use, while you keep a table of statistical quantities, which are printed out in "Prediction Analysis".

Background

I have developed my own forward leading smoothed target, based on domain experience and graphical analysis, about 4 periods ahead, and am seeking to develop an optimal model to predict it.

Using GA, trial and error, and visual graphics, I came up with a prediction model for it that has good "fit stats". I selected "no trades" while building my model. I am just working on model building at this time; later, I will build a trading system around this "leading indicator", designed to pick intermediate tops and bottoms.

These data are based on an out of sample of over 1600 bars, made up of the OOS evaluation portions of three walk forwards. The training and each walk forward produced virtually identical fit stats for this model, a very encouraging sign that the model is robust.

The columns listed are consecutively: number of hidden neurons in training and optimization (always kept the same), the average error, the r, the R sqd, MSE (mean squared error), and percent correct sign. The second row is the % contribution respectively of three indicators: RMI(close, 3, 7), Williams %R(High, Low, Close, 8) and Waveletvaldaub12(close, 8, 2). The parameters for these inputs remain the same for each different number of hidden neuron models when optimization for parameter input is chosen (keeping all the inputs).

I get the same numbers below when I choose different objectives: Max R sqd, Min MSE, Max r. This also is an encouraging sign that the model is robust.

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Hidden Avg Error r Rsqd MSE %correct sign (%contrib.) (%contrib.) (%contrib)
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I'll number my statements about the data above, so traders can offer their ideas and reactions:

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5) The model with 35 hidden neurons is either approaching instability, or actually is unstable: Note the unexpectedly high contribution of wavelet, and the higher value of MSE.

6) When I remove the input with the smallest contribution, wavelet, the model still works well and has good fit stats. However, keeping the input, which provides some information about cyclicity in the target, seems intuitively a good idea. The other two main contributors are principally measures of market momentum. Wavelet's presence in the model helps "spread" the relative contributions somewhat more evenly.

7) From breast cancer research using multivariate linear models, we often kept one predictor that had a relatively low contribution; it helped stabilize the model by acting as a "suppressor" variable, and it was often just at or slightly above the "F to enter or remove" level of statistical significance. Though it alone was not particularly important, we kept it because it slightly improved the overall prediction power of the model. This would be another argument for keeping wavelet in the model.

Re: How to detect the NN optimal model

Date :10/7/2000 Poster : Bruno VOISIN

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Interesting exercise you have done. The 100% correct sign worries me a little though.

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If you are interested in the topic, you may want to take a look at Prof. Murtagh's work on www.multiresolution.com. His paper is available on http://strule.cs.qub.ac.uk/~gzheng/financial-engineering/finpapermay99.html
And I have also re-writen his VB program for faster computations. The original code is available on his site (http://www.multiresolution.com/MTv2open.zip)

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Re: Re: How to detect the NN optimal model

Date :10/11/2000 Poster : Maxwell Craven

It doesn't look like he used the close, although his "forward leading smoothed target" could be based on the close. Peter, can you tell us what your forward leading smoothed target was? The 100% correct sign most likely appropriate, because since the target is probably always large and positive, the prediction is probably always positive as well.

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Re: Re: How to detect the NN optimal model

Date :10/23/2000 Poster : kc yeong

Hi Bruno,

I've seen articles referring to Morlet wavelets as suitable for financial time series forecasting. They also mentioned that other wavelets are less suitable. In Prof. Murtagh's work, he used A'trous (spelled correctly??) wavelets. Can you tell me what is the difference between Morlet and A wavelet and how they are useful to financial time series forecasting compared to others?

Regards, KC

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Re: Re: Re: How to detect the NN optimal model

Date :10/27/2000 Poster : Victor Chu

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One question still: what financial issue are you trying to predict?

Re: Re: Re: Re: How to detect the NN optimal model

Date :10/27/2000 Poster : Steve Ward

Nice work, Victor! I'm sure many will be interested in that contribution. Please send the DLL and your .tpl file to the Ward.net Webmaster at forum@ward.net and he'll post it.

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Re: Re: Re: Re: How to detect the NN optimal model

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Re: Re: Re: Re: Re: How to detect the NN optimal model

Date :10/30/2000 8:07:08 PM Poster : JM

Hi Vic,

Wow, thanks for the info. Didn't know that wavelets can do all those neat stuff. Your post is great! Thanks!

regards
JM

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Re: Re: Re: Re: Re: Re: How to detect the NN optimal model

Date :10/31/2000 12:38:18 AM Poster : Bruno VOISIN

Hi,

We should maybe have started a separate thread, but any how, it does not really matter.

As far as I understand wavelets, there are strong similarities with FFT. The signal is decomposed into waves of different 'periods' which do add up to the original signal. I have my own Excel Add-in as you know, and I have used it so far with the good old NeuroShell 2. It does indeed give pretty good results in predicting long to medium trends (first scales), although not nearly as good when you try and predict the %change. Secondly, I am skeptical when I see most the signal sitting in the residual. Of course, this depends on the number of scales you are using, but it also means that the wavelet has probably not captured well the inner movements of the series.

I am very interested in testing it further though, and I look forward to reading your feedback on this.

Regards
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PS: please excuse my 'approximate' English.

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Re: Re: Re: Re: Re: How to detect the NN optimal model

Date :10/31/2000 9:58:01 AM Poster : Daniel P Lyons

Hi Victor,

I tried to run the DLL version of the HAAR wavelet but kept getting an invalid page fault when attempting to implement it with another proprietary indicator I use. This does not use the close price so I suspect it is calling memory that does not exist. Is it possible to obtain the c source code to the DLL so I could try to debug the indicator I am using,

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One question still: what financial issue are you trying to predict?

Re: Re: Re: Re: Re: Re: How to detect the NN optimal model

Date :11/1/2000 1:18:30 PM Poster : Daniel P Lyons

Hi Victor,

thanks for your prompt reply. I will export the indicator as you suggest.

Strangely enough, the crash only occurs in real-time hence my desire to see what is happening as the conflict could be caused from my indicator...although my indicator does not normally crash when used on its own.

I engaged the DLL on the December Nasdaq futures contract in 1 min, 5 min and 15 min charts. The 1 min chart does not have more than 30,000 points so should be within your limits. I will experiment further today and keep you posted.

Also, have you also used the ATrous algorithm from Prof. Murtagh's routines?

Finally, I sent a message to John Bonn (producer of Wavefin) to clarify the end point distortion issue from their perspective re:Gabor & Morlet wavelets. Shall keep you informed of any response.

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Date :10/30/2000 1:58:48 AM Poster : kc yeong

Hi Victor,

Thanks for the info. I've read in Katz and McCormick's "Encyclopaedia of Trading Strategies" as well as Timorthy's "Neural, Novel and Hybrid Algorithm for Time Series Prediction" and both books referred to Morlet's wavelet as use for financial filtering. I'm glad you cleared it up.

I'm also interested in the C source code. I've downloaded the fortran code from Prof. Murtagh's site but ran into some bugs when I tried to code it. Will really appreciate it if you can post yours.

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Re: Re: Re: How to detect the NN optimal model

Date :10/28/2000 2:07:35 PM Poster : Bruno VOISIN

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If you want to try the A-Trous wavelet and his subsequent modified Haar, you can download the free Excel add-on on www.foretrade.com/wavelet.htm You may even want to compare his code with mine. They are functionally identical (except for the EMA which I have not coded).

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Re: How to detect the NN optimal model

Date :10/11/2000 Poster : Steve Ward

Nice piece of work, Peter. Very well thought out.

On 10/8/00 Peter Hoon wrote:
Here are some ideas for traders seeking to detect the optimal model, and avoid over fitting in NT.

Basically, the strategy is to test the model varying the number of hidden neurons you use, while you keep a table of statistical quantities, which are printed out in "Prediction Analysis".

Background

I have developed my own forward leading smoothed target, based on domain experience and graphical analysis, about 4 periods ahead, and am seeking to develop an optimal model to predict it.

Using GA, trial and error, and visual graphics, I came up with a prediction model for it that has good "fit stats". I selected "no trades" while building my model. I am just working on model building at this time; later, I will build a trading system around this "leading indicator", designed to pick intermediate tops and bottoms.

These data are based on an out of sample of over 1600 bars, made up of the OOS evaluation portions of three walk forwards. The training and each walk forward produced virtually identical fit stats for this model, a very encouraging sign that the model is robust.

The columns listed are consecutively: number of hidden neurons in training and optimization (always kept the same), the average error, the r, the R sqd, MSE (mean squared error), and percent correct sign. The second row is the % contribution respectively of three indicators: RMI(close, 3, 7), Williams %R(High, Low, Close, 8) and Waveletvaldaub12 (close, 8, 2). The parameters for these inputs remain the same for each different number of hidden neuron models when optimization for parameter input is chosen (keeping all the inputs).

I get the same numbers below when I choose different objectives: Max R sqd, Min MSE, Max r. This also is an encouraging sign that the model is robust.

I get virtually the same numbers below when I check "balance upward and downward trending market sections".

<pre>

Hidden Avg Error r Rsqd MSE %correct sign (%contrib.) (%contrib.) (%contrib)
Neurons

0 11.4 .818 .669 192.0 100 (47.57) (47.26) (5.16)
3 11.4 .818 .668 192.2 100 (79.39) (16.68) (3.93)
6 11.4 .818 .669 192.0 100 (59.62) (37.96) (2.42)
7 11.4 .818 .669 191.9 100 (52.97) (40.81) (6.22)
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35 11.5 .814 .661 196.5 100 (45.77) (45.10) (9.12)

</pre>

I'll number my statements about the data above, so traders can offer their ideas and reactions:

1) A completely linear model works well, but introducing some non-linearity by adding a few hidden neurons seems to help. Note the slightly lower MSE with 7 neurons Vs. Zero neurons.

2) The best clues to possible over fitting and possible model instability come by examining the Rsqd and MSE columns.

3) The use of 7 hidden neurons seems about optimal. You get a fairly nice spread of relative contributions, the highest Mul R sqd, and the lowest MSE.

4) After about 7 hidden neurons, the MSE starts rising, Mul Rsqd starts dropping, suggesting over fitting and possible model instability. Also, the relative contributions are not as evenly spread (RMI starts "hogging" more relative contribution) after the model with 7 hidden neurons, particularly with 20 and 25 neurons.

5) The model with 35 hidden neurons is either approaching instability, or actually is unstable: Note the unexpectedly high contribution of wavelet, and the higher value of MSE.

6) When I remove the input with the smallest contribution, wavelet, the model still works well and has good fit stats. However, keeping the input, which provides some information about cyclicity in the target, seems intuitively a good idea. The other two main contributors are principally measures of market momentum. Wavelet's presence in the model helps "spread" the relative contributions somewhat more evenly.

7) From breast cancer research using multivariate linear models, we often kept one predictor that had a relatively low contribution; it helped stabilize the model by acting as a "suppressor" variable, and it was often just at or slightly above the "F to enter or remove" level of statistical significance. Though it alone was not particularly important, we kept it because it slightly improved the overall prediction power of the model. This would be another argument for keeping wavelet in the model.

systems getting better!??

Date :10/11/2000 Poster : chris wong

this week i dug out some systems i built last year. they weren't very good last year but now they look pretty good to me. anybody got any ideas why that could be?

Re: systems getting better!??

Date :10/11/2000 Poster : RJ Young

I have no idea how to answer your question, but now I wish I hadn't abandoned the charts I made last year that didn't work!

On 10/11/00 chris wong wrote:
this week i dug out some systems i built last year. they weren't very good last year but now they look pretty good to me. anybody got any ideas why that could be?

Re: systems getting better!??

Date :10/12/2000 Poster : JM

It could be that current market conditions has changed and it favours your older systems which is actually more suited to this current condition. I know there are traders out there who use different systems for different market conditions. Heck, they even let their nets decide which system to use for current market conditions by predicting the most profitable system (using its equity curve) for current market conditions.

JM

On 10/11/00 chris wong wrote:
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PowerBasic DLL

Date :10/13/2000 Poster : kc yeong

Recently, I've been working away on Pbasic programming.
With some background in Fortran programming, the transition
was quite easy. Took me a few days though to figure out how
to write DLLs.

I've downloaded some DLLs from the TASC section of this website
and some of the indicators proved to be very useful. I feel that
Ward Systems should also provide the source codes as examples
to show the full potential of NST Pro. As yet, there are just a few
simple examples on writing DLLs.

For a start, I would like to contribute a source code that I've written
recently. It is a maximum entropy analysis algorithm that I've
translated from Numerical Recipes in Fortran by Teukolsky et all.
Although it is a working program, please do not use it for trading
purposes as I think it is buggy. I've no working knowledge in maximum
entropy and hence, I do not really understand its logic. The power spectrum
plotted seemed suspiciously symmetrical. Moreover, I've tested it on a
pure sine wave curve and it did not give the desired (frequency) peak.
Nevertheless, I hope it provides a first step for those of you who are not
willing to pay $$$ for a program such as MESA.

I'm still learning and if anyone has any suggestions, do contribute.

---------- Begin ----------

```
'This program does the following:
' 1. Centers the data series in_array.
' 2. For a specified period, it calculates the mean square deviation xms
' and the coefficients d(i) using a recursive procedure.
' 3. It then calculates the power spectrum out_array for the range of
' angle [0,fdt] where fdt=0.5 and delta=fdt/cnt.

#COMPILE DLL

SUB mesa ALIAS "mesa" (in_array AS SINGLE PTR, BYVAL period AS INTEGER, _
out_array AS SINGLE PTR, BYVAL cnt AS INTEGER) EXPORT

DIM i AS INTEGER, j AS INTEGER, k AS INTEGER, m AS INTEGER, n AS INTEGER
DIM fdt AS DOUBLE, xms AS DOUBLE, delta AS DOUBLE, missing#
DIM denom AS DOUBLE, p AS DOUBLE, pneum AS DOUBLE, sum AS DOUBLE
DIM wk1(cnt) AS DOUBLE, wk2(cnt) AS DOUBLE, wkm(cnt) AS DOUBLE
DIM sumi AS DOUBLE, sumr AS DOUBLE, d(period) AS DOUBLE, mean AS DOUBLE
DIM theta AS DOUBLE, wi AS DOUBLE, wpi AS DOUBLE
DIM wpr AS DOUBLE, wr AS DOUBLE, wtemp AS DOUBLE

missing=3.4e38
fdt=0.5 'Nyquist range between 0 to 0.5
delta=fdt/cnt 'angle interval
p=0
sum=0
n=cnt
m=period
FOR j=1 TO n
sum=sum+@in_array[j-1]
NEXT j
'mean=sum/cnt
mean=0
FOR j=1 TO n
'@in_array[j-1]=@in_array[j-1]-mean 'center the data
p=p+@in_array[j-1]*@in_array[j-1]
NEXT j
xms=p/n
wk1(0)=@in_array[0]
wk2(n-2)=@in_array[n-1]
FOR j=2 TO n-1
wk1(j-1)=@in_array[j-1]
wk2(j-2)=@in_array[j-1]
NEXT j
```

```
FOR k=1 TO m
pneum=0
denom=0
FOR j=1 TO n-k
pneum=pneum+wk1(j-1)*wk2(j-1)
denom=denom+wk1(j-1)*wk1(j-1)+wk2(j-1)*wk2(j-1)
NEXT j
d(k-1)=2*pneum/denom
xms=xms*(1.0-d(k-1)*d(k-1))
FOR i=1 TO k-1
d(i-1)=wkm(i-1)-d(k-1)*wkm(k-i)
NEXT i
IF k=m THEN
GOTO 10
END IF
FOR i=1 TO k 'recursive part of calculation
wkm(i-1)=d(i-1)
NEXT i
FOR j=1 TO n-k-1
wk1(j-1)=wk1(j-1)-wkm(k-1)*wk2(j-1)
wk2(j-1)=wk2(j)-wkm(k-1)*wk1(j)
NEXT j
NEXT k
10 FOR i=1 TO n 'calculates power spectrum
theta=6.28318530717959*delta
wpr=COS(theta*(i-1))
wpi=SIN(theta*(i-1))
wr=1
wi=0
sumr=1
sumi=0
IF i<m THEN
@out_array[i-1]=missing
ELSE
FOR k=1 TO m
wtemp=wr
wr=wr*wpr-wi*wpi
wi=wi*wpr+wtemp*wpi
sumr=sumr-d(k-1)*wr
sumi=sumi-d(k-1)*wi
NEXT k
@out_array[i-1]=LOG10(xms/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
END IF
NEXT i
END SUB
```

---------- End ----------

Re: PowerBasic DLL

Date :10/13/2000 Poster : Steve Ward

Thanks for a great contribution. You're right, we should be providing the source code for TASC DLLs, and we will. Unfortunately, I believe our programmers used C, even though I'm convinced Powerbasic is a far better choice. But the source code may still be helpful to some.

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pure sine wave curve and it did not give the desired (frequency) peak.
Nevertheless, I hope it provides a first step for those of you who are not
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I'm still learning and if anyone has any suggestions, do contribute.

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```
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' angle [0,fdt] where fdt=0.5 and delta=fdt/cnt.

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DIM fdt AS DOUBLE, xms AS DOUBLE, delta AS DOUBLE, missing#
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DIM wk1(cnt) AS DOUBLE, wk2(cnt) AS DOUBLE, wkm(cnt) AS DOUBLE
DIM sumi AS DOUBLE, sumr AS DOUBLE, d(period) AS DOUBLE, mean AS DOUBLE
DIM theta AS DOUBLE, wi AS DOUBLE, wpi AS DOUBLE
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missing=3.4e38
fdt=0.5 'Nyquist range between 0 to 0.5
delta=fdt/cnt 'angle interval
p=0
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n=cnt
m=period
FOR j=1 TO n
sum=sum+@in_array[j-1]
NEXT j
'mean=sum/cnt
mean=0
FOR j=1 TO n
'@in_array[j-1]=@in_array[j-1]-mean 'center the data
p=p+@in_array[j-1]*@in_array[j-1]
NEXT j
xms=p/n
wk1(0)=@in_array[0]
wk2(n-2)=@in_array[n-1]
FOR j=2 TO n-1
wk1(j-1)=@in_array[j-1]
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NEXT j
FOR k=1 TO m
pneum=0
denom=0
FOR j=1 TO n-k
pneum=pneum+wk1(j-1)*wk2(j-1)
denom=denom+wk1(j-1)*wk1(j-1)+wk2(j-1)*wk2(j-1)
NEXT j
d(k-1)=2*pneum/denom
xms=xms*(1.0-d(k-1)*d(k-1))
FOR i=1 TO k-1
d(i-1)=wkm(i-1)-d(k-1)*wkm(k-i)
NEXT i
IF k=m THEN
GOTO 10
END IF
FOR i=1 TO k 'recursive part of calculation
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10 FOR i=1 TO n 'calculates power spectrum
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wr=1
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IF i<m THEN
@out_array[i-1]=missing
ELSE
FOR k=1 TO m
wtemp=wr
wr=wr*wpr-wi*wpi
wi=wi*wpr+wtemp*wpi
sumr=sumr-d(k-1)*wr
sumi=sumi-d(k-1)*wi
NEXT k
@out_array[i-1]=LOG10(xms/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
END IF
NEXT i
END SUB
```

---------- End ----------

Re: Re: PowerBasic DLL

Date :10/14/2000 Poster : Mike

Now if I could just convince you to use Java (platform neutral) and support clustered computers with distributed processing. <grin>.

I found a book entitled "Layered Learning in MultiAgent Systems - A Winning Approach to Robotic Soccer." Each agent (soccer robot) assumes different goals during the game (pass, carry, go for a goal) and the team optimizes alternatives to maximize goals. Now, think of the same thing applied towards investing. Each agent/computer (tech stocks, retailers...?) tries to change the investing mix to maximize the goal (or profit).

Perhaps its blue-sky, but its fun to contemplate.

---------- Previous Message ----------

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Re: Re: PowerBasic DLL

Date :10/16/2000 Poster : kc yeong

Really appreciate it that you're providing the source codes.
I believe that at the initial stage of learning, every available
lesson helps. Although C language is not my favourite
language for the simple reason that pointers and mem
alloc make me feel like going to Mars, I feel that these

examples will provide a "template" from which other
codes may be written.

I've just found a way to check my maximum entropy algorithm
codes. (THERE IS HOPE.) I've just found a software package
from the net called TISEAN. It specializes in chaos stuff. In it
is a code that is written in C (mem_spec.c) that lays out the logic
to implement the algorithm. Coincidently, it is also based on
the algorithm from Numerical Recipes.

I'll update the code once I'm done.

A question that is on my mind is: Can the algorithm be coded so
simply when software packages such as MESA is selling for
hundreds of $? I do not really have the answer but once, I've
seen somebody refer simple codes as 'quick and dirty'.
Although I confess I do not know what that means, my
impression is that simple codes do not handle certain subtleties
that may arise. Thus, perhaps professional codes are professional
simply because they encompass a wider scope of application.
On top of that, commercial packages also provide useful graphical
user interfaces that ease usage. With that in mind, I believe that
even though simple codes such as those found in Numerical
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A second question is its capability. Being an alternative to
FFT for the reason that it can be applied to non-stationary
time-series and its ability to resolve the frequency components
better, it might be mistaken for magic. But I've seen many
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Does anyone have any thoughts on this? How does it compared to
wavelets?

Hope I'm not out of line in this forum…

Curiously, KC

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Re: Re: Re: PowerBasic DLL

Date :10/17/2000 Poster : Eric L. Hoyle, CFA

I bought the MESA software for the Trader program as well as WaveFin from Cornice Research, www.corniceresearch.com, but I haven't had a lot of luck with either. That may very well be because I have not put the time into working with the programs that they require. I'm also very new to wavelets, so operator error may to be blame not the programs. I would be interested in hearing if others have had any luck in this area and how they applied them. I would also be willing to experiment if there are any suggestion out there.

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Re: Re: Re: Re: PowerBasic DLL

Date :10/18/2000 Poster : Bruno VOISIN

Regarding wavelets, most wavelet functions are simply unsuitable for time series computations. They do require sampling on both sides of the time point in question, which would mean looking into the future too. There have been many attempts to overcome such problem (for example using padding). If I am not mistaken, Prof F.Murtagh's work (http://www.multiresolution.com) is among the most advanced in this field. It is mathematically rigorous, therefore could be used in neural net predictions. FYI, I have rewritten his Excel-based utility for faster computations, and it is available free on http://www.foretrade.com/wavelet.htm

Good luck,
Bruno

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Portfolio Optimization

Date :10/14/2000 Poster : Steve Ward

Mike's thought below deserves its own thread. I don't think it is blue-sky. In our October Newsletter we will mention the GeneHunter examples that do portfolio allocation and optimization. It seems like a very easy thing to define a variable (chromosome for GeneHunter users) that specifies what percentage of your assets should be in tech, another specifying the percentage in retail, etc. You optimize those variables based on the profit they would have made over the last N weeks (you select N), thereby giving you the portfolio mix that (hopefully) should be valid at least in the near future.

As an extension, you could use the NeuroShell Classifier to classify the current state of the market into one of several categories. Then in the GeneHunter optimization, instead of using the last N weeks, you use data from the most recent period when the market was also classified in the same category as today.

Anyone have thoughts to add? (I'm going to post this on the GeneHunter forum too in case any GeneHunter users want to comment.)

Mike wrote:
I found a book entitled "Layered Learning in MultiAgent Systems - A Winning Approach to Robotic Soccer." Each agent (soccer robot) assumes different goals during the game (pass, carry, go for a goal) and the team optimizes alternatives to maximize goals. Now, think of the same thing applied towards investing. Each agent/computer (tech stocks, retailers...?) tries to change the investing mix to maximize the goal (or profit).

Perhaps its blue-sky, but its fun to contemplate.

Security Device and Laptop Installation

Date :10/16/2000 Poster : kc yeong

I'm having difficulty installing NST in my laptop. My laptop does not have a db25 parallel port. It has USB ports instead. I've tried to use adapters (two to be more specific - (i) RS232 parallel to serial and (ii) USB to parallel). Although the second adapter connects successfully to my printer, I still get the message that the security device is not detected whenever I try to run NST.

Any suggestions? Thanks.

Regards, KC

Re: Security Device and Laptop Installation

Date :10/18/2000 Poster : Bruno VOISIN

That's a tech support question. I believe WSG does provide USB dongle replacement for the Sentinel SuperPro original security block.

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Any suggestions? Thanks.

Regards, KC

PowerBasic Code for Maximum Entropy Analysis

Date :10/18/2000 Poster : kc yeong

I'm feeling happy today! For the simple reason that my little maximum entropy
project is finally completed. Below is the source code. I've decided to rename the
code from MESA to MEPS (for some obvious reasons :-( ).

I've found out that the original code that I've posted earlier is actually correct. But
it needed some minor corrections so that it makes more sense. Comments are included to make it self-explanatory.

Regards, KC

```
---------- Begin ----------
'
' This program calculates the maximum entropy power spectrum (MEPS) for input_series[i].
' Two important parameters to choose carefully are the number of poles (poles)
' and the resolution of the power spectrum (fdt). They determine how the power
' spectrum will look like. The action of the code is as follows:
'
' 1) Preprocesses the data by detrending it to remove the long term (linear) trend.
' 2) Calculates the mean square deviation xms and coefficients d(i) using
' Burg's algorithm.
' 3. Calculates the maximum entropy power spectrum pow_spec.
'
' References: 1)Numerical Recipes in Fortran by Teukolsky, Flannery, et al. (A very
' technical and somewhat brief review but this is where the codes are
' found). Can download the whole book from the internet for FREE. Yipee!
' 2)Neural, Novel & Hybrid Algorithms for Time Series Predictions
' by Timothy Masters. (A practical approach - highly recommended for those
' with some math background).
' 3)MESA and Trading Market Cycles by John Ehlers. (For beginners).
' 4)Internet Search...
'
' I would also like to point out that References (1) and (2) present a more objective
' viewpoint to using MEPS and they do point out some of the subtleties (read difficulties)
' in using MEPS.
'
' There are 5 variables altogether - 4 input and 1 output. The calling procedure is
' EXTERNAL DLL CALL by ARRAY with the following declarations:
'
' #1 ---> ByRef Double as Time Series (for input_series). Default is Close.
' #2 ---> ByVal Integer as Numeric Value with Integer>0 (for poles). Default is 20.
' It usually ranges from 20 to 150. Low values are prefered. As a general guide,
' the ratio (poles/length) should be a small number. Higher values give more peaks
' in the power spectrum and lower values give a smoother spectrum.
' #3 ---> ByVal Double as Numeric Value with Real>0 (for fdt). Default is 0.2. It
' can take on values from 0 to 0.5. This is the one that is connected to the
' concept of Nyquist frequency in FFT. Allows you to zoom in the power spectrum
' for a more detailed look. Usually, a lower value is desired for finer resolution.
' #4 ---> ByRef Double as Indicator Output (for pow_spec). This is the power spectrum.
' #5 ---> ByVal Integer as Number of Value in Time Series (for length).
'
' For a start, you might like to plot three indicators with poles=20,50,100 while holding
' fdt=0.2 as the constant. Then, superpose them together to see how increasing the number
' of poles affects the spectrum. Then proceed to read and experiment, and read and experiment
' more and read.....
'
#COMPILE DLL

SUB meps ALIAS "meps" (input_series AS DOUBLE PTR, BYVAL poles AS INTEGER, _
BYVAL fdt AS DOUBLE, pow_spec AS DOUBLE PTR, _
BYVAL length AS INTEGER) EXPORT

DIM i AS INTEGER, j AS INTEGER, k AS INTEGER, m AS INTEGER, n AS INTEGER
DIM xms AS DOUBLE, delta AS DOUBLE, missingtf, mean AS DOUBLE
DIM denom AS DOUBLE, p AS DOUBLE, pneum AS DOUBLE, sum AS DOUBLE
DIM wk1(length) AS DOUBLE, wk2(length) AS DOUBLE, wkm(length) AS DOUBLE
DIM sumi AS DOUBLE, sumr AS DOUBLE, d(poles) AS DOUBLE
DIM theta AS DOUBLE, wi AS DOUBLE, wpi AS DOUBLE
DIM wpr AS DOUBLE, wr AS DOUBLE, wtemp AS DOUBLE

missing=3.4e38
p=0
sum=0
n=length
m=poles

FOR j=1 TO n
sum=sum+@input_series[j-1]
NEXT j
mean=sum/length
FOR j=1 TO n
@input_series[j-1]=@input_series[j-1]-mean 'detrends input_series
p=p+@input_series[j-1]*@input_series[j-1]
NEXT j
xms=p/n
wk1(0)=@input_series[0] 'Burg's Algorithm
wk2(n-2)=@input_series[n-1]
FOR j=2 TO n-1
wk1(j-1)=@input_series[j-1]
wk2(j-2)=@input_series[j-1]
NEXT j
FOR k=1 TO m
pneum=0
denom=0
FOR j=1 TO n-k
pneum=pneum+wk1(j-1)*wk2(j-1)
denom=denom+wk1(j-1)*wk1(j-1)+wk2(j-1)*wk2(j-1)
NEXT j
d(k-1)=2*pneum/denom
xms=xms*(1.0-d(k-1)*d(k-1))
FOR i=1 TO k-1
d(i-1)=wkm(i-1)-d(k-1)*wkm(k-i)
NEXT i
IF k=m THEN
GOTO 10
END IF
FOR i=1 TO k
wkm(i-1)=d(i-1)
NEXT i
FOR j=1 TO n-k-1
wk1(j-1)=wk1(j-1)-wkm(k-1)*wk2(j-1)
wk2(j-1)=wk2(j)-wkm(k-1)*wk1(j)
NEXT j
NEXT k
10 FOR i=1 TO n 'calculates power spectrum
delta=fdt/length 'angle interval
theta=6.28318530717959*delta
wpr=COS(theta*(i-1))
wpi=SIN(theta*(i-1))
wr=1
wi=0
sumr=1
sumi=0
IF i<=m THEN
@pow_spec[i-1]=missing
ELSE
FOR k=1 TO m
wtemp=wr
wr=wr*wpr-wi*wpi
wi=wi*wpr+wtemp*wpi
sumr=sumr-d(k-1)*wr
sumi=sumi-d(k-1)*wi
NEXT k
'@pow_spec[i-1]=LOG10(xms/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
@pow_spec[i-1]=LOG10(1/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
'Since xms is a constant for a given m, log(xms) just rescales the axis
'so I've decided to ignore it. Will not affect the overall shape of the spectrum.
END IF
NEXT i
END SUB
---------- End ----------
```

Re: PowerBasic Code for Maximum Entropy Analysis

Date :10/19/2000 Poster : Ward.net Webmaster

KC,

Since some of our users do not have a compiler, perhaps you could send us the compiled DLL and a *.tpl file so that all users could use this. Just send an email to forum@ward.net with the files attached. We will then provide a link from which users could download.

Thanks,
Ward.net Webmaster

On 10/18/00 kc yeong wrote:
I'm feeling happy today! For the simple reason that my little maximum entropy
project is finally completed. Below is the source code. I've decided to rename the
code from MESA to MEPS (for some obvious reasons :-( ).

I've found out that the original code that I've posted earlier is actually correct. But
it needed some minor corrections so that it makes more sense. Comments are included to make it self-explanatory.

Regards, KC

---------- Begin ----------
'
' This program calculates the maximum entropy power spectrum (MEPS) for input_series[i].
' Two important parameters to choose carefully are the number of poles (poles)
' and the resolution of the power spectrum (fdt). They determine how the power
' spectrum will look like. The action of the code is as follows:
'
' 1) Preprocesses the data by detrending it to remove the long term (linear) trend.
' 2) Calculates the mean square deviation xms and coefficients d(i) using
' Burg's algorithm.
' 3. Calculates the maximum entropy power spectrum pow_spec.
'
' References: 1)Numerical Recipes in Fortran by Teukolsky, Flannery, et al. (A very
' technical and somewhat brief review but this is where the codes are
' found). Can download the whole book from the internet for FREE. Yipee!
' 2)Neural, Novel & Hybrid Algorithms for Time Series Predictions
' by Timothy Masters. (A practical approach - highly recommended for those
' with some math background).

```
' 3)MESA and Trading Market Cycles by John Ehlers. (For beginners).
' 4)Internet Search...
'
' I would also like to point out that References (1) and (2) present a more objective
' viewpoint to using MEPS and they do point out some of the subtleties (read difficulties)
' in using MEPS.
'
' There are 5 variables altogether - 4 input and 1 output. The calling procedure is
' EXTERNAL DLL CALL by ARRAY with the following declarations:
'
' #1 ---> ByRef Double as Time Series (for input_series). Default is Close.
' #2 ---> ByVal Integer as Numeric Value with Integer>0 (for poles). Default is 20.
' It usually ranges from 20 to 150. Low values are prefered. As a general guide,
' the ratio (poles/length) should be a small number. Higher values give more peaks
' in the power spectrum and lower values give a smoother spectrum.
' #3 ---> ByVal Double as Numeric Value with Real>0 (for fdt). Default is 0.2. It
' can take on values from 0 to 0.5. This is the one that is connected to the
' concept of Nyquist frequency in FFT. Allows you to zoom in the power spectrum
' for a more detailed look. Usually, a lower value is desired for finer resolution.
' #4 ---> ByRef Double as Indicator Output (for pow_spec). This is the power spectrum.
' #5 ---> ByVal Integer as Number of Value in Time Series (for length).
'
' For a start, you might like to plot three indicators with poles=20,50,100 while holding
' fdt=0.2 as the constant. Then, superpose them together to see how increasing the number
' of poles affects the spectrum. Then proceed to read and experiment, and read and experiment
' more and read.....
'
#COMPILE DLL

SUB meps ALIAS "meps" (input_series AS DOUBLE PTR, BYVAL poles AS INTEGER, _
BYVAL fdt AS DOUBLE, pow_spec AS DOUBLE PTR, _
BYVAL length AS INTEGER) EXPORT

DIM i AS INTEGER, j AS INTEGER, k AS INTEGER, m AS INTEGER, n AS INTEGER
DIM xms AS DOUBLE, delta AS DOUBLE, missing#, mean AS DOUBLE
DIM denom AS DOUBLE, p AS DOUBLE, pneum AS DOUBLE, sum AS DOUBLE
DIM wk1(length) AS DOUBLE, wk2(length) AS DOUBLE, wkm(length) AS DOUBLE
DIM sumi AS DOUBLE, sumr AS DOUBLE, d(poles) AS DOUBLE
DIM theta AS DOUBLE, wi AS DOUBLE, wpi AS DOUBLE
DIM wpr AS DOUBLE, wr AS DOUBLE, wtemp AS DOUBLE

missing=3.4e38
p=0
sum=0
n=length
m=poles

FOR j=1 TO n
sum=sum+@input_series[j-1]
NEXT j
mean=sum/length
FOR j=1 TO n
@input_series[j-1]=@input_series[j-1]-mean 'detrends input_series
p=p+@input_series[j-1]*@input_series[j-1]
NEXT j
xms=p/n
wk1(0)=@input_series[0] 'Burg's Algorithm
wk2(n-2)=@input_series[n-1]
FOR j=2 TO n-1
wk1(j-1)=@input_series[j-1]
wk2(j-2)=@input_series[j-1]
NEXT j
FOR k=1 TO m
pneum=0
denom=0
FOR j=1 TO n-k
pneum=pneum+wk1(j-1)*wk2(j-1)
denom=denom+wk1(j-1)*wk1(j-1)+wk2(j-1)*wk2(j-1)
NEXT j
d(k-1)=2*pneum/denom
xms=xms*(1.0-d(k-1)*d(k-1))
FOR i=1 TO k-1
d(i-1)=wkm(i-1)-d(k-1)*wkm(k-i)
NEXT i
IF k=m THEN
GOTO 10
END IF
FOR i=1 TO k
wkm(i-1)=d(i-1)
NEXT i
FOR j=1 TO n-k-1
wk1(j-1)=wk1(j-1)-wkm(k-1)*wk2(j-1)
wk2(j-1)=wk2(j)-wkm(k-1)*wk1(j)
NEXT j
NEXT k
10 FOR i=1 TO n 'calculates power spectrum
delta=fdt/length 'angle interval
theta=6.283185307179586*delta
wpr=COS(theta*(i-1))
wpi=SIN(theta*(i-1))
wr=1
wi=0
sumr=1
sumi=0
IF i<m THEN
@pow_spec[i-1]=missing
ELSE
FOR k=1 TO m
wtemp=wr
wr=wr*wpr-wi*wpi
wi=wi*wpr+wtemp*wpi
sumr=sumr-d[k-1]*wr
sumi=sumi-d[k-1]*wi
NEXT k
'@pow_spec[i-1]=LOG10(xms/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
@pow_spec[i-1]=LOG10(1/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
'Since xms is a constant for a given m, log(xms) just rescales the axis
'so I've decided to ignore it. Will not affect the overall shape of the spectrum.
END IF
NEXT i
END SUB
------------------------- End ---------------------------------------
```

Stocks and Commodities Tips Source Code

Date :10/19/2000 Poster : Ward.net Webmaster

Source code for many of the Stocks and Commodities Tips can be found in Trader Tips from Stocks and Commodities section of this site. There is a self extracting archive available for download with the source files. The majority of these have been coded with Visual C 6.0. It is assumed that you have some knowledge about programming and building DLL's as it is beyond the scope of our technical support department to assist you in this matter.

Re: Stocks and Commodities Tips Source Code

Date :10/23/2000 Poster : kc yeong

Thanks for posting the C source codes. They make great examples and understanding it is easier than I thought.

Regards, KC

On 10/19/00 Ward.net Webmaster wrote:
Source code for many of the Stocks and Commodities Tips can be found in Trader Tips from Stocks and Commodities section of this site. There is a self extracting archive available for download with the source files. The majority of these have been coded with Visual C 6.0. It is assumed that you have some knowledge about programming and building DLL's as it is beyond the scope of our technical support department to assist you in this matter.

MEM Update

Date :10/21/2000 Poster : kc yeong

I've updated the maximum entropy method code. There are some changes,
the main one is on how the power spectrum is displayed. I've also sent mem.dll and
mem.tpl to WebMaster. You can download a self-extracting archive file, mem.exe containing the DLL and TPL using this link.Below is the source code. Please read the comments even if you
do not intend to compile it because there are some instructions on how to use the
algorithm.

As I've said earlier, this project is experimental and its focus is really to show how the
maximum entropy algorithm can be coded in PowerBasic. Understanding the algorithm for
trading purposes is an even larger hurdle which I'm currently embarking on. I think that
fundamental to its understanding is FFT. So, I'm digging up some old text to refresh my
memory. Finding suitable learning materials that I can understand is also another hurdle.

I've tested the code by using a pure sine wave and it gave the desired peak. If
anyone is interested, this is how I generated a pure sine wave using NST. All I've done
was simply to pick my most hated stock (in metastock format), erased its data with
Metastock Downloader and cut-and-paste the sine wave data generated from Excel.
I'm currently trying to use the code to resolve a combined sine wave. This is where
the real power of mesa lies, its ability to resolve nearly equal frequency components.
For example, if the combined wave is 3sin(2*pi*f1*t)+2sin(2*pi*f2*t), then the code
should give two peaks that corresponds to frequencies f1 and f2. Usually, f1 and f2 can be
quite close to each other. While methods such as FFT and wavelets tend to give peaky
spectrum and make the identification difficult, MEM's spectrum is relative smooth. If
anyone has found other uses, do share.

```
'
' This program calculates the power spectrum of input_series[] using the
' maximum entropy method (MEM). There are two parameters to adjust. The first
' is the number of poles (npoles). It determines how well the spectrum fits the input
' data. [Some technical details: MEM actually uses a fitting procedure like fitting
' a polynomial to a curve. The number of poles represents the number of coefficients
' of the polynomial used to fit the data.] If you choose a small number of poles
' (i.e. npoles=20), the resultant power spectrum will appear smooth with a few
' peaks. A higher number of poles (npoles=100) will give many peaks as the spectrum
' tries to fit into every corner of the data. The problem with using a large value of
' npoles is overfitting. It tries to find whatever peaks, whether it is there or not.
' The second parameter is the number of frequencies to display (nfreq). This actually
' is related to the resolution of the spectrum. Remember that the displayed graph is
' power spectrum (vertical axis) versus frequency (horizontal axis). The value of nfreq
' changes the frequency scale. If you want to get a closer look at a peak, use a
' larger value of nfreq to zoom in on the power spectrum. A special requirement is that
' nfreq be larger or equal to the number of input data points. If the condition is not
' met, nothing is displayed.
'
' The action of the code is as follows:
'
' 1) Preprocesses the data by detrending it to remove the long term (linear) trend.
' 2) Calculates the mean square deviation xms and coefficients d(i) using
' Burg's algorithm.
' 3) Calculates the power spectrum pow_spec and display it.
'
' References: 1)Numerical Recipes in Fortran by Teukolsky, Flannery, et al. (A very
' technical and somewhat brief review but this is where the codes are
' found). Can download the whole book from the internet for FREE. Yipee!
' 2)Neural, Novel & Hybrid Algorithms for Time Series Predictions
' by Timothy Masters. (A practical approach - highly recommended for those
' with some math background).
' 3)MESA and Trading Market Cycles by John Ehlers. (For beginners).
' 4)Internet Search...
'
' I would also like to point out that References (1) and (2) present a more objective
' viewpoint to using MEM and they do point out some of the subtleties (read difficulties)
' in using MEM.
```

```
'
' There are 5 variables altogether - 4 input and 1 output. The calling procedure is
' EXTERNAL DLL CALL by ARRAY with the following declarations:
'
' #1 ---> ByRef Double as Time Series (for input_series). Default is Close.
' #2 ---> ByVal Integer as Numeric Value with Integer>0 (for npoles). Default is 20.
' It usually ranges from 20 to 150. Low values are preferred. As a general guide,
' the ratio (poles/number of input data points) should be a small number.
' #3 ---> ByVal Integer as Numeric Value with Integer>0 (for nfreq). Default is 2000.
' This parameter changes the frequency scale (horizontal axes). If you use a
' larger nfreq, the power spectrum will be plotted on a finer frequency scale.
' #4 ---> ByRef Double as Indicator Output (for pow_spec). This is the power spectrum.
' #5 ---> ByVal Integer as Number of Value in Time Series (for length).
'
#COMPILE DLL

SUB mem ALIAS "mem" (input_series AS DOUBLE PTR, BYVAL npoles AS INTEGER, _
BYVAL nfreq AS INTEGER, pow_spec AS DOUBLE PTR, _
BYVAL length AS INTEGER) EXPORT

DIM i AS INTEGER, j AS INTEGER, k AS INTEGER, m AS INTEGER, n AS INTEGER
DIM xms AS DOUBLE, missing#, mean AS DOUBLE, sum AS DOUBLE
DIM denom AS DOUBLE, p AS DOUBLE, pneum AS DOUBLE, delta AS DOUBLE
DIM wk1(length) AS DOUBLE, wk2(length) AS DOUBLE, wkm(length) AS DOUBLE
DIM sumi AS DOUBLE, sumr AS DOUBLE, d(npoles) AS DOUBLE
DIM theta AS DOUBLE, wi AS DOUBLE, wpi AS DOUBLE
DIM wpr AS DOUBLE, wr AS DOUBLE, wtemp AS DOUBLE

missing=3.4e38
p=0
sum=0
n=length
m=npoles

FOR j=1 TO n
sum=sum+@input_series[j-1]
NEXT j
mean=sum/length
'mean=0
FOR j=1 TO n
@input_series[j-1]=@input_series[j-1]-mean 'detrends input_series
p=p+@input_series[j-1]*@input_series[j-1]
NEXT j
xms=p/n
wk1(0)=@input_series[0] 'Burg's Algorithm to find xms and d(i)
wk2(n-2)=@input_series[n-1]
FOR j=2 TO n-1
wk1(j-1)=@input_series[j-1]
wk2(j-2)=@input_series[j-1]
NEXT j
FOR k=1 TO m
pneum=0
denom=0
FOR j=1 TO n-k
pneum=pneum+wk1(j-1)*wk2(j-1)
denom=denom+wk1(j-1)*wk1(j-1)+wk2(j-1)*wk2(j-1)
NEXT j
d(k-1)=2*pneum/denom
xms=xms*(1.0-d(k-1)*d(k-1))
FOR i=1 TO k-1
d(i-1)=wkm(i-1)-d(k-1)*wkm(k-i)
NEXT i
IF k=m THEN
GOTO 10
END IF
FOR i=1 TO k
wkm(i-1)=d(i-1)
NEXT i
FOR j=1 TO n-k-1
wk1(j-1)=wk1(j-1)-wkm(k-1)*wk2(j-1)
wk2(j-1)=wk2(j)-wkm(k-1)*wk1(j)
NEXT j
NEXT k
10 FOR i=1 TO n 'calculates power spectrum and display it
IF nfreq<n THEN
@pow_spec[i-1]=missing
ELSE
delta=(i-1)/nfreq 'condition is nfreq >= n
theta=6.28318530717959*delta/2.0
wpr=COS(theta)
wpi=SIN(theta)
wr=1
wi=0
sumr=1
sumi=0
IF i<m THEN
@pow_spec[i-1]=missing
ELSE
FOR k=1 TO m
wtemp=wr
wr=wr*wpr-wi*wpi
wi=wi*wpr+wtemp*wpi
sumr=sumr-d(k-1)*wr
sumi=sumi-d(k-1)*wi
NEXT k
'@pow_spec[i-1]=LOG10(1/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
@pow_spec[i-1]=SQR(xms/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi)))
'@pow_spec[i-1]=xms/((sumr*wr)*(sumr*wr)+(sumi*wi)*(sumi*wi))
END IF
END IF
NEXT i
END SUB
```

MEM and other market tools

Date :10/23/2000 Poster : kc yeong

Be warned: This is a long article :=) This article summarizes
my current thought on what are the relevant tools to use to
analyze the market. If you have a different opinion, please
share.

I've been learning classical Technical Analysis for a while now
and I still do not get it. How I envy when I read or hear people
say that they managed to develop profitable systems after
six months into studying TA.

After reading some articles on applying signal processing (the main
subject of Electrical Engineering) to market analysis, I'm
beginning to see the significance of how and why all those types of
averages and indicators are used in analysing the market. And I find
it fascinating because it presents to me another dimension to
understanding TA. My interest in maximum entropy method arises
from this study.

So, how should MEM be used? And also FFT and wavelet? The
way I understand it, I think they are most useful if they act as data
pre-processors for neural networks. Took me some time to realize and
arrive at this conclusion. In order to understand why, we need to understand
the function of these algorithms. All of these algorithms have a common
function, that is, to process (or transform) a time-series so that we can
see it in terms of frequency components. In other words, instead of
seeing a given data series as some number at a certain time, we get to
see it in terms of some number at a certain frequency. The number in time
is different from the number in frequency. The former represents price (close)
or price range (high minus low). If there is a large price range at time t1,
that reflects a significant period of volatility. The latter number represents a
different type of information. It shows the magnitude (or importance) of a frequency
component. For instance, if there is a large peak in the MEM spectrum,
we can interpret it this way. The height of the peak represents power, which
is the number for the frequency series I mentioned earlier. A high peak at a
frequency f1 means that this frequency is significant and may be important
compared to those frequencies with lower peaks. How high is high? A high
means that there are other short ones. Hence, high is relative. It has to be
interpreted within the spectrum and compared to the other components in
the spectrum. So, does power represent anything useful? Like price is to time?
Unfortunately, no (as I understand it). Its interpretation is mainly to identify
which frequency is important. Other than that, as far as I understand it,
it has no meaning. So, this leads to my claim that such techniques are
data-preprocessors. We use these techniques so that we can 'see' the time-series
from another viewpoint, in terms of frequencies. Assuming that there are hidden
information in the frequency-series, we can let neural network sort out which are
important and which are not. Of course, when I say MEM, it means the
simple MEM code that I've written. Other commercial products may extend
the usability of the algorithm so that it can do other things. I have not
used such softwares. Perhaps those who have used it may like to say something
about other aspects of its application?

So, experts say we can use these methods to profit from the market. But why?
What is really the rationale for their claims. I will explore this further below.

The main assumption of this sort of analysis is that markets move in cycles.
So, we can say that if you believe in this assumption, you believe in a Wave
Theory of the market. I have rephrased the statement above for an important
reason. The key word is Wave Theory. It supposes that market moves are similar
to water waves found in the ocean, sound waves we hear ever so often, or
light waves that allow us to see through our eyes. All of these have something
in common, some regularities in their movements. This thought came to me recently
and struck me like lightning. So, allow me to elaborate.

Let's explore what are not waves. Let's say that the market is really random (so hurray
to Random Walk supporters). Random means no patterns exist. So, it means that the
market is not periodic. And using any methods having to do with periods or cycles is
doomed for failure. So, random signals are not periodic.

What if the market is periodic? This is really an assumption because I do think if anyone
really knows. There are some diagnostic tools that can be used which I'll elaborate later. So,
for the time being, let's assume that the market is periodic. More precisely, it is mildly
periodic, with a lot of noise. Further, let's assume that the waves are linear (there are also waves
that are nonlinear such as solitons, if I'm not wrong, which will make things rather difficult).
The linear property basically means that two or more waves can be added or subtracted from
each other. This important property therefore allows us to decompose the waves into its frequency
parts by simple arithmetic (instead of some nasty nonlinear partial differential equations).
Then, we can say that the market moves are really (signal + random). The main interest is the
signal part which is periodic. To get a better signal, we need to eliminate the noise by using
technical indicators such as moving averages or digital filters like Butterworth filters.

So, what can be responsible for the signal part of the time series? Since market participants
are you and I, we are the ones that cause periodicity. Each of us has some internal clock.
It may be due to social conditioning or just human nature (I'll leave this part is a bit vague because
of my limited knowledge in this aspect). If there are only ten market participants in this world
and we monitor their trading patterns for some time, we may most likely be able to predict their
trading habits and patterns. With millions of participants, each with different investment
horizon -- short, medium, or long term, market moves appear chaotic. And within the chaos,
if we're lucky, we can find some periodicity.

To end it all, I would like to say something about the diagnostic tools I mentioned earlier. These

are tools of chaos theory. In it are magic words like dimension embedding, Lyapunov exponents
and Takken's Theorem. Although still at its infancy and not to mention, extremely difficult, there
are ways where we can use to assess whether a time series is random or chaotic. If random, no hope.
If chaotic, there's hope. Sometimes, we say deterministic chaos, meaning that there are certain
quantities that actually remain constant within the chaos. Sounds like periodicity, don't you think?
But then again, it is constant in phase space, not frequency.

What issue to pick?

Date :10/26/2000 Poster : Steve Ward

Here's a way almost EVERYONE out there can contribute to this forum and help everyone else.

I've noticed for years that some issues (stocks, futures, indexes, whatever) are more "predictable" at times than others. Later, they usually become unpredictable, probably based on news or other external factors difficult to capture in inputs. When they are "predictable", many different types of indicators and strategies work well. At such times, you don't need to be a rocket scientist to build good models for those issues. Many of you are concentrating on finding the perfect "killer" indicators. Maybe you should be looking for the "killer" issues?

I have often found that the candidates for these good issues are those that I'll call "cyclic": i.e., they go up and down frequently either during the day or over a few days or weeks. Today's markets should be full of them.

So here's the request. Tell us what issues you are currently finding predictable. If you haven't built a good model yet, at least contribute by telling the rest of us what issues you have found that appear to be "cyclic" recently, and preferably not being driven by strong news related to that issue. Those become candidates for our models. Furthermore, tell whether this cyclic motion appears in daily bars or hourly and smaller in intraday charts. Post on this thread.

There are so many issues out there to search that everyone can be a positive contributor, even if you just got the Trader and haven't even learned it yet. How about it?

I'll start off: I have been concentrating lately on Boise Cascade (BCC), both daily and half-hour bars. I have made money in the past with this stock using nets, and another reason it may be good now is that the price is low enough that you can purchase a big block without going to options. But I know there are better candidates out there than BCC. What do YOU like?

Re: What issue to pick? - Any help from Hurst??

Date :10/26/2000 Poster : Jacobs

When selecting an issue, do you have any help of calculating the Hurst exponent (or Hurst Significance)? [Advanced Indicator Set 1 - Add on]
What figures have you found for BCC?

On 10/26/00 Steve Ward wrote:

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---
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What do YOU like?

Re: Re: What issue to pick? Any help from Hurst??

Date :10/27/2000 Poster : Steve Ward

I hadn't though of that, but Hurst is an excellent idea, especially when there is no obvious news related to the issue. I get about 30% to 60% annualized return when BCC is predictable.

On 10/26/00 Jacobs wrote:
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What figures have you found for BCC?

On 10/26/00 Steve Ward wrote:

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---
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I'll start off: I have been concentrating lately on Boise Cascade (BCC), both daily and half-hour bars. I have made money in the past with this stock using nets, and another reason it may be good now is that the price is low enough that you can purchase a big block without going to options. But I know there are better candidates out there than BCC. What do YOU like?

Re: Re: What issue to pick? Any help from Hurst??

Date :10/31/2000 7:22:52 PM Poster : Jacobs

Thank's for your reply.

Sorry, but I was thinking of Hurst. Have you calculated any _Hurst values_
for BCC?

On 10/27/00 Steve Ward wrote:
I hadn't though of that, but Hurst is an excellent idea, especially when there is no obvious news related to the issue. I get about 30% to 60% annualized return when BCC is predictable.

Re: Re: What issue to pick? Any help from Hurst??

Date :11/1/2000 3:39:44 PM Poster : Steve Ward

Previously I hadn't tried Hurst, but here's a chart I made where I tried it. This indicator is supposed to indicate randomness between -1 and 1. Below -1 it is anti-persistent, meaning it reverses direction a lot, sort of anti-trending. The signals are out of sample, and the green line is an adaptive moving average made with our Adaptive Net Indicators addon.

<img src="http://www.ward.net/images/BCCchart1.jpg">

On 10/31/00 7:22:52 PM Jacobs wrote:
Thank's for your reply.

Sorry, but I was thinking of Hurst. Have you calculated any _Hurst values_
for BCC?

On 10/27/00 Steve Ward wrote:
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Re: What issue to pick?

Date :10/27/2000 Poster : Victor Chu

Hello Mr Ward,

You have made an interesting point.

I have found that my models work very well at times, but at other times they just flater.

So do you have any indicators or ideas that will tell us when the market is "predicatable" or not so that when it is "predicatable" we will trade accordingly and when it is not then we will just ignore the signals?

Regards
-Victor Chu

On 10/26/00 Steve Ward wrote:
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Re: Re: What issue to pick?

Date :10/27/2000 Poster : Steve Ward

The idea that Jacobs had on this thread, to use Hurst, sounds like it might be effective, unless the issue suddenly becomes unpredictable because of news. If a major brokerage changes their recommendation, or a bad earnings report comes out, it might not be easy to catch before hand.

On 10/27/00 Victor Chu wrote:
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Re: What issue to pick?

Date :10/29/2000 5:11:26 AM Poster : Ergo Mann

Steve

Thought at this point I would stop lurking and contribute.

Firstly, I wanted to say congratulations on this discussion group. I believe it is a good and worthwhile tool, especially for yourselves at Ward, to see how people are using your product and what improvements might me made and of course for us, so that we may find new and useful ideas.

This response is one of encouragement rather than specific technical information. I am amazed by the contents of what I have read here. So many of the contributors asking for specific indicators etc.,
I have used your product for two years now. For the first year I did not produce a worthwhile model. However, I kept a diary of my attempts and after one year decided that my approach was incorrect. Having changed my approach I have built models using both the genetic algorithms and neural networks that have added significantly to the timing of my trades. Your product has paid me back several times over the amount it cost, especially in the recent past.

Prior to using NST I had built a mechanical trading system (MTS) which had been enhanced over a ten year period. This MTS allows me to gauge accurately the probability of a stock changing trend in the short term, NST had added to timing the turn.

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Re: Re: What issue to pick?
Date :10/30/2000 4:10:33 AM Poster : kc yeong

After reading this thread, I get the feeling that "one of the contributors" must be me. Just a wild guess. Anyway, I'd like to take this opportunity to clarify. Some of my initiatives and remarks may have been misunderstood as undermining the usability of NST's built-in indicators. If such are the thoughts, do accept my apologies. I do find the range of indicators offered by NST very impressive and coupled with its dll capability makes the usability of NST limited only by imagination, a feature that I have been looking (hard) for two years and now, found. And some remarks made are more of a reflection of my current thoughts on general trading strategy development and issues that may not be in line with in this forum. Don't worry, it's gone.

My remark that classical technical analysis is difficult is just that, the keyword being classical. It is my belief that advanced methods such as NN and genetic algorithm offered by NST, which belongs to Advanced TA, does offer a lot of opportunities in exploring the market. In the process of focusing on larger issues at hand, I have left out the fact that the statement was actually referring to short-term trading in the range of 1-3 days.

I admit that I'm not using the full capability of NST, i.e., in the area of NN and genetic algorithm. It does not mean that I do not find them useful nor understand how to use them. I do intend to use them once I get some more ideas on how to use it in terms of my own understanding. And I believe that data preprocessing is an essential area of focus in using NN successfully. And that is why I'm interested in MEM.

On the issue of whether it takes rocket science to trade, I think it is a matter of personal preference. And, as far as I know, many software packages do not offer enough technical details for using advanced indicators such as wavelets and principal component analysis. These methods are definitely useful. But I do not like to treat them as black boxes. Hence, my present approach is really to program tools that I find useful and can understand completely. And in the mean time, wait for the day when I can fully understand the pre-packaged tools. There are many references out there. So, I do not see how it has anything to do with running or walking. To me, it is about maximizing profit.

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Re: Re: What issue to pick?
Date :10/31/2000 12:12:30 AM Poster : JM

Hi Ergo,

On 10/29/00 5:11:26 AM you wrote:

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>at the effort people are going to to find more esoteric indicators, as if suggesting that the built in indicators are poor.
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Disagree. Different people have different market belief system. And different people have different backgrounds and training, not to mention different real life experience. An engineer will tend to use those tools that appeals to his engineering background, while a physicist tends to use tools akin to rocket science. People like KC are clearly an engineering species, and of course will be attracted to tools like FFT and MEM which makes sense to his engineering mind. And people like Vic, who are more inclined towards physics will look at the market thru the eyes of his wonderful Wavelets. However, for mere mortals like me, I am still looking at the market the same way people have been looking at it 10-20 years ago, ie, thru conventional tools that I can understand, like Stochastics, Mov Avg, RSI etc. This is not to say that these tools are no good, but just that I can understand them, therefore, I am comfortable in using them. However, this will not stop me from taking a peep at the market using other's people's periscope, like KC's MEM or Vic's Wavelets. After all, isn't trading about making money, profits, bottom line? And as long as the tools hold promise to greater future wealth, why not? So I don't believe that these gentlemen here are looking out only for esotoric indicators, but rather, what their belief system tells them to, and what their training makes them comfortable with. Do not forget, alot of traders among my peer, and possibly among yours too, disregard neural nets as simply curve-fitting tools that are useless in realtime trading. I am a software engineer and system trader by training and therefore knows what neural nets can do. To my peers, they are simply esoteric tools, but to me, they gave me the edge I need in trading. So whether it is running or walking, I think it is relative. What is considered "running" to you may be "walking" to others and vice versa.

>I sympathize with you chaps in the US. I live in the UK and have found the FT-SE 100 index works with NST.

No sympathy needed. I believe NST can work with all stock indexes, be it the FTSE, SP, DOW, STI or NASDAQ.
It is just a matter of building the correct model and I believe with due diligence, you or I can succeed with NST.
Not to forget, our American friends can still trade the FTSE futures or the FTSE stocks if they so wishes, and the FTSE is not the cash cow reserved solely for the Brits. I reside in Singapore but I trade the US bonds and e-mini SP.
Who knows, someday, I might just try the FTSE too, hopefully, with some hints and tips from you :)

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>built in. Sorry I had to ask. Why? Because I could then program and walk away reviewing results instead of sitting in front
>my machine day and night, quite literally.

Yes, I believe NST is a damn solid product and it is getting better. I don't know why there are so many financial websites out there purporting to have built accurate and extremely profitable NN models using another product when there is NST with its many add-ons and even a DayTrader version that the other product doesn't even come close with respect to NST capabilities. My partner and I concluded that there can only be one reason. Those NST traders are so successful with their models that they do not have the time to sell their signals, nor do they need to. As for a VB language, why not? But will this distract Ward System's people from their main job of producing good NN packages? I forsee there will be an increase in technical support regarding programming, system writing, supposed language bugs etc. Furthermore, Ward's programmers will be hard-pressed to solve programming language problems, add newer features to the language, improve compiler/interpreter performance etc, unless of course, Ward Systems want to become another language vendor :) I have a better suggestion, why not "open up" NST by giving us a set of API or COM-enable NST, so that we can manipulate NST using our own favorite language like Delphi or VB or C++. In that way, this will save Ward alot of work as the responsibility of programming and trading system development now lies squarely on the shoulders of the users, and at the same time, this will give advance users more flexibility and power to work outside of the NST environment, leaving Ward System the much needed time to improve on the core NN engine and more fantastic (read, profitable) add-ons :)

regards
JM

ps: Thanks to Vic for the wavelets DLL. Will definitely 'play' with it.

Re: What issue to pick?
Date :11/5/2000 4:19:46 PM Poster : Steve Ward

Ok, so who has a cyclic issue we can examine?

On 10/26/00 Steve Ward wrote:
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Re: What issue to pick?
Date :11/14/2000 2:56:34 PM Poster : Greg

I'm just a beginner to the trader, but it looks like I might have some luck with LEH, currently looking like 75% ROI.

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Re: What issue to pick?
Date :11/15/2000 10:19:06 AM Poster : Tom Gamon

I have had a lot of success modeling and trading XOM. The Neural Indicators Recurrent Nets 5 have worked well when I use it as the input to a conventional network. Then I would optimize the parameters. Generally I would use a 5 year training range and evaluate the out of sample performance over three years. The criteria I use for evaluting is how well it outperforms against a buy and hold strategy. It should generally be at least twice as good with an equal amount of succesfull long and short trades.

I have made some good models on XOM using training data from 1985 to 1990 and reviewed its out of sample performance to date. They seem to hold up well.

If anyone has some other issues that seem to model well I would like to hear about them.

Also, as I am always in the market with XOM I maintain a short position in my account at all times. If I get a long signal I will double up the longs in my account. This allows me to reverse by (closing longs) and leaving untouched the shorts in the account. By maintaing the shorts in this manner you can eliminate the worry of trying to get a short order filled in a down market (uptick rule).

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Re: What issue to pick?
Date :12/8/2000 5:41:52 PM Poster : vince

Hello Tom

can you please explain again how you are able to get around the Uptick Rule
problem for short selling?

Thanks

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Re: What issue to pick?
Date :11/16/2000 11:18:00 AM Poster : Steve Ward

Ok, we're starting to roll now; we've got LEH and XOM. Let's hear from more of you!

Caution 1: If you load LEH from Quote.com, watch out for Sept 25th, 2000. Some of the Quote.com servers are giving what looks like bad data for that day. Remember you can fix it in the Trader by right clicking on the close and selecting "Modify selected data file".

Caution 2: If you don't have the DayTrader, you can merge daily XOM data with daily with XON data if you're careful. Export a text file from Trader for XON and rename it XOM, but first delete the last day traded if the Trader put asterisks in any of the fields. Then map the directory where you place the text file. The Trader will put the two together successfully if you make sure those asterisked bars are removed. If you have the DayTrader, you'll be able to get so many recent intraday bars from XOM that merging with XON won't be necessary.

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Re: What issue to pick?
Date :11/16/2000 3:39:01 PM Poster : Daniel P Lyons

My observations of the stock market suggest that good companies rise faster and fall slower relative to other companies. I know that is an obvious statement, but to me, proper selection criteria will "cull" 99% of the poorer performers. Once this task is complete, then modelling becomes simpler as the remaining companies are usually more reliable and stable. From practical experience, much of this criteria has been devised by Strategic Management Consulting firms, venture capitalists and so on. And, much of the critical ratios and data utilised often create "leading filters" and even better still is available in electronic form. To give an example of such companies, here are 6 that I followed since March 99. The results of these companies will speak for themselves:

EMLX
SILI
TQNT
INFY
AMCC
QLGC

So in summary, I feel one should step back and think how you would evaluate a company from a purchase or takeover perspective and develop selection criteria accordingly. Personally, I use about 20 criteria as part of my selection process. From there, I believe modelling the various trading scenarios is a much simpler task...particularly given the power that NST offers.

Daniel

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Merged XOM Data
Date :11/17/2000 6:34:57 AM Poster : Tom Gamon

You might also look at Yahoo Finance, they have merged the data for XON along with Mobil and adjusted for splits since 1970. It can be downloaded into any compatible format.

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Re: What issue to pick?
Date :11/20/2000 12:19:50 PM Poster : Randy Brown

I used TC2000 to generate a potential list of stocks with the following characteristics: large cap, avg vol greater than 500k, 2 and 5 year price growth between -15 and 15%, price above $12 and beta (compares volatility to S&P500) between .75 and 1.25. Most of the stocks returned by this scan are familiar names whose charts don't have extended trends either up or down. They are more up and down with slight upslopes or downslopes. I chose Delta Airlines (DAL) and put together a quickie prediction/trading strategy using daily data and was pleasantly surprised at the results. These tickers may exhibit the type of cyclicality using daily data that NSTrader works well on. Here's the list: BR, CB, CHV, DAL, GM, HI, HMA, OXY, PD, RAL, RD, TRW. It may be helpful to include an intermarket type of indicator input for the predictions. For example, if you choose OXY then you may also want to look at the Amex Oil Index and the S&P500. This gives the net a chance to put price movements into perspective, so to speak.

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Re: What issue to pick?
Date :11/18/2000 3:42:21 PM Poster : SCJohn

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I made a stab at this problem earlier this year (Ed: see below). Note: I have not implemented this idea. If one buys into the theory, then there are not a whole lot of stocks out there to model. At least using monthly data to perform the calculations. If you believe the theory has merit, then results could be calculated using weekly data as opposed to monthly.

Stock Candidates For Neural Networks

Can one find stocks that are cyclic in nature as opposed to trending. The best type of stock to model for neural nets are ones that do not trend. In other words, one wants to model a stock that is cyclic.

Is there a metric that would be of help in identifying stocks that have a tendency to be cyclic as opposed to trending? I believe that I have come across such a metric. That metric is the Z Runs Score and it's associated Z Runs Confidence factor.

What is a Z Run Score? A Z Run Score identifies, for a given holding period, the types of winning and losing streaks. For example, using a holding period of a month, stock XYZ could have: Win/Loss/Win/Loss. Or the stock could show: Win/Win/Loss/Loss. Now the important thing to find out is if the stock sequences of wins/losses are just random events of are they significant from a statistical point of view. This is where the Z Runs Confidence factor comes into play. The Z Runs Score can be positive or negative. A positive number indicates that winning holding periods are followed by losing holding periods. A negative number indicates the winning holding periods are followed by more winning periods and losing holding periods are followed by more losing periods. Regardless of the sign of the Z Runs Score, the Z Runs Confidence factor tells us if we can have any confidence in what the Z Runs Score is telling us. For one to arrive at a valid conclusion the Z Runs Confidence factor should be 95% of higher. Z Runs Confidence factors in the range of 90% to 94% suggests that one is viewing an anomaly (for neural network modeling I would not exclude those stocks that fall into the 90% to 94% range). And just plain forget any stock whose factor is less than 90%.

For more information on Z Runs Score and Z Runs Confidence read " Profiting From The Z-Score" by Mike DeAmicis-Roberts in the January 1998 issue of Technical Anlaysis of Stocks & Commodities. Note: the formula shown in the article is incorrect and the correct formula can be found in the March 1998 issue.

Re: What issue to pick?

Date :11/27/2000 3:58:38 AM Poster : philippe bousseau

John,

Could you give the right Z runs score formula ?

thanks
pbousseau

Re: What issue to pick?

Date :11/30/2000 10:23:45 AM Poster : Steve Ward

We found a copy of the article on our TA of Stocks and Commodities CD of previous articles. The formula was indeed wrong, but TASC faxed us a corrected article. The new formula is below. However, the formula is for making a statistical analysis of a trading system you are ALREADY using. So it appears to be more for determining the cyclic nature of your trading systems than for determining the cyclic nature of your stocks. As the article puts it, it compares "the number of streaks there are in a set of trades with the number of streaks that could be expected randomly".

If you are interested in this subject, we suggest getting not just the article but one of the books mentioned in the references of the articles before trying to use the formula:

1. Paulos, John Allen[1992]. "Beyond Numeracy", Vintage Books
2. Vince, Ralph[1990]. "Portfolio Management Formulas", John Wiley and Sons.

So here's the formula:

Z Runs Score = (N*(R-0.5)-X)/sqrt((X*(X-N))/(N-1))

where N=total number of trades (the article says you need at least 30)
X=2*winning trades*losing trades
R=Number of runs (each time your trading system switches between a losing and a winning trade, it is 1 run)

Since NeuroShell Trader has indicators for winning trades and losing trades, you can probably build this as a Trader indicator. (See the category called Trading Strategy: System Information.) However, you'd probably need to build a small DLL to compute R, because we couldn't immediately figure out how to compute R easily in the Indicator Wizard. You could feed that DLL the Trader indicators for consecutive winning trades and consecutive losing trades, which are probably enough for the computation of R.

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Re: What issue to pick?

Date :11/21/2000 6:34:44 AM Poster : philippe bousseau

an interesting link to find correlated inputs for free : http://www.market-topology.com/ .

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Re: What issue to pick?

Date :1/14/2001 4:38:38 AM Poster : Werner

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Date :1/16/2001 8:34:16 AM Poster : Ward.net Webmaster

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Re: What issue to pick?

Date :1/22/2001 6:00:34 AM Poster : Rich Denning

I just spent the weekend trying to answer this question. My focus is for a short list of stocks that will be good for 3 to 10 day trades. I decided to screen for several different criteria using ATRs and average % change in the daily range together with alpha and beta calculations and the Gapo Index (in TASC 1/01). I took highest 10 from each of the separate calculations out of 2000 stocks and then tested them on a nn 5 day prediciton of open. Here is the list I found to be the best:

SEBL, BEAS, CHKP, IDPH, RATL, SANM, EMC, MRNX, RFMD, EMLX, NEWP, PWER, ELNT, MANU, SDLI, DIGL, ITWO, MEDX, QLGC, AMCC

My net is producing about 100% per year on two one year walk forward tests. But this is condiderable less than the average return during the training/optimizing period. I am not sure how to know whether I have over curve fitted the model.

I am intested in learning more about the Hurst indicator as a way to find good trading stocks. Where is this indicator found?

Rich

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Re: What issue to pick?

Date :1/22/2001 9:42:40 AM Poster : Steve Ward

Rich:

Nice job! I was hoping this thread wouldn't die out. I'm looking forward to trying some of these, and I hope more of you will submit some more candidates.

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Let`s come to the interesting part now: Prices changes are not either random or dependent. They can also be in between of the two poles. You can determine a trigger level of dependence in the data, necessary for your system to be able to deal with the data.

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Re: What issue to pick?

Date :1/23/2001 10:09:27 AM Poster : Rob Maiman

Rich:

I'm new at this and wondered how you sifted through 2000 stocks using the filters you mentioned. I'd like to do the same to the Canadian market.

Rob

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Re: What issue to pick?

Date :1/29/2001 3:13:43 PM Poster : Ergo Mann

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Net Profit: $17.64 ($1579.91): Gross Profit: $28.07 ($2753.04): Gross Loss: $10.44 ($1173.13)
Ratio Gross Profit/loss: 2.69 (2.53)

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Re: What issue to pick?

Date :1/31/2001 11:38:04 AM Poster : Texas Bubba

Your results look pretty good even though I don't understand the math functions you mentioned. Could you explain more how you used all of the old data back to 1929? I'm still learning NeuroShell but from what I already know your walk forwards don't seem like they go back that far.

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Re: What issue to pick?

Date :2/9/2001 1:06:18 PM Poster : Steve Ward

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Re: What issue to pick?

Date :4/18/2001 3:07:14 PM Poster : Ward.net Webmaster

We are posting this message for a user who does not have an internet connection, but who nevertheless wanted to tell everyone what stocks he has traded with success:

I run an insurance agency and trade part time (evenings). I started trading with the NeuroShell Trader Professional at the end of January 2001, and today (April 18th) I have doubled my money with 71 trades. The best returns have been coming with the Cluster Indicators, and the others have been done with Adaptive Net Indicators. I feed momentum indicators into these. I Trade CMVT, SANM, SPOT, BBBY, and MCHP.

Jenner Jones

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HAAR Wavelet Source Code

Date :11/3/2000 2:43:39 PM Poster : Ward.net Webmaster

Mr. Chu has been kind enough to send us the source code for his HAAR Wavelet function, as well as some other functions that he has written. The file can be downloaded using this link. All discussion relating to these indicators should be directed to Mr. Chu via the forum.

Re: HAAR Wavelet Source Code

Date :11/5/2000 9:55:24 AM Poster : Daniel P Lyons

Hi Victor,

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Have you investigated the ATrous function at all? I would be interested in your views on this function. It would appear that it may smooth noisy data which could be used as an input to a net for attempting to predict trends.

I look forward to your response,

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Re: HAAR Wavelet Source Code

Date :11/14/2000 12:03:58 AM Poster : Victor Chu

Hi Daniel,

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Re: HAAR Wavelet Source Code

Date :11/15/2000 3:45:15 AM Poster : Daniel P Lyons

Hi Victor,

thanks for the update.

I spoke to John Bonn (WaveFin) re: end point distortion who made these points for Gabor/Morlet filters. Basically, the WaveFin filters are lagged so they do not incorporate any future data. If a filter that is not lagged is used as an input then you will get end point distortion. This does not occur with WaveFin because of the lagging.

The downside to lagging the filters is the lag itself. To compensate for this
they allow the user to "tune" the lag according to their application. When you
fully lag the filters the outputs will be completely accurate. You can reduce
the lag by reducing the accuracy. There is a balance between accuracy and lag
that can be found and will be dependent on your application. Also, there are guidelines for setting parameters to reduce lag yet still retain accuracy. He felt many people focus on reducing lag in their inputs. The real measure is the
performance of the overall system (inputs and neural net). Providing a net with
accurate lagged inputs will usually result in better overall system performance.

I hope this is useful,

best regards,

Daniel

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Re: HAAR Wavelet Source Code

Date :11/16/2000 12:51:12 AM Poster : Bruno VOISIN

I suggest you contact directly Prof. F. Murtagh:

Prof. F. Murtagh, School of Computer Science, The Queen's
University of Belfast, Belfast BT7 1NN, Northern Ireland
http://www.cs.qub.ac.uk/~F.Murtagh f.murtagh@qub.ac.uk
Centre for Image and Vision Systems http://www.qub.ac.uk/ivs

Regards
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Re: HAAR Wavelet Source Code

Date :11/6/2000 5:21:01 AM Poster : kc yeong

Victor,

Wow! Those codes are great. Thanks for your generiosity.

Regards, KC

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Re: HAAR Wavelet Source Code
Date :1/3/2001 5:52:41 PM Poster : cantley

Are the .tpls and .dlls also available for those of us without compilers?

Thanks,
Steve

Re: HAAR Wavelet Source Code
Date :1/4/2001 9:51:05 AM Poster : Ward.net Webmaster

Steve,

Look for a post by Victor Chu with the subject "Re: Re: Re: Re: Re: How to detect the NN optimal model" dated around October 30. It has the details for the tpl and dll.

Ward.net Webmaster

On 1/3/01 5:52:41 PM cantley wrote:
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Thanks,
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Sentiment Indicator
Date :11/14/2000 8:23:00 AM Poster : JS

Is the stock market going to end on a positive or negative note for 2000? I think the Dow Jones will end positive but the NASDAQ will not overcome its problems.

Before entering the Market.
Date :11/28/2000 5:49:29 PM Poster : Jacobs

When do you decide if a found model/strategy is worth trying on the Market?

What tests or statistics do you look for?

What makes you feel a model might be promising?

Re: Before entering the Market.
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Re: Before entering the Market.
Date :12/1/2000 12:12:04 AM Poster : Victor Chu

Hi James,

How do you get the %change in open 2 days ahead in the first place?

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I've tried it for the case when there are no neurons, i.e., the linear case. I would assume that in this case, the predictor resembles a linear regression fitting. But I could not figure why the out-of-sample results are so fantastic.

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Re: Before entering the Market.
Date :12/1/2000 12:29:47 PM Poster : James

Here's a website that might be of interest: www.cs.iupui.edu/~ateal/draft3b.html.
It has useful tips on profit testing and related issues.

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Date :12/3/2000 2:04:18 AM Poster : Bruno VOISIN

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Thanks the Central Limit Theorem, a sample of 10 to 15 trades is usually good enough for those tests, but of course, more is better.

I usually only do it on in-sample data, but it is often advised to do it on out-of-sample data too. I believe it then becomes a bit of an overkill. In your case, I would do it though to check whether your results come from random chance.

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Hello James,

My english is sometimes 'approximate'. NN inputs should never look in the future. In economics, one often talks of leading indicators, simply because they do carry some predictive value, so that's is the way I interpret the word 'leading'. On the other hand, a lagged value is a past value for an indicator which would not have such predictive characteristic.

Your other question is a matter for debate. My feeling is that if you have enough coherent data, i.e. reflecting a consistent maket behaviour, you can use walk-forward testing. This is the way NSTrader should be normally used. If not you can then train up to present, but you have no real indication of generalization, and you will be tempted to retrain your net periodically. A lot of traders do that, even though it is not a sound practice in theory. Personally, I like using the Adaptive Nets up to present, and then looking at the statistical distribution of trades for clues about system stability. I would like to know what other users are doing.

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Re: Before entering the Market.

Date :12/6/2000 6:24:46 PM Poster : Randy Brown

Hi James,

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Re: Before entering the Market.

Date :12/7/2000 12:57:12 PM Poster : James

Hi Randy,

I follow your logic. That does explain the out of sample results. Thanks. I just tried it out for fun to see how a 'perfect prediction' would look like. Does that mean that following such reasoning, any 'leading indicator' used as inputs to NN
will mean sneak peeking into the future? Do you use any leading inputs?

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Re: Before entering the Market.

Date :12/17/2000 7:41:57 AM Poster : Maxwell Craven

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Re: Before entering the Market.

Date :12/18/2000 1:48:46 PM Poster : Steve Ward

Well, I believe in the sixth Commandment of Non-linear Modeling and Neural Nets (see Tips and Techniques on this site for all commandments):

6. Thou shalt not apply statistical measures and precision to financial modeling.

The reason is that I think the myriad of elusive and changing variables that drive the markets means that good market models often don't last long enough for statistics to be applicable. There are many who make money on models that do not meet scientific standards.

So here is my favorite procedure:

1. Use an out-of-sample (evaluation) period of 3 to 12 months.
2. Screen for profit exceeding buy and hold, which is not hard in today's US markets.
3. Then "eyeball" the out-of-sample buy/sell signals to see if generally the model gave buy signals near the valleys and sell signals near the peaks. Make sure the profit wasn't made on only one long trend, and that there weren't any bad drawdowns.
4. If the model passes the fuzzy eyeball test, go with it. Remember, you are looking for a great edge, not the Holy Grail.
5. Diversify your funds into several such models on different issues.
6. After a while, your models may deteriorate as market conditions change, so keep working on new models to replace them.

However, for those who feel more comfortable with more formal analysis, there have certainly been some good ideas on this forum, and not just in this thread.

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Re: Before entering the Market.

Date :12/6/2000 2:16:48 PM Poster : Ergo Mann

I subtract six to nine months worth of historial information from the data file and build my network using the remainder.

The out-sample would be, say, the nine months prior to March 2000 in this example.
If the out-of-sample looks successful I then re-introduce the 'saved' data in three monthly stages.

If this is achieves positive results I will then trade the model using the 'panel' system.

This gives me the greatest confidence when/if the model trades successfully, that the next signal will be valid.

One last wrinkle is that I have a Mechanical Trading System based on a technical analysis package and I look for complimentary signals between NeuroShell Trader and the MTS.

This seems to work and is not as long winded as it might appear.

Ergo

Input selection

Date :12/7/2000 8:15:09 PM Poster : Zocker

I would like to start a little discussion about input selection.

1) What is your technique for building a net? Do you build the nets on a trial and error base, or according to the "picture" how the stocks graph looks, or any other technical or psychological aspects?
2) In which form do you use these inputs? The inputs can be in raw form, as change, or in normalized data. For example: a moving average is the raw form, a change over a period of time creates an oscillator, and the sinus from this created oscillator normalizes it in a certain range.
3) How do you classify good and bad inputs? I made the experience that when I delete the best inputs found in the optimization the results getting better and wise versa by deleting the worse inputs the nets getting worse after retraining.
4) Do you build only one network for one issue or do you build multiple networks from different inputs? In case of multiple networks do you treat the results separate or do you build in addition a "overall network" from the results off the previous ones?

Thanks a lot for your time. I wish you a great and successful day.
Zocker

Re: Input selection

Date :12/9/2000 1:40:26 PM Poster : James

I'll try to answer your questions in general. I usually select my inputs by trial-and-error as well as to source for ideas from books, magazines and journals. I do not need to understand the mechanics of the system in detail as the net may or may not work in the market I'm trading. But if I do hit a jackpot, then I'll narrow down my focus and trying to understand everything about it.

I do not know if this is helpful but I always thought of the net as an equation similar to the moving average formula. In the latter, a price series goes in and some numbers come out called the moving average. In the same way, the net is an equation that processes some inputs to produce an output. Thinking it this way helps me to relief some of my phobia about nets.

On 12/7/00 8:15:09 PM Zocker wrote:
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1) What is your technique for building a net? Do you build the nets on a trial and error base, or according to the "picture" how the stocks graph looks, or any other technical or psychological aspects?
2) In which form do you use these inputs? The inputs can be in raw form, as change, or in normalized data. For example: a moving average is the raw form, a change over a period of time creates an oscillator, and the sinus from this created oscillator normalizes it in a certain range.
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Thanks a lot for your time. I wish you a great and successful day.
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NYSE Uptick Rule

Date :12/8/2000 3:53:47 PM Poster : Vince Notardonato

As anyone had an idea on how to get around the NYSE uptick rule for Selling Short?
Thanks

Re: NYSE Uptick Rule

Date :12/9/2000 5:48:22 AM Poster : Nicka

One traditional way is by 'boxing'. It requires two accounts you simultaneously buy long in one short in the other this can be done on any uptick. When you want to take a short position you simply close the long.

Cheers!
Nick

On 12/8/00 3:53:47 PM Vince Notardonato wrote:
As anyone had an idea on how to get around the NYSE uptick rule for Selling Short?
Thanks

Re: NYSE Uptick Rule

Date :12/9/2000 7:02:31 AM Poster : Randy Brown

You could try Spyders for the Dow Jones Industrial Average (DIA), Nasdaq 100 (QQQ), S&P500 (SPY) and a Mid cap index (MDY), all of which are traded on the Amex and are exempt from the uptick rule on short sales. I think there are a lot of newer ones lately as well...check the amex website.

On 12/8/00 3:53:47 PM Vince Notardonato wrote:
As anyone had an idea on how to get around the NYSE uptick rule for Selling Short?
Thanks

Normalisation

Date :12/9/2000 6:13:04 AM Poster : Nick

Any tips for effective normalisation ? I feel that it may be as important as the model itself. I have tried simple differences and percentage changes. Do you normalise all imputs ? Inputs and Outputs? I guess the object is to detrend the data (leaving something like Steves ideal range bound issues) and add the trend back in right at the end. I have tried stochastics in the past with not that much success any thoughts welcome.

Cheers!
Nick.

Bruno Voisin – t-stat & serial correlation

Date :12/11/2000 8:23:31 AM Poster : Jacobs

I think it´s an important issue, stability or the probability of a random event, and would like to know more about how you perform these tests.
Is it possible for you to give a simple example showing the procedure?

Re: Bruno Voisin – t-stat & serial correlation

Date :12/12/2000 11:56:59 PM Poster : Bruno

Hi,
I am a big Excel fan, and I do most of my tests there. Obviously, it is better to have a good knowledge of statistics, but one can get away with some basics.

In a nutshell, the idea is to take your distribution of trades as a population, on which you calculate the mean trade and the standard deviation. The "t-stat" is basically a technique to compare the characteristics of two distributions, this time the trades distribution with a distribution of no profitability. So, to make it short, you divide the sample mean by its standard deviation to get the t-stat. You then get the probability, i.e. significance using the TDIST Excel function with a number of "degrees of freedom" equal to the number of trades minus one. That number is in a way a probability of results occuring out of random chance, therefore, lower is better.

Another important test is the serial correlation of trades, which can plague any statistical test. It is again quite easy to do in Excel, and the result must obviously be as little as possible.

There is also the calculation of confidence intervals to check the probability of trades within a range around the mean (CRITBINOM function). It is a good test to gauge the impact of outliers.

All this (and more) can be done on in-sample and out-of-sample data. I usually do it on in-sample. I actually would appreciate the view of a qualified statistician on this.

Testing time series distribution is quite complex anyway. And there's only so much one can do to build stable systems. You can also try to apply similar techniques to see how close your in-sample and out-of-sample distributions are really.

I hope this helps a bit,

Bruno Voisin
ForeTrade

On 12/11/00 8:23:31 AM Jacobs wrote:

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Ergo Mann – old approach

Date :12/11/2000 8:25:45 AM Poster : Jacobs

It was interesting to read your post regarding your first year experience with NST.
You kept a diary and changed your approach. It would be interesting to hear how this first approach was. Can you elaborate a bit on this?
You also changed something, was it mostly on the input or output side or maybe some other side?

Re: Ergo Mann – old approach

Date :12/13/2000 3:52:48 AM Poster : James

I am also interested.

On 12/11/00 8:25:45 AM Jacobs wrote:
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Re: Ergo Mann – old approach

Date :12/20/2000 7:57:02 AM Poster : Ergo Mann

I am impressed that you included my nom de plume in the subject heading else I really would not have spotted it.

I read this yesterday morning, 19 December and was a bit taken aback by your question.

I log onto the forum once a week just to get a feel of what is discussed.

The initial response from my October article was not positve so I thought I had better keep quiet. I do wish though that this forum were available when I first bought NeuroShell Trader as I may have reached this point sooner.

At the end of the first year I went back to the book that made me purchase NST from Ward, Neural Networks for Financial Forecasting - Edward Gately. This helped me enormously as Gately is very disciplined and I believe you need to adapt his actions to suit NST (the program he used in the book works slightly differently to NST providing actual levels the underlying security is will reach).
Gately's book covers input selection, preparing and manipulating data, through to training and developing a forecast for the S&P.

In the past year another book The Predictors - Thomas A Bass has helped me as well, though unlike Gately this is a more general overview of the subject rather than specifics in generating a working network. This trend of generality is what I pursue here.

It would be easy for me to say do this or that and I am sure many here will vehemently disagree. I wish to avoid that. NST is a very complex program with numerous subtleties that lead to useful or poor models. I do not profess to know all of them, though some are strikingly obvious when pointed out.

(i) I am reluctant to give away my own system (ii) I firmly believe that with the aid of these two books you will form a strict method of interrogating NST leading to improved models.

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Re: Ergo Mann – old approach

Date :12/20/2000 9:16:15 AM Poster : Steve Ward

>The initial response from my October article was not positve so I thought I had better keep quiet.

I'm glad you're back. I thought your Oct posting was excellent. Everyone has to remember that this business is an art, not a science, and therefore it is difficult to label any approach as "right" or "wrong". Some strategies will be profitable for some people on some issues at some times, and some will be profitable for other people on their issues at other times. Even the notion of "profitable" is subjective. I have watched some very successful traders get that way, and I assure you that no two are doing the same thing. This forum is getting better every day because more of you are sharing your ideas, all of which will probably appeal to someone sooner or later.

On 12/20/00 7:57:02 AM Ergo Mann wrote:
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Evaluate a model – me?

Date :12/11/2000 1:00:19 PM Poster : Jacobs

How do you do it, with some kind of confidence, in a near random market , not accepting/using a false model.

Assume we have an issue that have an equal chance of goinf up or down. Maybee the real chance is 50-51% of going up (as an average). One year has about 250 trading days.
The probability that x predictions are correct is (250 x)*0.5^power(x)*0.5^power(250-x) [binomial distribution]
If we find that 135 days are correct(135/250 = 0.54 =54%) we get a probability of 0.092 = 9.2%
Thus we are running a 9% risk of classifying the random model as a useful predictive model.

Assume we are evaluating indicators producing buy and sell signals at an average rate of once a week.
We have selected 100 different indicators and want to decide if any of them has predictive power – which we define as beeing correct more than 55%.
Our testperiod is 10 years = 50*10 signals from each. What´s the probability a random indicator slips through?
Using the same formula we get a probability of 1.12%
But the probability that any of the hundred is passing the test is 1-(1-0.0112)^power(100) and that´s 68%

I think it´s important to have figures of this kind as a background.

Frankly - I don´t know how to evaluate a model in NST.
But I want at least three things (my first level list) from my model.

1.) Performance is better than Buy & Hold. - What two figures do you compare?!
2.) Low probability that the result is obtained by chance. - At least a figure reflecting this.
3.) High probability that the performance will repeat itself in the (near) future (assuming a stedy-state market!? no reports/no recommendations/no new orders etc.……) . and a figure reflecting this probability.

Who want´s to use a model that is worse than Buy&Hold?

#1 and #2 I guess will be found somewhere among the statistics in NST – but where?

When evaluating #1 (searching for a probability measure) you also have to include number of trades, number of succesful trades, how the profit was made - many small sucessful trades or just one or a few jackpots. It should be possible to obtain a figure for this, assuming something …..maybe a gaussian distribution –or something like that? Bootstrap method??(not much experience of this myself but heard of it)

To evaluate #3 I think the result of these walk-forwards might be used. (or the length of the out of sample period, might be understand as the number (or ratio) of sucessful trades?) But how? Bootstrap again???

In the end (I know) , it´s me that decides what "low" and "high" means and also if the market will be in a "steady-state" and all the other assumptions.
But I want some figure reflecting this. Is it possible to get this? A relative figure is enough.
With a figure I´m able to choose among different models otherwise……yes what?

What things do you want from your models? And how do you decide if these goals are met?
Any view is appreciated!

Re: Evaluate a model – me?

Date :12/11/2000 4:43:27 PM Poster : Cantley

One of the things that has always concerned me is the way it's so easy to operate in a manner such that your out of sample isn't really out of sample anymore.

You run ideas until you get an out of sample test that's adequate. Do you have a good model, or have you fiddled so much that you've found a good model for the out of sample period you're using?

Circles within circles within circles...

Steve

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Re: Evaluate a model – me?

Date :12/13/2000 3:50:16 AM Poster : James

For #1, the figures can be obtained from the trading strategy statistics under beginning and end prices.

For the rest, I think all these tests that you suggested can be implemented into NT through it's dll capability.
For example, programming the binomial distribution should be quite simple and you can use as inputs,
indicators that are available from the indicator wizard under system positions.

For example, I've programmed a simple indicator that measures the system drawdown using the r-squared coefficient
of linear regression (r-squared = 1 represents an ideal system with no drawdown) . Such information is not
readily available in the indicator wizard. Another is an indicator that displays a histogram/distribution of any

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Re: Evaluate a model – me?

Date :12/13/2000 8:48:08 AM Poster : Ward.net Webmaster

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Re: Evaluate a model – me?

Date :12/13/2000 10:47:36 AM Poster : James

My aim is to fit the whole time series. I believe the indicators that come with NT can also do this but not as readily as what
I aim to do. In this case, I do not have to deal with the regression period.

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Re: Evaluate a model – me?

Date :12/19/2000 3:24:30 PM Poster : Ward.net Webmaster

>1.) Performance is better than Buy & Hold. - What two figures do you compare?!

First modify the Trading Strategy and select either the "Optimal" period or the "Current" (backtest) period if you optimized. Then press the Detailed Analysis button and look at "Change in Price", "Percent Change in Price" and "Annual Percent Change in Price". Those are buy and hold. Compare them to the stats below called "Net Profit", "Return on Trades", or "Annual Return on Trades". Here is a picture of the statistics as they appear:

On 12/11/00 1:00:19 PM Jacobs wrote:
How do you do it, with some kind of confidence, in a near random market , not accepting/using a false model.

Assume we have an issue that have an equal chance of goinf up or down. Maybee the real chance is 50-51% of going up (as an average). One year has about 250 trading days.
The probability that x predictions are correct is (250 x)*0.5*power(x)*0.5*power(250-x) [binomial distribution]
If we find that 135 days are correct(135/250 = 0.54 =54%) we get a probability of 0.092 = 9.2%
Thus we are running a 9% risk of classifying the random model as a useful predictive model.

Assume we are evaluating indicators producing buy and sell signals at an average rate of once a week.
We have selected 100 different indicators and want to decide if any of them has predictive power – which we define as beeing correct more than 55%.
Our testperiod is 10 years = 50*10 signals from each. What´s the probability a random indicator slips through?
Using the same formula we get a probability of 1.12%

But the probability that any of the hundred is passing the test is 1-(1-0.0112)^power(100) and that´s 68%

I think it´s important to have figures of this kind as a background.

Frankly - I don´t know how to evaluate a model in NST.
But I want at least three things (my first level list) from my model.

1.) Performance is better than Buy & Hold. - What two figures do you compare?!
2.) Low probability that the result is obtained by chance. - At least a figure reflecting this.
3.) High probability that the performance will repeat itself in the (near) future (assuming a stedy-state market!? no reports/no recommendations/no new orders etc.……) . and a figure reflecting this probability.

Who want´s to use a model that is worse than Buy&Hold?

#1 and #2 I guess will be found somewhere among the statistics in NST – but where?

When evaluating #1 (searching for a probability measure) you also have to include number of trades, number of succesful trades, how the profit was made - many small sucessful trades or just one or a few jackpots. It should be possible to obtain a figure for this, assuming something …..maybe a gaussian distribution –or something like that? Bootstrap method??(not much experience of this myself but heard of it)

To evaluate #3 I think the result of these walk-forwards might be used. (or the length of the out of sample period, might be understand as the number (or ratio) of sucessful trades?) But how? Bootstrap again???

In the end (I know) , it´s me that decides what "low" and "high" means and also if the market will be in a "steady-state" and all the other assumptions.
But I want some figure reflecting this. Is it possible to get this? A relative figure is enough.
With a figure I´m able to choose among different models otherwise……yes what?

What things do you want from your models? And how do you decide if these goals are met?
Any view is appreciated!

STOCK PICKS

Date :12/14/2000 10:05:04 AM Poster : Vince

I am relatively new at using the Day Trader and I am still trying to decide how to make a stock selection.
There are so many stocks on the NYSE, I believe 3900 and of course I cannot
trade them all.
Does anyone have any idea on how to narrow them down to a manageable number?
Do I keep the same stock all the time and run an optimization maybe once a week or do I come up with a new list of stocks every night for the following day?
In either case which ones are the best candidates?
If someone can give some help I would really appreciate it.

Thanks

Vince

Re: STOCK PICKS

Date :12/18/2000 2:31:32 AM Poster : SM

For picking stocks to day trade I rely mainly on the news and staying
with one sector works well too.

Scan the typical sites Bloomberg, Quote.com, etc. before the market opens.
Check out the conference calls for the prior and current day
on Quote.com (under earnings calendar) these seem to add to intra-day
volatility. Of course, if your model goes bearish make sure that stock
is shortable.

For intra-day trading make sure the prices are well supported on both sides
with the level II data. I like to see at least 150,000 shares traded within the
first half hour. For day trading volatility and liquidity are very important. That narrows the field of "tradable" stocks down dramatically. The number of new stocks you look at will be a function of time you have to have to evaluate them.

Happy Trading

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Thanks

Vince

Automated trading

Date :12/18/2000 2:43:08 AM Poster : SM

I have been working on a trading server that will (via the DataX api) interface with the myTrack on-line brokerage SDK. Is anyone else working on something like this?

Are there any other brokerages that provide SDKs for doing automated transactions?

Re: Automated trading

Date :12/18/2000 2:50:20 PM Poster : Michael Stigall

TradeStation has an interface on their alerts which can place automated trades with 3-4 brokerages (I use ETrade, and its one of them). The interface itself is not smart enough to cancel an existing order, so you are required to manually kill any existing order first on the same lot, or write some EasyLanguage code to handle more complex situations.

On 12/18/00 2:43:08 AM SM wrote:
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Trading UK Markets or other non US/Canadian Markets

Date :12/19/2000 8:22:25 AM Poster : John Hegarty

I am new to Trader and am interested in trading UK equities. I would be interested in other's experiences of using Neuroshell Trader in this or other non US/Canadian markets.

I don't believe that that there is a multicurrency capability and I assume that using the numerical of a UK Sterling price will be fine and that I can convert date formats as required.

In terms of UK data sources I have yet to select a vendor and I am considering Market Eye and ADVFN as cost effective sources of historic and daily data (downloaded over an internet ADSL). I have not properly considered Quote.com, but from a quick look at their UK site they appear considerably more expensive than both the domestic UK competition and in comparison to their US pricing. I'd welcome any views on suitability/experiences/implementation of these vendors or on alternatives.

If any one has other UK customisation or market experience they can share then this would be most welcome.

Thanks

John

Re: Trading UK Markets or other non US/Canadian Markets

Date :12/20/2000 8:15:02 AM Poster : Ergo Mann

John

I trade the UK markets and use NST to track the UK traded options stocks as well as the indices of the UK, US, Japan and Germany.

I do not get hung up on the '$' signs in the package it really is not a big deal. Though the way the data is constructed for the trading packages I use does obviate some functionality.
For example, the Royal Bank of Scotland's data will say 1494.5 for £14.9450; I feed 1494.5 into NST.
The US data I receive will already have the data in the correct dollar and cents configuration, that is, $30.625 for BCC etc.,

End-of-Day Data
I use a text file of UK stock and indices with a down-load of end-of -day indices from a reliable source on the Internet. I have an Excel worksheet that appends the data to the bottom of the '. CSV' file. The help file in NST is extremely good at pointing out the various options including a fantastic selection of date options.

Intra-Day Data
For £7 a month Sky Digital gives you access to Sky Text which gives you tick-by-tick data for the major indices, including FT-SE, NASDAQ, DOW, DAX etc.,
This is the most cost-effective method, though I agree Market-Eye and Prestel are good alternatives, though perhaps not as cheap.

Ergo

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Re: Trading UK Markets or other non US/Canadian Markets

Date :12/20/2000 3:59:24 PM Poster : Ward.net Webmaster

Try using a Point Value of .01, so a value of 1494.5 can be turned into $14.945 in the trading reports. However it should be noted that point value applies across all chart pages, so care should be taken when using point value on charts with multiple chart pages.

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Thanks

John

Re: Trading UK Markets or other non US/Canadian Markets

Date :12/28/2000 7:28:13 AM Poster : Floating Bear

Don't bother.
The UK market is far less volatile than those in the US.
There is a UK tax (stamp duty) of .5% payable on all purchases.
Brokers costs are far higher (lowest is about £10)
Research material is less widely available.

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Thanks

John

Re: Trading UK Markets or other non US/Canadian Markets

Date :1/12/2001 7:46:18 PM Poster : Maciej

John,

I'm trading the French and UK markets and know that Quote.com is fine for my US trading but does not presently have any European markets. For these I use Dialdata for EOD. It's OK but there are quite a few problems of data quality.

If you find any European based data suppliers please let me know, the problem being the need to feed in seamlessly into NST.

Regards,

Maciej

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Thanks

John

Re: Trading UK Markets or other non US/Canadian Markets

Date :1/14/2001 3:39:10 PM Poster : Massimo Campi

You can use for EOD data on the French market www.netbrokers.fr, Swiss market www.quoteline.ch, Italian www.clubdiborsa.com.

Regards
Massimo Campi

On 1/12/01 7:46:18 PM Maciej wrote:
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Thanks

John

Re: Trading UK Markets or other non US/Canadian Markets

Date :2/10/2001 3:28:36 AM Poster : Dr Iraj Jafarian

Hi,
I am also using trader for the UK market. I use Investorease to import data into Trader . It costs me nothing.

On 12/19/00 8:22:25 AM John Hegarty wrote:
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Thanks

John

e-mini

Date :12/30/2000 8:35:13 AM Poster : Maxwell Craven

I've seen mention of e-minis on this forum. Can someone please explain them? Can I access them on Quote.com?

Re: e-mini

Date :12/31/2000 7:57:38 PM Poster : JM

Hi Maxwell,

E-minis are mini contracts of their bigger counterparts that are traded on the CME. Eg, there is the e-mini S&P, which is only 1/5 times of the 'big' S&P contract, ie, 1 full point of the S&P is $250 but 1 full point of the e-mini S&P is only $50. Another difference between the e-mini contracts and their big brother is the tick size and the medium used for trading them. For the full S&P, minimum tick size is 0.1 while the e-mini S&P is 0.25. During the regular trading hours, the full S&P is traded on the open-outcry pit of the CME, while the e-mini S&P is strictly an electronic creature.
There are other e-mini contracts traded on the CME as well, most notably the e-mini Nasdaq and the e-mini currencies. You may wish to check out their specs in www.cme.com. Something else I find about the e-mini contract is that alot of brokers actually offer lower comission if you trade the e-mini S&P, though not sure if they do the same for the other e-mini contracts. And of course, the margin for the e-mini contracts are much smaller. One more thing I experienced while trading the e-mini S&P is that it tends to swing more wildly than its big brother, maybe because of the lower point value and the bigger tick size. Hope this helps.

JM

On 12/30/00 8:35:13 AM Maxwell Craven wrote:
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Re: e-mini

Date :1/1/2001 9:18:13 AM Poster : Maxwell Craven

Thanks, JM, that explanation and the CME web site helps me quite a bit. Your observation that the e-mini S&P swings more wildly than its big brother makes me wonder if it is the kind of candidate Steve Ward talked about in his post. Have you found that these swings lead to profitable trading systems?

On 12/31/00 7:57:38 PM JM wrote:
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Re: e-mini

Date :1/2/2001 3:46:30 AM Poster : JM

Hi Maxwell,

When I wrote the e-mini S&P swings wildly, you can read that as 'erratic'. It is by no means easy to predict the S&P, but I find predicting the e-mini S&P a bit more difficult because of those wild swings. The big S&P, though by no means a tame creature, behaves somewhat more orderly when compared to his smaller brother. The big S&P do make wild swings too, and definitely offer anyone with a good model the opportunity to profit from it, provided you have the stomach to face this king of the beast. As for me, I only dare to take on the e-mini, and even then, it is with respect that I enter its electronic pit. I do not have much success building a good intraday model for the e-mini, but I am still trying. I find predicting and trading the US bonds less stressful. You might want to ask the other more experienced traders in this group (believe me, there are some really experienced and successful guys here) to give you some pointers in trading and predicting the S&P and the e-mini S&P. Good trading.

JM

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Re: e-mini and SPY

Date :1/9/2001 11:15:04 AM Poster : Maxwell Craven

I hope this doesn't sound too dumb, but does anyone have any suggestions about making systems with S&P, vs e-mini, vs SPY?

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Re: e-mini and SPY

Date :1/9/2001 7:44:18 PM Poster : Bill Szaroletta

Let me toss a thought into the discussion: switch-trading Rydex mutual funds.

Rydex (www.rydexfunds.com) has a family of no-load, low-management-fee mutual funds that track the S&P500 Index in various multiples of the S&P 500 performance. While lacking the high leverage of trading the S&P directly, these (what they call) "dynamic funds" can be switched-traded twice per day. They include: Nova at 150%, Titan at 200%, Ursa at -100%, TEMPEST at -200% and, of course, a money fund.

We're currently backtesting several S&P500 trading systems, developed using NS Trader Professional, utilizing Rydex to switch-trade based on a panel of experts "opinion" on the direction of the S&P 500:
Strong Buy Long Opinion ==> Titan
Buy Long Opinion ==> Nova
(...not 100% of S&P500, but trading Nova/Ursa ratios is too much hassle)
No Opinion ==> MM
Sell Short Opinion ==> Ursa
Strong Sell Short Opinion ==> TEMPEST

2x to -2x leverage may be too weak for some traders relative to trading the index directly, but might be suitable for some IRA, 401K, etc accounts. You need $25K to open a direct Rydex account. Might be worth a look.

Regards,
Bill Szaroletta

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Re: e-mini and SPY

Date :1/12/2001 2:30:27 AM Poster : JM

Hi Bill,
Interesting. Though I don't really know about Rydex, but I find your post informative and interesting. Thanks for sharing a new trading vehicle that can be modeled by NST.

regards
JM

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E-minis are mini contracts of their bigger counterparts that are traded on the CME. Eg, there is the e-mini S&P, which is only 1/5 times of the 'big' S&P contract, ie, 1 full point of the S&P is $250 but 1 full point of the e-mini S&P is only $50. Another difference between the e-mini contracts and their big brother is the tick size and the medium used for trading them. For the full S&P, minimum tick size is 0.1 while the e-mini S&P is 0.25. During the regular trading hours, the full S&P is traded on the open-outcry pit of the CME, while the e-mini S&P is strictly an electronic creature.
There are other e-mini contracts traded on the CME as well, most notably the e-mini Nasdaq and the e-mini currencies.
You may wish to check out their specs in www.cme.com. Something else I find about the e-mini contract is that alot of brokers actually offer lower comission if you trade the e-mini S&P, though not sure if they do the same for the other e-mini contracts. And of course, the margin for the e-mini contracts are much smaller. One more thing I experienced while trading the e-mini S&P is that it tends to swing more wildly than its big brother, maybe because of the lower point value and the bigger tick size. Hope this helps.

JM

On 12/30/00 8:35:13 AM Maxwell Craven wrote:
I've seen mention of e-minis on this forum. Can someone please explain them? Can I access them on Quote.com?

Re: e-mini

Date :1/2/2001 9:27:49 AM Poster : chris wong

if you want to get the emini futures on quote.com, you have to tell neuroshell about the symbols, because they arent there now. make a text file called "emini futures.lst" and save it into the servers folder of neuroshell. here is what i have in my file:
ESH1, March 2001
ESM1, June 2001
ESU1, Sept 2001
ESZ1, Dec 2001
ESH2, March 2002
ESM2, June 2002
ESU2, Sept 2002
ESZ2, Dec 2002
right now i think only the march 2001 contract is active. i got those symbols off of cme.com

On 12/30/00 8:35:13 AM Maxwell Craven wrote:
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Re: e-mini

Date :1/9/2001 1:25:54 PM Poster : Tim McPherson

On 12/30/00 8:35:13 AM Maxwell Craven wrote:
I've seen mention of e-minis on this forum. Can someone please explain them? Can I access them on Quote.com?

E-Mini generally refers to the EMini S&P and E Mini Nasdaq Futures. They are smaller contracts and are traded only electronically.

On Quote.com the current contract symbols are ES01H (e mini s&p march) and NQ01H(emini Nasdaq march)

http://www.cme.com (Chicago Mercantile Exchange) has complete info.

Tim

Cluster add-on?

Date :1/4/2001 7:07:45 PM Poster : Michael Stigall

Has anyone else tried out the new Cluster indicators? I didn't have much result with using them as NN input, but received excellent improvement by using them as entry/exit points in a trading strategy.

I'd be interested in hearing about other folk's experiences with the new tool.

Thanks.

> ***Re: Cluster add-on?***
>
> Date :1/5/2001 8:00:21 PM Poster : Zocker
>
> Hello Michael
> The same happened to me with the Cluster indicator. I used the Cluster indicator sample; changed the stock to CELG added a trailing stop and a crossover above/below indicator for exit signals. Trained the trading strategy on one year data "bought" as many shares as possible and have now a strategy which produced a more than 7000% gain. Since one week I try to check it out on paper trading. The results still jet do not look bad at all.
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> > ***Re: Cluster add-on?***
> >
> > Date :1/7/2001 10:02:18 AM Poster : Michael Stigall
> >
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> > I was also amazed at how often the clustered traded, even without exit signals.
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> > I agree completely with you on the quality versus quantity. Its better to have a technical system you understand and then find out which stocks perform well with the system. And there are so many good systems already out there, which benefit from the "tweaking" possible with Neuroshell Trader Pro <grin>.
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> > Zocker
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> > > ***Re: Cluster add-on?***
> > >
> > > Date :1/10/2001 3:02:04 AM Poster : Daniel P Lyons
> > >
> > > Hi Michael,
> > >
> > > I was most interested in your comments re:Cluster Indicators. Have you tried them on Nasdaq or S&P futures?
> > >
> > > Best wishes
> > >
> > > Daniel
> > >
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> > >
> > > > ***Re: Cluster add-on?***
> > > >
> > > > Date :1/10/2001 8:57:42 PM Poster : Michael Stigall
> > > >
> > > > I'm not "into" futures yet <grin>. I trade stock options on NASDAQ tech stocks only. NS Trader Pro is used to forecast stock price change, and then I use OptionStation to pick suitable options.
> > > >
> > > > On 1/10/01 3:02:04 AM Daniel P Lyons wrote:
> > > > Hi Michael,
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> > > >
> > > > Best wishes
> > > >
> > > > Daniel

options

Date :1/9/2001 11:29:43 AM Poster : chris wong

has anyone got any ideas suggestions or tips on the best way to make options systems with nst? where do you get the data? is it better with daytrader than trader pro? what issues work best? any suggestions on inputs?

indicators to import

Date :1/10/2001 6:31:01 PM Poster : FRED SMILEK

I programmed some of my indicators in Tradestation 2000i, and I exported them. Please advise on how I can import them into Neurshell Trader, I am having a bit of trouble finding the import facility. I read the help file and it indicates to do it through the chart creation.

Thanks

> ***Re: indicators to import***
>
> Date :1/12/2001 2:51:34 PM Poster : chris wong
>
> wardsystems put a new doc on the changes in documentation section here called change in omega research proSuite 2000i interface documentation which it seems might be easier to understand and maybe have more details. take a look at that
>
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Omega Tradestation Pro

Date :1/12/2001 4:57:36 AM Poster : John Hegarty

Has anyone used Omega's new monthly subscription Tradestation Pro service, which includes both historic and real time data, in conjunction with NST. I'm interested from a perspective of becoming a subscriber and of using the service as my sole data source for NST models, but not for day trading at this stage (learning to walk is challenging enough!).

NB: The details on their web site mention that this does not use Omega's Global Server and I noted from the last news letter that use of Global Server would be incorporated into the next release of NST. Here I'd be interested in feedback on compatibility with the forthcoming release.

Regards

John

> ***Re: Omega Tradestation Pro***
>
> Date :1/12/2001 8:17:36 AM Poster : Ward.net Webmaster
>
> Our monthly e-mailed newsletter should be sent today or Monday. It contains some important new details about rel 3.2 Global Server support as well as current news on TradeStation Pro support. If we don't have your correct email address, email it to us now please.
>
> On 1/12/01 4:57:36 AM John Hegarty wrote:
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>
> Regards
>
> John
>
> > ***Re: Omega Tradestation Pro***
> >
> > Date :1/13/2001 12:55:54 PM Poster : Dave Johnson
> >
> > I congratulate Ward on the changes coming in release 3.2.
> >
> > Particularly, the ability to create templates and change time compressions was badly needed to "optimize" usage of NSDTPro.
> >
> > I have never tried to link NS to Tradestation, even though I have both. I have feared that present PC technology cannot handle the load, as BOTH programs pretty much saturate the computing power of even current PC's, at least in my experience.
> >
> > Is anyone actually doing this (even end of day)? If so, what is your experience with the performance and stability?
> >
> > I would really like to try some multiple time frame analysis using NSDTPro and ANI for the optimization, but this requires the TSProsuite link. Again, has anyone tried?
> >
> > One more suggestion -- Navigating this board would be much easier if there were "forward" and "reverse" buttons, and a "return to threads". Any chance to do this?
> >
> > Dave Johnson
> >
> > Do you believe this is
> >
> > On 1/12/01 8:17:36 AM Ward.net Webmaster wrote:
> > Our monthly e-mailed newsletter should be sent today or Monday. It contains some important new details about rel 3.2 Global Server support as well as current news on TradeStation Pro support. If we don't have your correct email address, email it to us now please.
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> Date :1/13/2001 8:04:23 AM Poster : JM
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Regards

John

Re: Omega Tradestation Pro

Date :1/17/2001 1:06:59 PM Poster : Ward.net Webmaster

>As for support for Global Server, Ward has just announced that they are not going to support GS anymore, which is quite disappointing.

We are probably disappointed more than anyone, given the thousands of dollars we have spent trying to get the GS to work flawlessly for us. Actually, we never did provide a supported version for GS INTRADAY. We will continue to support the end of day interface. We tested intraday in beta, but never were able to get it working 100%. Omega did not assist us, even though we feel the problems are in the GS. The capability will be there for anyone who wants to use it. If you are a beta tester already, and you don't have any problems with the interface, you will probably continue to have none. A few beta testers experienced infrequent crashes, but many had no problems at all.

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Re: Omega Tradestation Pro

Date :1/18/2001 4:23:51 AM Poster : Bruno Voisin

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The current Quote/QCharts feed can only be an interim solution, and I would also like to get more clarity about future intraday feed support. Are there for WSG, other possibilities worth considering, like eSignal from DBC?

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Re: Omega Tradestation Pro

Date :1/18/2001 10:43:04 AM Poster : Michael Stigall

A few observations on the new Tradestation Pro tool. I'll try to be balanced on the pro/con angles....

1) TS Pro is hosted on NT servers over a web interface. The data and application run mostly on the Omega server computers. This is the development environment that I work with every day. I expect some major "scaling" problems for the Omega staff, since they're moving from single-PC client applications to web-based client-server development.
2) Omega will store the historical data and will be responsible for the cleaning, update, etc. I'm certain the web site will contain the standard disclaimers for missing or bad data.
3) The nice part will be the centralization of data, program updates, etc. Update the central server and all of the attached clients will be upgraded during their next session.
4) I like the web-based subscription service, with thin clients. Keeping 10 years of data on stocks and the necessary info for their stock options consumes quite a bit of disk space. And their current model gives me headaches trying to add new symbols, keep the stock option tables up to date, etc.

Some things I don't like:
5) 3rd party tools are out of luck (such as NS Trader). You'd have to fit within Omega's web-based delivery model (Java applets?) or be willing to run some background batch tool to provide data based on user queries.
6) Since the data resides on Omega's databases, 3rd party tools will either need to be run at the Omega server side (ready access to data) or will end up sending big web-based data requests over the wire.
7) I would guess that customized/optimized systems will suffer most. If I fine-tune a trading system with optimized indicators and perhaps optimized entry/exit points, then where does this code reside? My computer (no data) or theirs (shared libraries)?
8) The system bundles up trading with a brokerage which Omega purchased - Online Trading. I've used ETrade for years, and I recently opened another account at CyberCorp. I don't know anything about Online Trading, and I don't particularly care for having my selection of a brokerage tied to their product (at least for the automated entry/exit signals).

Does this stir up the conversation any? <grin>

Re: Omega Tradestation Pro

Date :1/20/2001 6:27:35 AM Poster : JM

Hi,

I believe all systems and analysis templates are stored on the local machine and not on Omega's server.

As for me, no way am I going to upgrade to TS Pro. Currently, TS2000i with SP5 is serving me well. I don't expect SP 6 will be released at all, neither do I believe that Omega will spend anymore development time on TS2000i. So, I will just use TS2000i for as long as long as I can, squeezing every last ounce of juice from the dame, and then ditch her when something better comes along. Anyone got any recommendations?

JM

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Re: Omega Tradestation Pro

Date :1/18/2001 11:05:57 AM Poster : JM

Hi Bruno,

Yes, yes, yes, yes!!!! I am on eSignal too!! Can Ward consider eSignal, so I don't need to interface with Global Server?
I thought I am the only one using eSignal while everyone else is using Quote.com.

As for the current interface to GS, I am one of those that get the occassional crashes in DayTrader due to the GS interface.
It is pretty scary to crash in the middle of a trade. So if possible, I would love to bypass GS entirely.

regards
JM

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Re: Omega Tradestation Pro

Date :1/18/2001 7:07:42 PM Poster : John Hegarty

JM,

Thanks for the advice on pricing. I'm not a TS2000i user but have been able to get their special offer on the basis of having an old copy of Wall Street Analyst. I suspect that the offer might be open to many.

At $99 a month TS Pro looked like being worth a try since I can allways cancel. Rightly or wrongly (or is it naively) I had gained the perception that Omega were the market leader.

My first reservation, being UK based, is that data is restricted to the US. For UK blue chips ADR's are not a problem (and given lower trading costs and no UK Gov' Stamp Duty have significant advantages).

Secondly it does not give the capability to import data so bringing data from another market is not now possible.

Regards

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Re: Omega Tradestation Pro

Date :1/19/2001 10:54:16 AM Poster : Eric L. Hoyle

I don't want to turn this into a Omega bashing forum, but I bought Prosuite 2000i because I viewed it as a market leader as well and have been very disappointed. From a technical side, I have found that my files often become "corrupted". When that happens, I have to completely recreate my desktop, not something you want to do in the middle of the trading day. This seems to happens most often at the open, when I have large amounts on data streaming in. Despite upgrading to a high speed serial port (I use a DTN satellite system for data) it appears that it is not fast enough to keep up. DTN says the problem would be solved if Omega would use the Ethernet connection they offer, but Omega has declined. They told me the program was "complete" and they are not going to make any other changes. Personally, I've lost all my saved files too many times for me to consider it "complete" or even stable. I've spent too much time on hold (on my dime) with their technical help people, who's only answer seems to be: delete your current files, wait 4 fours for new codes to be sent and recreate your work. "I'm sorry sir, it appears your files have become corrupted." Thanks....

When I purchased the program, the salesman assured me it could handle as many securities as I wanted it to. However, I've found that asking it to store US Stocks and their Option Chains is far too much data. I understand that is a huge amount of data, but it would have been nice to know that before I bought it. If it's not suited for institutional type uses, don't pretend it is. (FYI I'm running it on a Dell Workstation with dual PIII Xeon processors and 512 memory) Which brings me to my second concern. I don't trust the company. At this point, I don't believe anything they tell me.

Omega stopped selling the program 1 month after I bought it. Ok, so that's my bad luck. And while at first, the $99 a month offer for the internet version of Tradestation sounded nice, let's think about it. Notice that Option Station and Radar Station are not yet available on the web. Will they cost more??? At $99 a piece a month (and I have no idea if that's what they will charge) I'm back to almost the $300 a month, which is what I'm paying for Prosuite. And that assumes that they don't come out with an "upgrade" to their Tradestation.com site that you will need to pay extra for. I certainly didn't think 2000i would be "upgraded" (ie phased out) before the year 2000 was over! PLUS, I have to continue to pay for Prosuite 2000i, while paying $99 a month for the same software on the internet. And while I can't say I won't try the internet site, having Omega store and supply the data is a benefit, I'm starting to feel like I should cut my losses and run. The Universal Server option on NeuroShell Trader is sounding better and better.

Sorry for my rant. Good luck.

Sincerely,

Eric

On 1/18/01 7:07:42 PM John Hegarty wrote:
JM,

Thanks for the advice on pricing. I'm not a TS2000i user but have been able to get their special offer on the basis of having an old copy of Wall Street Analyst. I suspect that the offer might be open to many.

At $99 a month TS Pro looked like being worth a try since I can allways cancel. Rightly or wrongly (or is it naively) I had gained the perception that Omega were the market leader.

My first reservation, being UK based, is that data is restricted to the US. For UK blue chips ADR's are not a problem (and given lower trading costs and no UK Gov' Stamp Duty have significant advantages).

Secondly it does not give the capability to import data so bringing data from another market is not now possible.

Regards

John

On 1/18/01 4:23:51 AM Bruno Voisin wrote:
JM,
I fully support your comments, and I upgraded to the DayTrader for the same reasons. I believe the new TS Pro is quite expensive, and the special upgrader discount is modest consolation in relation to the cost of TS2000i.
The current Quote/QCharts feed can only be an interim solution, and I would also like to get more clarity about future intraday feed support. Are there for WSG, other possibilities worth considering, like eSignal from DBC?

regards
bruno

On 1/13/01 8:04:23 AM JM wrote:
Hi John,

I would strongly advised against using TS Pro for the time being. Omega's data has never been really clean. If their HistoryBank data is anything to go by, I think TS Pro data is not going to be any better. Better wait for a while until they clean up their act.

If you are still insistent on subscribing to TS Pro, and intend to do so for the long term, ie, 5 years or more, then I suggest you buy TS2000i first , and then upgrade to TS Pro. This is because TS2000i owners only pay $99 for as long as they stay subscribed. New subscribers pay $300. That's a saving of $200 per month! The only question is, will Omega still sell TS2000i.

As for support for Global Server, Ward has just announced that they are not going to support GS anymore, which is quite disappointing. However, they will still be offering an unsupported GS interface for us. As for me, I really need GS support as I am on TS2000i. I upgraded to the DayTrader Pro mainly for the interface to GS, so now, I am wondering where to go from here. Anyone has any suggestion?

regards
JM

On 1/12/01 4:57:36 AM John Hegarty wrote:
Has anyone used Omega's new monthly subscription Tradestation Pro service, which includes both historic and real time data, in conjunction with NST. I'm interested from a perspective of becoming a subscriber and of using the service as my sole data source for NST models, but not for day trading at this stage (learning to walk is challenging enough!).

NB: The details on their web site mention that this does not use Omega's Global Server and I noted from the last news letter that use of Global Server would be incorporated into the next release of NST. Here I'd be interested in feedback on compatibility with the forthcoming release.

Regards

John

Re: Omega Tradestation Pro

Date :1/22/2001 5:05:15 PM Poster : Steve Ward

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Re: Omega Tradestation Pro

Date :1/22/2001 6:59:47 PM Poster : Dave Johnson

Steve, Nextrend in Dallas at one time was planning to store at least one year of historical intraday data. In fact, their web site claims intraday trade history since January 1998

I am not a user, but I saw their server banks last year during a visit.

I tried the service for a brief time, but greatly preferred qcharts for chart/indicator quality, features, and sophistication. But, despite the elegant design of qcharts and qfeed, the reliability is dropping fast. Maybe Nextrend is worth another look.

Dave Johnson

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Re: Omega Tradestation Pro

Date :1/24/2001 6:10:08 AM Poster : Randy Brown

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Re: Omega Tradestation Pro

Date :1/26/2001 2:26:03 PM Poster : snd

TC2000 seems to be gaining a lot of momentum in the market.

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Re: Omega Tradestation Pro

Date :2/11/2001 3:16:14 PM Poster : Richard Park

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>
>
> All of our data is in ASCII, comma delimited format for easy import into
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Date :2/12/2001 2:40:48 PM Poster : Texas Bubba

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Randy Brown

Here's the announcement:

TC2000 Real-Time:

... now streaming ...

We are excited to announce that TC2000 version 4.5 (enabled for Real-Time) is now available. Activate Real-Time Service today, and we'll rush you the brand new Version 4.5 CD-ROM and Real-Time Quick Reference.

The look and feel of TC2000 remains intact, however, you'll never again press the update button because all your data is always current. Plus, you'll now have access to streaming tick charts, minute charts... even 5,10,15,30 and 60 minute charts... that update dynamically during market hours.

And yes, all the indicators, including MoneyStream, Balance of Power and Time Segmented Volume unfold live on the real-time intraday charts. Currently, the intraday charts display up to 10 market days of detailed history. In the near future, we plan to greatly expand this.

Traditional bid, ask, bid/ask volumes, last, % change and the NASDAQ bid-tick indicator all update dynamically in your WatchList tabs. No more popping over to your broker's web site for a detailed real-time quote.

Access to the Real-Time Stream requires an active Internet connection and costs an additional $49.75 per month (includes all non-professional exchange fees.) A standard 28.8k modem (or faster) works very well.

On 1/22/01 5:05:15 PM Steve Ward wrote:
I'd like to comment on some things in this thread in no particular order. As a disclaimer, neither Ward Systems nor any of its employees are really TradeStation users. We use it enough to interface, but we use NeuroShell for trading as you'd expect. So we aren't qualified to comment on how good it is, or Omega's tech support, or costs, etc. We have always liked the company's managers personally as we dealt with them, and we have liked TradeStation's widespread use, which is why we are a "provider" and we to try to interface with it, not always with success. Now for the comments:

1. Non-support of the Global Server interface doesn't mean we intend to abandon it, and doesn't mean we won't tell you how to turn it on. It means that if anything bad happens, we probably can't fix it. We already know some bad crashes occur ("general protection faults" and "automation errors") that we can't fix (we think they are Omega problems that we have no control over. We are in the same boat you are in with respect to the Global Server). As usual, you and Omega are responsible for making the Global Server work. We will post info on this web site on how to activate it, but we won't send out NeuroShell Traders with the feature already activated. We don't like to sell software that doesn't work reliably and that we have no way of fixing.

2. We thought TradeStation Pro was a "web based" program too, until we looked at it (we don't have any more access to company info than you do!). Now it appears to us to be executing on the computer and only getting data from the web. (It obviously places orders on the web too.) Although it does not appear to have as much historical data as Quote.com, it appears to download it faster. Of course, the speed could decrease when TradeStation has as many customers as Quote.com has, who knows.

3. We already know our import/export of daily data streams still works with the Pro, and we hope we can read the downloaded data. We are waiting for TradeStation Group, Inc. to provide the instructions we need to access their data in the Pro.

4. True that both NeuroShell and TradeStation eat up a lot of machine cycles, but if you limit the amount of bars NeuroShell displays (not loads) on the chart, it will react a lot faster. Neural nets take quite a bit of machine, so limiting them, including the number of walkforwards, will help a lot.

5. If you think about building neural models, or backtesting traditional models, you realize you have to have lots of historical data. There are very few companies which provide historical intraday data, at least more than a few days back. We started with Quote.com because they had the most. Global Server with History Bank was the second best choice, we thought, and TS Pro may be the third, because again they have lots of data. Of course, we aren't sure if we will run into the same kinds of problems with the Pro that we had with the Global Server!

6. The Universal Market Data Server (uniserv.com) is surely tied for third, and we are working hard to support it, because we know we need more feeds. It will save data for you as you leave on your connection so that you can have a reasonable amount of intraday historical data. That's not quite as good as being able to request back data, like with TS and Quote.com, but it will provide a good alternative to those others.

7. Beyond getting release 3.2 out, getting more data feeds is our highest priority, because we feel that Quote.com has periods of unreliability, and so does the Global Server. If anyone knows of another data service that they are SURE provides historical intraday data more than just a few days back, we'd like to know about it.

Italy, France
Date :1/14/2001 3:33:03 PM Poster : Campi Massimo

I wish to be contacted from users of NS speaking italian or french
Thanks

Editor's note: While we prefer that postings to this forum be made in English, we do not want to discourage those users whose primary language is not English from posting. Therefore, if there are users who would feel more comfortable posting in an alternate language, please do so. We will attempt to translate the posting into English for the rest of our users.

Re: Italy, France
Date :1/16/2001 10:38:51 AM Poster : strategist

I am an italian user of Neuroshell Trader Professional.

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Re: Italy, France
Date :1/18/2001 4:07:15 AM Poster : Bruno Voisin

Ciao Massimo,

Being French myself, I can only (proudly) support any endeavour to promote our national languages, but it is admittedly not in the interest of whole NST community. Having said that, French speaking users are most welcome to contact me here on the forum.

Forza Italia!

Regards to all... et meilleures salutations à tous les autres, ;-)
Bruno

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daytrader pro questions
Date :1/18/2001 1:39:20 PM Poster : Jimmy Raineri

1. If/when you are disconnected from the quote.com feed, you are presented with a message box asking if you want to reconnect or not. Is there any way to have it attempt to reconnect immediately, and then every xx seconds thereafter until told otherwise? The fact that it won't automatically reconnect pretty much negates any benefit of setting alerts - I'm listening for an alert from across the room or in another room and I have no idea that it isn't even connected. It also makes unattended operation impossible.

2. In the trading strategy parameters, there is the option to "buy as many shares as possible with current account balance". I don't think this is working properly - it uses the profit from a current day trade to make the next trade - that money is not in your account at that time and would result in a regT call. Is there any way to make it properly calculate the real "buying power" in an account at the start of day and trade for that day based on that only?

Thanks for any assistance.

Re: daytrader pro questions
Date :1/18/2001 2:17:31 PM Poster : Ward.net Webmaster

Release 3.2 already has the feature you are requesting in #1. With regard to #2, this may depend on your broker. The daytraders here at Ward Systems use Datek, and they seem to make the credit available after every trade. The others here tend to use Ameritrade, which we think does not seem to make the money instantly available. We suspect that firms which cater more to daytraders are more like Datek than Ameritrade. Maybe we can hear from other users with other brokers on this issue?

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Re: daytrader pro questions
Date :1/18/2001 6:51:47 PM Poster : Jimmy Raineri

That's pretty unusual to make a current day profit available for trading - but then again wasn't Datek the one who would let you short a stock no matter if it had the stock or not?....

Either way, since it is not the norm to make those funds available current day, is there a way, or could a change be made to make trades based only on the amount of money in the account at the start of the day? It is pretty hard to come up with an accurate training when the system trades with money it doesn't really have.

When will release 3.2 be available?

Thanks.

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Re: daytrader pro questions
Date :1/23/2001 2:22:27 PM Poster : chris wong

i just received a brochure in the mail from ameritrade saying they now have real time account updates. account balances are now updated "immediately after your transactions occur". brochure says it makes it easier to place multiple trades during the same trading day.

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Thanks for any assistance.

What issue to pick - a useful procedure???
Date :1/23/2001 8:11:54 PM Poster : Jacobs

First I will thank you all for your interesting postings and WSG that have started this forum.
Special thanks to those who submitted code,dll´s ,templates and book recomendations!

I have found it rather difficult to build a useful neural net model for a particular issue.
Besides, Steve Ward has a couple of times written that we should select an issue that is easy to predict and if an issue is predictable many models(variables) will predict it.

These last days I have tryied another version – I´ve started with a model searching for an issue.
This search is done in different steps.
Model: 5 inputs, 40 hidden nodes in training mode and default (10?) in genetic mode.
Optimize on training set.
Training time 3-5 years + 1 walkforward of 1 year
1.) Run the model for as many issues you can - in optimizing mode(parameter search)
2.) Throw away those issues that are nonprofitable (negativ return).
3.) Of the remaining issues throw away those that have a return that is less than buy&hold

Now you have issues that are profitable and the model is better than buy&hold.

Now change the evaluation period - use two walkforwards of 6 months, still using the same dates as before.

4.) Run/optimize the model again for the found issues.
5.) Throw away those that are nonprofitable
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7.) Of the remaining issues keep those that show a profit and
have a return that is better than buy&hold on BOTH walkforwards.
(both walkforwards should now show a profit and the return
is better than buy&hold)

I end up with profitable issues that show some degree of consistency,
both walkforwards show a profit and the profit is better than buy&hold.
Optimization is meant as a filter. If it can find parameters
that show a profit in the past and the future(out-of-sample) it´s a sign of
repeating movements in those issues.

To refer to the beginning – repeat the procedure with a (quite) different model.
See if some issues turn up again – in the end of the process or near the end...
(I have only done this with one model)

Well, this procedure seems rather mechanical.
Are there any hidden problems that I have overlooked?
How dangerous is the procedure – like using the result on the out-of-sample
to correct/adapt your model?
Where are the critical parts and how can I reduce them?
Is this a way worth trying?

Any comments are appreciated.

Re: What issue to pick - a useful procedure???

Date :1/25/2001 8:27:03 AM Poster : Texas Bubba

I have to apologize to everyone for lurking here so long without contributing but I am not a professional trader like you and the others. I only just started trading when I got Neuralshell a while back. I was amazed that your systems is so much like mine, except that I dont evaluate two different ways, but now I'm going to try it out your way. Ive been reading all the things Ward has put out and I can't see where we have anything wrong here and it has seemed to work good enough for this country lad to use. I have to warn you though that I'm only into stocks at this time but I got hooked enough to know that I want to expand out later.

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Re: What issue to pick - a useful procedure???

Date :1/25/2001 8:57:44 AM Poster : Maxwell Craven

Well, I'm certainly not a professional either, but I really like your idea. How many issues do you use and what type are they?

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Re: What issue to pick - a useful procedure???

Date :1/29/2001 8:35:06 AM Poster : Steve Ward

Jacobs:

I too like your method. You keep the number of inputs and hiddens small. You seem to avoid the problem of fitting the evaluation set by running a model only once. The fact that you use many issues in that one run means you can find predictable ones without the evaluation fitting. You help assure that the predictability was no accident by running with a different evaluation set. You don't train too far back and you don't insist on a long evaluation set, which I like. To all of this I would suggest diversification in all of the models that result. Thanks for sharing this with us.

Steve Ward

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End of Day Data Sources besides HistoryBank
Date :1/26/2001 2:23:30 PM Poster : snd
Does anyone have End of Day Data source they would recommend with Neuroshell Trader?

Re: End of Day Data Sources besides HistoryBank
Date :1/27/2001 10:39:49 AM Poster : JM
Hi,

I use Pinnacle Data for futures end-of-day data. Pinnacle's data seems clean and their data-maker software offer unadjusted, forward-adjusted, backward-adjusted and ratio-adjusted continuous futures price data, which is suitable for neural networks. Service is good and price is cheap. Daily update of database is done over the Internet using their downloader program. I strongly recommend this data provider. Their URL is www.pinnacledata.com.

I am not in any way connected to Pinnacle, but just a very satisfied customer, and just feel like sharing this info with everyone here.

JM

On 1/26/01 2:23:30 PM snd wrote:
Does anyone have End of Day Data source they would recommend with Neuroshell Trader?

Re: End of Day Data Sources besides HistoryBank
Date :1/27/2001 1:47:58 PM Poster : Steve
I use CSI. They provide wonderful tools! For futures, I can construct most any kind of continuous contract that you can think of. They offer stocks as well. The price is pretty good too.

http://www.csidata.com

Best,
Steve

On 1/26/01 2:23:30 PM snd wrote:
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Date :1/28/2001 8:54:40 PM Poster : snd
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Re: End of Day Data Sources besides HistoryBank
Date :1/29/2001 10:39:22 AM Poster : tom Gamon
If you are modeling stocks, you might want to try Yahoo Finance - Historical Data , it is downloadable into csv format. The data is available for free and as much as thirty years is available for most stocks. I believe it is provided by CSI for Yahoo. However you must re-sort the data from earliest to latest to make it work with NS Trader, this can easily be done with Excel or similar.

Best regards

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Re: End of Day Data Sources besides HistoryBank
Date :1/30/2001 2:18:42 AM Poster : Olli Myllynen
There is a free piece of software called QuoteMonster available at www.xmlworks.com . It is really a set of perl scripts, but it will do the trick.

I used it before I signed up for CSI to test my simple ideas - I would not dare to use any free data floating around for my trading or system creation. The risk is simply too big in futures trading.

Olli

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Results of Search: End of Day Data Sources besides HistoryBank
Date :5/6/2001 5:44:22 PM Poster : Stephen
All,
After using or reviewing Dial Data, HistoryBank, Telescan, Prophetlink and CSI the winner by far was CSI. My observations matched the conclusions of an article in Future's Magazine on End of Day Data sources. My personal experience with Dial Data and then later HistoryBank was a constant battle with bad data. Trading systems would look great until I looked back through the results and found the 500% winner made the system. Zero's would cause Tradestation to blow up while scaning charts. Prophetlink look good so I signed up for the trial and downloaded some select stocks. The 30 day trial only lasted a day, I found a zero in the volume data of SSTI. Yahoo uses CSI data and provides it for free, so I had thought of crafting my own downloader, but decided it wasn't worth the time. It has been I while since I used Telescan, but I don't remember being impressed. Thanks for your help. Hope this is of use. - Stephen

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Olli

On 1/29/01 2:03:31 PM snd wrote:
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Best regards

On 1/28/01 8:54:40 PM snd wrote:
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http://www.csidata.com

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Does anyone have End of Day Data source they would recommend with Neuroshell Trader?

Re: Results of Search: End of Day Data Sources besides HistoryBank

Date :5/7/2001 8:37:20 AM Poster : Xprogrammer

Stephen:

Thanks for taking the time to tell us about your review. Take a look at Gary's thread called "Cheap Data". He tells where to get a $30 downloader for the Yahoo data.

The Xprogrammer

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Re: End of Day Data Sources besides HistoryBank

Date :1/30/2001 10:16:10 AM Poster : chris wong

maybe my excel is set up different, but i downloaded from yahoo and didn't have to change the date format. in fact when i select download spreadsheet it loads excel right into my browser if i select the open option in the browser instead of the save option. i then just selected the columns and used the sort command to reorder the rows. very easy since i didn't even have to load up excel. then i just saved in the csv format into the folder that i use with neuroshell.

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At 59$ (basic-with unlimited historical and delayed data). Seems worth trying out, hope the exact fields / format will not give trouble in the end and that the indices and currencies will be there.

> ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
On 8/15/01 9:08:33 AM Steve Ward wrote:
Today I am emailing the CEO of Prophet Finance and asking that they find out what happened with your answer. Let me know if they still don't answer. I have always thought they were more responsive than most data feed vendors. I am hoping your request just got lost somewhere.

Steve Ward

On 8/14/01 4:27:25 PM albertl wrote:
Thanks Maxwell,
I thought by now I would have got an answer from prophet, so I could pass on the URL. I am slightly put off now, as they just are increasing their prices. I believe also I would have to subscribe to the futures data in order to get currency data, this would be an overkill .Their index data seem not to include currency indices and I do not need futures for the moment.

So I am turning now to track data or may be to AIQ. I wonder if anybody is using AIQ (the program and the data) and profiling the data for the NS Trader?
albert

On 8/10/01 1:52:04 PM Maxwell Craven wrote:
Hi Albert - I use Quote.com now, but I remember that Prophet provided an alternate URL to go into the Dial Data downloader. You have to tell them that you are using NeuroShell Trader, and that you want their product that uses the Dial Data Downloader. They give you URL that replaces Dial Data's URL. You go into the data sources menu and into the end of day download part. Then in Dial Data download setup, theres an internet setup button that has dial.tdc.com and dial2.tdc.com in it. I just replaced those with what Prophet gave me. I suggest that you email Prophet tech support with the other questions, because I don't remember much about their ticker symbols. If they don't help you, I guess you can try Dial data - I recall they weren't that much higher; maybe their symbols are more like quote.com. I think you're supposed to tell them that you are using NeuroShell also.

On 8/10/01 6:24:04 AM albertl wrote:
Hello,
I am trying out Prophet at present and would like to give the Neuroshell inbuilt downloader a go at miimiking dial data, as you mentioned, can you may be help with the Prophet download server address?
Also Prophet says they have cash contracts, but I do not get data for EC1599, JY1599 etc.
Indices tickers seem not to be as numerous as with Quote.com ,
some strange values like negative (!) or zero quotes have appeared exceptionally at least with continuous contracts at my side
Thanks
albertl

On 2/2/01 2:11:09 PM Maxwell Craven wrote:
Prophet Finance has good and inexpensive data that can be downloaded using the Dial Data downloader that is already part of Neuroshell. You just change the internet web site it goes to, and their server mimics the Dial Data one.They can also deliver in Metastock format, which seems to work fine in Neuroshell. See www.prophetfinance.com/marketdata/

On 1/26/01 2:23:30 PM snd wrote:
Does anyone have End of Day Data source they would recommend with Neuroshell Trader?

Historical Data

Date :1/27/2001 7:51:46 PM Poster : snd

Thanks, but I was looking for Stock Data. I had heard in the past that pinnacle was very good as well.

a reliable internet broker for FUTURES(NOT STOCKS)

Date :1/29/2001 7:33:02 PM Poster : David

As I live in Brazil(south america) it's quite difficult to choose a reliable internet broker in the states for FUTURES trading (not STOCK trading).
Could some of you give recomendations?
Thank you.

Re: a reliable internet broker for FUTURES(NOT STOCKS)

Date :1/30/2001 9:43:55 AM Poster : Sam

David,
I use XPRESSTRADE in Chicago (not daytrading). I also trade futures, not stocks and have tried many other Internet brokers but prefer and use Xpresstrade.
It is an Internet based. Check it out. www.xpresstrade.com
Good luck

On 1/29/01 7:33:02 PM David wrote:
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Thank you.

Re: a reliable internet broker for FUTURES(NOT STOCKS)

Date :1/30/2001 12:54:13 PM Poster : Gary

Certainly one of the biggest and oldest is www.lind-waldock.com. I have been satisfied with the service at least for my style.

On 1/29/01 7:33:02 PM David wrote:
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Thank you.

Re: a reliable internet broker for FUTURES(NOT STOCKS)

Date :1/30/2001 3:17:24 PM Poster : Daniel P Lyons

I concur with Gary. I also use Lind-Waldock and find they suit my style,

Daniel

On 1/29/01 7:33:02 PM David wrote:
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Could some of you give recomendations?
Thank you.

Emergency Alert to Quote.com Users

Date :1/30/2001 2:58:49 PM Poster : Ward.net Webmaster

Emergency Alert to Quote.com Users

Since the NYSE changed to decimals on Monday January 29, 2001, some of our Quote.com users have noticed bad stock prices from NYSE. The problem is that Quote.com updated their interface last year, but you may have an older copy that was installed with NeuroShell. You will need to put a new copy (dated at least 10/09/00) of the quote.com module (ContinuumClient.dll) into your windows/system directory (winnt/system32 for Windows NT and 2000 users).

You can search your computer to see if there is a newer one, perhaps in a Qcharts directory, or go to the "Known Major bugs, fixes, and warnings" section of this site to download one. Once you've downloaded this file, execute it and the ContinuumClient.dll will automatically be installed into the correct directory.

In addition to storing the new dll into your computer, you will have to erase any data files with bad data that the Trader has already placed into your computer. Go to the NeuroShell Trader folder and open the Server folder, and the Data folder within that. Erase any NYSE files with dates January 29th or later.

We apologize for not realizing sooner that this would happen.

Correlation

Date :2/4/2001 1:29:22 PM Poster : scantley

So here's a wierd idea...

We have this GA hiding in our application here, and I wonder if there's any way to use it for other purposes.

For example, can anyone think of a way to take two or three indicators, and cause the GA to find parameters with the lowest correlations? Nothing straightforward comes to mind, but is there a subtle approach that someone can think of?

If not, then the folks at Ward might drop something like this into idea jar for version 4 or 5 or so. Trader is already configured to use the GA to minimize and maximize functions for predictions and trading strategies. It isn't that big a stretch to want to find a way to use it to outside of these two environments.

Anyone?

Best,
Steve

Re: Correlation

Date :2/6/2001 1:47:14 PM Poster : chris wong

i can do it by hand at least. i used the linear xy regression: coefficient of correlation indicator. i fed two indicators into it. then i changed parameters by hand until i saw correlation getting lower.

On 2/4/01 1:29:22 PM scantley wrote:
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Anyone?

Best,
Steve

Re: Correlation

Date :2/6/2001 2:05:59 PM Poster : Steve Ward

What you want to do is fairly easy with our GeneHunter product (maybe a little bit harder with three indicators instead of two). Yes it is embedded in the Trader Pro, and yes we might be able to figure out how to expose it to Trader Pro users in some future version, but in the mean time we have many users who supplement the Trader's capabilities with GeneHunter. They also use GeneHunter to optimize portfolios, build stock picking rules, and other types of indicator optimization that might not be possible in the Trader Pro. The downside: you have to be fairly proficient with Excel, because everything is not turnkey like it is in the Trader Pro. So if any readers of this forum want a copy now and not wait for some future version, I'll see if I can pull some strings and get you get a 20% discount off the $395 price from now till March if you call or email me before then.

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Anyone?

Best,
Steve

Re: Correlation

Date :2/7/2001 9:01:14 AM Poster : Maxwell Craven

I was wondering why you want to do this. All I can think of is that uncorrelated indicators might make better inputs to neural nets. However, the NSTP optimizer already crafts the indicators to make the nets work best, which might involve more than just being uncorrelated. Is there something I'm missing?

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Anyone?

Best,
Steve

Need for additional add-in program

Date :2/4/2001 4:59:14 PM Poster : AlMart

Gentleman, I thank you for the product. It has tremendous potential. My biggest problem in making use of that potential is the fact that much of what I study calls for additional programming. While, I can do some of the programming myself, it is a long and arduous process because I am not good at it. My reasoning regarding trading tells me that I am interested in high probability patterns. I am not concerned with low probability or ambiguous events. If that means that I should only trade once every four days in a market that's perfectly fine with me. Therefore, I am looking for an interface that will allow me to use the trader and manually identify the patterns that are of interest to me. A few simple mouse clicks would provide me with the ability to focus your product on very specific patterns. Such a simple add-in feature would provide tremendous utility and avoid hours of programming. Proponents of Elliot wave would have the opportunity to capture regular or irregular wave counts with simplicity. Those traders who use price patterns along with volume or some other indicator would be equally happy. Exactly, this kind of approach using neural nets was raised in a Technical Analysis of Stocks and Commodity article by Jeffrey Katz,PhD (I believe). If this an upcoming product please let me know. I am submitting this suggestion because I am certain that their are many others who are looking for this type of a user friendly interface.

Re: Need for additional add-in program

Date :2/7/2001 9:15:29 AM Poster : Ward.net Webmaster

Our monthly newsletter has exciting announcements from time to time. Make sure your correct email address is on file here so you can read them.

On 2/4/01 4:59:14 PM AlMart wrote:
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Re: Need for additional add-in program

Date :2/7/2001 11:52:57 AM Poster : Floating Bear

The ideal way would be for Trader to interface with a low cost but high quality charting and T/A program, say, Metastock.
Any Chance?

On 2/4/01 4:59:14 PM AlMart wrote:
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Re: Need for additional add-in program

Date :2/8/2001 5:19:11 PM Poster : Texas Bubba

I really like the pattern recognition tip that Neuralshell put into the december issue of Stocks and Commodities. I think it was also in a Neuralshell newsletter too if I'm not mistaken. It uses lines to form patterns.

On 2/4/01 4:59:14 PM AlMart wrote:
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Re: Need for additional add-in program

Date :2/15/2001 10:46:06 AM Poster : Steve Ward

Yesterday we announced the new Fuzzy Pattern Recognizer Add-on in our monthly newsletter. It looks like it fits your need and then some in terms of being able to specify a pattern and then find it in a time series. How's that for fast response to customer requests? Athough you can't actually draw the pattern on the screen, it is very easy to describe a pattern in fuzzy rules. The fuzziness also means that you get a probability that your pattern exists, not just a binary yes or no. That means it will even tell you that it found a pattern "somewhat" like your pattern. In addition, you can let the optimizer find new patterns you didn't think of yet.

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Re: Need for additional add-in program

Date :2/16/2001 1:30:14 AM Poster : AlMart

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Re: Need for additional add-in program

Date :2/16/2001 9:02:06 AM Poster : Steve Ward

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Fuzzy addin

Date :2/27/2001 5:05:46 PM Poster : Xprogrammer

Steve,

Will the fuzzy plugin that I purchased actually be shipped when the new release is out, or if not how long after that? I am very anxious to use it, because I have been looking for something like this. Any new fuzzy descriptions of the release date available yet? Are you up to "real soon" yet?

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Re: Fuzzy addin and new release

Date :3/2/2001 1:50:53 PM Poster : Ward.net Webmaster

We are definitely in the "real soon" phase now, because the release is ready and we are cranking up production and trying to get our free web download set up. Start watching for it in the "Release news ..." section of this website. Once the CDs are made, the shipments of the Fuzzy Pattern Recognizer add-on will be sent first in order the purchases were made. Free release 3.2 CDs will be sent with the Fuzzy addon. Other users can download for free or we'll send new CDs for $30 plus shipping.

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fast fourier

Date :2/13/2001 8:58:26 AM Poster : chris wong

i have adaptive turboprop 2 addon that i purchased several months ago but just started using. it has an pretty good example that seems to do well with the fft fast fourier indicators. previously i didn't get much from fft but with at2 it works well even when no hiddens are put in the at2 nets. at2 help file says no hiddens is linear regression meaning it hasnt even gotten to the point of building a net and already good results. has anyone else had any experiences with fft outside of at2?

Re: fast fourier

Date :2/13/2001 9:28:22 AM Poster : Xprogrammer

I just purchased AT2 also but I have been concentrating so far on some of the other aspects. Not being an engineer, I don't know much about FFT. I have been interested in verifying the capabilities that the Neuroshell web site touts, like being able to optimize the output, number of hiddens, training set size, how often to retrain, and how far ahead to predict. Being an old (literally!) Neuroshell2 user, I understand the old neural nets pretty well, and I had even thought myself that NST should have had that flexibility before. I even considered programming backprop in a DLL, but my programming experience dates to the COBOL days. Have you done any optimizing of outputs yet? Any suggestions on what outputs to use that would benefit from optimization?

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Re: fast fourier

Date :2/13/2001 4:34:57 PM Poster : Steve Ward

We frequently hear from people who say: "I am an old COBOL programmer, but I can't write DLLs." or "I have written Easy Language but I'm not a programmer."

Well, I'm happy to be the one to tell you you're more capable than you think: If you were a COBOL programmer you'll find DLLs in PowerBasic a snap. (Hey, I myself wrote thousands of COBOL lines of code in the early 70's, so I know what I'm saying!) And if you have written any involved Easy Language indicators, then you're practically a C programmer, and you'll have no problem with DLLs. Start now and greatly enhance your use of the NeuroShell Trader!

Why are DLL's so easy? Because there is no need to write input/output code. It is all calculation. You just get data streams from the Trader, and pass back an output data stream. No worries about dialog boxes, windows, or the like. It's a well defined clean environment to work in. Try it and see.

On 2/13/01 9:28:22 AM Xprogrammer wrote:
I just purchased AT2 also but I have been concentrating so far on some of the other aspects. Not being an engineer, I don't know much about FFT. I have been interested in verifying the capabilities that the Neuroshell web site touts, like being able to optimize the output, number of hiddens, training set size, how often to retrain, and how far ahead to predict. Being an old (literally!) Neuroshell2 user, I understand the old neural nets pretty well, and I had even thought myself that NST should have had that flexibility before. I even considered programming backprop in a DLL, but my programming experience dates to the COBOL days. Have you done any optimizing of outputs yet? Any suggestions on what outputs to use that would benefit from optimization?

On 2/13/01 8:58:26 AM chris wong wrote:
i have adaptive turboprop 2 addon that i purchased several months ago but just started using. it has an pretty good example that seems to do well with the fft fast fourier indicators. previously i didn't get much from fft but with at2 it works well even when no hiddens are put in the at2 nets. at2 help file says no hiddens is linear regression meaning it hasnt even gotten to the point of building a net and already good results. has anyone else had any experiences with fft outside of at2?

Re: fast fourier

Date :2/18/2001 2:33:02 PM Poster : Xprogrammer

I suppose you are right. I just don't have any idea what a DLL is and maybe that scared me a little. I'll try it because as you said it can't be that much harder than what many of us did in the "old days".

On 2/13/01 4:34:57 PM Steve Ward wrote:
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Re: fast fourier

Date :2/15/2001 8:12:35 AM Poster : chris wong

for outputs i just used change in open, which is the same one that was used in the examples that came with at2. the parameter that gets optimized is change over what period. but then theres another lookahead period that optimizes too. i think you could use percent change too if you wanted or some stochastic.

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Wanted: A Programming Language for NST

Date :2/18/2001 5:07:24 PM Poster : Gary

I believe the NeuroShell Trader has changed. At first, it was merely a program to make it easy to use neural nets. Then, it got the genetic algorithms. Now it has a fuzzy logic add-on. NeuroShell Trader is becoming an all-purpose AI platform for the advanced trader. However, if the advanced trader is the target market for NeuroShell Trader, then it should be realized that an embedded programming language is necessary. Steve is right in telling us not to be afraid of DLLs, and encouraging us to try to C language and PowerBASIC. But nothing quite takes the place of language that is part of the program. It would be more tightly integrated into the functions of the program and debugging would be quite easy. To this point, a trading language has been mainly the domain of TradeStation. In fact, a halfway competent trading language is its main feature. But we should note that it is about the level of Turbo Pascal about 20 years ago. In terms of core functionality, TradeStation really hasn't improved for quite a while. And it is still the most expensive program there is in its field. And now the newest version wants to force us to use its data, and perhaps ultimately its broker. This is unacceptable to many people. I, among others, would be looking for a substitute. NeuroShell Trader would more than fit the bill if it had a trading language as part of the package. A few years ago, I got so frustrated with TradeStation that I sat down with Visual Basic and started to write my own programming language for trading. It was mainly Visual Basic, with several specialized routines included. It was not quite the equal of Easy Language, but it was after all just a hacked creation of one person. What surprised me was how easy it was to do such a thing at all. I wondered then and even now why no one has ever provided really good competition for TradeStation (though MetaStock has come close). It has more to do with the commercial side of things rather than technical feasibility. It requires an established player to take on No. 1. Like NeuroShell Trader for example. In my opinion, if NeuroShell Trader had a programming language, it would be so far superior to TradeStation that I and many other people wouldn't even bother looking at TradeStation. Only so much can be done even with artificial intelligence in simply banging indicators together. We need to be able to easily express any idea we can think of. Is it possible to have some way to do this that is at least as good as Easy Language? Certainly! For example, wouldn't it be nice to have a programming language that is also an expert system, the one missing piece that NeuroShell Trader doesn't have? To think of the possibilities is amazing. As is the difficulty -- in any case, I would hardly expect to see NeuroShell Trader with any such improvements in immediate future. Yet the idea of NeuroShell Trader as the unparalleled platform of choice for the advanced trader, AI or not, is compelling.

Re: Wanted: A Programming Language for NST

Date :2/19/2001 6:20:19 PM Poster : Michael Stigall

I said the same thing several years ago, when WS still taught NST training sessions in Florida. At the time, I recommended a scripting language to not only add new indicators, etc. (such as your programming language) but also to automate tasks within Trader. Each night, I update several neural nets and look for various criteria. I may decide to retrain the net and/or retune the trading system. I'd also like to rank the various neural net outputs (% change, 5 days out) to see which stock may move the most (percentage-wise). I still use Excel spreadsheets to track most of this on a daily basis, since I don't have the time to fiddle with PowerBasic now. I'd like to see a tool which would allow NST to kick off the stocks I'm interested in once their end-of-day data is updated, train several nets at once, save formatted output results from each training session and then rank the results for me in the morning.

Perhaps as I get older, I'm also getting more lazy <grin>. I could try to code something in PowerBasic to perform the daily chores, but I also need to control the operating system (multiple windows with NST running several stocks at once), interface to other applications (Global Server or other databank), and also allow me to create ranking indicators for the reports (which it can probably already do).

Re: Wanted: A Programming Language for NST

Date :5/16/2002 4:37:42 PM Poster : Dave Hubbard

I couldn't agree more. Trade Station really disenfranchised many of the old users in the last couple of years. You guys have made a great product and could really give Trade STation a run for their money if you made a programming language for NST that could enable us to be more flexible with our systems and money management strategies! Perhaps even try to become compatible with all of TS's solution providers.

On 2/19/2001 6:20:19 PM Michael Stigall wrote:
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Re: Wanted: A Programming Language for NST

Date :2/20/2001 12:40:43 AM Poster : Victor Chu

Hi,
I totally agree with Gary. A good idea will be to use VBA as a programming language, like Microsoft has used for MS Word and Excel. The user can then call COM objects from NeuroShell Trader, not just DLLs, to do what ever he wants to do

Thanks
-Victor Chu

On 2/18/01 5:07:24 PM Gary wrote:
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Congratulations to NST user

Date :2/22/2001 10:07:41 AM Poster : Ward.net Webmaster

Congratulations are in order to Scott McCormick who did so well with the help of NST that his story took a whole chapter in a new book. We thank him for revealing how he did it and giving away some of his techniques. See www.neuroshell.com for details.

real-time forecasting -trading; comments

Date :2/23/2001 6:31:31 PM Poster : Syl

Dear friends

Do you have any practical example of a working real time neural net ?

It seems that the AT2 does not work at all even if optimized for real time trading but the the Pred Wiz works just fine but must be retrained manually at each n period.

Did anyone had some success with the AT2 or other AI algos ?

Thanks

Syl

> ***Re: real-time forecasting -trading; comments***
>
> Date :2/26/2001 8:15:28 AM Poster : chris wong
>
> syl:
>
> there are several posts on this forum now on that subject which you may have missed, including mine. just search for these terms: adaptive, at2, neural indicator. of course more examples from others would be nice too.
>
> On 2/23/01 6:31:31 PM Syl wrote:
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>
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> It seems that the AT2 does not work at all even if optimized for real time trading but the the Pred Wiz works just fine but must be retrained manually at each n period.
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> Thanks
>
> Syl

Intraday Momentum Index Formula

Date :2/24/2001 4:22:40 AM Poster : Daniel P Lyons

Hi all,

does anyone have the formula for the following technical indicators originally developed by Tushar S Chande:

Intraday Momentum Index
Variable Length Dynamic Momentum Index
Chande Momentum Index

I would like to code them into a DLL function for testing with the genetic algorithms.

Thanks in advance,

Daniel

SPY

Date :2/24/2001 2:06:05 PM Poster : Maxwell Craven

Does anyone know why I get 5 minute bars for SPY until 4:15 EST? Is it delayed 20 minutes or something? If so, how does that effect trading this stock?

> ***Re: SPY***
>
> Date :3/11/2001 7:41:41 PM Poster : SMM
>
> Sounds like your quote.com account has not been upgraded for real-time exchanges.
>
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> On 2/24/01 2:06:05 PM Maxwell Craven wrote:
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> > ***Re: SPY***
> >
> > Date :3/12/2001 11:35:59 AM Poster : Maxwell Craven
> >
> > Thanks, SMM, you are correct. I am only signed up for real time with Nasdaq and Nyse. (Actually you have to select Account Mgt. instead of My Accounts, even though after you select the former it says you are in the latter!). However, I'm still confused, because other Amex stocks do end at 4PM and don't go to 4:15 like SPY does (at least those that have enough intraday data to fill the day). Have you any idea why the other amex stocks don't go to 4:15 too? Furthermore, Spy actually starts with the 9:05 bar like the others do, whereas I would assume it would also start 15 minutes late.
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> > > ***Re: SPY***
> > >
> > > Date :3/13/2001 12:42:38 AM Poster : W Smith
> > >
> > > I not sure why you are getting SPY quotes past 4:00PM EST, but I know the S&P futures contracts trade until 4:15PM to allow for final settlement prices, and/or after hours market developments. Perhaps the exchange allows after hours trading in SPY for the same reasons.
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> > >
> > > > ***Re: SPY***
> > > >
> > > > Date :3/13/2001 8:03:21 AM Poster : Maxwell Craven
> > > >
> > > > Yes, it certainly makes sense that they would trade as long as the S&P does. Many thanks for clearing up this mystery that has bothered me. This forum certainly is a great place for novices like me to get help from others who know more! I had no idea that S&P traded until 4:15, and I don't think I would have noticed my delayed feed until I stopped building SPY models from data downloaded at night and started trading them during the day. In fact I didn't even know about SPY at all until I learned about it here. More thanks to all who are willing to add something to this forum.
> > > >
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Problem with Stops in Tader

Date :2/27/2001 5:30:12 PM Poster : Cantley

I'm having trouble implementing a stop strategy in Trader, and hopefully one of you folks will have a throught. I just can't figure out how to do what I'm trying to do, because the "Maximum Value" function only accepts integers for the window size. (Note to WSG: you need to allow indicators as inputs for some of these functions!)

I would like to be able to take the maximum value of a function since entry into a trade and use it as a stop. For example, a moving average minus a normalized volatility. For a long trade, I'd like to be able to use something like that as a stop.

It's entirely possible that I'm missing something obvious. Anyone offer some help? Or do I need to get a programming language and write it on my own?

Best,
Steve

> ***Re: Problem with Stops in Tader***
>
> Date :2/27/2001 8:50:54 PM Poster : Ward.net Webmaster
>
> The exact function you seek is in the new release. When you get it look in Trading Strategy:Position Information.
>
> On 2/27/01 5:30:12 PM Cantley wrote:
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>
> Best,
> Steve
>
> > ***Re: Problem with Stops in Tader***
> >
> > Date :3/7/2001 9:38:39 AM Poster : Cantley
> >
> > As promised, the function is there. It took me a while to figure out that I needed to not use the "since filled" version (which is what intuition would have had me use) but things are working the way they look like they should now, and my first attempt at a "real" trading system using this sort of stop is home training right now. Thanks for the new functions!
> >
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> > Steve
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> > Best,
> > Steve

> ***Re: Problem with Stops in Tader***

Date :3/7/2001 8:56:27 PM Poster : Scott McCormick

Rather than use some formula for the stop, why don't you use that criteria as an exit criteria? That way you can program anything you want. After all, a stop is just reason to exit, and there is no real difference from that and any other exit criteria, except that a stop is a fairly rigid and mathematically mechanical way of doing it. But, I could be misunderstanding why you want to use it that way. If so, please post a more detailed explanation.

Scott

Re: Problem with Stops in Tader

Date :3/8/2001 8:45:31 AM Poster : Xprogrammer

That is what I do too. After Steve's encouragement that programming dlls in basic is not harder than programming Cobol and Easy Lang, I am starting to experiment with generating my entry and exit signals in a dll too. My ideas for buying and selling are too wierd for any conventional indicators anyway.

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Scott

Re: Problem with Stops in Tader

Date :3/8/2001 10:15:30 AM Poster : Randy Brown

Is anyone willing to post a simple example of "generating entry and exit signals in a dll"? Just something to show the mechanics of how something like that works would be worthwhile to look at.

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Scott

Entry signal

Date :3/9/2001 9:30:45 AM Poster : Xprogrammer

Sure, Randy. Below is a simple one I built. It generates a buy signal whenever the close is higher than the open. This was just something I started with, but it's better to start easy. I just used Ward's examples to get me going. This can be used in a trading strategy as a long entry rule. The first line is pretty much just scary looking boilerplate that sets up the name of the indicator and the names and types of parameters that will be sent to it by NST. There are two parameters, cl and opn. BYVAL... AS DOUBLE is kind of a standard number type that NST can provide. (We programmers use scary looking notation like that in order to maintain our job security.) Then the code just returns a 1 (true) if the close is greater than the open, otherwise it returns 0 (false). When BuySignal is inserted as a long entry rule in NST, a buy signal gets put on the chart whenever a true is returned.

```
FUNCTION BuySignal ALIAS "BuySignal" (BYVAL cl AS DOUBLE, BYVAL opn AS DOUBLE) EXPORT AS DOUBLE

If cl > opn Then
BuySignal = 1
Else
BuySignal = 0
End If

End Function
```

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Scott

Re: Entry signal

Date :3/9/2001 7:47:10 PM Poster : Randy Brown

Thanks, Xprogrammer. It looks like a little effort to learn the language might be worth the increased flexibility to test all the weird ideas that I come up with.

On 3/9/01 9:30:45 AM Xprogrammer wrote:
Sure, Randy. Below is a simple one I built. It generates a buy signal whenever the close is higher than the open. This was just something I started with, but it's better to start easy. I just used Ward's examples to get me going. This can be used in a trading strategy as a long entry rule. The first line is pretty much just scary looking boilerplate that sets up the name of the indicator and the names and types of parameters that will be sent to it by NST. There are two parameters, cl and opn. BYVAL... AS DOUBLE is kind of a standard number type that NST can provide. (We programmers use scary looking notation like that in order to maintain our job security.) Then the code just returns a 1 (true) if the close is greater than the open, otherwise it returns 0 (false). When BuySignal is inserted as a long entry rule in NST, a buy signal gets put on the chart whenever a true is returned.

```
FUNCTION BuySignal ALIAS "BuySignal" (BYVAL cl AS DOUBLE, BYVAL opn AS DOUBLE) EXPORT AS DOUBLE

If cl > opn Then
BuySignal = 1
Else
BuySignal = 0
End If

End Function
```

On 3/8/01 10:15:30 AM Randy Brown wrote:
Is anyone willing to post a simple example of "generating entry and exit signals in a dll"? Just something to show the mechanics of how something like that works would be worthwhile to look at.

On 3/8/01 8:45:31 AM Xprogrammer wrote:
That is what I do too. After Steve's encouragement that programming dlls in basic is not harder than programming Cobol and Easy Lang, I am starting to experiment with generating my entry and exit signals in a dll too. My ideas for buying and selling are too wierd for any conventional indicators anyway.

On 3/7/01 8:56:27 PM Scott McCormick wrote:
Rather than use some formula for the stop, why don't you use that criteria as an exit criteria? That way you can program anything you want. After all, a stop is just reason to exit, and there is no real difference from that and any other exit criteria, except that a stop is a fairly rigid and mathematically mechanical way of doing it. But, I could be misunderstanding why you want to use it that way. If so, please post a more detailed explanation.

Scott

Re: Problem with Stops in Tader

Date :3/8/2001 11:13:49 AM Poster : Cantley

The answer has to do with whether you want to exit at the stop price, or exit at the open the next day. I'm not using the DayTrader, I'm using Trader Pro. I want to exit at the stop price. So placing it as an exit doesn't work right.

With the new functions that have been added in 3.2, I can do the exit right. I'm experimenting with a volatility exit. Close +/- ~3 ATR as a trailing stop.

Best,
Steve C

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Seminars and other training material

Date :3/2/2001 12:21:27 PM Poster : Ian Orbell

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Re: Seminars and other training material

Date :3/2/2001 1:59:01 PM Poster : Ward.net Webmaster

Now that release 3.2 is debugged and starting production we will be turning our attention to training. We have something a little different cooking you should like which we will try to announce by early April. Stay tuned.

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Re: Seminars and other training material

Date :3/4/2001 3:29:18 AM Poster : Bruno Voisin

I hope, selfishly maybe, that it can be organised around several levels (Newcomer, Advanced, Programmer,...) for those of us who have attended the seminar already, and even better, with a early morning session from 4AM to 10AM for jet-lagged Europeans like me. Just kidding... :)

Bruno

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Re: Seminars and other training material

Date :4/25/2001 7:59:26 AM Poster : Alan Gillies

Hi,
Can I just back up Ians request I am based in the UK so travel and attendance to any US or indeed London based Training is not an option-I also would love to see some manuals/training guides to help us get the best from practical application of the great features in Neuroshell-I am at the stage now where I am able to do the basics but would love some guidance about using some of the tools in a more practical application.A book or manual would be great as it is easier to refer to -or a CD based interactive type training.Look forward to seeing what you guys have up your sleeve.

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We missed our early April date, but we are still close to announcing something we think many of you will like. Give us about 2 weeks more and we should have some information. We'll post the information here first, so please stay tuned a little longer.

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Date :5/14/2001 3:29:38 PM Poster : Ward.net Webmaster

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Re: Seminars and other training material

Date :5/16/2001 8:29:41 AM Poster : Ergo Mann

Webmaster, re: Real-time Feeds/DataX

I was so relieved to read your e-mail regarding the future enhancements to NST and in particular the building of an interface to aid the capture intra-day tick data.

Presumably this will either supersede DataX or be an enhancement to it.

My request in an earlier posting for a refresh method for data sent to the NST can therefore await the development of your interface.

I completed my own system of sending data to the NST, but decided that the second option of updating CSV files was simpler and more rather than the DataX route, until such time as the refresh exists.

To this end I use my Visual Basic DDE client to send data to an Access database from the day trading software I trade with. Every minute a set of queries manipulate the data into the High, Low, Close and Open format.

For the sake of speed, I coded an ActiveX control of my own that updates end of-day and minute-by-minute data in CSV files.

It would be better to call a method at this point to ask NST to refresh the loaded CSV data (re-load the CSV data) rather than have to close down the model and re-open it but this is a small price to pay for what is now a very good system that allows me to execute the best trades possible with the minimum of slippage.

One last point. When your new interface is available I will be able to extend the scope of this analysis from indices to stocks using the alarms built into NST. I look forward very much to its release.

Ergo

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Re: Seminars and other training material

Date :6/24/2001 7:54:42 AM Poster : John Hegarty

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Please advise if I would retain any course material for future reference.

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Re: Seminars and other training material

Date :6/25/2001 10:09:22 AM Poster : Ward.net Webmaster

John -

You will be able to retain the video and audio clips, but you'll have to print the slides to keep them. After the 45 day class period, you won't be able to login any longer, but you could still play the clips while looking at the printed slides offline.

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Date :6/25/2001 12:12:50 PM Poster : John Hegarty

Thanks for the quick response. This sounds fine.

Regards

John

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Questions on Jurik Research indicators

Date :3/12/2001 8:54:08 PM Poster : Michael J. Begley

I am considering purchase of Jurik Research indicators and have some questions for the group. I have read through the past threads on this and will summarize what I got out of it. For the record, I mainly use Excel and Tradestation to create trading models today but would like to use NST in the future.

Implementation of the Indicator: If I use the "Programmer's Generic DLL" form of a Jurik indicator, I would then be able to use this in NST by creating a template for it. This appears to be the best route to take since this would allow use of NST's GA to optimize parameters. I have not created any NST templates yet but it does not look hard even for a non-programmer. On the other hand, the "Tradestation" version of the indicator could be imported to NST but a prior post suggests that I would lose the ability to optimize the indicator parameters in NST with this approach. Is my understanding correct on these points correct?
If I want to continue to develop trading algorithms in all three environments (Excel, TS and NST) it appears I am going to end up buying all three versions of each indicator I use. Does anybody see a path to reducing the number of versions needed for these three environments? I am not a programmer but it is difficult for me to believe that 1 dll could not have served all three of these environments.

Which indicators are useful? The indicators that seemed most interesting to me were:
JMA - Jurik Moving Average: In this and other forums there seems to be almost universal support for this.
VEL - Ultra-smooth Velocity: Not much discussion on this in this forum. Any recommendations?
CFB - Composite Fractal Band: Jurik suggest this is useful as a measure of trend strength. One poster in this forum suggests it did not work for him. It seems to me that a good target for a neural net would be to forecast the change in the CFB. If the trend is forecast to weaken significantly, you may want to exit your market position. Has anybody tried this or any other uses? Any results - positive or negative?
RSX - One negative post and one positive. Any other results - positive or negative?

I appreciate any experiences and suggestions you would like to share. Thank you.

Mike Begley

DLL SDK

Date :3/15/2001 4:48:29 PM Poster : Ergo Mann

Thanks for the DLL SDK.

I successfully coded in C++ a complex DLL that took a lot of resource under Excel to calculate.

Now I am able to fully automate a specific feature of my trading.

Thanks again.

Ergo.

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> > > On 3/15/01 4:48:29 PM Ergo Mann wrote:
> > > Thanks for the DLL SDK.
> > >
> > > I successfully coded in C++ a complex DLL that took a lot of resource under Excel to calculate.
> > >
> > > Now I am able to fully automate a specific feature of my trading.
> > >
> > > Thanks again.
> > >
> > > Ergo.
> > >
> > > > ***Re: DLL SDK***
> > > >
> > > > Date :3/21/2001 8:13:37 PM Poster : JM
> > > >
> > > > Yep. I make my other half of my living by doing developments in Delphi :) I also use Delphi to write programs to pass realtime NS Daytrader predictions to TradeStation 2000i. Of course you can buy DataX from Ward to achieve this, but I guess I rather spend the $249 on something more helpful to trading like the new Fuzzy Logic add-on :)~~~
> > > >
> > > > The point I want to make is, once you've tried Delphi, you'll want to use it for all your Windows programming needs, and now, with the new Delphi for Linux called Kylix, you can do Linux programs too! Who knows, one day, NST may run on Linux! Good trading, my friend.
> > > >
> > > > PS: I am in no way connected to Borland, just one programmer passing a good thing to another programmer :)
> > > >
> > > > On 3/21/01 3:43:24 PM Xprogrammer wrote:
> > > > Well thanks JM, I'll certainly take your advice. You sound like one of us programmers, true?
> > > >
> > > > The Xprogrammer
> > > >
> > > > On 3/21/01 12:55:31 PM JM wrote:
> > > > Hi Xprogrammer,
> > > >
> > > > Before you jump into C or C++, which is not exactly similiar to COBOL or FORTRAN, you may want to check out Delphi. It is a very cool tool, and is based on the Pascal programming language, simple to learn and use. And this variant of Pascal is Object Pascal, so you can use all those OO stuff that you can use with C++. Ward.net has a Delphi DLL example which you can download and study. Happy programming!
> > > >
> > > > regards
> > > > JM
> > > >
> > > > On 3/16/01 8:57:01 AM Xprogrammer wrote:
> > > > Please let me also add my thanks to Steve Ward for urging me to take a look at Powerbasic DLLs. It wasn't hard, and I too am now able to easily code some of my specific ideas. So I think I will now see if I can do some C or C++. I did a little IBM 360/370 FORTRAN as well as COBOL in the old days, and it looks similar at least.
> > > >
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Running under Virtual PC

Date :3/16/2001 12:01:59 PM Poster : Jimmy Raineri

Has anyone tried to run DayTrader under Virtual PC on the Mac OS?

> ***Re: Running under Virtual PC***
>
> Date :3/18/2001 5:30:43 PM Poster : juan
>
> Not under MAC. However I have done this sucessfully using VMware. It runs slightly slower than the native machine but otherwise is great. You shouldn't have any problem. But then I am no Mac OS guru.
> Good Luck
> Juan
>
> On 3/16/01 12:01:59 PM Jimmy Raineri wrote:
> Has anyone tried to run DayTrader under Virtual PC on the Mac OS?

Forum reorganization

Date :3/17/2001 10:50:13 AM Poster : philippe bousseau

Dear Warsystem,

Your forum becomes difficult to consult when it is about searching for former articles. The Titles don't correspond always to the topics and certain categories contain too many messages (cf. S&P Prediction).There are too many categories besides and those are not classified here by themes.

Before the abundance of the messages (witness besides of a good health of this site) a reorganization of information could be useful.

How to simplify?
Date :3/30/2001 9:23:07 AM Poster : Ward.net Webmaster
We looked into how to fix the problems of too many messages and categories, and poor classifications. We concluded we didn't know what we can do about it. The multiple messages are caused by the forum's automatic inclusion of the previous message, which we thought makes it easier to understand the context of the new message. Of course, forum users can delete these previous messages if they think the context is clear, and maybe they should more often, as we have done with this post. The users put the topics on the message, and we aren't sure it is our place to change them or do any reorganizations (not to mention the immense amount of work reorganizing would require of us!) Perhaps users can be more careful about making sure the topics fit. Remember, you can change the topic and the message will still fall under the thread you are replying to, as we have done with this post. If you have other suggestions post them here.

> ***Re: How to simplify?***
> Date :4/2/2001 12:54:13 PM Poster : Texas Bubba
> Actually, I was lost when I read your post, because you deleted the previous message, AND you changed the subject line. So it was real hard to place, old buddy! I'm not too sure those are such good ideas all the time.
>
> T. Bubba
>
> On 3/30/01 9:23:07 AM Ward.net Webmaster wrote:
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other categories in the Data sources
Date :3/18/2001 12:54:29 AM Poster : philippe bousseau
It would be interessing to be able to create other categories in the Data sources wizard. As example if I have some EOD in the Metastock format, I can recover my data only in the miscellaneous instrument, with therefore mixed pell-mell of the files texts and files metastock.

best regards

> ***Re: other categories in the Data sources***
> Date :3/19/2001 8:49:30 AM Poster : chris wong
> philippe:
>
> i notice there are now about 20 categories in rel 321. also miscellaneous is just the default. you can easily change your folders to any category you want, even on the older releases, at least all the ones i have had.
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> chris w.
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>
> best regards
>
> > ***Re: other categories in the Data sources***
> > Date :3/19/2001 5:02:16 PM Poster : Texas Bubba
> > I'll add to that one. Here's a little tip I realized and got it confirmed by Ward Systems for me. If you name your folder with one of the kewords, it will get defaulted to that category when you map it. So if your folder is named "Gold futures" it should get defaulted to the futures category, but if you name it "Gold stocks" it should get defaulted to the stocks category.
> >
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NST 3.2.1
Date :3/18/2001 6:28:32 PM Poster : Dave Johnson
What are the changes in 3.2.1?

> ***Re: NST 3.2.1***
> Date :3/19/2001 7:50:41 AM Poster : Ward.net Webmaster
> >What are the changes in 3.2.1?
>
> Just bug fixes, no new features. In spite of all the testing, those who downloaded 3.2 the first week found some bugs, mostly somewhat rare. However, there was a big bug that prevented saving of custom indicators in many cases, which is now corrected.
>
> On 3/18/01 6:28:32 PM Dave Johnson wrote:
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Free languages
Date :3/19/2001 6:05:02 PM Poster : Gary
It has come to my attention that there are two languages that may work with NST. They are free in their basic versions. I have not tried them yet -- time constraints -- but will do so and invite others to investigate also.

Squeak -- A version of Smalltalk 80

Kicks out C code. You need C compiler of course to make DLL but don't have to mess with C.

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Maybe as good as the big boys. Will do a DLL.

> ***Re: Free languages***
> Date :3/20/2001 7:51:56 AM Poster : Steve Ward
> Thanks, Gary, these are interesting. If anyone tries these langauges, please post your experiences on this thread. Also, if anyone else knows of other languages in which it is easy to make DLLs, please post.
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> > >
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Re: Free languages

Date :3/25/2001 7:17:37 AM Poster : Texas Bubba

Say, Bruno, where can we get them free C/C++ compilers? Will they really do C and not C++? I used C some in college, but I flunked out before they got to the ++ part!

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Re: Free languages

Date :3/26/2001 1:30:14 PM Poster : Bruno Voisin

Hi,

I remember using LCC some long time ago, and I found it on Yahoo. I guess it is still free:
http://www.cs.princeton.edu/software/lcc/index.html
http://www.geocities.com/SiliconValley/Heights/9069/index.html

I don't claim to be very good at C/C++ I find C++ often easier to use though, and for many reasons which would bore traders to death. So to make it short, there is virtually no need to work with classes to develop NST Addons unless you really want to challenge the Trader itself ;-)

And as I said before, the data streams are provided by the Trader, and using pointers is quite straightforward and well described in the SDK. So, C is more than good enough for the job.

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Re: Free languages

Date :3/26/2001 1:45:27 PM Poster : Steve Ward

Thanks, Bruno. We appreciate your contributions. If anyone tries one of these compilers, please report back to the forum on how it went.

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Re: Free languages

Date :10/8/2002 3:52:47 AM Poster : Tom Nunamaker

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Now...where's that SDK....

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QFeed - is it reliable?
Date :3/20/2001 6:58:12 PM Poster : Michael Begley

I am considering the real time version of NST which requires QFeed. There seems to be considerable grumbling at the following forum regarding the reliability (or lack therof) of their quote servers. I believe that QCharts uses the QFeed servers.

http://groups.yahoo.com/group/qcharts/messages

What are the experiences of NST users regarding QFeed quote server reliability, dropped conncetions, 20 minute gaps in security prices, etc? I am hoping what I read is not real!

I understand the reason Ward Systems chose QFeed was the availability of intra-day data for backtesting. However, the real time quotes have to work as well.

Thanks for your comments and experiences.

Mike Begley

Re: QFeed - is it reliable?
Date :3/21/2001 8:46:43 AM Poster : Maxwell Craven

I have found that when I need to download historical data from quote.com, I should do it before or after market hours. If I try it while the market is open, it is sometimes very slow. I imagine priority goes to real time updates. I haven't found the real time updates to be much of an issue. I personally think some of the problems people have seen might be due to overall internet congestion, which I noticed especially when Napster was about to be shut off. I guess every kid was getting their music before it disappeared. Quote.com does seem to have some growing pains, but in their defense I'll say they seem to have added quite a few servers since all of we NST users started logging on.

On 3/20/01 6:58:12 PM Michael Begley wrote:
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Thanks for your comments and experiences.

Mike Begley

Re: QFeed - is it reliable?
Date :3/21/2001 9:05:01 AM Poster : Texas Bubba

In the Omega Tradestation Pro thread Steve Ward posted in January that Ward Systems plans to support the Universal Market Data Server. They have satellite feeds, which should be a lot more reliable than internet. So maybe if Quote.com doesn't work out the way you want you can switch to DTN or something.

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Mike Begley

Re: QFeed - is it reliable?
Date :3/25/2001 10:38:27 PM Poster : vince

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On 3/21/01 9:05:01 AM Texas Bubba wrote:
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Thanks for your comments and experiences.

Mike Begley

Re: QFeed - is it reliable?
Date :3/28/2001 1:38:08 PM Poster : Maciej

I'm using Quote.com real time feed for both EOD and real time - it's been pretty reliable for pratically all the time. The only occasion when it stopped was for the first time a few days ago when they announced a 1/2 point drop in interest rates when I did not have it for approx 30 minutes; my other feed MyTrack also had problems. As I trade futures, its a bore updating the list of futures but Steve Ward's looking into that.

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Date :3/29/2001 8:28:07 AM Poster : Jimmy Raineri

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Thanks for your comments and experiences.

Mike Begley

Re: QFeed - is it reliable?

Date :4/4/2001 2:55:51 PM Poster : Maciej

Hi, Totally manually I'm afraid. Bye

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RE: Free Languages

Date :3/23/2001 3:35:34 PM Poster : Gary

I checked out squeak and Dylan. They are interesting but complex. I have to agree: For NST purposes the most user-friendly and cheap (if not free) alternative is Delphi.

JMA tpl file

Date :4/4/2001 5:53:53 PM Poster : Tagster

Is the tpl available for implementing JMA's DLL for use in NS DTPro.
It had been mentioned in earlier posts but I am unable to find it. Just starting out in Power/visual basic comming from easy language. Still in a fog with respect to DLL
Thanks

Re: JMA tpl file

Date :4/9/2001 4:52:59 PM Poster : Ward.net Webmaster

Our user has sent us his files to implement the Jurik indicator within the NeuroShell Trader. The file is a ZIP file which can be downloaded at:

http://www.ward.net/downloads/toward.zip

The file contains:

(1) nt_jinds.dll
(2) jma.tpl

Extract the files to your \NeuroShell Trader\Template directory.

You must have the jrs_32.dll from Jurik Software Research where the actual JMA routine resides. The user's routine in nt_jinds.dll just calls the JMA routine and blocks out the first few values.

Special thanks goes to Victor Chu for his time and generosity in coding and providing these files.

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Re: JMA tpl file

Date :4/16/2001 3:16:26 PM Poster : Maxwell Craven

Thanks, Victor. I appreciate your knowledge and generosity as well. Can you shed some light on why you built another DLL to call JMA? Was it necessary, or did you just want to simplify the interface?

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Re: JMA tpl file

Date :4/18/2001 12:17:50 AM Poster : Chris Niemann

Hi Victor,

Thank you for your contributions. I noticed the smoothness or (length)
is limited to values from 0 to 100. It seems as thought the tpl has that input type specified as a percentage value. Is there a reason for limiting the range of inputs in this regard. Larger values can come in handy. I will often use MACD type indicators using very large values to provide longer term information to 15 minute charts.

Thanks again
Chris Niemann

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Re: JMA tpl file

Date :8/24/2001 6:00:31 PM Poster : Garth White

Hi Victor,
thank you for the JMA dll & tpl, very generous of you. If your offer still stands I would be very keen to see the source code for them as I would like try and write dll's for Jurik's other indicators, VEL,RSX, & CFB. (What language do you use? I am very new to all of this "dll" stuff)

DO you use these other indicator's.

I am also very interested in Jurik's WAV & DDR products I think they would be of great help in preprocessing data for NS, have you seen them? I think that it would be quite difficult to program a dll to call them directly into NS.

Thanks Victor,

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Thank You
Victor Chu

Re: JMA tpl file

Date :8/30/2001 6:22:08 PM Poster : Garth White

Hi Victor,

Thank you so much, you're a life saver !!!!! I look forward to seeing source code for your dll's for Jurik's JMA, VEL, RSX, CFB and WAV.

Very interested to see how you have got NS to call the different outputs of WAV.

Have you been able to make it so that NS can utilise CFB to modulate the period of the other indicators such as RSX?

Best regards,
Garth White

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Re: JMA tpl file

Date :9/10/2001 7:28:41 PM Poster : Garth White

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Thank you
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Re: JMA tpl file

Date :9/12/2001 12:23:14 AM Poster : Garth White

Many thanks to you Victor and webmaster for making this information available, much appreciated.

To add,

As a New Zealand Citizen and an Australian resident I would like to express my sincere condolences to those Americans in the group, and to anyone touched personally, by the recent tragic events that have taken place in the USA.

Thankyou,
yours sincerely

Garth White

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quote.com
Date :4/17/2001 2:28:33 PM Poster : Steve Klopfer
Has anyone ELSE had trouble getting or staying connected with quote.com?

Re: quote.com
Date :4/17/2001 4:18:33 PM Poster : Ward.net Webmaster
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The bad news: We have elected not to post the program because at this time we believe that it is a commercial program sold at www.dynastorelight.com. It looks to us like they have a 15 day free trial, and the price is reasonable. Go to the box on the left and select quote.com (qfeed).

If more people try this program, please post your experiences here.

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Date :4/18/2001 6:12:46 PM Poster : Daniel P Lyons
Here is the details from DynastoreLight....it does say "free" in the QFeed Forum as listed in their text message below

//////////
QFeed Server Selector pings available servers and shows the last, min, max and average results for each server.
User may select one or more servers to include them to the resulted ContinuumClient.ini file and to run any QFeed-compatible application using this ini file.

Also user may choose one of 3 available starting options:
- "AutoUpdateServerList=false" - this will prevent your server list from updating by QFeed;
- "AutoUpdateServerList=true" - this will allow QFeed to update your list;
- "Clean Start" - being using, this option will delete your ContinuumClient.ini together with any *.inf files and the contents of TEMP sub-folder. This option is useful for troubleshooting situation.

Server list is saved at the local file named "SERVERS.TXT".
Program also can download the latest version of this file from Dynastore Web.

All buttons and checkboxes have tooltips, so you may move the mouse cursor over any control to see what it is intended for.

The program is free. No guarantees provided.

Download URL:
http://www.dynastorelight.com/Download/latest-qfstart.html

Dynastore Software Corp.
http://www.dynastorelight.com
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Date :4/19/2001 10:38:06 AM Poster : Steve Ward
Today I received the letter below from the President of Quote.com. I suspect it went to all users. Note item 4, and try to help them by not downloading historical data during market hours.

Steve Ward

Firstly, I'd like to thank you for your patronage and apologize for the
recent performance issues.

We have dedicated all of our Continuum resources to resolve the current
performance and reliability problems that exist with our QCharts service.
Due largely to the increased volume generated by the decimalization of the
exchanges, we have hit a hurdle with Continuum's ability to scale during
highly active markets or when operational issues otherwise disrupt the
service.

We are in the middle of a focused project to permanently resolve these
issues which is the number one priority within the Lycos Finance Vertical.

The purpose of this project is to scale Continuum to handle the increase in data flow due to decimalization, to improve the performance of the servers and to increase the reliability of our service. We will see the bulk of these benefits delivered over the next two weeks.

There will also be an ongoing effort to further enhance the architecture of Continuum to meet the increased demand for data, reliability and performance from this product. This effort will address the many issues that we are currently experiencing within the demand for our service.

What has been done:

1) Over the past month we have made marked improvements in the performance capacity of out Quote services. The benefits of these enhancements have unfortunately been negated by the tremendous increase in data being handled by the servers caused by decimalization. The increased volume of bid/ask data being sent by the exchanges due to decimalization requires approximately FOUR times as much data to be processed by our servers.

2) Increased staffing on the Continuum development team, supporting the QCharts product line, allows us to execute faster on these performance issues.

What's coming up:

1) An additional Continuum Server farm will be spun up within three weeks. This will increase capacity by approximately 50%.

2) Incremental performance, scalability and reliability improvements will be released over the next two months, starting this weekend. These additional enhancements will not be counteracted by sudden increases in data as they have in the past, although we do expect continued natural gradual increase of data flow.

3) We have engaged a new Director of Client Services, who will be tasked with improving the level of support and communication within our customer base. This we believe will assist us to enhance service levels as the changes are introduced.

4) We are looking into the pricing of our services to insure that heaviest consumers of data are paying their way without impacting the majority of consumers who use our service. We are seeing a minority of customers requesting large volumes of data, which is being served at the same rate that we charge the normal user of QCharts. This is inherently unfair on the majority of our customers and we intend to address this imbalance.

5) We will be addressing an immediate issue with the volume of option data that is being drawn by a small percentage of our customers, which is impacting our ability to deliver quote data to large bulk of our customers. This will be in the form of a filter that will throttle our delivery of options bid/ask data only during heavy market sessions. This will insure that we meet the needs of the majority, whilst protecting the availability and performance of our service.

6) We will be embarking on a plan that will prevent users from needing to switch between servers. In the past, this has led to tremendous difficulty for us to balance the farms and you, the customer, end up with a service level that is far below expectation. We are telling you of our intention to do this up front, because we believe that you pay us to manage the overall service. We hope that you understand our position. Once this change is rolled out it will allow us to deliver a significantly improved level of service.

We apologies for the length of time that it has taken to address the numerous questions that were raised over the last two days, as it was important that we investigated the root cause of the issues encountered. In the event that you have any questions related to the above, please feel free to contact client services at Quote.com who will be able to assist you.

We appreciate your patronage and are working hard to provide you with the best level of service at a very affordable price.

Regards,
Steven Killeen
President
Terra Lycos(US)

On 4/17/01 2:28:33 PM Steve Klopfer wrote:
Has anyone ELSE had trouble getting or staying connected with quote.com?

Re: quote.com
Date :4/19/2001 5:42:31 PM Poster : Maciej

We shouldn't forget that Quote is a paying service and I certainly do not appreciate being left with open positions in the market and my screens going dead on me. On a practical note, NST loses connectivity to Quote.com (window comes up asking if I wish to reconnect) fairly frequently - could Ward automate the reconnection process? Another interesting idea is to poll for a faster server - qlink (Excel access to Quote) does this.

Re: quote.com
Date :4/20/2001 7:43:14 AM Poster : Ward.net Webmaster

Maciej:

Release 3.21 already does reconnect automatically. You can download that release free from this web site. Then go to the Tools menu, then to Data Sources, then the Server tab, then the Setup button. There you will see the auto reconnect option.

Polling the servers is a good idea. It is what Dynastorelight does, and we are looking into it now.

On 4/19/01 5:42:31 PM Maciej wrote:
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EOD values in Real Time
Date :4/19/2001 5:48:13 PM Poster : Maciej

Does anyone have an idea how I can catch the last tick / 5 minute value when running in 1, 5 or 15 minute intervals? In most instances I can count on the exchange close but this not always the case when handling sparsely traded items such as futures ie take the NQ series - right at the beginning the data is anything but complete. Currently my method is to track the time of day but it does not always work. Using the lead function does not seem a good solution either.

Re: EOD values in Real Time
Date :4/20/2001 11:05:50 AM Poster : Xprogrammer

I may not be understanding what you mean by "catch the last tick / 5 minute value" but I have always thought that the Day Close in the Intraday Basic category was the last tick of the day, after the day ends of course. Isn't that correct?

The Xprogrammer

On 4/19/01 5:48:13 PM Maciej wrote:
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Cheap data
Date :4/19/2001 9:04:42 PM Poster : Gary

I found an interesting program at: http://lightning.prohosting.com/~darrend/. It downloads stock data from finance.yahoo.com, which is a bit flaky but free. It will reformat it to Metastock so NST can see it. Shareware, $30. Seems to work well enough and certainly good for a backup data service at least.

Estimation of the "true" price
Date :4/20/2001 12:12:59 PM Poster : aorn

I would like to determine the "true" price, which is the "true" state of the market and use divergences from this to enter new positions.

The true price would be calculated as a 11 day centered moving average:
the price you get at time [t] if you average datapoints from time [t-5] to [t+5], i.e.

The problem is of course that today you only know datapoints [t]..[t-5], it is here that the neural network would step in and based on earlier examples could predict the "true" state.

This would be somehing like a neural network based kalman filter.

Any ideas how to do this in Trader?

Re: Estimation of the
Date :4/20/2001 2:33:53 PM Poster : chris wong

predicting the true price for today is really no different than predicting the open or the close for tomorrow. just build a true price indicator using the lead indicator to get [t+1] to [t+5] and the lag indicator to get [t-1] to [t-5]. then predict that zero days ahead. i'd use adaptive turboprop2 addon if you have it because it can retrain every day and keep the window moving forward. use whatever you want for inputs.

On 4/20/01 12:12:59 PM aorn wrote:
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BETA
Date :4/24/2001 3:54:44 PM Poster : VINCE

Does anyone trade any stocks base on their BETA?

Vince

Re: BETA
Date :4/26/2001 2:19:51 PM Poster : Texas Bubba

Vince, do you mind explaining what is a BETA? I'll bet there's more than just me here who isn't familiar with a BETA. Where do I get one? Once I get it how do I trade with it? Is that like a BETA test?

Bubba

On 4/24/01 3:54:44 PM VINCE wrote:
Does anyone trade any stocks base on their BETA?

Vince

Re: BETA
Date :5/1/2001 10:36:52 AM Poster : vince

The BETA of a stock is a risk measure comparing the volatility of a stock's price movement to the general market. Example: if a stock has a Beta of 1.25 it will probably move 25% more than the market.

On 4/26/01 2:19:51 PM Texas Bubba wrote:
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On 4/24/01 3:54:44 PM VINCE wrote:
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Vince

Re: BETA

Date :5/4/2001 4:18:05 PM Poster : Ward.net Webmaster

In order to make it easier for our users to answer Vince's question, we have put a tip on this website showing how to compute Alpha and Beta with NST.

On 4/24/01 3:54:44 PM VINCE wrote:
Does anyone trade any stocks base on their BETA?

Vince

Articles for Traders

Date :4/25/2001 6:20:14 AM Poster : Daniel P Lyons

Hi,

for those interested, there is a website with some articles aimed at traders with a mathematical interest at:

http://www.lablibrary.org/

Daniel

Monte Carlo Simulations

Date :4/25/2001 8:21:05 AM Poster : Alan Gillies

I have started(very basically) reading about the above and wondered if they can be used somehow in NST-either by someone a lot smarter than me writing a programme or indeed via anything that already exists.Failing that is this an add on that Ward may be considering sometime ??Forgive me if this is a naive question as I am one of the users of NST who is grateful that you do not have to be technically gifted to use the programme.

Cheers

Alan

Re: Monte Carlo Simulations

Date :4/26/2001 9:32:10 AM Poster : Texas Bubba

Alan, I am maybe even more naive than you, but I am just a country boy. Do you mind explaining what is a Monte Carlo Simulation?

On 4/25/01 8:21:05 AM Alan Gillies wrote:
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Cheers

Alan

Re: Monte Carlo Simulations

Date :4/26/2001 6:14:18 PM Poster : Alan Gillies

Hi Texas,
Will do my best but I am sure there are probably people in this forum who are way better versed in this area than me.My basic understanding is that a MCS is a methodology that attempts to use a real random process along the lines of flipping a coin to achieve a non random deterministic result.What a MCS does is apply a very large number of different randomly generated scenarios to your trading strategy or scenario and sees what the aggregrate results are -theoretically this means that you should, using this type of analysis come up with a trading strategy that is able to perform better in all the different types of scenarios that a market may go through and minimises the (albeit slight) chance that when you backtested your strategy it just so happened to fit using the data that you used but may not be something that would be replicated repeatedly.
Probably a very poor description or example and maybe some other folks could do a better job-hopefully though it gives you an idea of what I was referring to.

Alan

On 4/26/01 9:32:10 AM Texas Bubba wrote:
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Question from a beginner

Date :4/25/2001 12:56:15 PM Poster : Claude Cherel

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I tried this with AMAT and CMVT on 1 minute bar chart. Should I use
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I know I have to test with several stocks, but I want to know if I do
the right things before to go to this following step.

Thanks in advance for your help, every advice will be welcome.

Claude

Re: Question from a beginner

Date :4/26/2001 9:28:46 AM Poster : Xprogrammer

Hi Claude

When you say 45% profitable, are you talking about the evaluation period? If so, then maybe that's the problem. You said walkforward is only 1 day. Seems like that's not much to get many trades going, unless the stocks you are trading are pretty volatile. Why don't you try a week?

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Re: Question from a beginner

Date :4/26/2001 10:55:38 AM Poster : Claude Cherel

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Re: Question from a beginner

Date :4/26/2001 1:55:39 PM Poster : chris wong

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furthermore, what if your nets are only getting 45% profitable trades, but the profitable ones are making twice as much as the unprofitable ones are losing? i'll take that any day.

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chris

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Re: Question from a beginner

Date :4/27/2001 2:05:14 AM Poster : claude cherel

Chris,

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Re: Question from a beginner

Date :4/27/2001 9:34:11 AM Poster : chris wong

claude, look at the thread on this forum called what issue to pick - a useful procedure????? i use variants of that with appropriate changes for intraday bars, since that procedure was laid out for daily bars. i also like yours.

chris

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another periodicity?

I know I have to test with several stocks, but I want to know if I do
the right things before to go to this following step.

Thanks in advance for your help, every advice will be welcome.

Claude

Re: Question from a beginner

Date :4/27/2001 9:38:02 AM Poster : Maxwell Craven

Claude:

Maxwell Craven here. Some months ago Steve Ward advised me to be sure to include some subjectivity and common sense in my decisions about when to trade a model. He says he often just eyeballs the results to see if they make sense, ie, no real dumb trades or big drawdowns along with a reasonable profit. I have found that useful advice.

Maxwell Craven

On 4/27/01 2:05:14 AM claude cherel wrote:
Chris,

Thanks a lot for your input. I generally look at the outofsample result. Is there a special way to analyse all the nets (walkforwards, current and outofsample)? I look for a minimum of consistency in between all of them, is there something else I should look for?

Claude

On 4/26/01 1:55:39 PM chris wong wrote:
here's more things to think about claude. i'm not a statistician but i don't believe that if you flip a coin to decide when to get in and out of a trade that you'll necessarily average getting 50% of them profitable. it isn't the same as getting 50% heads and tails. markets don't always go up or down, or stay up or down until you get out.

furthermore, what if your nets are only getting 45% profitable trades, but the profitable ones are making twice as much as the unprofitable ones are losing? i'll take that any day.

the last thing is to be careful about which net you are clicking on in the training results (walkforward vs current vs outofsample). they all have different stats.

chris

On 4/26/01 10:55:38 AM Claude Cherel wrote:
Thanks a lot Xprogrammer for your answer, it gives me a way.

When I say 45% I am talking about the Percent Profitable Trades in the Trading Statistics page of the Prediction Analysis. I am concerned about this because if I am not able do make more than 50% profitable trades without trading cost, then I have no chance to make even a dollar with the costs ... I tried to increase my training set and my walkforward test but the result is almost the same.

I guess the last part of your message is THE way! I have to do my predictions with a reasonable number of stocks. This will be my work for the coming days.

Thanks again for you help

On 4/26/01 9:28:46 AM Xprogrammer wrote:
Hi Claude

When you say 45% profitable, are you talking about the evaluation period? If so, then maybe that's the problem. You said walkforward is only 1 day. Seems like that's not much to get many trades going, unless the stocks you are trading are pretty volatile. Why don't you try a week?

Also, when I was a beginner, I didn't start right away with the optimizer, because the Ward group advised against it in something I read. I'm thinking you might be over optimizing because the training set is only a week. Try training with maybe 2 weeks. Try without optimizer, then use only parameter search with a few inputs. That is what helped me in the beginning. Also, Ward advises somewhere I read to use more than just a couple of stocks.

On 4/25/01 12:56:15 PM Claude Cherel wrote:
Hi everyone,

Sorry if my question seems to be basic to those of you who have a lot of
experience, but I need some help and I guess this forum can be a source of answers.

As a new NeuroShell Day Trader user, I have a general problem. I
generaly cannot get more than 40 or 45% of profitable trades in my
predictions. Perhaps I make a mistake but I don't see which one. This is
the kind of prediction I do:

- Look for % change, or optimal % change, or optimal buy/sell on open,
10 minutes in the future.
- Optimization methods: I used all of them (full optimization, parameter
search, input selection and no optimization).
- Inputs: Momentum indicators (AccumDist, CCI, MACD, etc.), but I also
use others (regression, change, moving averages, etc.)
- Training criteria: Max training set 1 week, minimum 2 days, 1
walk-forward test of 1 day.
- Objective: Maximize Return on account, both long and short, optimal
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another periodicity?

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the right things before to go to this following step.

Thanks in advance for your help, every advice will be welcome.

Claude

Russell 2000 stock index

Date :4/26/2001 2:21:20 PM Poster : Ann

I saw an article on IVillage that new investors should look at indexes such as the Russell 2000. This looks like a volatile issue that has retained most of its value over the past year. Has anyone had any experience with it? Any indicators to recommend?

SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :4/26/2001 5:44:15 PM Poster : Steve K

Daniel Lyons posted a bitmap and short explanation of his Trading Strategy at http://www.ward.net/cgi-bin/viewuserstips.asp?ID=4

It had some nice buy/sell signals. Any ideas on creating these custom indicators -- SMACD, PMACD, BlauCSI, EngodicSignal(sp) --
and incorporating them into a Trading Strategy??

New NSDT user here.

thx, Steve

Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :4/27/2001 9:55:23 AM Poster : Xprogrammer

Well he gives the formula for the BlauCSI, where I assume EMA is exponential moving average? That is pretty easy to put in NST in the indicator wizard part. I'm not familiar with the others.

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Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :3/3/2003 5:47:15 PM Poster : Tom Nunamaker

Is SMACD or PMACD explained anywhere? I have both of Bill William's books but neither of these indicators appear. Has anyone come across these?

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Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :3/4/2003 12:12:44 AM Poster : Steve in California

Listing @ Amazon:

Momentum, Direction, and Divergence
by William Blau (Author)
Product Details
Hardcover: 160 pages ; Dimensions (in inches): 0.69 x 9.37 x 6.28
Publisher: John Wiley & Sons; 1 edition (March 6, 1995)
ISBN: 0471027294

See also for discussion of some indicators resembling some of Lyons indicators.

www.dacharts.com
http://groups.yahoo.com/group/HD_RDforDummies/

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thx, Steve

Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :3/4/2003 12:47:18 PM Poster : Tom Nunamaker

Thanks Steve. I'll check out Amazon. I also stumbled across www.dacharts.com yesterday. Interesting site.

Tom Nunamaker

On 3/4/2003 12:12:44 AM Steve in California wrote:
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Momentum, Direction, and Divergence
by William Blau (Author)
Product Details
Hardcover: 160 pages ; Dimensions (in inches): 0.69 x 9.37 x 6.28
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Date :3/4/2003 4:39:31 AM Poster : Daniel P Lyons

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The SMACD is an oscillator created by Tom Joseph using settings 5/35, which was modified by Bill Williams to use settings of 5/34, whereas the PMACD is a MACD using settings of 5/34/5.

Daniel

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Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :3/4/2003 1:57:57 PM Poster : Tom Nunamaker

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100 * (EMA(EMA(Close-Open,r0,s)) / (EMA(EMA(High-Low,r),2))

yet your indicator is:

BlauCSI(Close,Open,32,32,High,Low,32,32,32,100)

This leads me to believe there is an additional EMA in the denominator of the indicator. Do you perhaps have a corrected formula?

Getting off subject, you mentioned multiple time frames in an old post. Do you have any thoughts on effective ways of combining multiple time-series together?

Thanks in advance

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Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :3/6/2003 3:54:41 AM Poster : Daniel P Lyons

Tom,

Re: Blau, I can provide the template files to support for upload if would like them so you can experiment with them.

There are 4 templates in all and each has its role. They can also be found in William Blau's book, "Momentum, Direction and Divergence".

Re: MTF's. Actually, this is a complex topic and one that requires access to "All Sessions" data in my opinion. Most information on the topic simply discusses merged datasets and overlays which is rather a simplistic view on the subject. Based on my experimentation in other fields such as voice recognition and hand print recognition I designed and built a proprietary method far handling MTFs. This allows me to handle issues such as data alignment in a more complete way. Such issues becomes more relevant when building training sets for nets etc.

regards,

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Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :3/10/2003 1:03:05 AM Poster : Tom Nunamaker

Daniel

Regarding MTF: You say "All Sessions" data. Are you referring to sessions outside of the "normal" trading window? Your work using voice and hand print techniques sounds interesting. Are you using these techniques to reduce noise and then combine the time series together? Are you decomposing the signals via wavelets or some type of low pass filter?

I've read papers on merging time series together but the results looked similar to just adding the different time frames together, which I assume is NOT what you're doing. Does the voice/hand print recognition field have mechanisms for merging time series together in a more useful manner?

Tom Nunamaker

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New NSDT user here.

thx, Steve

Re: SMACD, PMACD, BlauCSI, EngodicSignal(sp) ???

Date :4/27/2001 1:31:32 PM Poster : Daniel P Lyons

Steve,

the SMACD and PMACD was supplied courtesy of Bill Williams. The remainder are courtesy of William Blau. The signals for that particular strategy are very simplistic but are fairly reliable.

I only trade futures and currencies and hence deploy several proprietary "leading" indicators for identifying/generating signals. The above indicators are "lagging" indicators but serve a purpose. I believe you require a balance between leading and lagging in order to obtain consistently reliable returns.

I find the NSTP to be excellent for testing indicators and strategies so don't be afraid to experiment,

good luck,

Daniel

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and incorporating them into a Trading Strategy??

New NSDT user here.

thx, Steve

Thanks from the beginner...

Date :4/27/2001 11:51:38 AM Poster : claude cherel

Many thanks to all of you for the nice ideas I received. This forum is really a big help!

Now I've got to do my homework...

Futures Symbols

Date :4/28/2001 5:48:23 PM Poster : Dave Johnson

The NSTD Pro futures list is incomplete. Someone here posted something about adding symbols, but not how they do it.

Can someone explain how this is done? (I don'[t remember a help file about it, but if there is one, please someone say so)...

Dave Johnson

Re: Futures Symbols

Date :4/29/2001 2:24:27 PM Poster : Texas Bubba

Dave:

I don't know if its in the help file but theres a tip on here called Adding ticker symbols to quote.com what explains it all for you. I used it before and it works.

Bubba

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Dave Johnson

Slow Optimization using JMA in adaptives

Date :5/1/2001 12:56:25 AM Poster : Chris Niemann

Is anyone experiencing extremely slow optimization when using a Jurick JMA in either ANI or AT2 add ons. As soon as I add the prediction or classification, my whoe system seems to bog down. The simplest tasks, like hiding data, seem to take forever. As far as trying to optimize an adaptive, Fuhgetabout it. Looking at 8 - 10 hours.

I am a newer user but it seems like there is something wrong. I'm running on a 600 pentium. No problem with neural inds and JMA. Trying cluster out now.

Any tips on speeding up aside from clearing out the files as suggested?
Is there a dramatic difference running on Windows 2000 vs Windown 98?

Re: Slow Optimization using JMA in adaptives

Date :5/1/2001 9:11:08 AM Poster : Texas Bubba

Chris, the Wardgroup has put up a new tip called "When optimization is really slow". Did you read that one?

Bubba

On 5/1/01 12:56:25 AM Chris Niemann wrote:
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DataX
Date :5/1/2001 7:23:50 PM Poster : Steve Kratochvil
Has anyone done a interface to their broker? I have just purchased the NeuralShell Datrader Professional and all of the addins. I am going to build an interface to DATEK so that my little guy can day trade for me while I do other things. I want to have this up by July 15th.

Re: DataX
Date :5/2/2001 10:18:35 AM Poster : Vince
I would like to buy the DATA X package but the problem is that I don't know
how to write any codes. I am looking for some outside help.

On 5/1/01 7:23:50 PM Steve Kratochvil wrote:
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Re: DataX
Date :5/2/2001 10:12:13 PM Poster : Ergo Mann
I purchased DataX because I live in the UK and trade UK stocks, options and indices. I do not use/own Omega Tradestation whilst Quote.com does not have the FT-SE 100 index and stocks.

I have a real-time link to a broker via the Internet and also have a real-time technical analysis program that uses DDE to update both the data and the charts. The program the broker has supplied is Market Maker 4.3. My goal is send tick data to the NST from a Market Maker DDE link and have it return a (buy/sell) signal.

Though I have not coded an "NST signal to broker client" I have coded a "trading platform to NST client" and can confirm that it is quite straightforward. I decided against C++ for an easier time in VB5 linked via JET to and Access database file. It took me a day to get reasonable results.

There are three limitations when sending data TO the NST

(i) The user cannot control the date/time against which the data is displayed.

This is easy to get around. You will need a file with each minute (or other time period) and a data value per period. I have to thank the Ward help line for this suggestion.

(ii) The second is that when sending data to the NST only one item can be sent per channel.

Effectively this means sending OHLC across four channels and using each GetData channel as one item either Open, High, Low or Close.

(iii) Refreshing the NST.

Bear in mind that for data coming FROM the NST a flag representing new data is available exists, this is not the case when sending data TO the NST, so a manual refresh is necessary.

Latterly, I have thought that an easier would be to write a piece of code that updates CSV files and leave it to the user to manually refreshed the chart; accomplished by selecting a different time period. Though not entirely satisfactory, I do not trade intra-day but use the NST to provide more precise entry and exit points, this is not a great problem. The stops are exceedingly clear on the NST charts.

Whichever route I proceed along, bi-directional DataX or uni-directional/CSV file, it is quite exciting to that have the ability write a user application that can both receive and send data to the NST. I would ask though for those of us on the wrong side of the Atlantic if an interface could be built to CSV files like the one that exists to for Omega and Quote.com.

Failing that a method in the DataX to ask NST to refresh would be most welcome.

Ergo.

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Re: DataX
Date :5/4/2001 4:14:59 PM Poster : Steve Kratochvil
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Re: DataX
Date :5/9/2001 7:58:24 PM Poster : Steve Kratochvil
For anyone who is interested. I have setteled on the platform of tools that I will use to build my interface. It will be a Visual Basic application that will have all of the business rules and the interface. It will use the DataX ocx to get the Buy/Sell signals from the NeuralShell and then use JavaScript to talk to DATEK. This should make it very protable (self contained), easy to maintain and easy to install. I made this desicion one the outside chance that someone else might want to use such an application. Well, I will start laying the code tonight.

On 5/4/01 4:14:59 PM Steve Kratochvil wrote:
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Re: DataX
Date :5/10/2001 1:01:29 PM Poster : Steve K
Thx, for the update Steve -- I'd like to do the same thing somewhere down the line and am interested in anything you come up with.

On another topic regarding optimizations speed.

I have a Pentium 4 with 256 of memory and optimizations have been taking a huge amount of time. For instance last night I set up an optimization of 3 stocks(3 rules & no trailing stops) and went to bed.This morning when I checked it NSDT hadn't even completed one stock. Yesterday I had ordered another 256 meg of RIMM memory. When it got here i installed it and got a QUANTUM improvement in performance. The same trading strategy is almost done optimizing in less than 1 hr with tons of other stuff running in the
background.

Aside from removing disk writes to cache I'm not sure why the difference because it seemed sluggish even with a few programs loaded. There are 4 rimm slots and they all have to be populated. so, if you use 2 rimm sticks, the other 2 slots have to have dummy sticks. the only thing I can think is that these dummy sticks were some how hindering performance because everything is really screaming now, EVEN NSDT

BTW, to the NSDT programmers, Microsoft has a compiler that optimzes programs to run even faster on the P4

Steve

On 5/9/01 7:58:24 PM Steve Kratochvil wrote:
For anyone who is interested. I have setteled on the platform of tools that I will use to build my interface. It will be a Visual Basic application that will have all of the business rules and the interface. It will use the DataX ocx to get the Buy/Sell signals from the NeuralShell and then use JavaScript to talk to DATEK. This should make it very protable (self contained), easy to maintain and easy to install. I made this desicion one the outside chance that someone else might want to use such an application. Well, I will start laying the code tonight.

On 5/4/01 4:14:59 PM Steve Kratochvil wrote:
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On 5/2/01 10:18:35 AM Vince wrote:
I would like to buy the DATA X package but the problem is that I don't know
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On 5/1/01 7:23:50 PM Steve Kratochvil wrote:
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Re: DataX
Date :5/10/2001 11:05:54 PM Poster : Stephen
Sounds like the ulitmate trading partner. What lead you to using a mix of languages, Visual Basic and JavaScript? Is the JavaScript much better at parsing the incoming web information from Datek? Had you looked at any of the new Microsoft .Net development tools?

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DataX
Date :5/13/2001 4:41:12 PM Poster : Steve Kratochvil
Well thanks, I am trying to build something that will be able to trade while I go to the store, if you get what I mean. I am looking at JavaScript because it is DATEK's language of choice on the client and that makes things fit better at first. If I can clearly see a better solution with VBScript I will take it as it fits better with VB. The reason I ntched up on VB to build the "brain" is because the way the DataX ocx can be used in combination with all the complex business rules that I intend to use to control my trades even if the DataX sends or does not send a signal. It does not hurt that I am a VB developer. In response to you question about parsing, I am going to test JavaScript, JScript and VBScript inside the script control. The fastest one will be the one of choice for return information.
I am very interested in the .NET tools and what they might offer in the way of new features and ability. I have not seen them yet.

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Re: DataX
Date :5/2/2001 5:48:44 PM Poster : Steve K
I wrote a nice javascript interface to trade with datek -- the buys/sells should be doable with dataX to a custom program, but what about the confirms and partial fills. Would there be a way to get this data back from datek? Or would you have to parse the profile/activity page to get the confirms?

Is there any way to use dataX with javascript so I can salvage some of my existing code?

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Re: DataX
Date :5/4/2001 4:09:10 PM Poster : Steve Kratochvil
To answer all of your questions is YES. I have the also have the JavaScript for orders as well as all the other information. I am just looking at other ideas and code before I decide which way I want to go. As I progress I will keep you posted.

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Intraday chart periodicity
Date :5/2/2001 3:06:45 AM Poster : Claude Cherel
Hi,

For those who use the Day Nst, could you tell me the kind of chart you are using? 1 minute, 3, 5, 30, 60 minutes?

The 1 minute bar chart seems to be short for trading on the web (too many signals and too much costs), can you confirm?

Thanks,
claude

Re: Intraday chart periodicity
Date :5/2/2001 10:19:38 AM Poster : VINCE
I use 5 Min chart. Works fine.

On 5/2/01 3:06:45 AM Claude Cherel wrote:
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Trading Functions
Date :5/3/2001 1:49:59 AM Poster : Al Martin
Does anyone know how to incorporate the average True range into a trading strategy without custom programming? Is it just me or are their others who would like to see more functions available for use in the trader?

Tx

Re: Trading Functions
Date :5/3/2001 9:56:29 AM Poster : Xprogrammer
Hi Al:

The true range indicator is in the Advanced Indicator Set addon which I purchased from Ward systems. There's some good indicators in it you might want to look at, and I thought it was worth the price. However, there's also instructions on building TR in the ind wiz and the average form of TR I notice on the tips section of this web page. You don't really have to program anything since all the parts of the TR are already there in the ind wiz. Plus, that same tip lets you download one already built if I'm not mistaken. Good trading!

The Xprogrammer

On 5/3/01 1:49:59 AM Al Martin wrote:
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Fresh Look to Forum?
Date :5/3/2001 10:54:53 AM Poster : Ward.net Webmaster
A while back there was a thread called "forum reorganization" where it was suggested that we re-arrange the forum look and feel. We were a little negative on the idea then, perhaps because we weren't thinking in terms of broad enough changes. We're willing to relook at ideas, but we need your help. Please add your "vote" to this thread where you either tell us exactly how you would want to change the look and feel, or vote for what someone else has said. If we don't get much response we'll assume we should just do nothing for the time being.

Re: Fresh Look to Forum?
Date :5/4/2001 4:13:18 AM Poster : Daniel P Lyons
Hi,

may I suggest the following:

Sites for MFC programmers such as the "CodeGuru" and "Code Project" have discussion forums that categorise the topics based on MFC functionality. For NSTP this could equate to groupings similar to the NSTP menu design. For example:

Data
Calculations
Indicators
Predictions
Trading Strategies
Alerts
Charts
Miscellaneous

It would be up to the individual (or moderator) to try to keep topics within the relevant grouping which I know is difficult at times.

Daniel

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Re: Fresh Look to Forum?
Date :5/4/2001 6:01:19 AM Poster : Jimmy Raineri
Take a look at www.divorceonline.com - go to "He Said/She Said" and look at the format of that forum. I think it is the easiest to read/use of any out there.

On 5/3/01 10:54:53 AM Ward.net Webmaster wrote:
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Re: Fresh Look to Forum?
Date :5/4/2001 8:47:17 AM Poster : Cantley
I'd be interested in seeing something sort of like this:

Folders for very major headings--perhaps as you have it now, Trader, GA, etc.

Then, specifically for the Trader folder for example, a series of additional folders. Just to throw out ideas, maybe things like: Predictions, Trading Strategies, Cluster Indicators, Integrated Systems, Advanced Topics, etc.

Each of the folders will contain several threads, and the users can start new threads as they need them. The threads contain all of the messages in sequential order, and one can view the entire thread at once if so desired. So someone might start a thread about trading currencies, while someone else starts a thread about problems associated with finding a good stock to trade within the same folder.

This will solve many things. It will solve the need to copy the message you're replying to into the message that you're writing. Doing that solves the 20 levels of indentation we see on some of the messages. It will keep related messages together unambiguously. It will help people know where they need to go to find content on a specific subject.

The old Futuresource site was built sort of like this. It was very convenient. Since we're moderated here, we should be able to avoid the problems that eventually led to Futuresource's failure.

My two cents anyway. Anyone have other thoughts?

Best,
Steve

Re: Fresh Look to Forum?
Date :5/6/2001 4:13:17 PM Poster : Dave Johnson
Several comments on the forum....

(1) It is difficult to organize the topics too much -- over-organization can create difficulties in itself, as one must then decipher where to look. Maybe a few very high level categories, but I don't believe that this is the biggest problem.

(2) The time delay for posts inhibits spontaneous exchanges. If new posts were immediately "posted", then there might be more of an active exchange. JMO. (Also, I don't believe that this is a forum which is very likely to be mis-used. We are a rather select group who need the most constructive feedback possible. If Ward has concerns about potential problems, they can always delete messages later. We as a group can also police any counter productive use of the forum.)

(3) The inability to read through threads with a "next" function is a real pain. Any improvement that allows sequential reading of posts or even reading a whole thread at once would be a huge improvement.

Dave Johnson

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My two cents anyway. Anyone have other thoughts?

Best,
Steve

Re: Fresh Look to Forum?
Date :5/14/2001 5:56:46 PM Poster : Jonas Bengtsson
(2) The time delay for posts inhibits spontaneous exchanges.

I agree - the delay makes having a "normal" discussion... well... difficult.

Add to that the fact that you have to type in your name and email for each post (or am I missing something here).

Jonas

Re: Fresh Look to Forum?
Date :5/10/2001 4:42:46 PM Poster : Steve Klopfer
I agree with this comment:
3) The inability to read through threads with a "next" function is a real pain. Any improvement that allows sequential reading of posts or even reading a whole thread at once would be a huge improvement.

Re: Fresh Look to Forum?
Date :5/14/2001 5:41:53 PM Poster : Jonas Bengtsson
I have posted my suggestions via mail a few weeks ago. Is it totally out of the question to move this forum to a newsserver? In ny opinion, most problems would be history if that could be done. But again, that's just my personal opinion and perhaps not what you want to do.

Basically, I think the way this forum works makes it slower and more cumbersome than necessary to 1) browse available messages 2) see what I have already read 3) get an overview of whats here. Each time I log in I have to spend at least 15 minutes to flip back and forth just to see that oh I already read that last week. As a consequence I visit only now and then, and most often do not post any replies.

If the newsserver concept is not acceptable, I would suggest you consider splitting the forum in one pane for the message headers (displayed similar to today in a "tree" with "plus" icons that expands the thread) and one pane that displays the actual message. Clicking a message header in the first pane would display the actual message in the second pane. Quick and easy, good overview, and the browser will change the color of the headers (links) I have already read.

I think idea of exchanging ideas and having discussions about the software is interesting and great fun. However, the "problems" with the forum takes some of the enjoyment away.

Jonas

Clusters

Date :5/6/2001 4:31:35 PM Poster : Dave Johnson

I have been spending much time trying cluster indicators with both intraday and daily data. I have had numerous cases of trading strategies that optimized very well, with even extraordianry results, but then did not forward test very well.

Typically I have tried clusters with price momentum inputs, MESA inputs, regression inputs (similar to example 4, with lagged regression pseudo-trendlines), etc.

There are two approaches that I have tried so far: First, to use one cluster indicator as an entry signal for long, another for short. Second is to use a set of cluster indicators -- with fewer inputs -- and then require multiple signals for entry. This strategy can then be optimized for "rules" in the strategy.

The best optimal results have come from the single indicator approach so far, but the forward test problem remains.

I have been typically using a small set of stocks for this analysis, but have also tried indices and index futures (foir intraday).

Another issue is that of optimization time. When building a strategy with optimized stop losses, exit targets or signals, etc., the computation time can become very large. (I am running on a 1.2 GHZ athlon with 512 MB).

Anyone have suggestions for cluster strategies that seem to improve the forward testing performance? I am sure that, if I could run more optimizations (cpu limited) I could find solutions, but I don't yet have multiple computers running NSDTP!

Dave Johnson

Re: Clusters

Date :5/6/2001 5:07:14 PM Poster : Texas Bubba

Dave, as I mentioned to the other guy earlier, the Wardgroup has put up a new tip called "When optimization is really slow". Did you read that one? Since you have stop losses, it looks to this country boy like you're affected too!

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Re: Clusters

Date :5/7/2001 1:55:24 AM Poster : Claude Cherel

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I have just a question, what kind of dates do you use in the trading strategy parameters for: start of backtest, size of backtest and range of data used to optimize trading strategie?
I use the defaults and I get some pretty good results but perhaps it is a mistake and I should not use the defaults?
Do you know?

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Dave Johnson

Re: Clusters

Date :5/7/2001 10:55:23 PM Poster : Dave Johnson

Claude, I am typically basing the dates on the number of bars, limiting it to between 1000 and 3000 bars. This obviously changes the dates spanned depending on the bar size. Then I typically use 15 to 25 % of that length further out as a forward test (backtest in NST speak). I typically use fewer bars for daily data -- as the market personality probably changes over such a time -- and more bars as the bar length becomes smaller.

Regarding the slow optimization, I have had this problem both with and without using stops. I have tried strategies which simply reverse on opposite entries, and others that use stops or more complex entry rules. It can be that the time is sometimes multiplied by the stops, but I don't think this is the essence of the problem.

The question remains...any suggestions of cluster strategies that forward test with about the same success as the optimization?

Perhaps my choice of forward test length is too long, and the optimization should be carried out to a point closer to the latest bar, in order to capture as much of the current personality as possible. Thoughts?

Thanks for the responses from Tex and Claude.

Dave Johnson

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Dave Johnson

Re: Clusters

Date :5/8/2001 1:46:39 PM Poster : Maxwell Craven

I get results with clustering that carry forward better when I use fewer "inputs". In that respect, I suspect that they are like neural nets, that you can overfit if you use too many. Maybe that will speed up optimization for you as well. What often helps for me is trying a different set of equities.

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Dave Johnson

Re: Clusters

Date :5/7/2001 8:52:47 AM Poster : Ward.net Webmaster

To all: Speaking of running multiple computers running NSDTP, we are now able to offer a 40% discount off list price on second, third, etc. copies of the Trader, Trader Pro, or DayTrader Pro that you purchase for yourself or at your same company!

On 5/6/01 4:31:35 PM Dave Johnson wrote:
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Dave Johnson

When is a system good enough to Trade?

Date :5/6/2001 6:03:48 PM Poster : Stephen

All,
When is a system good enough to Trade? Unless you all are doing better than me, my systems never have 100% winners. My trading system development could use more structure. Does anyone have a checklist they use before releasing a system to trade? - Stephen

Re: When is a system good enough to Trade?

Date :5/11/2001 1:14:46 PM Poster : chris wong

stephen, look at the thread on this forum called what issue to pick - a useful procedure????? i use variants of that checklist with appropriate changes for intraday bars, since that procedure was laid out for daily bars.

chris

On 5/6/01 6:03:48 PM Stephen wrote:
All,
When is a system good enough to Trade? Unless you all are doing better than me, my systems never have 100% winners. My trading system development could use more structure. Does anyone have a checklist they use before releasing a system to trade? - Stephen

Re: When is a system good enough to Trade?

Date :5/11/2001 4:08:07 PM Poster : Tagster

We could all use more structure in our approach. AI trading systems development is both an art and a sceince. You should look to cultivate or adopt some form of market philosophy. There are many types on this board subscribing to different views on what moves a market and how to capture that information for forcasting price movements into the future.

For one it helps to have an idea of what role each indicator or input plays into your overall approach. Giving the GA free reign is far from a reasonable solution.
(you should have an idea of the parameter ranges and indicators that fit a particular role.) - I love the add ons!!!

The relationships between a system and a market are complex and go beyond what we see in the analysis window (the scientific approach). Visual inpection of the signals provide insight into the thinking behind the buy/sell signals (the artistic approach). It is best to try to integrate these two when trying to create a meaningful system.

As far as a system that has %100 winners I would be extemely sceptical of it. Markets are not perfect and systems are far from perfect. Look for meaningful errors, smart trades that lost money. Markets demand a flexible approach this is where the art comes in. Scientific methods are more rigid and are best for creating the framework or basic structure for an overall system or approach.

Cautionary note - When we engage in visual inspection be well aware of the fact that our eyes naturaly wander to the big moves and great signal and often completely ignore periods where the system gets chopped up. As far as the big moves goes:
Who's system isn't firing when Ciena it gaps up 6 points.
The best systems put on smart trades in quet periods. See my post on filtering bad trades, I made today as a separate issue. Knowing when not to trade and why can be as important than knowing when to trade.

Personaly, I am on the artistic side and trying to work toward the analytic. (the first month I had NSDTPro I was affraid to even open it. To this day I am still affraid of dll's and VB code, even though I have a handle on easy Language. For me it is simpley a mental block I will overcome by necessity as I need to code more involved ideas.

I would also like to add my vote to update the look and feel and possibly the background color. It is, however, soothing.

Tagster

On 5/11/01 1:14:46 PM chris wong wrote:
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Re: When is a system good enough to Trade?

Date :7/2/2001 6:01:03 AM Poster : albertl

Hello,
Isn' t a system good enough when in out of sample period of 12 months most of the "intermediate size" tops and bottoms are hit? A look at max draw down in back test and out of sample also helps

aint that good enough?
albert

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qcom....terrible for me

Date :5/8/2001 4:22:57 PM Poster : detroit eddie

is anybody else subscribing to q com and getting delayed charts...?

this has been going on for 2 days. The last time I checked my credit card bill I'm paying for qcom. but getting delayed. I can't get through to a human voice, only the recording saying they are having trouble, well, duh.

Is ward systems investigating another data source preferably one which is rock solid. The daytrader is one heckofa tool, but we are locked into a single source for data. Any company single sourcing anything in the supply chain is sitting on a time bomb.....
comments welcomed for this "newbie".

thank you

eddie

Re: qcom....terrible for me

Date :5/9/2001 8:56:56 AM Poster : Ward.net Webmaster

Yes, we are working now to support the Universal Market Data Server (www.uniserv.com) and TradeStation Pro. One problem we and the whole industry has is that besides TS Pro, we know of no other server that can deliver more than a little bit of historical data through the connection. You need historical data to build neural models and backtest traditional models.

If you think the delay is because they haven't marked your account as real time, you can check that and correct it on their web site.

If you think the delay is just overload, you may want to read some of the suggestions on these previous threads: "quote.com" and "Qfeed - is it reliable?"

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Re: qcom....terrible for me

Date :5/11/2001 3:54:34 PM Poster : JoeD

I have had continous problems with slow data from qcharts. ask for 1 or 5 min and nothing--go to 60 min get a chart then go back hit 5 min and wait but get something after a long wait --20-30 sec. This is not realtime in my mind. I also use quote.com realtick at a daytrading floor and the updates are virtually instantaneous. I have qcharts for one reason NST. I would prefer to have a choice of a reliable service because the speed of updates is making NST useless compared to just looking a screen and deciding. I use a 700mhz p3 w/512m mem so I certainly should expect to recevie realtime data and compare the machine to what I think --otherwise what's the use I might as well go end of day!
Regards;
JoeD

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Data Feed historical limitations

Date :5/9/2001 7:50:00 PM Poster : Steve Kratochvil

I am responding to the Webmasters comment. I have high hopes for the Universal Market Data Server as that will allow me to go back to my S&P Comstock feed which was expensive and worth every penny. But not everyone is ready to pony up to $270/Month just for a data feed. How about an intergration of datasources presented in Tools | Data Sources where you have one assigned to history and it can keep everything up to the last few days and then it merges that with a live feed. If this functionality exists then show me how it is done. I could spend $150 for a "CLEAN" load of my Hit list stocks from Tick Data and use any other feed to just keep adding the new bars to the pile. Besides Quote.com has less than 100% quality data the farther back you go in any given chart. Just an idea.

> ***Re: Data Feed historical limitations***
>
> Date :5/11/2001 9:43:58 AM Poster : Ward.net Webmaster
>
> Yes, you will be able to map historical data files (e.g. Tick Data) and then run charts during the day with a data feed that doesn't have history. The Trader "glues" files together like this now whenever it finds the same ticker symbols mapped, and we will make sure it continues to do that when we introduce UMDS.
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>
> > ***Re: Data Feed historical limitations***
> >
> > Date :10/13/2001 10:11:11 AM Poster : Steve Kratochvil
> >
> > I apologize for not responding sooner to this, but I thank you for expressing the fundamental intent of the UMDS design, as it will enhance my trading system.
> >
> > Thanks
> >
> > Steve
> >
> > On 5/11/2001 9:43:58 AM Ward.net Webmaster wrote:
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Self-discipline

Date :5/11/2001 6:20:49 AM Poster : claude cherel

Let's say I get a good trading strategy with more than 70% profitable trades, reasonable drawdown, good number of trades, and good return on account.
When I look at the graph, my mind sometimes does not agree with the generated signals. Then I tend to find perfect buy and perfect sell signals.
Doing so I begin to loose confidence in the trading strategy.

Don't you think that the correct behaviour would be to "stick to the rule", to buy or sell when the system says and not to panic when the drawdown increase in the limits of the trategy? And rebacktest regularly to keep confidence!

Thanks,
Claude

> ***Re: Self-discipline***
>
> Date :5/30/2001 7:09:58 AM Poster : Bruno Voisin
>
> Claude,
> You should do some paper trading for a while first. There is no way you can trade your system for any length of time if you do not feel 100% comfortable with it. Having said that, the learning curve does include a number of inevitable painful adjustments on your side, and tweakings on the system side. There is also the well known dilemma between aiming and shooting. You can aim forever and never pull the trigger. We all tend to hesitate too long if the system is not in line with you risk profile.
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> My rule of thumb is to trade the system if you are comfortable with only 1/3 to 1/2 of expected gains, and if you can sustain 2 to 3 times the expected max drawdown.
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> Thanks,
> Claude
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> > ***Re: Self-discipline***
> >
> > Date :6/5/2001 5:30:07 AM Poster : claude cherel
> >
> > Thanks Bruno for your answer. It helps!
> >
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> > Claude

Slow optimization

Date :5/11/2001 12:58:55 PM Poster : Steve Ward

That's a scary hardware problem Steve K told us about on May 10 in the DataX thread. I've heard of computers going into "sleep mode" overnight while they're supposed to be optimizing, but never that!

Below is another few sentences we'll be adding to our tip called "When optimization is really slow." Maybe this will help some of you whose optimizations seem to be dragging, or at least help you know why:

Another reason optimization can be slow is if you are using one of our addons, like Adaptive Turboprop 2, and loading it up with inputs or hidden neurons. The addons are far more computationally intense than the normal indicators are.

For example, suppose you are using Adaptive Turboprop 2 with a training set size of 1000 bars, and you are retraining every bar. Your optimal set contains 10000 bars. This means that EVERY individual in the genetic population has to have 9000 neural nets trained for it on every generation, each with a training set of 1000 bars. Especially if you are using more than a couple of hidden neurons, that can take quite a while, even with our fast nets!

Many of our users like to build a hierarchy of addons. They'll feed Adaptive Turboprop 2 nets into cluster indicators, etc. That's ok, but it produces a whole lot of variables that need to be optimized, not to mention the additional computational intensity.

Filtering Bad Tades

Date :5/11/2001 4:48:39 PM Poster : Tagster

There has been recent discussion about expanding the length of trades to that a system doesn't overtrade. Most of the ideas treat the symptom but might not effectively remedy the problem. Bad trades are part of life. I mentioned in another post to look for meaningful losers when developing a system. The fact that we are attempting to address complex non-linear environments with simple buy/sell threshold has limitations. Down the road we will need to address more complex forms of normalization (perhaps fractal related - any ideas, programmers?).

One way to minimize bad trades is to stay out of the markets more. The flat position is under utilized by most traders. There are simple periods where a market is going nowhere or is going crazy.

Again, probably fractal related, and again welcoming any ideas or input on this matter - hurste, CFB (jurick), Chandre CMO, Commodity Selection Index????
Any ideas? Success stories with these???

The allways in the market philosphy is a curious one. Although it is easy to think about, it is something of a linear approach. The SP500 is a common offender market for traders. Many have a personal vandeta with it. Unless you have consistent success, Steve Ward will tell us that we should look for markets to better suit our models.

Market exist in a multidimensional space. As energy (volotility) expands the geometric confines (boundaries) are tested and typicaly violated. These confines can be illustrated on our charts as trends, support, wedges etc. More importantly these confines exist within our systems and they are continualy being tested in the ways of signal (many of which are bad) - Noise is also where the leading information lies.

The second way to filter bad trades is to have an additional entry/exit rule after a signal is given to validate the move. I prefer "close only stops". Buy if close > high of the signal bar (I'm using intraday). I could do this in Tradestation, I have yet to acheive this in NSDTP. I am experimenting with the trading strategy information in the indicator wizard and setting up two systems, an initial and a validator. It is probably not too hard. I might need some help in this department for the good of the people. Close only stops filter out noise as markets typicaly run for stops. I actualy add a little room like a 1/4 above high , depending on the market

Thanks for listening

Tagster

> ***Re: Filtering Bad Tades***
>
> Date :5/12/2001 12:58:05 PM Poster : Steve K
>
> Tagster -- I've run into the same problem
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> When I enter I trade I like to use a tight stop like Trailing Price: Percent -- this SHOULD let the good trades run and get me out of the bad trades quickly However it uses the high of the period to calculate the stop and many times when a stock begins to move there are trades outside the best market(especially with the new penny increments).
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> As shorts rush to cover and longs want in they start hitting the ecns. One high or low trade followed by a trade at market and a tight NSDT stop gets hit and u missed the move. If we could set the the stop to be calculated at the close, these highs and lows would be filtered out and the trade could run. When following the trade in realtime you can see these bad prints and ignore the NSDT alerts, but it's a hindrance in optimizing a profitable strategy.
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> In the Price Basic category you can select Price Low and if the price drops lower than the lowest price over the the last n periods you'll get stopped out. This is only a partial solution because if you are fortunate enough to pick the exact bottom as a long entry point you'll get stopped out immediately because the entry price is lower than everything in the prior periods.
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> > Date :5/14/2001 2:09:59 PM Poster : Ward.net Webmaster
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Thanks for listening

Tagster

Re: Filtering Bad Tades

Date :5/14/2001 9:23:15 PM Poster : Steve K

Thanks for the idea -- I came up with the following and placed it as my only rule for a long exit

SELL LONG CONDITIONS:
A<B(Close,Mul2(MaxValEntryAct(Trading Strategy #2,Close,1),0.995))

It's suppose to trigger a sell when the close falls 1/2 percent below the highest close after the buy was triggered. This is a stop that should be triggered on any pullback but It only works 90%. One time it let the stock run 24 hrs and drop 2 points, then the sell was triggered by a BAD print two points above market.

Is this a bug in the software or is there something wrong with the way this rule is being implemented?. This is the only rule I was using so there is nothing else interfering with it. It's just a basic tight trailing stop based on highest closing price.

thx, Steve

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Tagster

Re: Filtering Bad Tades

Date :5/15/2001 1:52:46 PM Poster : Ward.net Webmaster

The rule looks ok, and we aren't aware of any bugs. You should submit your chart to tech support. Send the data too by exporting a text file so they can see the exact same thing you are seeing, and tell them where you see it on the chart please.

On 5/14/01 9:23:15 PM Steve K wrote:
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SELL LONG CONDITIONS:
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It's suppose to trigger a sell when the close falls 1/2 percent below the highest close after the buy was triggered. This is a stop that should be triggered on any pullback but It only works 90%. One time it let the stock run 24 hrs and drop 2 points, then the sell was triggered by a BAD print two points above market.

Is this a bug in the software or is there something wrong with the way this rule is being implemented?. This is the only rule I was using so there is nothing else interfering with it. It's just a basic tight trailing stop based on highest closing price.

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Note that the new release (3.21) we added the Min/Max value since Entry indicators in the Trading Strategy: Position Information category. By using these, you can insert any time series or indicator in place of the high and come up with trailing stops like Min Value Since Entry (Mov(Close,3)) if desired. Maybe this will help you.

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In the Price Basic category you can select Price Low and if the price drops lower than the lowest price over the the last n periods you'll get stopped out. This is only a partial solution because if you are fortunate enough to pick the exact bottom as a long entry point you'll get stopped out immediately because the entry price is lower than everything in the prior periods.

Any other ideas?

Steve K

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Re: Filtering Bad Tades

Date :5/16/2001 9:02:42 AM Poster : Steve K

I deleted the data for that stock and let NSDT rebuild it and that seems to have solved the problem for now. Quote.com filters out bad ticks, but it's not an instantaneous process. Qcharts will correct the chart real time when a bad print gets filtered.

If you're building your charts real time during the day it might not be a bad idea to occasionally delete the underlying data so you can build a strategy on filtered data with no bad prints.

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Re: Filtering Bad Tades

Date :6/26/2001 4:15:09 PM Poster : Tagster

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Re: Filtering Bad Tades

Date :6/30/2001 10:50:10 AM Poster : Michael Sligall

Tuscar Chande has an article in this month's Technical Analysis of Stocks & Commodities which talks about using standard deviation of the stock's price as a determinant towards exit prices. I like this method since a) the STDEV will vary as the stock volatility varies, b) the engineer in me likes a statistical method which adapts to different market conditions over the long term and c) you can explore your win/loss ratios at various exit points (2x stdev, 1.5x stdev, etc.) to find a comfortable drawdown. Take a look!

Re: Filtering Bad Tades

Date :7/2/2001 6:23:50 AM Poster : albertl

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Re: Filtering Bad Tades

Date :7/3/2001 3:21:32 PM Poster : tagster

Albert,

Comment on using index information as an input to a model for a stock. I am not a big fan of intermarket analysis. I beleive the relationships are far more comlex or random than many financial engineers would like to admit. Further more, markets have become more fragmented over time. The old adage "It's a market of stock not a stock market" is a cliche but a relevent cliche. When you move away from a stock towards an index you are moving away from the more relevent or leading information to general and lagging. You could perhaps use the SOX index when trading Intel or Broadcom. This might be closer to underlying market forces surrounding an isuue.

Good Luck
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Market exist in a multidimensional space. As energy (volotility) expands the geometric confines (boundaries) are tested and typicaly violated. These confines can be illustrated on our charts as trends, support, wedges etc. More importantly these confines exist within our systems and they are continualy being tested in the ways of signal (many of which are bad) - Noise is also where the leading information lies.

The second way to filter bad trades is to have an additional entry/exit rule after a signal is given to validate the move. I prefer "close only stops". Buy if close > high of the signal bar (I'm using intraday). I could do this in Tradestation, I have yet to acheive this in NSDTP. I am experimenting with the trading strategy information in the indicator wizard and setting up two systems, an initial and a validator. It is probably not too hard. I might need some help in this department for the good of the people. Close only stops filter out noise as markets typicaly run for stops. I actualy add a little room like a 1/4 above high , depending on the market

Thanks for listening

Tagster

Multi Time-Frame Module

Date :5/15/2001 9:29:46 AM Poster : Daniel P Lyons

I believe a feature that would improve NSTP is a module that allows trading strategies to utilise multi time-frames and categories. For example, when trading the S&P (or currencies), it is not uncommon to have a hierarchy of signals from various time frames and categories such as 15 min, 5 min and 1 min charts with references also to the Nasdaq and Dow Jones as cross checks.

Developing a trading strategy using only one specific time interval and category appears to be arbitary and possibly limits the power of the technology in identifying risky trades and better trading opportunites.

Just some thoughts,

Daniel

Wish List

Date :5/16/2001 11:38:31 AM Poster : Steve K

I am watching an intraday trading strategy that backtests nicely.

In the Alert List it would be nice to have the Entry/Exit prices with a running total of profit/loss. That way you can tell at a glance how you're doing and compare actual entries with NSDT entries.

But other than that, it's working nicely. Probably start trading it

Steve

Re: Wish List

Date :5/16/2001 4:01:14 PM Poster : Ann

Did you look at the indicators in the Trading Strategy - System Info category. There should be something in there you can use for your equity curve and create an alert based on that.

Ann

On 5/16/01 11:38:31 AM Steve K wrote:
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But other than that, it's working nicely. Probably start trading it

Steve

E-MINI

Date :5/16/2001 5:00:44 PM Poster : Vince

Does anybody know what the symbol is for the E-Mini S&P in the NST?

Thanks

Re: E-MINI

Date :5/16/2001 5:13:00 PM Poster : Maxwell Craven

I think you may find what you need in the postings of my thread back in December called e-mini.

Regards,
MC

On 5/16/01 5:00:44 PM Vince wrote:
Does anybody know what the symbol is for the E-Mini S&P in the NST?

Thanks

Re: E-MINI

Date :5/16/2001 5:19:52 PM Poster : Vince

Found them

Thanks

On 5/16/01 5:13:00 PM Maxwell Craven wrote:
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Regards,
MC

On 5/16/01 5:00:44 PM Vince wrote:
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Thanks

Excessive Memory Usage

Date :5/18/2001 4:41:11 PM Poster : Steve K

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Why is NSDT using so much memory (165meg) and not freeing it up when charts are closed and symbols deleted?

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Everything else is running fine and I've been getting some nice tradeble signals

Any thoughts on the memory issue?

thx,
Steve

Re: Excessive Memory Usage

Date :5/18/2001 5:29:17 PM Poster : Ward.net Webmaster

Qcharts could certainly have been using a different server than NeuroShell, but if not, any type of memory thrashing lockup needs to examined by our tech support experts. Please send your chart so they can see what is in it and try to reproduce the problem.

In general, there are several things that users can do to avoid using a lot of memory to begin with. Lots of walk forwards in neural nets use lots of memory, as does loading and displaying too many bars, all compounded by multiple chart pages. Displaying too much data is much worse than loading too much. Lots of things hidden on the chart add up too - get rid of indicators, nets, and strategies you are no longer using. NeuroShell has no limits on what it will let you try to do.

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Re: Excessive Memory Usage

Date :5/18/2001 6:32:37 PM Poster : Steve K

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It has:
-- 1 trading strategy with a few rules, no nets or add-ons.
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-- buy/sell indicators
-- 1 hidden indicator
-- 1 unused Prediction that i am developing, 5 walk forwards
-- 1 hidden unused trading strategy with a do nothing rule -- used for setup so I can copy it & not have to reenter my defaults to a new strategy

NSDT can't copy/paste rules and strategies between charts so, although I don't have much in it it has been thru a lot of iterations and development and backup copies.
Do these charts continue to grow in complexity internally even tho unused indicators/predictions/strategies are deleted vs manually rekeying everything into a fresh chart?

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Any thoughts on the memory issue?

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Re: Excessive Memory Usage

Date :5/19/2001 8:03:15 AM Poster : Ward.net Webmaster

Your problem is going to have to be taken up by tech support; please contact them to see how the problem can be tackled. We'll ask our programmers to check if there's any issue of memory not being released in general when charts are closed.

In answer to the general questions, if strategies and nets are deleted, their memory is supposed to be released, so all unused items should be deleted, even if hidden. Although you cannot copy and past a strategy to another existing chart, you can do these things:

1. Save the chart as a template in the Template folder, so that strategies, indicators, etc, can be reused again and again.
2. Save indicators as custom indicators so they can be pasted into other charts and other chart strategies.
3. If you think a rule might be used again, save it first as a custom indicator, because rules are really just indicators. Then it can be used in aother chart strategies.

On 5/18/01 6:32:37 PM Steve K wrote:
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Any thoughts on the memory issue?

thx,
Steve

Re: Excessive Memory Usage

Date :5/19/2001 1:05:12 PM Poster : Daniel P Lyons

I too have experienced similar problems. I once loaded a chart with 2 indicators which had a max. of 4 variables per indicator. I did not utilise any nets and was attempting to optimise the variables etc. After 12 hours I cancelled the program. Total memory consumption was unbelievable so I also suspect there maybe a memory release issue somewhere. Oddly enough I do not recall the same problem in the former version,

Daniel

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Any thoughts on the memory issue?

thx,
Steve

Re: Excessive Memory Usage

Date :5/22/2001 8:33:19 AM Poster : Steve Kratochvil

Here is what I have found. The acctual memory usage does get up to 150meg but it holds there. I have a 1gig CPU and 256meg ram. I have never ran out of memory but my CPU is slammed to 100% normal operation and it never comes down. I am looking at a Dual processer setup with 1gig ram to try and level things off to at least 50% normal operation levels.

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Any thoughts on the memory issue?

thx,
Steve

Re: Excessive Memory Usage

Date :5/31/2001 12:02:34 AM Poster : Steve Kratochvil

I agree with Steve here. I am getting the same kind of performance. I have not gone out and thrown hardware at this problem yet and I don't want to. Any thoughts would be greatly appreciated.

Thanks,

Steve

On 5/18/01 4:41:11 PM Steve K wrote:
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Any thoughts on the memory issue?

thx,
Steve

Re: Excessive Memory Usage

Date :6/21/2001 10:21:10 AM Poster : JES

I am experiencing the same problems as described by Steve K. I need to exit and restart NSDT to regain memory and CPU availability several times per trading day. This problem may have started after I installed the Windows 2000 Service Pack 2.

Thanks and good trading,

JES

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Any thoughts on the memory issue?

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Re: Excessive Memory Usage

Date :6/21/2001 1:11:45 PM Poster : Ward.net Webmaster

We'd really like to get our hands on your chart in tech support so we can see what's going on. Pls send to support@wardsystems.com.

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Any thoughts on the memory issue?

thx,
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Re: Excessive Memory Usage

Date :6/28/2001 4:18:40 PM Poster : JM

Hi all,

You all may want to try this tool for recovering lost memory due to ill-behaved applications, memory leaks or memory fragmentation. It's called MemTurbo. You can download it at www.memturbo.com. Quite a piece of good software. I used it on my customer's web server to monitor and rectify excessive memory usage, automatically. Hope this helps.

JM

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Any thoughts on the memory issue?

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Steve

Re: Excessive Memory Usage

Date :6/28/2001 4:46:07 PM Poster : Ward.net Webmaster

Our technical support dept. reports that to date nobody complaining of excessive memory usage or failure to release memory has actually sent in a chart so we can reproduce such a problem. We aren't doubting that it happens, but it probably happens only in certain cases. We also need to verify it isn't just taking a while to release memory. For excessive memory, we need to make sure there isn't just a lot of things in the chart, or maybe years of 1 minute bars. In any case, we'd really appreciate actually having something to work on here.

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Any thoughts on the memory issue?

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Re: Excessive Memory Usage

Date :8/13/2001 6:12:31 AM Poster : albertl

Hello Steve,
try this:
REDUCE THE FOLDERS AND STOCKS the trader IS MAPPING or exit the trader each time in the task manager. I am running the simple trader on windows 98 + AMD 188meg. Originally my Trader was mapping all tickers and folders of the CD-ROM . (default setting) The trader was always staying in my memory after exiting the program normally!

Just for fun I managed to have the trader up to 5 (five) times in the task manager. This in 188meg, without loading any chart though. I do not know why the mapping of the folders containing the data is done so extensively at each start of the trader, it takes an eternity and blocks the memory as far as I can see , even if one charts only one stock. Since I have reduced the mapped folders to a minimum (I do not use the CD presently) only 20 stocks but plenty of indices, my trader exits are absolutely clean and the start up is fast.
Hope I was of some help.
albert

On 5/18/01 4:41:11 PM Steve K wrote:
At the end of the day NSDT came to a crawl and started lagging by as much as 6 min using 2 min bars -- qcharts was running fine so there weren't data problems on qfeed. I am a long time user of qcharts so I understand the past problems with this feed and how to resolve them. Everything on qcharts end was running fine so I looked at memory usage.

--NSDT was using 165 meg of memory and over 70%-95% of cpu processing.
--To clear up some memory I removed 2 stocks bringing the total monitored down to 9. No memory was released.
--After market close, I shut down the chart window and kept NSDT running. NSDT was STILL using over 100 meg while it's not doing anything.
--I closed NSDT and restarted it. NSDT was using only 17 meg at startup
--Reload the chart and NSDT is using 97 meg.

Why is NSDT using so much memory (165meg) and not freeing it up when charts are closed and symbols deleted?

I had one severe memory leak a few days ago where memory usage soared to over one gig in a matter of seconds and brought the computer to a crawl till I could manage to shut down NSDT. I don't know if the 2 issues are related but I am more concerned about the 1st problem which seems performance related vs the 2nd which so far only happened once.

Everything else is running fine and I've been getting some nice tradeble signals

Any thoughts on the memory issue?

thx,
Steve

The Lead(X,n), Predict3 and Prediction Net

Date :5/24/2001 4:46:49 AM Poster : Jacobs

I´m playing around with an ANI indicator and the Lead indicator.....

I made a net (Prediction Wizard) trying to predict the %Change(C,1) 1 day into the future.
As input Predict3 (ANI indicator) was used with the following settings:
Lookaback = 30
Lookahead = 0
Actual = Divide(Sub(Lead(C,5),Close),Close)
Input #1 : %R(H,L,C,9)
#2: StochasticSlow%D(H,L,C,2,7,2)
#3: RSI(C,9)
Contribution factors: 15.2, 11.1, 8.8
Trainingset: 3years with 1 wfd of 1 year. Objective: Maxinize Return on Account, Long position only.

The result (too good) indicates I´m feeding the answer back into my Prediction net, but I don´t understand why, where and how.

I thought the Prediction net used, as input, the prediction/estimation of the Actual (made by Predict3) not the Actual value itself.
In the walkforward period there shouldn´t exist any values of the Lead(Close,5)? , they exist only in the Training period or ?

I get exactly the same result if I use Divide(Sub(Lead(C,5),Close),Close) as input instead of Predict3?

As soon as I set "days into the future">number of days in the Lead indicator I get more normal results.

I don´t see where the answer (correct value of the Actual) is fed into the Prediction net.

Re: The Lead(X,n), Predict3 and Prediction Net

Date :5/24/2001 9:04:35 AM Poster : Ann

Maybe this note from the Adaptive Net help file explains it:

If you set the lookahead period to zero, then the Net predictions are no longer out of sample, because the Net sees the output in the same bar it sees the inputs. It is essentially just memorizing. If you set lookahead to zero and set the contributions high enough, the Prediction Nets can exactly reproduce the outputs. The Classifier Nets will get the probabilities 100% correct.

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Re: The Lead(X,n), Predict3 and Prediction Net

Date :5/27/2001 10:16:18 PM Poster : Jacobs

Thank you for your answer. I have searched the help file a couple of times but not found those lines. Exactly where did you find them?

On 5/24/01 9:04:35 AM Ann wrote:
Maybe this note from the Adaptive Net help file explains it:

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Re: The Lead(X,n), Predict3 and Prediction Net

Date :5/30/2001 9:08:57 AM Poster : Ann

The details are in the topic "Using Adaptive Net Indicators with NeuroShell Trader".
Ann

On 5/27/01 10:16:18 PM Jacobs wrote:
Thank you for your answer. I have searched the help file a couple of times but not found those lines. Exactly where did you find them?

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Betting Strategies

Date :5/24/2001 10:35:12 PM Poster : Cantley

Would anyone care to discuss betting strategies that work with neural network systems? I've been struggling with the idea a little bit. I've yet to find a stop that really makes sense for a trading strategy, and without a stop, it's hard to know what your real risk is on a trade. And not knowing what your risk is makes it difficult to decide how large a position to take on.

What has worked for others?

Best,
Steve

Re: Betting Strategies

Date :7/30/2001 12:31:27 PM Poster : ANNATS

I just flush all my signals through Tradestation and then evaluate it in Portfolio Evaluator 2000. as far as implementing different strategies you can then export the files into Money Manager 2000. good books along these lines are Maximum Adverse Excursion by John Sweeny, and all of the Ralph Vince books.

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What has worked for others?

Best,
Steve

Global server , realtime feed access

Date :5/26/2001 7:42:24 PM Poster : Mark

Has anyone been attempting to access their live data feed via tradestations
global server lately ? It uses esignal and pcquote.com (is hyperfeed.com)
I wanted to use it as a back up data feed to the quote.com service . I´m wondering if there´s any error messages with the global server since release 3.21 of the trader and I don´t want to dish out a months data fee to esignal just to see whether the global server is still playing up , I´d rather be warned before paying .
Mark .

getchromosome errors

Date :5/29/2001 7:33:17 AM Poster : Steve K

I've been getting "getchromosome errors" while optimizing trading strategies. It usually happens when developing a strategy and stopping then restarting optimmization after several times. If the error is triggered at the beginning of a long optimization, I have to cycle thru thousands of these errors before I can exit the trading strategy, or close the program with the task manager. Closing the chart and reopening it will not fix this error. The whole NSDT program must be closed then restarted.

Anyone else get this error?

Steve

Re: getchromosome errors

Date :6/3/2001 11:45:37 AM Poster : Ward.net Webmaster

We'd really appreciate it if you'd send the chart that gets these errors to support@wardsystems.com so we can see what the cause is.

On 5/29/01 7:33:17 AM Steve K wrote:
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Anyone else get this error?

Steve

Re: getchromosome errors

Date :6/3/2001 2:55:27 PM Poster : Steve K

the error seems to be pretty random. But this is what I know.
-- It only happens when optimizing a trading strategy and after several optimization cycles, sometimes after hitting the stop optimization button

I'll see if I can duplicate it in a chart and send it to you

Steve

On 6/3/01 11:45:37 AM Ward.net Webmaster wrote:
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Parabolic SAR

Date :5/29/2001 7:39:27 AM Poster : Steve K

A few trading programs have a fairly complicated indicator called Parabolic SAR(Stop & Reverse), but I can't find it in NSDT.

Does NSDT have anything comparable or is it possible to create this indicator?

Here's a url that has the formula http://www.tradertalk.com/tutorial/para.html

thx, Steve

Re: Parabolic SAR

Date :5/31/2001 4:06:46 PM Poster : Steve K

-- I wrote a dll for Parabolic SAR -- still need to add optimization variables for AF, AF min & AF max -- as it stands now it uses the recommended defaults of .02, .2 & .3 and works pretty good as an indicator. Haven't had a chance to work it into a strategy yet.

thinking about posting it to the thread if anyone is interested

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Re: Parabolic SAR

Date :6/1/2001 5:48:01 PM Poster : Patrick R

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Patrick

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thx, Steve

Re: Parabolic SAR

Date :6/3/2001 2:47:04 PM Poster : Steve K

I am just about done. I added another feature:
Since the formula uses hi/lo data for each period I added an adjustable filter to remove bad prints. If the HI or Lo is a percentage above or below the close then the Hi/Lo is adjusted to the closing price +/- the percent filter.
Most of the stocks I watch have a bunch of bad intraday prints. I've concluded the mms do this intentionally to screw up charting software and generate false signals. The filter's probably not needed on daily charts so it can be set to zero and turned off.
If I turn the filter off and look at a daily chart with bad prints I can see the big difference it makes.

I'll post it in a few days, after I finish checking it out

Steve

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thx, Steve

Re: Parabolic SAR

Date :6/4/2001 1:30:59 PM Poster : Maxwell Craven

I would likewise be very interested in trying your dll. Can you please include the .tpl file too, because I don't know how to make those. Thanks for sharing your efforts with us.

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thx, Steve

DataX

Date :5/31/2001 12:32:59 AM Poster : Steve Kratochvil

For anyone still interested in my little rant about DataX. I have a working Model:

NSDTP to DataX to AutoPilot to DATEK

I expect to be finished by July 15th. I got some help from a great guy that has been messing with DATEK for some time. The end result is that I have an automated system that can daytrade while I am away.

Steve

Note: It is my intention that all trades my system executes are my choice even if they are profitable or not.

Re: DataX

Date :5/31/2001 3:51:21 PM Poster : Steve K

I am interested -- How's it work?

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I wish that it was more complicated than that, but simple is also faster.

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Re: DataX

Date :6/10/2001 11:14:38 PM Poster : Steve Kratochvil

OK, here is the deal. I have spoken to Ward Systems and we talked about the product I have created. After some very mixed feelings on my part I have this to say. I built this for myself and the idea of passing it on to someone else came with a great many legal issues that I could never handle. I also learned that Ward Systems has something like what I have waiting in the wings as they tackle the legal issues surrounding delivery of such an application to the market. Now with that being said. I will not object to helping others reach the same goal with their DataX control. It seems to me that automated trading was what the DataX was built for.

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Date :6/11/2001 11:29:16 AM Poster : Steve K

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Re: DataX

Date :6/12/2001 1:31:39 AM Poster : Steve Kratochvil

Good luck. Let me know if you need help.

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Re: DataX

Date :6/11/2001 1:04:46 PM Poster : Vince

Does your automation only work with Datek?

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Re: DataX

Date :6/11/2001 9:55:34 PM Poster : Stephen

Vince,
Are you planning on selling this add on to Neuroshell or sharing on the Web? I would think if you are sharing it and provide uncompiled source that would avoid legal issues. Would you share it if I was to write a module for it?
Regards,
Stephen

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I am not planning on selling anything. I am not in the software business.
I only wanted to know if your add-on could be tailored to be used with another
order entry system besides Datek.

Thanks

Vince

On 6/11/01 9:55:34 PM Stephen wrote:
Vince,
Are you planning on selling this add on to Neuroshell or sharing on the Web? I would think if you are sharing it and provide uncompiled source that would avoid legal issues. Would you share it if I was to write a module for it?
Regards,
Stephen

On 6/11/01 1:04:46 PM Vince wrote:
Does your automation only work with Datek?

Thanks

On 6/10/01 11:14:38 PM Steve Kratochvil wrote:
OK, here is the deal. I have spoken to Ward Systems and we talked about the product I have created. After some very mixed feelings on my part I have this to say. I built this for myself and the idea of passing it on to someone else came with a great many legal issues that I could never handle. I also learned that Ward Systems has something like what I have waiting in the wings as they tackle the legal issues surrounding delivery of such an application to the market. Now with that being said. I will not object to helping others reach the same goal with their DataX control. It seems to me that automated trading was what the DataX was built for.

Steve

If I can help you out Steve. I will.

On 6/3/01 2:27:11 PM Steve K wrote:
It sounds great!! How do I get a copy??

On 5/31/01 8:45:29 PM Steve Kratochvil wrote:
The app I am working on (AutoPilot) calls up the DataX ocx to get signals from the NSDTP, it then turns around and sends orders to DATEK when the DataX gives the signal. I am also using JavaScript to read the content of DATEK and feed it back into the AutoPilot to update position information. The rest is being defined as we speak. I am building in all the features that I want to have for trading. I am even thinking about adding a MS Agent to give it a bit of personality.

I wish that it was more complicated than that, but simple is also faster.

Steve

On 5/31/01 3:51:21 PM Steve K wrote:
I am interested -- How's it work?

On 5/31/01 12:32:59 AM Steve Kratochvil wrote:
For anyone still interested in my little rant about DataX. I have a working Model:

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I expect to be finished by July 15th. I got some help from a great guy that has been messing with DATEK for some time. The end result is that I have an automated system that can daytrade while I am away.

Steve

Note: It is my intention that all trades my system executes are my choice even if they are profitable or not.

Re: DataX

Date :6/12/2001 1:29:46 AM Poster : Steve Kratochvil

At this time yes. Over the years DATEK has had a reputation for changeing their web interface quite offten. I decided to head that off at the pass and built my AutoPilot using the Script Control and JavaScript to talk to the different parts of the web site. The result of this is that I can change the script anytime DATEK changes and my program will never know the difference. This could also be used to talk to other broker sites to get position data or send the orders that come from DataX.

Steve

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RE: Automated Trading, ATTN. Steve Ward

Date :12/3/2001 1:28:08 PM Poster : Alex S.

Mr. Ward, regarding Steve Kratochvil's comment below: what's the status of NS "Automated Trading" platform?

I have a job outside of trading, so I am unable to monitor my positions/markets at all times, so I have been desparately looking for something to automate execution of my strategies with no success. I am currently using Tradestation that offers some "pseudo-automation", but all trades still require confirmations, which means, you still have to be readily available.

This made me start learning C++, so that I could attempt to potentially write an interface to a broker (in my understanding, very few brokers publish APIs to interface with their feeds, etc.) It would certainly be grand if Ward was in fact coming out with something of that sort, if I understand correctly the statement below. Thanks.

On 6/10/2001 11:14:38 PM Steve Kratochvil wrote:
I also learned that Ward Systems has something like what I have waiting in the wings [... read Steve's "AutoPilot" and auto execution platform...] as they tackle the legal issues surrounding delivery of such an application to the market.

Re: RE: Automated Trading, ATTN. Steve Ward

Date :12/4/2001 2:05:47 PM Poster : Steve Ward

Building an automated trading addon is not difficult from a technical standpoint. However, we fully understand why trade confirmations are required with TradeStation. The legal issues we are struggling with are no doubt the same. As most of our sophisticated users know, no model is perfect, and markets change. So I can't imagine someone turning on a trading model and then going away for two weeks, but some people would do that. We don't want to be on the blame line if they come back and find out their system cleaned out their bank account for whatever reason.

On 12/3/2001 1:28:08 PM Alex S. wrote:
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DataX

Date :6/23/2001 7:49:07 AM Poster : Stephen

Are you going to make the beta version available?

On 5/31/01 12:32:59 AM Steve Kratochvil wrote:
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Custom Indicators

Date :6/4/2001 11:57:26 AM Poster : Chris Goodwin

I'm experiencing some problems with custom indicators. I can create custom indicators, and use them in a few models without a problem. Sometimes when I attempt to add a custom indicator to a trading strategy, the screen that should display the custom indicator data is blank. When I click finish to add the indicator to the strategy, I get run-time error 5. Is anyone else having similar problems?

Re: Custom Indicators

Date :6/4/2001 12:58:26 PM Poster : Ward.net Webmaster

There were problems with release 3.2 in this area, which is why we made 3.21. Check if you are on release 3.2. If so, download the simple fix on this site (release news). If not, please send instructions on how to recreate the runtime 5 to support@wardsystems.com.

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Re: Custom Indicators

Date :9/24/2001 3:20:52 PM Poster : Michael D.

On 6/4/2001 11:57:26 AM Chris Goodwin wrote:
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To use your custom indicators, you first have to define what type of strategy to employ i.e (Crossover, Breakout, etc.), then you will be able to use your cutom indicators in the strategy otherwise, you custom indicators will not be listed since you haven't defined your trading strategy.

Here they are -- Parabolic SAR, DMI(+), DMI(-)

Date :6/11/2001 1:40:58 PM Poster : Steve K

I finally finished the Parabolic SAR dll and over the weekend and added DMI(+) & DMI(-) as custom indicators.

FOR the SAR I used the formula & rules from http://www.tradertalk.com/tutorial/para.html -- I also added a couple things
FOR DMI(+) and DMI(-) I parsed the formula for DMI as provided in the NSDT indicator help file

Parabolic SAR needs to be converted to a dotted line in NSDT then overlayed in a bar chart

Summary of Parabolic SAR Parameters:
High, Low and Close -- the SAR is calculated from the High & Low and a reversal is triggered when the Close value crosses the SAR

This formula doesn't need a lot of optimization so to speed things up, for the AF values I used integers and converted to decimals in the dll by dividing by 100

AF Increment --- default 2, optimization range 1-10, internal dll range .01 - .10
AF Min --- default 2, optimization range 1-10, internal dll range .01 - .10
AF Max --- default 20, optimization range 20-40, internal dll range .20 - .40
Hi/Lo Filter % --- default = 2%,0 = off, This paramter filters bad prints by limiting the HiLo values to a % of the close value. I normally use 2 min bars. You might want to raise this value for longer periods and turn it off entirely for daily, weekly & monthly bars
ROA --- Rules of Advancement, default = 1, optimization range = 0-2
0 = off
1 = SAR will not advance into the filtered Hi/Lo range of the previous bar
2 = SAR will not advance into the filtered Hi/Lo range of the previous 2 bars

DMI(+), DMI(-) parameters:

the DMI formula uses a bunch of Exp Avg Periods which I mapped together -- default value 10
I couldn't hide the other paramters so just ignore them

you can put each DMI() into a moving average(or use them as is) and get some interesting buy/sell signals at the crossovers

Good Luck & enjoy

Steve

You can download Steve's ZIP file containing three (3) tpl files and one (1) DLL file using this link: http://www.ward.net/downloads/parasar.zip. Once you have downloaded the file, unzip all files to your :\NeuroShell Trader\Template directory. If you have any questions about these indicators, please direct them to Steve on the forum. Special thanks to Steve to providing these files.

Re: Here they are -- Parabolic SAR, DMI(+), DMI(-)

Date :7/22/2001 5:12:54 PM Poster : Andrew

Hi Steve,

Ive downloaded your files - Thanks ! However when I try to use the DMI(+),DMI(-) I receive an error message saying it cant find the following file: customInd.dll ?

I have all four files. The dll file however is called parasar.dll

Are these indicators only ment to be used with NSDT ?

Thanks for your help.

Andrew

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Re: Here they are -- Parabolic SAR, DMI(+), DMI(-)

Date :7/24/2001 10:17:17 AM Poster : webmaster@ward.net

Customind.dll is the dll for the Advanced Indicator Set 1 Addon. The Parabolic SAR uses the True Range indicator, which is part of Adv Ind. Set 1.

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Parabolic SAR, DMI+, DMI-

Date :6/11/2001 4:31:31 PM Poster : Ward.Net Webmaster

Steve has now posted the files for the Parabolic SAR, DMI+, and DMI-. You can download Steve's ZIP file containing three (3) tpl files and one (1) DLL file using this link: http://www.ward.net/downloads/parasar.zip. Once you have downloaded the file, unzip all files to your :\NeuroShell Trader\Template directory. If you have any questions about these indicators, please direct them to Steve on the forum. Special thanks to Steve for providing these files.

Ward.Net Webmaster

Tough going with GA

Date :6/11/2001 9:25:55 PM Poster : Chris Niemann

I am having extreme difficulty enabling the optimizer to work in my favor.

Everything I am doing seems to make sense and I can create greate looking neural and clustering indicators without any optimization.

When I try to build a prediction of optimal change in close for (160) 5 minute bars (actual looks like a healthy fitness target) using CCI's or MACD's of different values to essential express non- correlating fractal forces fed into a sparse net and a cluster. Optimizing return on account with 6 months of data smallest set (2 weeks) with 5 optimal and 5 regular walk forwards (2 weekks) with 6 neurons adjuxting for trending markets

The optimizer allways seems to get completely lost and I am better off without optimization.

Another thing I will try to do is groom a single neural indicator by predicting optimal change in close 160 5 min bars with Zero neurons hoping to improve over the default values. Still lost and need some guidance. Perhaps I am trying to make things overly complex but my desire is to use a few intelligent indicators with a few hiddens versus piling on basic indicators and neruons

I know I am close and hope there is probably something small that I'm missing.

I know th inputs are great the data is good and the fitness and set sizes appear to be reasonable.

Any guidance or tips, I have read most of the info online and in the help files.

Thanks,
Tagster
P.S. Thanks Steve K. I had been looking for the the DMI's for neuroshell.

Re: Tough going with GA

Date :6/12/2001 9:13:25 AM Poster : Xprogrammer

I don't know what you mean that the optimizer gets "completely lost" but it was always my impression, and it seems to be the case, that if you build a strategy and THEN optimize it, that the optimizer starts with the existing solution in its "pool" of solutions. I'm not sure I'm using the correct terminology here, and I could never begin to even understand what you are doing, but it appears that the optimizer should not get worse than what you already have, not on the part being optimized anyhow. Maybe you are seeing your out of sample results "get lost" as you optimize better and better? If so, that's a whole 'nother kettle of fish.

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Re: Tough going with GA

Date :6/12/2001 3:11:50 PM Poster : Tagster

Let me clarify. The optimal percent change in close for 160 five minute bars looks and seems like a reasonable fitness. Maybe this is the problem.

I am adjusting for trending markets using multiple two week walk forwards (5-6)

By getting lost I mean that by itself a neural indicator looks reasonable. If optimizing and it finds two or three periods where wild numbers bump up the end result then those wild numbers are its idea of the best numbers that will test forward well and generalize only they have little to do with the future.

Maximize return on account is the goal. I am unsure what else to try. Maximize return on trades has typicaly produced unusual responses but I will experiment further. Perhaps I'm being overly idealistic but I would hope the optimizer

The inputs I use might be overly complex Clusters, wards or recurents that seem track market buy and sell points and classification of bullish or bearish quite well out of the box (no optimization.

I usualy use only one or two inputs into a prediction or strategy with under 8 neurons. This seems reasonalbe to me to reduce overfiiting and strive for powerfull inputs to begin with without over reliance on the GA or the hiddens. Perhaps I'm in the woods here.

Each night I pray and try to persist.

feel informed, and yet clueless
Looking for clues,
Tagster

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Re: Tough going with GA

Date :6/13/2001 9:21:33 AM Poster : Xprogrammer

Ok, so the optimizer is not finding things that work into the future. I am also assuming by "wild" you mean the optimizer latches onto some really good situations in the optimal walkforwards that probably don't occur later very often. I see this sometimes too - there'll be a big jump during optimal and the optimizer learns it can make more money just buying before the big jump, regardless of what else it does. (Forgive me for trying to be so logical - I'm an ex-programmer!).

I'm also going to assume your nets aren't too complex, because I'll never understand your clustering and fractal forces. So my idea is to stop using the optimal change in close, because during the beta I noticed Ward had that as a default but then it wasn't by the time the release came out. Must have been some reason they did that! Plus, it isn't clear how far ahead you're letting this optimal change in close go, but it sounds like 160 bars ahead you're predicting. I'm not sure so far ahead is good, but I have to emphasize, I'm no expert either!

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Another thing I will try to do is groom a single neural indicator by predicting optimal change in close 160 5 min bars with Zero neurons hoping to improve over the default values. Still lost and need some guidance. Perhaps I am trying to make things overly complex but my desire is to use a few intelligent indicators with a few hiddens versus piling on basic indicators and neruons

I know I am close and hope there is probably something small that I'm missing.

I know th inputs are great the data is good and the fitness and set sizes appear to be reasonable.

Any guidance or tips, I have read most of the info online and in the help files.

Thanks,
Tagster
P.S. Thanks Steve K. I had been looking for the the DMI's for neuroshell.

Re: Tough going with GA

Date :6/13/2001 10:47:57 AM Poster : Texas Bubba

Sometimes another objective function helps.

On 6/12/01 4:29:17 PM Chris Niemann wrote:
Quick comment.
I had been using 6 months of 5 min Basr as a max and 2 weeks as a minimum. The two weeks may be simply too small to model and the GA will optimize for an isolated environment. Now trying 2 months as a minimum looking better. This may have been the culprit.

Also I use 5-10 2 week optimal walk forwards with 4-6 walk forwards. Not sure if this is an issue but seems reasonable.

Welcoming any suggestions

Tagster

On 6/12/01 9:13:25 AM Xprogrammer wrote:
I don't know what you mean that the optimizer gets "completely lost" but it was always my impression, and it seems to be the case, that if you build a strategy and THEN optimize it, that the optimizer starts with the existing solution in its "pool" of solutions. I'm not sure I'm using the correct terminology here, and I could never begin to even understand what you are doing, but it appears that the optimizer should not get worse than what you already have, not on the part being optimized anyhow. Maybe you are seeing your out of sample results "get lost" as you optimize better and better? If so, that's a whole 'nother kettle of fish.

The Xprogrammer

On 6/11/01 9:25:55 PM Chris Niemann wrote:
I am having extreme difficulty enabling the optimizer to work in my favor.

Everything I am doing seems to make sense and I can create greate looking neural and clustering indicators without any optimization.

When I try to build a prediction of optimal change in close for (160) 5 minute bars (actual looks like a healthy fitness target) using CCI's or MACD's of different values to essential express non- correlating fractal forces fed into a sparse net and a cluster. Optimizing return on account with 6 months of data smallest set (2 weeks) with 5 optimal and 5 regular walk forwards (2 weekks) with 6 neurons adjuxting for trending markets

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P.S. Thanks Steve K. I had been looking for the the DMI's for neuroshell.

Re: Tough going with GA

Date :6/26/2001 4:43:02 PM Poster : Tagster

Thanks TB XP,

Beleive me, I am no advanced TA snob. I do however beleive in looking deeper by accessing longer term information along with the shorter term.

I use the term fractal in a loose sense. To me fractal means pattern within a pattern. Steve ward had created succesfull models simply using 5 RSI's with different values. I would call that a fractal approach (again loosly). Dr. Elder in "Trading for a Living" uses MACD's of different values (I beleive he multiplies by a factor of 5. A moving average crossover system is referencing two different time periods within a time series. This method used to be effective in the eighties and prior when markets where more structured. Murray ruggiero has demonstrated in his book that this method has since become challenged by current markets. Implying that a deeper approach is required.

I am a firm beleiver in simplicity to start with, address market complexity or chaos and return to simplicty (buy, sell, bullish, bearish etc). my method is similar to the above along with adding a some price regression (slope) readings fed into a neural or a cluster. Using < 10 neurons and 2-3 inputs. The neurals and clusters look good prior to optimization and seem to get fouled up durring optimization. Meaning that the GA will give a 250% + retun and the walk forwards are abysmal.

The difficulty I am experiencing lies in either what I am trying to predict or the default fitness of maxinmize return on trades. Predicting optimal % chang in close.
I have also tried JMA smoothed 30 period momentum (all on 5 min charts)
6 month max and 1 month min with 5 WF's and %owf's of two weeks seems reasonabl?

I have created an exceptional model for Ciena and cannot seem to replicate it in other markets. Very frustrated as I keep running into a wall. Feeling rather foolish in that I know this software is powerful and I know my ideas are strong but they ends don't seem to want to meet. Maybe it's off to AI Summer school.

Any pointers on fitness and what to predict.

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The Xprogrammer

NeuroShell Trader Beta Now Available

Date :6/12/2001 3:05:28 PM Poster : Ward.net Webmaster

The NeuroShell Trader Beta is now available for download from the Release News section of this site.

It contains some bug fixes and can run independent of your current version of the NeuroShell Trader as it is installed in a separate directory.

Ward.net Webmaster

Limiting time-of-day in charts

Date :6/13/2001 11:48:13 AM Poster : Jimmy Raineri

Is there any way to "filter" time-of-day so that bars are only created for user defined time ranges?

Also, is it possible to set up the trader so it can see pre- and post- market activity?

Re: Limiting time-of-day in charts

Date :6/13/2001 4:30:52 PM Poster : Texas Bubba

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Re: Limiting time-of-day in charts

Date :6/13/2001 5:27:45 PM Poster : Jimmy Raineri

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If you are trying to come up with a trading strategy to play only the open and a couple of hours after that, you may want your indicators to only see the previous days last 2 hours of trading, etc., etc.

Also, you may want to use post and pre market activity in an indicator to feed into a trading strategy - that's why I'm asking about the trader seeing that data - quote.com is sending it - but I can't figure out how to display/use it in the trader.

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Re: Limiting time-of-day in charts

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Re: Limiting time-of-day in charts

Date :6/14/2001 11:55:04 AM Poster : Jimmy Raineri

Yes, I know about that feature - but that doesn't help.

Let me simplify - "pretend" that a trading day is 2 hours long - 9:30am until 11:30am. I want my indicators to calculate using only those values - even across days.

For example, let's say I have a 15 minute chart. At 9:30am on Tuesday an LAG(CLOSE,2) indicator would return the 11:15am monday close - not the 3:45pm monday close.

Does that make it clearer? Thanks.

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Re: Limiting time-of-day in charts

Date :6/14/2001 1:15:41 PM Poster : Ergo Mann

This is probably a great reason for taking the new courses.

In fact what you propose is well catered for.

When using intra-day data the Time Flags indicator category is selectable.
If for example you choose, (i) "X<=Time<=Y" and select 09:30 and 11:30 as the variables, the trading strategy will only trade between these times.

(ii) I use 09:00 to 16:00 on the opening long and then use the time flag "Time > = X" on the long exit with a parameter of 16:15

To explain the significance (i) will only enter a long strategy between the two time quoted and (ii) will always close a trade at 16:15 depending on the time frame selected i.e. if you choose a time slot, say 30 mins or 20 min then the time may vary to the debit side of 16:15.

Ergo.

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Re: Limiting time-of-day in charts

Date :6/14/2001 2:37:53 PM Poster : Jimmy Raineri

Ergo -

Unless I misunderstand, what you propose is not a solution.

Notice you say "will only trade between these times". I knew I could do that all along. However, that doesn't stop the trader from using time periods outside that range in the calculation of indicators. For example, a moving average covering 10 periods will include values from outside that time range. The time range is only used when deciding to trade or not - it doesn't have any affect on the data used to calculate the indicators.

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Re: Limiting time-of-day in charts

Date :6/14/2001 1:33:59 PM Poster : Ward.net Webmaster

The Trader isn't really made to do what we understand you want to do without building your own indicators in a DLL, maybe. However, we have a largely undocumented feature that might help, where an asterisk means "no data". It is like the asterisk you pass back and forth to DLLs. We didn't

document it because there are some real hard to explain situations that you can get into when you use it. We aren't even sure ourselves of all the problems you could have. But if you want to experiment with it, understanding that technical support isn't able to assist you with the problems you might have with it, here goes:

You can use an asterisk in an If/Then/Else rule to make something like a simple moving average go back to the previous time period in the calculation. For example, the following moving average should only use the close values between 9:30am and 11:30am when it's calculating:

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Re: Limiting time-of-day in charts

Date :6/14/2001 2:56:16 PM Poster : Jimmy Raineri

Yes, you understand exactly what I'm talking about. Very interesting idea to use the if/then/else as input to an indicator. That opens the door to some interesting things.

Is there some way to get the trader to see before 9:30 and after 4:00?

Thanks!

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Trader Beta 3.26

Date :6/13/2001 3:02:45 PM Poster : Ward.net Webmaster

For a few days now we have had a beta release available on this site. Our programmers are saying that no credible bugs have been reported on this release. Certainly it is better than 3.21, with lots of bugs fixed. However, we'd like to urge each of you to download it and try it on your trading systems. If it's going to have a problem with something you are doing, wouldn't you like us to fix it now while we can act quickly on it before it is released? This beta can be installed without removing your production release 3.21. If our programmers don't find anything wrong with it by Monday they may make it final!

Re: Trader Beta 3.26

Date :6/13/2001 5:30:25 PM Poster : Jimmy Raineri

I realize it says this on the beta website - but it can't hurt to stress it again - the charts that are saved from 3.26 ARE NOT DOWNWARD COMPATIBLE with other versions of the trader. So if you open an existing chart with 3.26 and save it over the top of itself, you wont be able to read it in your non-beta version of the trader.

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Re: Trader Beta 3.26

Date :6/13/2001 11:11:31 PM Poster : Chris Goodwin

I just downloaded the beta, and am extremely impressed with the stability and performance. I routinely create charts with 100 stocks in them for screening purposes. I just discovered that with 3.26, removing stocks from the chart seems to execute much more quickly, as does closing large charts. It used to take several minutes to remove stocks from a large chart, and now it takes just a few seconds.

Please congratulate your developers on a job well done!

Chris Goodwin

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type of data for prediction

Date :6/26/2001 3:33:35 AM Poster : claude cherel

Just thinking about the kind of datas to input to a prediction.

Let's say, If I would predict the sales of beverage, I would probably look at the weather, the day of the week, the season, the day of salary, everything which could have an impact on the sales... But I will not use the past sales as input.

Don't you think it should be the same for a stock? In order to predict the near future of a stock I could use S&P, NSDQ, Tick, TRIN, DJI, whatever I think it could be in relation with my stock. But the past values of the stock will only be the output data of the Neural Network, I will not use these data as input. A lot of indicators (rsi, stoch, macd, moving averages, etc...) are just another way to present the past values of a stock, so I should not use the stoch indicators as input to my neural network. If I want indicators as input then I should use S&P Stoch, Tick Moving average, DJI macd, etc. but nothing coming from the stock I want to predict.

Do you have any comment? Am I in the right way?

Thanks a lot in advance for sharing what you know.
Claude

Re: type of data for prediction

Date :6/28/2001 4:30:37 PM Poster : Steve Ward

Claude:

I, for one, agree that for sales prediction, you would never use past sales as inputs, since past sales have little if anything to do with new sales. The other factors you mentioned will be far more predictive.

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On the other hand, the reason old prices might affect coming prices is because of greed and fear. If the price is low, greed may kick the price up. When the price climbs too high, fear drops it back. Therefore, you can argue that for stock prices, past prices DO affect future prices.

This is certainly a topic worthy of more contribution and ideas from other users.

Steve Ward

On 6/26/01 3:33:35 AM claude cherel wrote:
Just thinking about the kind of datas to input to a prediction.

Let's say, If I would predict the sales of beverage, I would probably look at the weather, the day of the week, the season, the day of salary, everything which could have an impact on the sales... But I will not use the past sales as input.

Don't you think it should be the same for a stock? In order to predict the near future of a stock I could use S&P, NSDQ, Tick, TRIN, DJI, whatever I think it could be in relation with my stock. But the past values of the stock will only be the output data of the Neural Network, I will not use these data as input. A lot of indicators (rsi, stoch, macd, moving averages, etc...) are just another way to present the past values of a stock, so I should not use the stoch indicators as input to my neural network. If I want indicators as input then I should use S&P Stoch, Tick Moving average, DJI macd, etc. but nothing coming from the stock I want to predict.

Do you have any comment? Am I in the right way?

Thanks a lot in advance for sharing what you know.
Claude

Re: type of data for prediction

Date :6/29/2001 3:32:24 AM Poster : claude cherel

Thank you very much Steve for your interesting answer.

Now time is coming to find out the correct indicators.

Where could I find an exhaustive list of sentiment indicators? I know a few but certainly not all of them.

Claude

P.S. Even if S&P, Nsdq, DJI are not always predictive, I sometimes get good results.

On 6/28/01 4:30:37 PM Steve Ward wrote:
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Re: type of data for prediction

Date :6/30/2001 11:15:22 AM Poster : Michael Stigall

Oops. I realized that I didn't pull the conclusion on the timing of indicators back to your question. Not enough caffiene this morning.

We know that Mr. Greenspan has a tremendous affect on the market. How often does the Fed change interest rates? If you try to predict daily stock price change and relate it to interest rates which may change monthly or quarterly, then you're essentially limiting your stock prediction to "old" data or even worse... trying to train a neural net with data which seems to have high importance but only affects the stock price _when_ the interest rates change.

You could try to build an indicator which counts days until the next Fed decision, and guess at the change... But now you're getting into a lot of data massaging for an indicator which only pops up every few months.

Re: type of data for prediction

Date :7/1/2001 4:02:03 PM Poster : Allan Orn

Reading the works of old masters like R.D. Wyckoff, Edwards & Magee you will see a lot of discussion along the lines of "waves of greed/fear", together with "trade with the trend". I think that these concepts are still very useful.

When developing a neural (or other system) is a good idea to get the concepts in place before blindly picking some of the many available indicators.

Technical indicators tend to make certain price action stand out, i.e. oscillators signal price action away from a short term balance point while moving averages signal possible trend starts.

Depending on the trading concept chosen, it is best to add indicators that "amplifies" the tactical information that your system needs.

Regarding the possibility to predict future prices based on past prices: The academic community says it is not possible, most traders say it is possible but loose money, a few traders are able to do it but keep the methods to themselves.

/al

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Nasdaq predictions as input to stocks

Date :6/30/2001 7:37:29 PM Poster : albert stoffel

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Does anyone know how to trick the Neuroshell Trader into predicting index/futures and then using these predictions as inputs to a stock model, without having to export the index predictions into a file and reimporting them into the stock model? Thx albert

Re: Nasdaq predictions as input to stocks

Date :7/2/2001 8:53:41 AM Poster : Maxwell Craven

I don't understand, Albert. Predictions are right there in NST so you can stick them into any place you want without exporting anything. I do it all the time. Just put the out of sample net into a rule or indicator or whatever. If you have adaptive turboprop you can stick that in anyplace too. If I'm not understanding exactly what you are doing, please explain further.

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Date :7/3/2001 4:05:29 PM Poster : albertl

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Re: Nasdaq predictions as input to stocks

Date :7/3/2001 6:11:36 PM Poster : Ward.net Webmaster

After reviewing this further, we have determined that it is possible to do this in the Prediction Wizard. You build the chart for the stock. Then insert the index as "Other instrument data." Then when you go to predict the index, you have to select "Other data/Indicators". There you will get a chance to select the Close for the index. You will probably want to make sure the inputs you use are based on the index as well. Therefore, the index prediction winds up in the chart, and you can then use the out-of-sample net, just as Maxwell originally said. No need to export or import, since you keep everything in one chart. But there are a few things to keep in mind:

1. The Prediction Wizard Training Results screen will indicate the ticker symbol of the issue with which the chart was originally built.

2. If you train on profit, all trades will be based on the issue with which the chart was originally built.

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Re: Nasdaq predictions as input to stocks

Date :8/11/2001 6:32:40 PM Poster : Steve Safigan

I know this reply is late, but if you're still monitoring this group for an answer, I might have one. I've just gotten started with NST myself, but this seems to work:

Add a stock as the primary chart, then add a subchart as the index. Write a prediction for the stock, but only use indicators for the index. For instance, instead of using %change(close,1), use %change(close of nasdaq index,1). Do this with all of the indicators in the prediction. Although NST will call this a prediction for your stock, it will actually be a prediction for the index, since all of the inputs relate to the index, not the stock. Now you can use the prediction you built as input into a trading strategy for the stock.

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Category Inputs

Date :7/3/2001 12:05:35 PM Poster : DickDanger

I would appreciate any help available with the following.

I have been trying to determine the best way to input the day of the week to my neural net. I have tried using a singe input (1=Monday, 2=Tuesday...5=Friday) and I have tried using 5 binary inputs (1,0,0,0,0=Monday, 0,1,0,0,0=Tuesday...).
Using a single input works poorly, which is probably expected. However, using 5 binary inputs, although better, is not all that good either. I created a simple artificial data set, where the output should be able to be predicted perfectly if the day of the week is known. Even using 5 binary inputs, results were mediocre. Anyone know why, or any other ways to tell a NN the day of the week?

Thanks,
Dick Danger

Re: Category Inputs

Date :7/3/2001 3:16:40 PM Poster : Steve Ward

There are two difficulties with binary inputs:

1. They add a lot more variables, and
2. Turboprop2 is optimized to make continuous valued predictions, and continuous valued predictions work best with varying numeric data. So predictions are hard with binary data, especially if there aren't lots of other inputs.

The single input approach is not good because it violates the 8th Commandment (see Tips and Techniques on this site.) However, if you code the day in a single input so that the day number increases as some important characteristic of the day increases, it might work better.

Suppose, for example, you believe trading volume makes discrimination by day important. Suppose further that trading in your issue is heaviest on Friday, followed by Monday. Suppose Wednesday is light, but Tuesday and Thursday average the same trading volume, but are lighter yet. Then I'd try Tuesday=1, Thursday=1, Wednesday=2, Monday=3, Friday=4.

Better yet, I'd assign a number based on average trading volume, perhaps scaled between 0 and 10. Then you might wind up with something like Thursday=0.67, Tuesday=0.81, Wednesday=1.22, Monday=8.64, Friday=10.

The other thing you can do is try some of the other neural net types that are in our add-ons, especially the ones that classify instead of predicting. Classification generally works better with binary inputs than prediction does. Adaptive Net Indicators and Neural Indicators classify, so they might be better with binary inputs. Anyone who wants to be really serious about neural nets should own as many addons as they can afford. (I use them all, but of course I get them free.) I actually prefer classifying the market rather than predicting the price, and usually do better that way too.

Steve Ward

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Thanks,
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Converting to Windows 2000 alert

Date :7/3/2001 5:56:10 PM Poster : Ward.net Webmaster

We have had a number of problems with users converting to Windows 2000 from other operating systems. If you are thinking about doing this, please read what we wrote in Known Major Bugs, Fixes, and Warnings. Thanks.

Re: Converting to Windows 2000 alert

Date :7/3/2001 6:41:40 PM Poster : Steve K

Windows 2000 is a solid operating system. So much better than win98 or early NT in memory handling and stability. I upgraded with very few problems. and going a month without a crash is not uncommon

in fact, i Like win2k so much I'll be very slow to switch to XP when it's released.

The Win2k upgrade is well worth the effort.

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Transformation and scaling

Date :7/4/2001 6:06:26 AM Poster : Claude Cherel

Hi everyone,

What do you think about transformation and scaling ?

If I use indexes like DJI, Nasdaq, S&P, as input to a prediction, the values can be very different (10570, 1850, 1245). Can I use
these raw values or is it better to transform them?

I use two things:
- ln(divide(Close,lag(close,5))
- scaling between -1 and 1

Is it important to do this kind of transformation for NeuroShell Trader or does the product deals with raw data without any problem?

Thanks,
Claude

Re: Transformation and scaling

Date :7/9/2001 2:20:58 PM Poster : webmaster@ward.net

The NeuroShell Trader help file includes a topic called "Neural Network Output Discussion". The comments and methods applied to outputs may also be applied to inputs.

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Re: Transformation and scaling

Date :7/12/2001 10:47:47 AM Poster : Steve Ward

Claude:

Actually, scaling is already being done similarly and automatically to inputs and outputs by all of our neural nets except Adaptive Net Indicators. Scaling is NOT being done OUTSIDE of neural nets. The webmaster's comment is about normalizing over time, which isn't being done by NST to inputs, although certain outputs are pretty normalized, e.g., percent change in open. Your formula seems to scale, which isn't necessary, but it also does a little normalizing over time too, so the formula may help and probably won't hurt anything.

However, an alternative to normalizing over time is not going so far back to when the issue was trading at an entirely different level. Frankly, I think the trading patterns for DELL, for example, were a lot different before the big bull market, and changed again when the bear market started. So I don't think normalizing over time always helps.

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Date :7/13/2001 3:50:19 AM Poster : claude cherel

Thank you Steve for your clear answer. Now I know what to do about scaling and normalizing on time.

For the second part of your answer, I understand that I could use raw data like close, open, volume ... if I decrease the number of bars for each input.
Then in this case I do not have to normalize over time, right?

To resume I identified three types of transformation:
- Scaling : where a formula is used to reduce data (0 to 1, or -1 to 1, etc...) - This is normally done by NST inside neural nets.
- Normalize over time : where a formula is used between the last data and some other data in the past (using lag() for example) - This can be avoid if you decrease the level of observation.
- The 3rd one : where a formula is used between the data and the moving average for the same bar. In this last case is it scaling or normalizing?

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For the second part of your answer, I understand that I could use raw data like close, open, volume ... if I decrease the number of bars for each input.
Then in this case I do not have to normalize over time, right?

To resume I identified three types of transformation:
- Scaling : where a formula is used to reduce data (0 to 1, or -1 to 1, etc...) - This is normally done by NST inside neural nets.
- Normalize over time : where a formula is used between the last data and some other data in the past (using lag() for example) - This can be avoid if you decrease the level of observation.
- The 3rd one : where a formula is used between the data and the moving average for the same bar. In this last case is it scaling or normalizing?

Thanks,
Claude

On 7/12/01 10:47:47 AM Steve Ward wrote:
Claude:

Actually, scaling is already being done similarly and automatically to inputs and outputs by all of our neural nets except Adaptive Net Indicators. Scaling is NOT being done OUTSIDE of neural nets. The webmaster's comment is about normalizing over time, which isn't being done by NST to inputs, although certain outputs are pretty normalized, e.g., percent change in open. Your formula seems to scale, which isn't necessary, but it also does a little normalizing over time too, so the formula may help and probably won't hurt anything.

However, an alternative to normalizing over time is not going so far back to when the issue was trading at an entirely different level. Frankly, I think the trading patterns for DELL, for example, were a lot different before the big bull market, and changed again when the bear market started. So I don't think normalizing over time always helps.

On 7/9/01 2:20:58 PM webmaster@ward.net wrote:
The NeuroShell Trader help file includes a topic called "Neural Network Output Discussion". The comments and methods applied to outputs may also be applied to inputs.

On 7/4/01 6:06:26 AM Claude Cherel wrote:
Hi everyone,

What do you think about transformation and scaling ?

If I use indexes like DJI, Nasdaq, S&P, as input to a prediction, the values can be very different (10570, 1850, 1245). Can I use
these raw values or is it better to transform them?

I use two things:
- ln(divide(Close,lag(close,5))
- scaling between -1 and 1

Is it important to do this kind of transformation for NeuroShell Trader or does the product deals with raw data without any problem?

Thanks,
Claude

Emergency Alert for Quote.com Users (7/5/01)

Date :7/5/2001 4:23:23 PM Poster : Maciej

Thanks for the update. It has cleared my quote.com download problem. One caveat, the zip file assumes that my winnt\system32 directory is on the C: drive. In my case that's not correct its on my G: drive so if you use a drive other than C: you'll have to cut and paste it.

PS I use W2000 and find that's its much more stable than NT. No issues with NST.

Regards

Chart scale "freezing"

Date :7/8/2001 7:16:01 AM Poster : Jimmy Raineri

It there any way to have the trader use a "fixed" scale on the charts?

It is almost impossible to manually scroll across a chart looking for specific combinations or patterns when the scale of the indicator you are looking at keeps changing as you scroll.

Thanks!

Re: Chart scale

Date :7/9/2001 3:01:12 PM Poster : Ann

The Edit Menu, Format Chart, Y axis tab allows you to set minimum and maximum values for the Y axis for daily, weekly, or monthly charts.

Ann

On 7/8/01 7:16:01 AM Jimmy Raineri wrote:
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It is almost impossible to manually scroll across a chart looking for specific combinations or patterns when the scale of the indicator you are looking at keeps changing as you scroll.

Thanks!

Re: Chart scale

Date :7/10/2001 5:38:32 PM Poster : Jimmy Raineri

Thanks Ann - no wonder I didn't see that - I don't use D, W or M charts - mostly only 5 minute charts.

Do you know why the scaling options are not available on those?

On 7/9/01 3:01:12 PM Ann wrote:
The Edit Menu, Format Chart, Y axis tab allows you to set minimum and maximum values for the Y axis for daily, weekly, or monthly charts.

Ann

On 7/8/01 7:16:01 AM Jimmy Raineri wrote:
It there any way to have the trader use a "fixed" scale on the charts?

It is almost impossible to manually scroll across a chart looking for specific combinations or patterns when the scale of the indicator you are looking at keeps changing as you scroll.

Thanks!

FUTURES AND "FAIR VALUE"

Date :7/19/2001 2:26:41 AM Poster : ED CONDON

ANY FEEDBACK TO THE FOLLOWING WOULD BE APPRECIATED.

IS THERE A FORMULA TO CREATE A "FAIR VALUE" INPUT? I READ SOMEWHERE THAT PROGRAM TRADING IS OFTEN MORE THAN A THIRD OF THE VOLUME ON THE STOCK EXCHANGES. MIGHT NOT THESE PROGRAMS CREATE A LOT OF "NOISE" FOR THE DAYTRADER? I WAS THINKING OF A RATIO TO THE "FAIR VALUE" AS AN INPUT.

IDEAS, COMMENTS APPRECIATED.

THANK YOU,
ED CONDON

Re: FUTURES AND

Date :7/20/2001 3:18:11 AM Poster : Ergo Mann

ED

Have a look at...

http://www.programtrading.com/buysell.htm

Ergo.

On 7/19/01 2:26:41 AM ED CONDON wrote:
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IDEAS, COMMENTS APPRECIATED.

THANK YOU,
ED CONDON

Re: FUTURES AND

Date :7/21/2001 2:23:05 AM Poster : ED CONDON

ERGO, THANK YOU... THIS FORUM IS A BIG HELP
On 7/20/01 3:18:11 AM Ergo Mann wrote:
ED

Have a look at...

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IDEAS, COMMENTS APPRECIATED.

THANK YOU,
ED CONDON

Quote.com Connectivity

Date :7/21/2001 1:57:08 AM Poster : Maciej

Does anyone know how to stop NST from keeping a connection open to Quote.com when it's not necessary? Using 5 minute bars, I run optimizations after market hours. At that time I do not need any more bars/data so I flag the box to indicate that no data collection should occur. That's fine, no data collection occurs but my proxy server indicates that NST is maintaining a link into Quote.com.

Any ideas how to stop NST from maintining an unnecesary link?

Regards

Re: Quote.com Connectivity

Date :7/23/2001 3:35:56 PM Poster : Texas Bubba

I always just hit that little disconnect button in the servers tab in that data sources menu thing. Course I don't have no proxy server, or maybe I just don't know how to get to it.

On 7/21/01 1:57:08 AM Maciej wrote:
Does anyone know how to stop NST from keeping a connection open to Quote.com when it's not necessary? Using 5 minute bars, I run optimizations after market hours. At that time I do not need any more bars/data so I flag the box to indicate that no data collection should occur. That's fine, no data collection occurs but my proxy server indicates that NST is maintaining a link into Quote.com.

Any ideas how to stop NST from maintining an unnecesary link?

Regards

looking unduely into the future

Date :8/3/2001 5:41:11 AM Poster : albertl

Hello all wizzards,
This is also contribution to the leading indicator discussion.
So, we are not supposed to use e.g. 2day % close prediction as input to a second 2day % close prediction. But what about using the actual signal , say of a 2 day prediction as input to a 10day prediction. If using the out of sample signal of the 2 day prediction as input to the 10 day prediction is acceptable, why shouild the use of the actual signal not be acceptable?
albert

p.s: part_copy of mail to support:>
.....4) Is there any possibilty of mistakingly getting out of sample data mixed in my final prediction (an unacceptable hindsight) by using actual signals of different predictions as inputs to my final prediction...I hope not..I am extremely surprised how the out of sample results (1year I use) can jump to over 140% based on predictions which themselves bring 30% or 50% in out of sample. (in stocks and even in currencies)
ANSWER:
The Out of Sample data is not mixed in with the final prediction, but are you feeding in the Actual Signal data stream (ie the blue line)? This line should only be used for visual analysis. Use the green Out of Sample Signal to feed in as an input to another prediction.

Re: looking unduely into the future

Date :8/3/2001 9:20:57 AM Poster : Steve Ward

You can certainly use any prediction of the future as an input to any other prediction of the future as long as you make sure no information known only in the future slips in anywhere. This means in particular that you should:

1. use the out-of-sample net as input
2. make sure your inputs are not known only in the future

For any prediction, you should never feed in the lead indicator as an input. It gives you information you could not know at the time you make a prediction, so it can't be an input.

The actual signal is basically a lead of the output and so it also gives you information only known in the future.

A prediction of the future is made from information NOT known only in the future, so a prediction is ok as an input. It is just a guess at the output, and not the actual output itself.

Is the above clear, or should I rephrase it?

On 8/3/01 5:41:11 AM albertl wrote:
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This is also contribution to the leading indicator discussion.
So, we are not supposed to use e.g. 2day % close prediction as input to a second 2day % close prediction. But what about using the actual signal , say of a 2 day prediction as input to a 10day prediction. If using the out of sample signal of the 2 day prediction as input to the 10 day prediction is acceptable, why shouild the use of the actual signal not be acceptable?
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New look and feel for forum??

Date :8/6/2001 1:29:06 PM Poster : webmaster@ward.net

Previously, we asked for your opinions on how we should change the look and feel of the forum. The majority of responses we received asked for a sequential treatment of the threads rather than the current hierarchical one. Consequently, we gave the AI College class sequential threads, where each new posting goes on the bottom of the last one, so you can read down.

Now we've made a read-only mock up of this forum in the format of the class forum, which we'd like you to look at. You can't post anything, but you can view a few of the threads already here in the new format. We'd appreciate your comments added to this thread.

Here is the link:

http://www.wardsystems.org/cgi-bin/Forum/f_main.asp

.

Re: New look and feel for forum??

Date :8/6/2001 4:12:46 PM Poster : Daniel P Lyons

I prefer the new sequential threads.....well done

Daniel

On 8/6/01 1:29:06 PM webmaster@ward.net wrote:
Previously, we asked for your opinions on how we should change the look and feel of the forum. The majority of responses we received asked for a sequential treatment of the threads rather than the current hierarchical one. Consequently, we gave the AI College class sequential threads, where each new posting goes on the bottom of the last one, so you can read down.

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Re: New look and feel for forum??

Date :8/6/2001 9:42:57 PM Poster : Steve Kratochvil

I do have this to say. I love the look and feel of another site, also the very timely posting of "INSTANTLY" is just killer. The down side to it is topics and content. The facts are that they have a killer site and nobody is using it because it has no real clear topic or content. I think that if Ward used/bought/absorbed/in all other ways accuired, it's technology that we would have a great place to almost chat and keep very organized. Besides that it would be a fresh look. I just finished the AI College course and the way that the Fourm there is designed was of little notice. Yes it was a little different but still the same. That is my over inflated opinion for the day.

Thanks,

Steve

On 8/6/01 1:29:06 PM webmaster@ward.net wrote:
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Re: New look and feel for forum??

Date :8/29/2001 9:40:09 PM Poster : Cantley

I like it a lot!

On 8/6/2001 1:29:06 PM webmaster@ward.net wrote:
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quote.com recommended service

Date :8/7/2001 10:28:02 AM Poster : Ken Giuffre MD

Fellow users of neuroshell trader pro and day trader pro...anyone out there using quote.com for their data?
If so what level of service have you found useful for both non-day trading and for day trading? Please advise. Would be a useful thread for all if someone could post an encompassing article reviewing all available data sources and pricing...
best,
Ken Giuffre

Re: quote.com recommended service

Date :8/7/2001 11:26:17 AM Poster : Maxwell Craven

For the Pro, take a look at the January thread called "End of day data sources besides HistoryBank". For the DayTrader, Quote.com is the only one that Ward supports right now.

On 8/7/01 10:28:02 AM Ken Giuffre MD wrote:
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If so what level of service have you found useful for both non-day trading and for day trading? Please advise. Would be a useful thread for all if someone could post an encompassing article reviewing all available data sources and pricing...
best,
Ken Giuffre

Selective Input Periods

Date :8/7/2001 6:30:14 PM Poster : zhazam

Steve or anyone ...

From what I've read on the threads and boards, NNs works well on securities that are in trading ranges. However, not all securities trade in trading ranges all the time. Many securities trade in ranges, trend and then trade in ranges again. Is there a way for me to dummy out the trending part of the market so I just show the NN the trading ranges?

I tried to make the trending periods have 0 inputs (for what ever indicator I use) because NeuroShell's input time frame is continuous. I'm not sure if the 0 inputs into the NN will actually give me the desired "don't look at this data point" affect on the NN. A "null" output that would force the NN to ignore the particular time period (minute, day , month, etc) would probably be more appropriate.

Thanks in advance

Re: Selective Input Periods

Date :8/8/2001 1:39:46 PM Poster : webmaster@ward.net

The neural nets in the prediction wizard will ignore any bars in which one if the inputs is missing, so this is the NULL you are seeking. Zero doesn't indicate missing, but you can force an indicator to be missing by sending an asterisk to the chart. If you didn't read this, don't worry, it is largely undocumented.

For example, suppose you didn't want the net to include Mondays in the training set. Suppose further that you had the RSI as an input to the net. Then change that input to the following Rule indicator (see the Rules category):

IF condition=Monday Flag then * else RSI

Now all you have to do is come up with some indicator you can put in the condition to tell you when you are in a trend. Maybe when closes get successively higher or successively lower.

On 8/7/01 6:30:14 PM zhazam wrote:
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Thanks in advance

Re: Selective Input Periods

Date :8/9/2001 12:22:56 AM Poster : Zhazam

Thanks webmaster ... I tried it and it works. Now, within the same context, how would I specifying specific date ranges (i.e. dd/mm/yy). Are there any date functions that allow dates to be specified ... above and beyond the general ones provided? Thanks!

On 8/8/01 1:39:46 PM webmaster@ward.net wrote:
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Thanks in advance

Re: Selective Input Periods

Date :8/9/2001 9:01:25 AM Poster : Webmaster@ward.net

If you have the DayTrader, you can select time ranges, but not date ranges. However, you can read those asterisks in via a text file as Other Instrument Data, for example, or even in one with the same name as the stock, e.g. DELL.CSV. Below is the first few lines of one we made for Dell, with a new indicator called Trending that would be missing when we wanted to show a trend. We just made it zero otherwise, but of course it could be anything.

Date,Trending
1/1/2001,0
1/2/2001,0
1/3/2001,0
1/4/2001,*
1/5/2001,*
1/6/2001,*
1/7/2001,*
1/8/2001,*
1/9/2001,*
1/10/2001,*
1/11/2001,*
1/12/2001,*
1/13/2001,*
1/14/2001,*
1/15/2001,0
1/16/2001,0
1/17/2001,0
1/18/2001,0
1/19/2001,0
1/20/2001,0

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Re: Selective Input Periods

Date :9/20/2001 3:10:25 PM Poster : webmaster@ward.net

There was an error in the post to which this message replies. Actually, the Prediction Wizard will only ignore bars for which ALL inputs are missing. We should have suggested that the output be enclosed in the IF indicator, because the Prediction Wizard will also ignore any bars in which the output is missing. Sorry for the mistake.

Note that to enclose the output in IF-THEN you will have to use your own indicator as an output, not allowing the Prediction Wizard to build it for you. E.g. if predicting change in close 3 days ahead, insert a 3 day change in close indicator (momentum). Then predict that 3 days ahead.

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Thanks in advance

Re: Selective Input Periods

Date :10/2/2001 4:59:38 PM Poster : webmaster@ward.net

We now really regret ever trying to tell our users how to do selective training with neural nets. As the tech support Q&A we received below will show, trying to do that sort of thing opens a big nasty can of worms that you will wish you had never opened. The Q&A is just the tip of the iceberg. We can't spend more time doing tech support on this, and we may even delete this thread in the future. Therefore, please take our advice and DON'T try to do the selective training we mentioned in this thread. As our CEO would say: the juice isn't worth the squeeze!

Q. The attached chart is trained on data through 9/28 and the chart shows that. But, the prediction analysis, statistics and the trade by trade stop at 8/24. Can you help with this.

A. The problem where the prediction stops training at 8/24 is a result of how many bars ahead you are predicting. Because you have constrained the output, the number of bars ahead is actually the number of constrained bars ahead and not the actual number of bars ahead. Therefore since you are looking 40 bars ahead, the prediction is actually looking 40 constrained bars ahead, and since you only have 2 bars per day, it is actually looking 20 days ahead. So the prediction can only train up until August because it needs to look 20 days ahead.

The way around this problem is to put the lead into the output before the bars are constrained instead of letting the prediction lead the output. By doing so, the lead will be the number of bars ahead instead of the number of constrained bars ahead. As an example, if you wanted to make one prediction a day and you want to predict the change between 9:30 and 9:00 at 9:00 on a 1 minute bar chart, you would use the following output and set the number of bars ahead to 0 in the prediction wizard:

IfThenElse(Time=9:00, Lead(Change(Close,30),30), *)

On 9/20/2001 3:10:25 PM webmaster@ward.net wrote:
There was an error in the post to which this message replies. Actually, the Prediction Wizard will only ignore bars for which ALL inputs are missing. We should have suggested that the output be enclosed in the IF indicator, because the Prediction Wizard will also ignore any bars in which the output is missing. Sorry for the mistake.

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Thanks in advance

aicollege

Date :8/12/2001 10:52:58 AM Poster : John Porter

Is the aicollege course useful for those not running NST Professional or Day Trader? I'm currently running the standard version but am interested in the course. I would really like to expand my understanding of what to predict and valuable net inputs.

I've got some nets that predict rather well but haven't been able to make a satisfactory trading system from them yet.

Re: aicollege

Date :8/13/2001 9:06:50 AM Poster : Steve Ward

It may be useful for you to take the course, but I'd say nearly half of the course involves the optimizer and custom indicators which you don't have. So some of your money will be wasted, so to speak, unless you are considering upgrading to the Pro or DayTrader Pro soon. If any of you who have taken the course want to add your view of John's question, please feel free.

On 8/12/01 10:52:58 AM John Porter wrote:
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I've got some nets that predict rather well but haven't been able to make a satisfactory trading system from them yet.

Re: aicollege

Date :8/13/2001 11:04:40 AM Poster : John Porter

Thanks for the info.

I was planning on upgrading to Professional but wasn't sure of the best
order to do things. Perhaps I'll upgrade first, get familiar with the product
and then take the course.

On 8/13/01 9:06:50 AM Steve Ward wrote:
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spreads and portfolios

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Re: spreads and portfolios

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He maybe could do what you said Chris, but I'm wondering why he would want to? For portfolio management I use Genehunter as I was advised some time ago by wardsystems. Also take a look at the post by Steve Ward back in 2000 called Portfolio Optimization. What you want to do, it seems to me, is buy and sell components of the portfolio so that the whole thing is optimized for profit and maybe minimized for risk. Genehunter has an example of that, but there are also lots of other optimization schemes that can be done in Genehunter. Now I used to be a programmer so I don't have any problem using the Excel formulas and such, because GeneHunter requires programming-like talent to make all those formulas. So I'd make sure I was comfortable with using Excel formulas before I sat down with Genehunter, but I don't really think you actually need to be a programmer.

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Re: spreads and portfolios

Date :8/28/2001 1:20:38 PM Poster : chris wong

albert the strategies the prediction wizard builds are just threshold rules like if prediction > x then buy. so if you want to build similar rules in the trading strategy it is very simple. if you do that your nets don't have to be on the primary issue, even though your trading strategy is. i dont usually build more complex neural net rules but i like to combine several rules into one strategy - to me thats the power of nstp. like buying when two nets are up or when one net and an indicator are up. lately i've been using the neural indicators and cluster addons because they don't learn to predict anything - they just learn to give a signal unrelated to predicting anything. hope this helps.

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Date :8/19/2001 11:42:46 AM Poster : albertl

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Thanks for your suggestion.
I understand that also with turboprop2 one can not get trades on a "spread, index or portfolio indicator", but only on the "primary issue in the chart".
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I underline, this was NOT the usual % close or any other of the standard choices in the dropdown box like %change of open or close or optimal buy/sell etc of the primary issue as you call it).

So I did use the option OTHER DATA/INDICATORS at the bottom of the drop down box.

Allow me to take the issue back to the beginning:

1) open a new chart, this time say with ARWM, which is a low value stock showing a very distinctive pattern (not present in BGEN or CIEN)
this chart ranges roughly between 1 and 4 $
2) build and insert the "portfolio indicator" say 100*CIEN + 100*BGEN,
for the purpose of better illustration of my point, (although for prediction 0.5*CIEN + 0.5*BGEN would be preferable)
now there is a second chart on the screen ranging roughly 10,000 to 20,000$
3) insert by means of the option "other data/indicators" a prediction of the freshly inserted "portfolio indicator" 10 days in advance (default)

lets say, to make it simple, use as the only input for this prediction the close of CIEN (on its own) If you train for profit (training 5 years/ 3month , 1 out of sample 1year)
returns are respectively minus 6 % and minus 38%

now, as the pop up confirms, we have the graph of " trades pred 10 day ADD2(MUL2(100,BGEN CLOSE)MUL2(100,CIEN CLOSE)) " inclusive of one crazy buy signal at the beginning of August 2000

BUT THE GRAPH IS THE ONE OF ARWM !
You will say the prediction is correct, it is just inserted in the graph of ARWM,
"the primary issue in the chart"

4) Insert the indicator "system equity all trades" from the category "trading strategy System information" for trading strategy "trades predicted 10 day
ADD2(MUL2(100,BGEN CLOSE)MUL2(100,CIEN CLOSE)) "

If the prediction and the trades concern our "portfolio indicator, the equity should range in the 5000 $ area , as since august 2000 the "portfolio" has dropped from 15,000 $ to under 10,000$.

HOWEVER The system equity chart is however showing only between 1 and 2 $ loss !!!!

The system equity`s chart pop up name is though very clearly " SYSTEM EQUITY (trades predicted 10 day ADD2(MUL2(100,BGEN CLOSE)MUL2(100,CIEN CLOSE)) "

This time we cannot say the graph is the one of the "primary issue" but the prediction is right (the system equity).

The graphed equity is definitely not the correct one and that is why I still suspect the trades predicted are not correct either, both probably are only related to ARWM "the primary issue" in the chart, and not to what their names (pop ups) say.

Thanks for yor patience
albertl

On 8/15/2001 4:54:50 PM Steve Ward wrote:
I did your portfolio test without any problem. I think what you are missing is this: you have to go the the bottom of the dropdown box where you select what to predict - and select Other Data/Indicators. Find the indicator there that you built. If you select percent change in close, you are predicting the percent change in close of the primary issue in the chart, not your indicator.

I do have a suggestion, though. Don't use the number of shares as a multiplier for the stock. Use the fraction of the shares which that issue represents in your portfolio. For example, if you have 200 shares of CIEN, 200 of BGEN , and 400 of ATHM, then your indicator might be:

0.25 * CIEN + 0.25 * BGEN + 0.5 * ATHM

I didn't understand your question about manipulating the data stream itself.

On 8/15/01 10:25:21 AM albertl wrote:
Hello Xprog,
I cannot imagine my portfolio approach is uncommon. Any equity can be modeled and predicted in principle.
1)Just consider a portfolio (a sum of distinct stocks or contracts) as an equity on its own rights, assume may be you have two such portfolios and you consider going short on one and long or flat on another.
2)Obviously spreads are well worth predicting to future and currency traders
3)Composing ones own (industry) group index for use in a prediction is also an idea directly related
Now a question to Steve Ward:
do I need Turboprop for this, assuming I am to lazy to manipulate the data stream itself (creating new tickers)
Thx
albert

On 8/13/01 1:05:50 PM Xprogrammer wrote:
Albert - can you describe in more detail what you are trying to do? I don't understand a portfolio or spread prediction.

The Xprogrammer

On 8/12/01 4:55:14 PM albertl wrote:
Hello,
Try this: open a new chart for ATHM (any small value stock) insert an indicator for the sum of CIEN, BGEN , ATHM (close) If you like, multiply each stock by the the number of your shares. You get a nice chart of your portfolios value. However, if you try to go further you will have a surprise: insert a prediction (correctly done for say % change of the above mentioned sum of your stocks), for better illustration, insert an indicator of the total of your equity for all trades :: you will notice that the trader is ignoring your sum indicator and is just predicting ATHM. How to do portfolio or spread predictions?

albertl

Bar Interval and optimization range questions

Date :8/13/2001 5:52:17 PM Poster : Jimmy Raineri

1. Is there any way to get intraday intervals other than the "canned" 1,2,5,15, etc other than feeding the data in manually? Quote.com will send bars in whatever intervals are requested - I frequently use 13 minute and 34 minute charts.

2. When indicating a "range" for the optimizer to choose from, is there any way to give it a set of numbers to choose from instead of a range? For example instead of saying 3 to 10 force it to choose from only 3, 5 and 8?

Thanks!

2 Questions and 2 suggestions

Date :8/20/2001 6:35:44 AM Poster : Andrew

Hi all,

I use a NST Pro around half a year already and have couple questions and suggestions to share.

My questions:
1) I extensively use nice feature to write custom indicators via DLL library. Unfortunately there is a limited documentation about interface features NSTP supports. It looks for me that NS assume C style for calling program because once I tried dll compiled with C++ language then custom indicator returns messy program name. Does anybody use C++ to write dll for custom indicator? How should it be declared? Is it valid to use something like
extern "C" __declspec(dllexport) .....
2) I have suspicious that Neuro Shell Trader was written in Visual Basic. Am I right? Probably it explains the bad performance once I simultaneously load several stocks for analysis.

I hope NST developer might consider these ones:
1) I've noticed that the one of most frequently used preprocessors for NN is a logarithm of price. I would suggest to implement the feature to display the price action in logarithmic scale (simple isn't it?) or consider treatment of ln(price) as a normal price then user can use candlesticks of ln(price)
2) Before the day-open I use something similar to "What-If" analysis. I enter fictitious price range for the next trading day and play several scenarios to find out predicted buy/sell signal from the possible price range. This way I build a plan and strategy for my next day. I would suggest to automate this function somehow or, at minimum, to include "Refresh" button so NST could re-read updated price value from my ASCII file.

All constructive remarks are welcomed
Regards
Andrew

Re: 2 Questions and 2 suggestions

Date :8/20/2001 10:21:48 AM Poster : Webmaster@ward.net

The dialog boxes and the outer interface are in the compiled form of Visual Basic. All CPU intensive facilities are in C: indicators, neural nets, charts, genetic algorithm, add-ons. It is important to remember that NST loads everything into memory, and if you have nets with several walk-forwards, or other complex models, your RAM can get eaten up quickly. There are some very large data structures that complex models require, and neural nets in particular require a huge mount of data. If you loaded a bunch of stocks with very simple indicators, you shouldn't see much of a problem, so you have to realize that power requires resources. Our web site now lists a 400MHz Pentium with 64 Megs RAM as the MINIMUM computer NST will run on.

However, the most important thing you can do to keep performance high is not to display much data on the chart, even if you have loaded quite a bit of data. Usually, people display far more than they actually need to see. You adjust this on the Format Chart menu.

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Notice about performance

Date :8/21/2001 5:54:02 AM Poster : Andrew

I would like to clarify my notice of performance issues for NST.

In tuning of any system it is important to identify and tune the system bottleneck. Simply speaking let's assume that computer consists from 3 components: hard drive (I/O subsystem), memory and CPU. Any performance-tuning book describes that memory might impact CPU performance through the high level of swapping or paging. I did testing of NST for my PIII 512Hz, 256Mb RAM, 512Mb swap file system on 30Gb 7200rpm hard drive computer. I prepare NST chart with trained networks for 20 stocks for 5 years track of each and monitor computer during simple operation of JUST opening and closing chart in NST. Results: I/O activity was close to zero, swapping was absent, paging was very close to zero but CPU was equal to 100% utilization during 20 minutes of some weird activity. Because NST did not do anything useful during this operation (network was already pre-trained) then I conclude that all CPU was waisted on the chart initialization process. Memory and hard drive of computer are not the bottleneck. The real bottleneck is a CPU may be due to inefficient algorithms of memory allocation or chart initialization which are probably done via Visual Basic.

I hope Ward Systems will review these algorithms some days.

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Re: Notice about performance
Date :8/21/2001 10:59:02 AM Poster : webmaster@ward.net

Our programmers strongly disagree with the statement that NST does nothing useful during chart loading. Twenty stocks w/ nets all have to be loaded with data and all of the indicators calculated, then all of the prediction values calculated, then all of the prediction trading points calculated, then all of the the trading statistics as well. Remember, if you have 5 walk forwards, there are 6 neural nets in each stock, and neural nets can be quite large, not to mention all the support structures required for the complex interactions. Any of the indicators that reference Trading Strategy take much longer, because they are somewhat recursive (see the tip called "When optimization is really slow".)

Nevertheless, if your chart takes 20 minutes to load, we think something is definitely wrong, unless you have an awful lot of nets, indicators, etc. Make sure you have deleted old nets, indicators, and strategies that you no longer need but which may be hidden. If it still takes 20 minutes, please send your chart to support@wardsystems.com so we can investigate this. Any performance problems need to be investigated in the context of the chart causing them.

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Re: Notice about performance
Date :8/30/2001 4:40:25 PM Poster : Andrew

Dear Webmaster,

Thank you for your advice. Indeed I had a chart in "development" status with lots of different indicators which I used to experiment with NN model and I just simply added 19 more stocks to see how it works - in result I got a bad performance.
After I cut almost everything and left 3 indicators as price, actual and predicted signal then NN performance improved significantly. From now on I am using "simplified" version of NN in production status.

BTW: It is not an easy staff to start using NeroShell correctly because it requires at least minimal understanding what is a statistical science of time series predictions but it gives very valuable support in rough times – I like it.

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q.com...missing decimals
Date :8/20/2001 2:10:26 PM Poster : ed condon

anyone else missing decimals from q.com?

good luck in reaching tech support. We really need another source of RELIABLE data.

ed

Re: q.com...missing decimals
Date :8/20/2001 3:44:22 PM Poster : webmaster@ward.net

The Quote.com website is very hard to navigate, but the following section, called Network Updates, talks about that problem. It might not be a bad idea for everyone to check this part of their website if there are any suspected problems.

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Re: q.com...missing decimals
Date :8/21/2001 2:26:44 PM Poster : Eric Hoyle

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Re: q.com...missing decimals
Date :8/21/2001 5:21:08 PM Poster : webmaster@ward.net

If you are using daily or hourly bars or even half hour bars, it won't be too hard to modify the bad bars of the 20th. Just double click on the close and scroll down to the 20th. Be sure to modify open, high, low, and close. We suppose moving the decimal two places to the left will do the trick. If you have smaller bars, modifying all those bars will be a pain. However, after this weekend, you may want to delete the files we've saved for the Nasdaq issues. That will ensure that they are reloaded when you load the chart on Monday. If Quote.com does indeed fix the data, the reloading should be correct. The files are in the Data folder of the Servers folder.

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Voting of experts and signals

Date :8/29/2001 1:23:12 PM Poster : albertl

Hello Chris, Hello friends,

I also like to join several predictions and have the trading strategy wizzard vote
on them..
I believe it is reasonable, and that is what you are doing, to put only one non neural signal (classical indicator threshold) to vote with a majority of neural signals (threshold of out of sample signals). I assume also you would have optimized that classical indicator.

What surprises me nicely with NST is that voting really works and improves the return%..

I have very bad memories of a classical non neural trading program which uses optimization, forward testing and voting of technical indicators.
The voted signals there are unacceptable although the manufacturer is very proud of his product. He claims over 50% hit rate, but I could not make out any significance at all in his end of day signals.

When putting a group of experts to vote , each expert taken on its own should have sufficient knowledge, meaning a hit rate of say at leat 65%.

I do not see classical indicators having this performance on a regular basis, I see may be 55% to 60%, only exceptionnaly up to 70%

Idiots cannot get cleverer if they vote.in a group..
What is the probablity of a group of five experts each being right 50% on its own and when they vote, say unanimously.? Over 50% or less ? I suspect less .
How right each expert has to be (probability X%) , if the result of the vote must be more than say 70% correct (probability Y %) ?

Should we guess X% --> Y% : 50% --> 40% , 60% --> 65% , 70% --> 70%
Has anybody precise knowledge about such probabilities?

What about optimization in this context?

albertl

Re: Voting of experts and signals

Date :9/4/2001 9:02:27 AM Poster : Texas Bubba

Idiots cannot get cleverer if they vote in a group is maybe one phrase, but two heads is better than one is another. Maybe your TV doesn't show "Who wants to be a millionaire" where you live, but they have these "lifelines" where if the smart guy in the hotseat gets stumped, he asks the studio audience to vote on what they think the answer is. There is always a spread of votes across the 4 possible answers, but the right answer has the highest number of votes most of the time when I've watched it. I don't think the folks in the audience are any smarter than the dude that wants to be the millionaire, but their experiences cover different areas. Now I can't exactly answer your question because I got a D in statistics, but you call me if you want to know about riding horses and ranching.

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Re: Voting of experts and signals

Date :9/21/2001 4:52:16 PM Poster : safigan

Statistically speaking, you should get better results from a majority of experts if each individual expert produces a positive result. If you assume that the average gain is equal to the average loss, then any expert who's right more than 50% produces a positive result.

Correlation between the experts becomes is a big issue. For instance, if the experts always agree (correlation = 1), then using a majority of experts is the same as using one expert. If two experts always disagree (correlation = -1), then their votes always cancel each other out. If each expert is truly independent (correlation = 0), then optimum results are achieved. Correlation would exist if you use correlated (or even the same) inputs for more than one expert.

We can explore a simple example. Let's assume no correlation and two experts. The experts must agree before action is taken. If both expert are correct 60 percent of the time, then together they are correct 1 - (1 - .6)(1 - .6) = 84 percent of the time. Note that correlation almost always exists, so actual results are likely to be much closer (but still higher than) 60 percent.

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Date :9/24/2001 3:33:43 PM Poster : albertl

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Re: Voting of experts and signals

Date :10/9/2001 2:18:29 PM Poster : albertl

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I would like to stress that any number of 50% experts will never obtain more than 50% probability of beeing right, even if voting !!!
Lets consider three 50% experts voting unanimously , they have 0.5x0.5x0.5 = 1/8 probability of being right BUT they have the same 1/8 probability to be unanimously wrong !!!
1/8 right versus 1/8 wrong means fifty fifty >>>> 50% is the probability
to reach better results by voting than 50% we need experts better than .50%
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Re: Voting of experts and signals

Date :6/7/2002 2:24:42 AM Poster : Nalin Pasricha

Albert,

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Multiple lots

Date :9/1/2001 4:02:21 PM Poster : Jana

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Re: Multiple lots

Date :9/4/2001 8:45:56 AM Poster : Webmaster@ward.net

We have something similar but not exactly what you want. There is an option to purchase as many share as your account balance can support. As the price goes down or your profits go up, you will be automatically purchasing more shares. However, there is no mechanism for you to intervene with partial trading in the trading strategy once it gets started.

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Date :9/4/2001 8:33:07 PM Poster : Jana

Ok, I see. However, there is any reason why this is done this way? I would imagine everybody is using multiple lot systems, also I don't see why it would be difficult to program it. All you would have to add is the feature allowing to buy while already long and allowing close partial positions. Right now after I test some strategy with one lot using Neuroshell Trader I have to write my own routine to backtest it with multiple lots - wastes a lot of time for sure. Any comments how everybody else is solving this problem would be highly appreciated.

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Re: Multiple lots

Date :9/5/2001 9:14:23 AM Poster : Texas Bubba

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Re: Multiple lots

Date :9/6/2001 8:43:12 AM Poster : Texas Bubba

Now remember, I'm just learning, so it isn't as simple for me. It seems like what you are suggesting is that the same long entry rules we use now can be used for the second lot, and the third, and so on. I don't know about your rules, but mine would keep firing for a while once they start if it wasn't waiting for an exit rule to calm the herd down a little. I mean, I'd be into the second lot on the second bar, and the third lot on the third bar. I use rules like RSI < x. Once it goes over x it stays there a while, so you need something like RSI > x to exit or sell short, right? Neural nets seem to be like this too. So it seems like there'd either have to be some waiting period, or we'd have to put in several more sets of different rules for the other lots, like a different set for each lot, and you'd have to make sure the second set didn't fire right away after the first set. Like the second lot would have to be RSI > x+10, and the third lot is RSI > x+20 or something. Am I playing with a full deck here?

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Re: Multiple lots

Date :9/6/2001 11:51:26 PM Poster : Jana

Texas Bubba:

I understnad your question but what you're asking is in fact a bit different question. You're asking about the rules (how to make them, etc.), while my point was to be allowed to use multiple lot feature should you want to. In other words its up to you - you can always trade 1 lot system, but right now multiple lot system traders don't have straight solution.

Anyway, answering your question - the simplest way around your problem with RSI < x example would be add another rule something like open another lot only if you are not long already. I'm sure you can think of multiple variations of it now, but the example with RSI which comes to my mind would be the following:

1) if you're not long yet - open 1 lot long when RSI < 20
2) if you're not 2 lots long yet - open 1 lot if RSI < 10

I'm not discussing the logic behind this example from trading stand point, but general idea would be you don't want to miss the trade so you go long as soon as RSI goes below 20 (without waiting for 10 which may or may not to happen), and then add another lot if it reaches 10. Hope this helps.

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performance of Mesa indicators

Date :9/4/2001 9:05:06 AM Poster : albert stoffel

Hello,
I just tested the original Mesa indicators , anybody getting reasonable results without filtering them with RSI, acceleration etc ? On their own they seem very poor even when optimized, at least on currencies (dayly). Am I right?
albert

Re: performance of Mesa indicators

Date :10/4/2001 12:51:41 PM Poster : albert stoffel

I have tested the MESA (the original, not just the MAMA and FAMA) indicators once more. This time I have used intraday data (I have put 1 min bars via EXCEL alongside the date , and suppressed the time information) in my EOD NStrader. I start getting first reasonable results. Can anybody confirm that the MESA indicators do not perform well on daily currency bars, only on intraday bars? I can hardly imagine this would be so.

Can anybody give a suggestion how to use these indicators EOD on currencies?

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Overfitting versus WalkForwards

Date :9/6/2001 11:49:51 PM Poster : Torres

There are several warning in the tutorial regarding the dangers of overfitting a prediction, either through the use of too many inputs, neurons, or retrainings.

I am not clear as to how these dangers apply if one is using the WalkForward evaluations.

My confusion stems from my deducing that, if one did overfit, the results of the WalkForward should worsen, so one would never be tempted to use an "overfitted" prediction instead of a "wellfitted" one.

Thanks in advance for any direction.

Re: Overfitting versus WalkForwards

Date :9/10/2001 9:35:56 AM Poster : Steve Ward

I think you are correct that walk forwards will help reduce the danger of overfitting. That is of course why we have them. The problem I see is that the evaluation period could be just like the training period in terms of how the issue "acts". When you go to trade, things might not be the same. The other reason we encourage less inputs, etc. is simply to increase the chances our users will get good models early on instead of becoming discouraged if they use too many inputs and always see bad out-of-sample results.

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Few, Long WalkForwards versus Many, Short ones

Date :9/6/2001 11:59:20 PM Poster : Torres

I am naively inclined to believe that a prediction would be much more successful at predicting a series of many short walkforwards, than at predicting a series of a few lenghty ones, which total the same length of time.

The logical step I dare not take, without asking, is whether any such success with a series of many, short walkforwards translates into a better trading system than one chosen by judging results from a series of few, long walkforwards.

Any light shed on this topic would be greatly appreciated.

Re: Few, Long WalkForwards versus Many, Short ones

Date :9/10/2001 9:46:02 AM Poster : Steve Ward

This is an excellent question, and I encourage others to provide their experiences as input. I would like to caution, however, that when making a judgment like this, that you should be looking at the out-of-sample net rather than the individual results of the evaluation periods. The individual evaluation periods are very short trading sessions, unrelated to each other. The out-of sample net is a continuous trading session, and the difference between 'many short' and 'fewer long' walk forwards will then be only how often the net retrains.

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Re: Few, Long WalkForwards versus Many, Short ones

Date :9/10/2001 7:54:33 PM Poster : albertl

I modestly submit my newcomer s view:

By feeding our beloved net the best possible information over a sufficently long training period(s), the net is supposed to learn the personality of the market to such an extent that no future situation or pattern will be absolutely new to it.

Breaking up the training period and the associated evaluation period in several smaller entities , apart from training the net in steps , gives the following nformation:

1) if evaluation results are slowly improving : the initial training period could need lengthening
2) if evaluation results fluctuate wildly (or if the evaluation results differ heavily
from the training results)

a)our filters (indicators) have probably not "amplified" the signals sufficiently
so that the
net could not learn some specific patterns occuring during the different
periods
b)our net has not been fed the needed input variable
c) we might have chosen a much too short training period

Why not look at the results of the current net through the same glasses,
instead of just saying the market has changed when the results differ?

pb:
Mr Torres:
I personally do not find it easier to get even results over several shorter periods (with one net ... dont forget that you use in fact one and the same prediction set up (call it system or net) for all different periods.
One single long evaluation period tends to hide and average out the bad trades.

Comments?

albert

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Re: Few, Long WalkForwards versus Many, Short ones

Date :9/29/2001 4:40:16 PM Poster : Sylvain Gauthier

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Neuroshell Trader will have excellent performance with many short walk forward train test and absolutely dismal performance with few long walk forward tests. Steve Ward and other mathematicians called that overfitting. Overfitting pays much more that the standard philosophy unless the models are extremely well specified.
It is also a bit ridiculous not to be able to optimize whichever objective function we want without optimizing the inputs. I don't see why optimize inputs a year ago would be good for today.

JMA TPL Files Available For Download

Date :9/11/2001 12:55:18 PM Poster : webmaster@ward.net

You may download the JMA TPL Files using this link:

http://www.ward.net/downloads/jmatpl.zip

Please address all concerns with these files on the forum.

Jurik TPL

Date :9/22/2001 9:06:41 AM Poster : Sylvain Gauthier

The Jurik TPL is extremely interesting and probably useful. I just copied it in the template directory and it does not seem to work. Is there a special way to install it ?
What are the parameters and what do they mean ?

Real Time Forecasting

Date :9/22/2001 9:11:51 AM Poster : Sylvain Gauthier

Did you have any sucess with real time neural nets forecasting ? Do you have any concrete examples ?

I also notice that the optimal set of indicators is changing slowly through time. I suppose that using three nets with diffrent indicators would solve the problem but how these nets should be combined at a specific point in time ?

Status Flags

Date :9/25/2001 4:10:40 PM Poster : Mike Oldroyd

In a number of situations, I keep finding myself wanting to set flags or variables, that can then be referred to as parameters for other indicators.

An example would be, I would like to generate an alert to close a long position, only if I am in a long position (ie the last open long position alert was more recent than the last close long position alert).

Another example would be where I would like to trade on a number of crossover signals that happen close together, but not at exactly the same time. With some kind of status flag, I produce an indicator along the lines of "1 if crossabove in the last x bars else 0".

I realise that there could be other ways round both these examples, but being able to set some kind of status flag would seem to me the simplest way for these and many other situations.

Am I thinking about this completely the wrong way? Has anyone else found a way of doing this?

Any help much appreciated

Re: Status Flags

Date :9/27/2001 1:48:40 PM Poster : webmaster@ward.net

We can't show you how to set status flags, because there aren't any in the Indicator Wizard. Some background on the Indicator Wizard may explain why:

When we built the Indicator Wizard we assumed, based on the TradeStation Easy Language model, that people wanting to do programming-like tasks (flags, iteration, etc.) would go to a programming language. We may have been incorrect in this assumption, but anyway we decided to provide standard programming language interfaces instead of our own language (hence the ability to use DLLs in the Trader Pro in C, Basic, and Delphi). Several advisors we had at the time told us that people would feel more comfortable not having to learn a new, non-standard programming language like Easy Language. These advisors may have been wrong, because we've found many non-programmers willing to use Easy Language because they are scared of "real" programming in something like Basic, even though it has always been our opinion that Easy Language is about as hard as making a C DLL.

However, you are right that there are other ways to do these things, which we can show you:

To generate an alert to close a long position, only if I am in a long position (i.e. the last open long position alert was more recent than the last close long position alert):

AND (YourExitCondition, A=B(Position(TradingStrategy, 0), 1))

To determine if a crossabove has occurred in the last x bars:

A=B(Max (CrossAbove(YourTimeSeries#1, YourTimeSeries#2), x), 1)

Combine a series of the above in AND statements to see if a number of crossover signals happened close together.

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Re: Status Flags

Date :9/27/2001 4:53:03 PM Poster : Xprogrammer

Well, I for one do appreciate the ability to use a standard language in NSTP. I feel if I have to learn a language for NSTP, I'm better off learning one I can use somewhere else besides NSTP or Tradestation. As a matter of fact, flags and iteration IS programming!

The X programmer

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Re: Status Flags

Date :9/28/2001 3:44:03 AM Poster : Mike Oldroyd

Thanks for this. I will have a look at powerbasic. I was particularly interested about your use of a Max function in the example you give. In my version (Daytrader Pro 3.3) I have Max2, Max3 and Max4 but not a Max function like the one you describe.

Can I get download this function from somewhere? I could see now this function could be useful in lots of ways.

Mike

On 9/27/2001 1:48:40 PM webmaster@ward.net wrote:
We can't show you how to set status flags, because there aren't any in the Indicator Wizard. Some background on the Indicator Wizard may explain why:

When we built the Indicator Wizard we assumed, based on the TradeStation Easy Language model, that people wanting to do programming-like tasks (flags, iteration, etc.) would go to a programming language. We may have been incorrect in this assumption, but anyway we decided to provide standard programming language interfaces instead of our own language (hence the ability to use DLLs in the Trader Pro in C, Basic, and Delphi). Several advisors we had at the time told us that people would feel more comfortable not having to learn a new, non-standard programming language like Easy Language. These advisors may have been wrong, because we've found many non-programmers willing to use Easy Language because they are scared of "real" programming in something like Basic, even though it has always been our opinion that Easy Language is about as hard as making a C DLL.

However, you are right that there are other ways to do these things, which we can show you:

To generate an alert to close a long position, only if I am in a long position (i.e. the last open long position alert was more recent than the last close long position alert):

AND (YourExitCondition, A=B(Position(TradingStrategy, 0), 1))

To determine if a crossabove has occurred in the last x bars:

A=B(Max (CrossAbove(YourTimeSeries#1, YourTimeSeries#2), x), 1)

Combine a series of the above in AND statements to see if a number of crossover signals happened close together.

On 9/25/2001 4:10:40 PM Mike Oldroyd wrote:
In a number of situations, I keep finding myself wanting to set flags or variables, that can then be referred to as parameters for other indicators.

An example would be, I would like to generate an alert to close a long position, only if I am in a long position (ie the last open long position alert was more recent than the last close long position alert).

Another example would be where I would like to trade on a number of crossover signals that happen close together, but not at exactly the same time. With some kind of status flag, I produce an indicator along the lines of "1 if crossabove in the last x bars else 0".

I realise that there could be other ways round both these examples, but being able to set some kind of status flag would seem to me the simplest way for these and many other situations.

Am I thinking about this completely the wrong way? Has anyone else found a way of doing this?

Any help much appreciated

Re: Status Flags

Date :9/28/2001 1:57:22 PM Poster : webmaster@ward.net

Sorry, we should have been more precise. Here it is again without the shorthand:

A=B(Maximum Value (Crossover Above(YourTimeSeries#1, YourTimeSeries#2), x), 1)

Maximum Value is in the Basic category. Crossover Above is in Crossover and Breakout Identification category.

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Jurik TPL

Date :10/1/2001 4:22:41 AM Poster : Sanjay Sardana

Webmaster:
How do we use these TPI files. Sorry if I missed an earlier post discussing this...

Thanx

Re: Jurik TPL

Date :10/1/2001 8:47:43 AM Poster : webmaster@ward.net

The original discussion is in the following thread:

JMA tpl file --- Tagster --- 4/4/2001

Extract the zip file. All .dll files and all .tpl files go in the Template folder of the Trader. When the Trader is brought up again, the indicators show up in the Jurik category. However, note that you have to purchase the indicator DLLs from Jurik to use the interface Victor made. The .cpp and .h files Victor also supplied are the source code files for his interface, in case any of you programmers want to see what he did..

On 10/1/2001 4:22:41 AM Sanjay Sardana wrote:
Webmaster:
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Thanx

parameters increment

Date :10/5/2001 3:30:35 AM Poster : Claude

Hello everyone,

When I use parameters in prediction or strategies, I sometimes need the kind of parameter which increase 1 at a time. Ex: 1 / 2 / 3 / 4 and I don't mind about 1.1 / 1.2 / 1.3 etc... Is there a possibility to modifiy the increment? Otherwise it lose time for nothing.

Thanks,
Claude

Re: parameters increment

Date :10/5/2001 3:31:54 PM Poster : webmaster@ward.net

The indicators which have integer parameters already take only integer values when optimized, like all the "periods" parameters. So for these, the GA is only examining integer values. For the others, be advised that GAs don't search sequentially increment by increment. They jump all around in the search space, and in fact are searching several places at once. They know nothing of increments. Furthermore, our genetic algorithms are designed to stop searching after a reasonable amount of time passes in which no progress has been made. Therefore, non-integer value searching will only take more time if better results are being found because of searching between integers.

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Thanks,
Claude

Re: parameters increment

Date :10/7/2001 5:23:09 AM Poster : Claude

Great! This is clear now and this can help me to understand what happens inside even if I should not mind.

Thanks a lot,
Claude

On 10/5/2001 3:31:54 PM webmaster@ward.net wrote:
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Trailing Stops and Long/Short Exits

Date :10/5/2001 7:22:05 PM Poster : Jana

It looks like I've encoutered another "major" problem with the way NS Trader handles system backtesting.

If I have any trailing or short/long exit stops set they seem to cancel long/short entries.

For example: if I'm long at 100 and I have trailing stop set 1 point below, price goes to 102 where short signal is issued, it won't work. As soon as take out trailing stop, short entry at 102 will work just fine. The exactly same situation happens with using long exit stop in similar situation (it cancels all short entries).

There is anything I should be aware of? Or logic behind is your trailing stop or long exit stop should be hitted before your short entries will become active?

I'd really appreciate any insigt here.

Re: Trailing Stops and Long/Short Exits

Date :10/9/2001 1:26:39 PM Poster : webmaster@ward.net

Normally exits override trailing stops. It sounds like you are doing a reversal strategy and you want the entry reversal to overide the stop. You are correct that the trailing stop overrides the reversal entry as the default. You can accomplish what you want and we will be posting a tip in the Tips and Techniques section today or tomorrow describing how that can be done. Hopefully without sounding defensive though, we would like to disagree with the characterization of such a default as a "major" problem. Many users like the default as it is.

Take for example a trading strategy where you are entering using a technical indicator which occurs quite frequently, but you want to let your profits run using a trailing stop. If the reversal overrode the trailing stop, you would be unable to let your profits run using the trailing stop.

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Re: Trailing Stops and Long/Short Exits

Date :10/9/2001 7:17:55 PM Poster : Jana

Thank you for your replay. Providing one can do the modeling I've described - I don't have any problems to go one extra step. I didn't want to sound rude or anything and I used word "major" only to point out the fact that one *has* to be able to do modeling described and I was not sure if thats the case. But I definitelly appreciated your prompt attention.

On 10/9/2001 1:26:39 PM webmaster@ward.net wrote:
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Re: Trailing Stops and Long/Short Exits
Date :10/10/2001 9:12:47 AM Poster : Cantley

The Trader Tip actually makes a good point for something I requested in an email a couple of years ago (when you discuss the difficulty of having the Long Exit and Short Entry rules be the same). You folks said you'd take a look at adding it someday; I wonder if you're still considering it.

It'd be nice to have another "mode" that the optimizer can work in. Rather than optimizing every number that appears in every rule, let me define 2 or 3 variables, and let the GA work on them. I can use those 2 or 3 variables in my rules/indicators/networks, still let the optimizer work, and significantly cut down on my degrees of freedom.

Doable?

Best,
Steve

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Re: Trailing Stops and Long/Short Exits
Date :10/11/2001 1:21:46 PM Poster : webmaster@ward.net

Your suggestion is often made and we like the idea because although you can now selectively choose what variables to optimize, it requires that you set variables you don't want optimized to a zero range, like 4 to 4. Your idea would make the process easier, although it would arguably not help with the issue at hand, because if you didn't optimize the parameters of entry and exit rules there would probably be little need to optimize at all. Remember the issue in the tip is that optimization will likely result in the same rules becoming different.

We have received many, many good suggestions over the last year or two. Right now our development assets are dedicated to providing alternatives to Quote.com, which accounts for the vast majority of complaints and suggestions we receive. In that regard, we hope to have progress very, very soon. Readers of this site will get our announcements first.

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Re: Trailing Stops and Long/Short Exits
Date :11/20/2001 9:11:57 AM Poster : maciej

Yes, I'd agree with that. Unfortunately I can't see the logic. We need Steve to enlighten us.

On 10/5/2001 7:22:05 PM Jana wrote:
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Re: Trailing Stops and Long/Short Exits
Date :11/20/2001 11:45:32 AM Poster : Steve Ward

As the webmaster promised in the 10/9/01 reply to Jana, a complete tip was posted on this site explaining the logic. It is called "Reversal Trading Strategies" dated also 10/9/01. There were also two other tips on the complicated subject of stops posted 10/16/01 which you might want to read as well.

On 11/20/2001 9:11:57 AM maciej wrote:
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On 10/5/2001 7:22:05 PM Jana wrote:
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Different Bar Intervals
Date :10/8/2001 1:40:18 PM Poster : MattR

New to the group.....good to see at least *some* source for discussion/support. I have several question but I guess the first is: Is it possible to test/build a trading system that uses indicators based on different bar intervals? I realize that in most cases I can simply change the parameter numbers.....but sometimes it is either much easier or necessary to use a different time frame. For example, if I were predicting price.....

Thanks
Matt

Re: Different Bar Intervals
Date :10/9/2001 6:45:07 AM Poster : Maxwell Craven

Was there going to be more to your example, Matt?

On 10/8/2001 1:40:18 PM MattR wrote:
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Re: Different Bar Intervals
Date :10/9/2001 12:10:23 PM Poster : MattR

Yes there was.....that's pretty funny.....guess I accidently hit delete with part of the text selected or something.....either that or I am going insane. Could I form predictions on one bar intereval and test trading systems based on another? Could I optimize two different predictions, based on different intervals, and then test systems based on both? I guess that esentially captures the essence of my example.

Thanks
Matt

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Thanks
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Re: Different Bar Intervals
Date :10/9/2001 2:04:48 PM Poster : albertl

Hello Matt, hello Maxwell,
There has been a thread about this already, the suggestion was, as far as I remember to use 5 identical daily values , stemming from each weekly bar.

My suggestions:
use moving averages , start with period 2 or 3 to avoid too much lag, use
them on open, high, low, close,volume as needed, build your indicators from there, or even better:
use maximum of last 3 days for high, minimum of last 3 days for low, close for close etc...and have your 3 day bars like that.
I cannot see any reason why you should not mix these different interval bars
in your predictions, after all it is very common to do so with MA s.
Same models but based on different interval bars will very likely need retraining.
Minute bars would probably need different inputs/ models also compared to daily bars , same dayly versus weekly. Except may be moving average models which might be more tolerant to interval changes I guess...
Hope many friends will join the discussion
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Thanks
Matt

Re: Different Bar Intervals

Date :10/9/2001 4:08:26 PM Poster : Maxwell Craven

In addition to what Albert said, if you change the frequency on the chart, all the predictions will be automatically updated to the new interval. I use it all the time; works pretty nicely.

On 10/9/2001 2:04:48 PM albertl wrote:
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Currency predictions

Date :10/9/2001 2:30:52 PM Poster : albertl

Hello all,
Can anybody be so kind and give me any example/hint what indicators to use for currency predictions, both daily and intraday. I am presently using dayly and intraday bars in my daily NStrader .

Can anybody recommend a specific add on (WARD,JURIK ?) which is definitely improving the predictions. My best results on minute bars have been till now with adaptive MA s., and MESA to a lesser extent., I do not have much success with momentum models.
Thanks in advance
albert

ps I have been told by support to submit this to the forum

Re: Currency predictions

Date :10/17/2001 9:10:28 AM Poster : Maxwell Craven

I own all but one or two Ward addon programs and have found they often improved all types of trading systems I have built, but I haven't attempted currencies yet. My favorite is the clustering addon.

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Re: Currency predictions

Date :10/17/2001 9:32:15 AM Poster : Michael Stigall

I think you'll find that the indicators change over time. For stocks, the price-momentum indicators are always a good starting place. I always narrow the inputs down to a few and then try clustering on the group of inputs as entry/exit signals. Recently I had some particular companies began showing up with the MESA indicators also.

The markets change, and a different set of indicators may be called for after a significant economic or legal upheaval. For instance, if Congress changes the laws for market makers or the tax laws change, the market itself will change to compensate.

On average, I tune the networks every 3-6 months to see if the indicators can be improved; more often if the underlying systems begin showing large error rates.

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Re: Currency predictions

Date :10/17/2001 5:12:53 PM Poster : albertl

Thanks very much for your comments, Maxwell and Michael,

,May be I should try the add ons, starting with the clusters, which might help also with the following:

Before I upgraded to the NSprof I thought I had been doing a lot of test work and had found good systems,...only to notice that optimizing was not less work.
I furthermore got a nice chock when I noticed that optimizing , mainly when selecting the best input variables , did not at all bring the same results as those I had found previously.
Changing test periods and walkforward length continues to influence most heavily the choice of the systems..

If anybody wants to unleash his add ons on currencies, here the URL giving free forex minute bars , since january 2001 !!!

May be some results could kindly find their way to the forum ...?

http://www.forexite.com/free_forex_quotes/forex_history_arhiv.html
http://www.forexite.com/free_forex_quotes/forex_history.html

Friendly greetings from Europe to all
albert

On 10/17/2001 9:32:15 AM Michael Stigall wrote:
I think you'll find that the indicators change over time. For stocks, the price-momentum indicators are always a good starting place. I always narrow the inputs down to a few and then try clustering on the group of inputs as entry/exit signals. Recently I had some particular companies began showing up with the MESA indicators also.

The markets change, and a different set of indicators may be called for after a significant economic or legal upheaval. For instance, if Congress changes the laws for market makers or the tax laws change, the market itself will change to compensate.

On average, I tune the networks every 3-6 months to see if the indicators can be improved; more often if the underlying systems begin showing large error rates.

On 10/17/2001 9:10:28 AM Maxwell Craven wrote:
I own all but one or two Ward addon programs and have found they often improved all types of trading systems I have built, but I haven't attempted currencies yet. My favorite is the clustering addon.

On 10/9/2001 2:30:52 PM albertl wrote:
Hello all,
Can anybody be so kind and give me any example/hint what indicators to use for currency predictions, both daily and intraday. I am presently using dayly and intraday bars in my daily NStrader .

Can anybody recommend a specific add on (WARD,JURIK ?) which is definitely improving the predictions. My best results on minute bars have been till now with adaptive MA s., and MESA to a lesser extent., I do not have much success with momentum models.
Thanks in advance
albert

ps I have been told by support to submit this to the forum

Jurik

Date :10/12/2001 2:11:34 AM Poster : Sylvain Gauthier

The Jurik MA TPL does not work . Why ?

Re: Jurik

Date :10/16/2001 2:59:55 PM Poster : Texas Bubba

Ole buddy, I bet you got the same problem I had. I finally realized that what's on this forum is just an interface. I actually had to purchase the underlying indicator from Jurik. Imagine that! Is that your problem?

On 10/12/2001 2:11:34 AM Sylvain Gauthier wrote:
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Re: Jurik

Date :10/18/2001 11:44:53 PM Poster : Garth White

Note to Victor Chu:

Hi Victor,

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>My programmer sent me this response...
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>Using DWORD (unsigned integer) may or may not be a problem. If NS allows the unsigned int type, then no problem at all. They're the same. If it only allows signed INT, there would only be a problem if the integer was greater than 2 billion. Signed integers would interpret that as a negative value.

>I'm not sure the extra DLL is needed. I don't get why returning the raw data for the first 30 bars should be a problem.
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All one has to do, when they require a "DWORD" type parameter, is to declare it as "By Val Long (long)".

(It's not so simple as this though with the WAV & DDR because of their array requirements.)

Cheers, Garth

Re: Jurik

Date :10/23/2001 1:16:10 AM Poster : Victor Chu

Hello,

You can certainly call Jurik's Indicator directly from NST. The main purpose of my DLL which calls Jurik's DLL is to filter out the first twenty or so values which are not part of the indicator. This can be useful in some ways. First, those values should not be displayed on the chart. Secondly, when you insert Jurik's Indicators into other indicators, you can be sure that the resulting values will be affected by the initial values.

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Re: Jurik

Date :10/29/2001 8:38:11 AM Poster : Webmaster@ward.net

Garth, if you want to share your .tpl file(s) as well as any parameter descriptions send them to webmaster@ward.net and we will post them here.

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Re: Jurik

Date :10/30/2001 10:44:30 AM Poster : Ward.Net Webmaster

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Re: Jurik
Date :11/2/2001 10:18:06 AM Poster : DAREK

What about *.dll files? I can't run it !
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Re: Jurik
Date :11/2/2001 1:45:19 PM Poster : Webmaster@ward.net

The Jurik DLLs are commercial products of Jurik Research, so you have to purchase them from Jurik. What Victor, Garth, and perhaps others are contributing here are only the interfaces (.tpl files) which enable these DLLS to be run from NeuroShell instead of TradeStation for which they were originally designed.

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wavelet
Date :10/12/2001 2:16:15 AM Poster : Sylvain Gauthier

Any sucess with wavelets ?

NST allows the user to optimize different objective functions but only if the inputs are optimized. What if the inputs are not optimized: we loose that capability.

The optimal target (optimal % change etc...) has not been defined. How is it computed and optimized.

Re: wavelet
Date :12/5/2001 3:54:08 AM Poster : Richard Nowak

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Date :12/7/2001 11:14:45 PM Poster : Jimmy Raineri

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Re: wavelet
Date :12/10/2001 3:02:40 PM Poster : Daniel P Lyons

Yes I agree, Bruno and Victor have indeed contributed much to this area of discussion particularly from a coding perspective.

Additionally, Professor Ffion Murtagh (as Victor will confirm) has taken this "humble" indicator to a much higher level. For those interested, please review his material on:

http://www.multiresolution.com

For the mathematically inclined there is much to be gained from wavelets...

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Re: wavelet
Date :12/6/2001 11:15:52 AM Poster : Daniel P Lyons

In my experience, many problems associated with wavelets involve inadequate ways of handling end effects, i.e. data boundary effects. This is usually related to the selection of some arbitary frequency as the "ideal" input solution.

There are methods available for properly handling the important "boundary properties" at the end of data. Such techniques (in my experience) do allow effective implementation of wavelets as part of a trading strategy and/or as inputs to predictive nets.

Like most successful methodologies, however, they are not used in isolation.

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Re: wavelet
Date :12/6/2001 2:13:28 PM Poster : Steve Ward

Indeed, that HAAR wavelet eliminates boundary problems on the right side of the data.

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Re: wavelet
Date :10/12/2001 9:53:38 AM Poster : Xprogrammer

The optimal change definitions are in the help file under Neural Network - Output Discussion. There's a pointer to that in the context sensitive help that shows up if you push the help button at the place where you can select your output. I also found something about them in the Changes in Versions of NeuroShell Trader book under the place called Changes from 3.0 to 3.2.

As a former programmer myself I actually think the Ward group has done a pretty decent job in their context sensitive help. You can pretty well find most things. The other neat thing Ward did is that if you go to the Help menu and select Search for help on..., all you have to do is press on the Find tab and type in the word optimal. Then all the places where optimal appears show up right away in a list.

Back in the old COBOL and FORTRAN days if you didn't find it in the index of a huge manual, you were out of luck. I sure wish we'd had context sensitive help capability back then! It wouldn't have been much good in the days when we used card decks, but later we went to online terminals and we could have used it if IBM had put in in the mainframe operating systems.

On 10/12/2001 2:16:15 AM Sylvain Gauthier wrote:
Any sucess with wavelets ?

NST allows the user to optimize different objective functions but only if the inputs are optimized. What if the inputs are not optimized: we loose that capability.

The optimal target (optimal % change etc...) has not been defined. How is it computed and optimized.

Quote.com problems today
Date :10/22/2001 1:49:30 PM Poster : webmaster@ward.net

Quote.com is having problems today, but if you go to www.quote.com and click on the "Click Here for Network Updates" jump (left side, down about half way) you can read all about them. Whenever you have problems concerning Quote.com, it might be a good idea to check their web page to see if anything unusual is happening.

Custom Indicators
Date :10/23/2001 10:03:17 PM Poster : jaj

In setting up a custom indicator for the McClellan Oscillator I am able to fix the day parameter's (19 & 39) permanently, but the NYSE advance and decline parameters (*naz & *ndz) must be re-designated each time the indicator is to be used. Is there a way to set up a custom indicator in NSP so re-designation of the intruments won't be necessary? Thanks.

Re: Custom Indicators
Date :10/24/2001 1:44:19 PM Poster : webmaster@ward.net

No, there is no way to default a parameter to a particular instrument in a custom indicator. However, what you could do is insert that indicator in a chart, and then refer to the inserted indicator each time you need it in that chart. That won't help you with other charts, but may cut down on keystrokes, especially if you decide to add lots of chart pages using "add/remove chart pages".

On 10/23/2001 10:03:17 PM jaj wrote:
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Quote.com / Qfeed
Date :10/26/2001 4:39:25 AM Poster : Mike Oldroyd

Is Ward systems looking at any alternatives to quote.com? We have had to cope with a regular stream of outages and incorrect data recently, and the level of customer service from their staff is abysmal.

I notice that quote.com want to charge NYSE "Data vendor" fees to anyone who develops software on their feeds. At the moment it's just the users of their own SDK (including yourselves I guess) but if this charge holds, maybe they'll want to start charging anyone who develops their own indicators. I don't really want to start forking out $750 a month because I have a few powerbasic indicators.

Any views on this?

Re: Quote.com / Qfeed
Date :10/26/2001 4:12:16 PM Poster : webmaster@ward.net

Yes we are working on several alternatives to Quote.com. We hope real soon to be announcing something about one of them. However, we hope nobody is expecting some other feed to be totally without problems. It may boil down to which feed has the least number of things that irritate you. The main advantage now of Quote.com is the huge amount of historical data they have. We haven't found nearly as much elsewhere. Other sources may offer more reliability but less historical data, or you may have to leave your computer on and collect that data because they don't supply it at all. Other feeds may have some problems similar to some of Quote.com's.

We can't imagine our users ever being charged developer fees because you build indicators. If you SELL those indicators then maybe it could come to that, who knows.

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Any views on this?

Re: Quote.com / Qfeed
Date :10/28/2001 8:30:00 AM Poster : Maxwell Craven

I agree that it is nice to get all that historical data. Others don't seem to have more than about a month of historical. However, I am a little worried that Quote.com may have done what they threatened to do some time ago - give the lowest priority to those downloading historical data. Even though it is Sunday morning, it is taking forever to get historical data. Same thing yesterday but not nearly ad bad. I even use the pinger thing that you provided. In honesty though I have no way of knowing if the slow speed is quote.com, the internet, or my isp. Anybody else have this problem this weekend?

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Any views on this?

Re: Quote.com / Qfeed
Date :10/30/2001 3:45:09 AM Poster : John Hegarty

Is Tradestation Pro still being looked at, given its lack of export capability, and if so what is the status.

On 10/26/2001 4:12:16 PM webmaster@ward.net wrote:
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Any views on this?

Re: Quote.com / Qfeed

Date :10/30/2001 4:25:06 PM Poster : Webmaster@ward.net

Yes, we are continuing to look at TS Pro along with other alternatives simultaneously. We can't really report any status for that until we call for beta testers. All we can say at this point is that we will be beta testing the M3 market data server first (there is a paragraph on that in our Oct email newsletter due out tomorrow).

On 10/30/2001 3:45:09 AM John Hegarty wrote:
Is Tradestation Pro still being looked at, given its lack of export capability, and if so what is the status.

On 10/26/2001 4:12:16 PM webmaster@ward.net wrote:
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Any views on this?

Downloading intra-day

Date :10/31/2001 10:36:24 PM Poster : Tagster

Hi all,

Been out of the loop, trading longer term from TS2000 while working on other things. I was using Quote.com real time (Choppy).

I would like to download the last few months of tick data without signing up for a service just yet. Can I get downloads by purchasing tick data online?
What would be recomended? Any ideas. Can I switch back to global server?
That might work?

Thanks,

Tagster
Thanks

Re: Downloading intra-day

Date :12/26/2001 1:27:18 AM Poster : Bruno

Why don't you just download delayed tick data from the free Omega FTP site?
But as you know using GS with NSDT is not quite risk free. I have had a few crashes, particularly when attempting to change the chart frequency.

Bruno

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What would be recomended? Any ideas. Can I switch back to global server?
That might work?

Thanks,

Tagster
Thanks

UMDS

Date :11/1/2001 1:08:37 AM Poster : CBOTDOC

TRADESTATION 6 (ASP) IS NOW BASED ON UMDS AND IT'S THE FIRST STABLE SERVER TS HAS HAD. HAVING IT AVAILABLE FOR THE DAYTRADER PRO WOULD BE EXCELLENT.

JURIK TURNING POINT

Date :11/5/2001 4:27:54 AM Poster : ED CONDON

MAY I HAVE ANY FEEDBACK ON THE JURIK PRODUCTS? ESPECIALLY THE TURNING POINT PRODUCT.....I AM PONDERING THEIR PURCHASAE...ARE THEY WORTH IT? MONEY? AND LEARNING CURVE?

Re: JURIK TURNING POINT

Date :11/6/2001 4:22:57 AM Poster : Daniel P Lyons

Hi Ed,

I came across this comment on the Jurik forum:

//////
I tried TPO for a while. I would just as soon use RSX. It didn't
seem to provide signals any sooner than anything else. The best
settings I found were the ones recommended by the author. M advice,
save your $$ and tune your RSX to meet your needs.
///////

I have used the Jurik Indicators and found them to be interesting from a learning perspective but I don't use any of them in my final trading strategies. They help me understand price action in a "cleaner" way in order to define/refine indicators and strategies etc. But like most things you have to experiment to get the best from them.

I hope this helps,

Daniel

On 11/5/2001 4:27:54 AM ED CONDON wrote:
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prediction

Date :11/5/2001 10:28:57 AM Poster : claude

Hi everyone,

Does it means something if I do a prediction like this:

%change of Close on 5 days, 1 day in the future?

Is there too many chances of overfitting?
Thanks

Re: prediction

Date :11/26/2001 5:01:07 PM Poster : alberl

Bonjour Claude,
Your question is not clear to me, I assume you refer to daily bars, do you mean %change in Close predicted 5 days in the future or are you trying something sophisticated with indicators on 5day periods?
albert

On 11/5/2001 10:28:57 AM claude wrote:
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Is there too many chances of overfitting?
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Re: prediction

Date :11/29/2001 2:57:56 AM Poster : claude

Hello Albert,

Sorry, I realise that my question is not so clear. I'd like to make a prediction of 1 bar in the future, the indicator to predict is made of
% change in close on 5 bars (not days).

To summarize:
- Output: Prediction of "1 bar in the future", for an indicator made of "% change in close on 5 bars",
- Input: Several indicators (5 to 20 bars in the past) made of momentum, regression, % change, fuzzy ...
- Not trading position, look for minimize errors

The mean error I get is between 0.15 and 0.20 which seems to be good, but I am wondering if I am overfitting or not.

Claude

On 11/26/2001 5:01:07 PM alberl wrote:
Bonjour Claude,
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quote.com problems

Date :11/11/2001 1:21:44 PM Poster : goodwinmw

Is anyone having problems with quote.com over this weekend? Mine seemed to download fine on Friday...now nothing.

Re: quote.com problems

Date :11/12/2001 2:05:21 PM Poster : Maxwell Craven

I didn't use it this weekend but I had a similar problem a couple of weeks ago. See my post under "Quote.com / Qfeed". Athough I noticed a big slowdown in general on the internet this past weekend, I'm wondering if Quote.com is doing maintenance on the weekends, which is effecting historical downloading?

On 11/11/2001 1:21:44 PM goodwinmw wrote:
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Fitness function

Date :11/13/2001 1:53:31 AM Poster : Jana

Hi,
I would imagine this is another suggestion for NS Trader developers.
While building neural nets or optimizing something using GA quite often I find myself in situation where I'd like to use my own (customized) fitness function rather than have to choose from the list provided.
For example I may want search for parameters to maximize function f = net profit * number of trades /average trade span (just an example).
In my eyes its not just a minor improvement but rather essiantial feature to have to take full advantage of neural nets and GA. Best of all it should be really easy to implement too, basically you just have allow user to define his/her own fitness functions and I can't think of any reasons why this would hurt anyway.
Your feedback would be appreciated.
Thanks,
Jana

Re: Fitness function

Date :11/20/2001 3:14:13 PM Poster : alberl

Hello Jana,
I have read your post again and I realized only now that you have touched

the subject which is bothering many of us: the far too uncontrolable
trade intervals:
Your suggestion will be very useful to optimize / reduce the intervals,
so I strongly vote for your suggestion,
may be others would join, and WSystems might
consider helping faster in this respect.
albert

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Your feedback would be appreciated.
Thanks,
Jana

Re: Fitness function

Date :11/22/2001 10:40:05 AM Poster : webmaster@ward.net

We certainly share the view that user-created fitness functions are a good idea, as well as being able to constrain optimization for the purpose of adjusting trade intervals and other things. Basically, the fitness would be penalized if it traded too much or too little. Both of these are on our "to do list".

In the mean time, read the tip on this site called "What to Do if Your Optimized Trading Strategy Trades Too Much". There is already an excellent way to penalize fitness for too much trading that seems to work for most users, assuming that trading rules or net inputs being optimized can cooperate. If it doesn't work consider constraining parameters in your indicators, or revisiting what your trading rules do.

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Your feedback would be appreciated.
Thanks,
Jana

Re: Fitness function

Date :11/24/2001 1:58:37 AM Poster : Jana

I truly appreciate the responsiveness and cooperation by developers.
I didn't particulary meant trading intervals, it could be virtually any function one want to optimize, so its more general.
Different issue is being able define variables and use them as parameters for GA optimization - I assume developers are working on this too.
These 2 are definitelly the highest priority on my list, the rest could be taken care using dll pretty easely.
I may have few other neat ideas how to improve NS Trader even further, but they are not that simple so I'll hold on them for now.
For now I'm trying to only suggest upgrades which are in my opinion vital for truly "professional" trading package.

On 11/22/2001 10:40:05 AM webmaster@ward.net wrote:
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Thanks,
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Different Bar Intervals

Date :11/15/2001 7:15:43 AM Poster : Mike Oldroyd

I would really want to go a step further than that, and be able to use different bar intervals within the same indicator. For example, many people reagard the 200day SMA line as a major resistance/support line. I would like to be able to factor this in, even when short term trading with other indicators using 1 or 5 minute bars. Multiplying up more frequent bars, just isn't the same since the support/resistance is at least in part a self-fulfilling prophecy, and an average of a very large number of minute by minute figures won't give you the same graph.

Re: Different Bar Intervals

Date :11/17/2001 2:50:47 PM Poster : albert stoffel

Hello Mike,

I absolutely share your desire as I am convinced that having for ex. 1 min and 15 min bars in the same prediction will boost the reliability of the nets.

If you were not so "demanding" by wanting to have a 200 day MA in a one minute chart, but only 15 min bars (1 min versus 200 times 7 hous times 60 min), you could try the following...
(I have tried it on 1 min historical data transformed via EXCEL into daily bars:...and looked at it with the daily NST)

Say you are in a 1 Minute chart and want to have 15 minute bars.
The information contained in a 15 min bar is:
OPEN 15 = LAG 15 of OPEN 1min
HIGH 15= Highest HIGH window 15 of 1min bars
LOW 15= Lowest LOW window 15 of 1 min bars
CLOSE 15 = CLOSE 1min (more or less)

These data series contain nearly the same info as real 15 min bars
I would even say that they yield better results in predictions than
simple 15 min bars as the latter are less continuous i.e. come in only every 15
minutes.
These data obviously are Kellner channel data ! ! ! and as such more sophisticated than simple bars as they contain more information, they look very nice on the chart!
If you want to loose that supplemental info and get the real bars, you would have to filter out 14 of 15 bars. I have not one this though.

However I believe Ward Systems will do the necessary sooner or later and in the mean time somebody of our dll specialists will do it before. (If not me)

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Re: Different Bar Intervals

Date :11/22/2001 4:20:46 AM Poster : Mike Oldroyd

Thank you Albert. That sounds like a great idea. I adapted your idea slightly and found I could get the 200 day SMA on a 30 min chart, by using the Intraday DayClose indicator. ie on a 30 min chart.

200 day SMA = Avg(DayClose(Date,Close,1),2800)

(2800 becuase there are 14 30 min bars in a day)

Mike

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Protective Stops

Date :11/20/2001 9:09:47 AM Poster : maciej

When training I usually run my ideas without any protective stops and if the results seem interesting then I retrain using exactly the same rules/data (daily) with protective stops based on points allowing the optimiser to find a suitable stop value.
Logically I'd expect to get the same or more number of trades; the stops shouldn't prevent mne from trading but I'd be stopped out perhaps. What happens is that the number of trades in the training drop dramatically.
Does anyone have an explanation for this?

DataX

Date :11/21/2001 8:16:38 PM Poster : Steve Kratochvil

I have been very pleased with my uses of this fine add-on it is currently employed to send signals in my AutoPilot program. Conversely, it is almost better to use it to send data back to the NSDTP. I can see that it may be of interest to be explored by anyone trying to add the different time sequences into an existing chart. With the DataX you could send the current 15min bar data into a 1min chart or you could use a dll. This brings up something that I forgot to mention. This digression got to be large enough for another post see "Visual Basic DLL"

Re: DataX

Date :11/30/2001 8:23:20 AM Poster : Mike Oldroyd

Steve

Did you ever get round to posting your thoughts Visual Basic DLLs? I would certainly be interested.

Mike

On 11/21/2001 8:16:38 PM Steve Kratochvil wrote:
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Re: DataX

Date :12/26/2001 1:21:31 AM Poster : Bruno

Sounds very interesting! What exactly is your AutoPilot program?
If I understand you correctly, you inter-feed charts with PutData-GetData. Does they synchronize ok?

Bruno

(By the way, I have written 2 small "DataX for Excel" which can be of interest to non-VB programmers.)

On 11/21/2001 8:16:38 PM Steve Kratochvil wrote:
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> ***Re: DataX***
>
> Date :12/29/2001 11:44:46 PM Poster : Steve Kratochvil
>
> The AutoPilot is a Visual Basic app that takes the data from the DataX and translates it into a trade signal. The trade is then executed. The signals that I am using are:
>
> 1 = Buy
> 2 = Sell
> 0 = Hold
> 10 = Short Cover
> 20 = Short
> 11 = Buy Reversal
> 22 = Short Reversal
>
> Your idea on interlacing or interfeeding the charts is not possible without an application using the DataX to take the 15min chart and present the data for the 1min chart. The charts are not data servers.
> If you built a system so that a 15min chart PutData indicator of CLOSE was put out to a DataX file (#1) that was monitored by an Application that would collect that data and then PutData of CLOSE out to a DataX file (#2) that a 1min chart was watching with GetData you might have it. I have not explored this yet mostly because I do not see the value in the multiple time series.
>
> Thanks,
>
> Steve
>
> On 12/26/2001 1:21:31 AM Bruno wrote:
> Sounds very interesting! What exactly is your AutoPilot program?
> If I understand you correctly, you inter-feed charts with PutData-GetData. Does they synchronize ok?
>
> Bruno
>
> (By the way, I have written 2 small "DataX for Excel" which can be of interest to non-VB programmers.)
>
> On 11/21/2001 8:16:38 PM Steve Kratochvil wrote:
> I have been very pleased with my uses of this fine add-on it is currently employed to send signals in my AutoPilot program. Conversely, it is almost better to use it to send data back to the NSDTP. I can see that it may be of interest to be explored by anyone trying to add the different time sequences into an existing chart. With the DataX you could send the current 15min bar data into a 1min chart or you could use a dll. This brings up something that I forgot to mention. This digression got to be large enough for another post see "Visual Basic DLL"

clean desktop, order and clear head

Date :11/26/2001 4:26:54 PM Poster : alberl

Hello
This is a call for help on down to earth practical work organization !

I am submerged by the multitude of my predictions.
How should I organize myself now, I am badly suffering from information overflow.
Having multiple folders does no more help, has anybody work a nice and practical classifying system which he would be prepared to share ?

I would also need to be able to import predictions from one prediction to the other, via copy and paste , or drag and drop , is this on the to do list by WS ?
thx in advance
albert

> ***Re: clean desktop, order and clear head***
>
> Date :11/26/2001 5:12:15 PM Poster : chris wong
>
> you can feed one prediction into another already albert as long as they are in the same chart.
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> thx in advance
> albert
>
> > ***Re: clean desktop, order and clear head***
> >
> > Date :11/27/2001 4:50:46 PM Poster : albertl
> >
> > Hello again,
> > Chris, this is not at all what I mean.
> > I want to patch my best predictions from different charts into one new chart,
> > the way it goes now is very unpractical, one has to keep on typing , printing out , making notes, or open plenty charts and risk out of memory, quite a mess.
> > if the new chart is supposed to be a little bit sophisticated
> >
> > The other call for help is more of a theoretical one, how to classify the plenty of predictions, from the point of view of profit ? accuracy? if stock ? if commodity ? if index used ? if MA type or/and if momentum used ? etc etc a methodology is needed...etc etc etc
> >
> > albert
> >
> > On 11/26/2001 5:12:15 PM chris wong wrote:
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> > thx in advance
> > albert

train up to today and then look back without retraining

Date :11/26/2001 4:43:10 PM Poster : alberl

Hi again,

Would it not be nice to train and optimize on data, say of the last 6 month , and then to be easily able to look back at any previous period , say of 3 month, in previous past?

with the same net, without the NST trying to retrain?
.
albert

> ***Re: train up to today and then look back without retraining***
>
> Date :11/26/2001 5:13:21 PM Poster : chris wong
>
> what do you mean by "look back"?
>
> On 11/26/2001 4:43:10 PM alberl wrote:
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>
> with the same net, without the NST trying to retrain?
> .
> albert
>
> > ***Re: train up to today and then look back without retraining***
> >
> > Date :11/27/2001 4:41:22 PM Poster : albertl
> >
> > Hello Chris,
> >
> > Time to chat again...
> > The NST is actually already providing but in a roundabout way what I would like to have : . using several out of sample tests.
> > What I would really like is this: distinct out of sample periods say one for the 3 first months of 1999, another one for the 3 months starting August 1999 etc..
> >
> > If I am prepared to train 1 year and have one 6 month
> > out of sample period. Assume this net gives OK results.
> > But I will now run the training till today on the last 12 months , (without "classical" out of sample period, to get my net up to date). Instead of hoping for the best and go from there, I would like to still do some out of sample testing ... YES :::
> > (LOOKING AT the out of sample data THRU THE EYES OF MY MOST RECENTLY TRAINED NET)to see how my most recently trained net works on the three months before the recent 1 year training period.or any other previuos period)
> > This is in my eyes better than doing it the usual " classical" way , where the out of samole period is the most recent period
> > I believe this would be dynamite on intraday data
> > Worth considering it from the standpoint of patent law ?.. But there are so many ideas around..
> > I would call this backward out of sample testing
> > albert
> > On 11/26/2001 5:13:21 PM chris wong wrote:
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> > with the same net, without the NST trying to retrain?
> > .
> > albert
> >
> > > ***Re: train up to today and then look back without retraining***
> > >
> > > Date :11/28/2001 5:22:41 PM Poster : Ann
> > >
> > > Hi Albertl,
> > > I just finished the class and I think I learned how you can do what you want. If you simply train a net and then build a Trading Strategy to apply the prediction to specific dates. Use A>B and A<B in your trading strategy rules, where A is either the current net or one of your walk forward nets. I don't think you can use the out of sample net, but then you don't need to anyway. You may have to go to options to make sure the current net and walk forward nets show up.
> > >
> > > Ann
> > >
> > > On 11/27/2001 4:41:22 PM albertl wrote:
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> > >
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with the same net, without the NST trying to retrain?

Albert

Trading Strategy thoughts
Date :11/26/2001 7:31:06 PM Poster : Steve Kratochvil

I just made one of my own personal bonehead mistakes that turned into an awesome discovery after I sat and stared at my mistake for about 3 hours. This is what I have to offer all who work hard to hone their trading systems. Ever feel like you cannot get anything to work out right. Try this. Before you go building the Holy Grail of predictions why not get your Trading Strategy locked down tight just as if you had the perfect prediction signal. This way you only need to solve for predictions not both predictions and trading strategy. I have found that I make adjustments to both in an effort to get the total performance up. This often makes the bad prediction look better than it is or the trading strategy never seems to hit dead center even with fine adjustments.
This is what I did. Take your FuzzyGA7 and build a fully optimized prediction with it. Now make the classic mistake of using the ActualSignal of the FuzzyGA7 as the input into a Trading Strategy. Presto you have an absolutely perfect signal to develop a perfect Trading Strategy. I was not paying attention to the fact that I was using this non-tradable ActualSignal because I had renamed it FuzzyGA7Signal which is a real bad name for that signal anyway. I went about my business with 186 wins out of 188 trades not realizing my debacle. I fired up my AutoPilot at 7:30am and left it to trade the day away as I was out and about. I was so excited when I cam home that I rushed down to see what had happened. Nothing. Not one single trade was executed. I though what did I do wrong? I checked everything. The DataX had not sent over a signal all day and my AutoPilot was just sitting there ready as ever. I looked and the trade signals were 10mins behind the current bar. I realized that the DataX was getting a 0 on every bar as the Trading Strategy was 10mins behind the input. But the trades being pegged, on the current live data, were perfect. I was stymied. I had perfect trades only 10mins behind the action. Then I figured it out. I had even called Ward Systems to explain my problem. Then after awhile I started to realize that I had the perfect set of rules for my trading style no matter what the prediction. So I ran the same system on other stocks and they too traded perfectly. I was back to elated and smiles. I also could see that I only needed build any prediction to mirror the ActualSignal. This is just a thought about the possibility of eliminating at least the trading strategy variable from your trading system.

Hardware Thoughts
Date :11/28/2001 9:44:33 PM Poster : Steve Kratochvil

I have some definitive information about the Hardware you should be using for the Neural Shell Day Trader Professional. If you are working with intra day data and are day trading then speed and power are as important to you as the accuracy of your system. The reasoning here is, "If you can't execute on time it does not matter if your right." I have used the NST one four different machines just because I have them. This is what I have noticed. On slower 600mhz machines you will need 512mb ram. On a average 1ghz machine you will need 256mb ram. The speed of the CPU directly affects the amount of ram you will need to be functionally acceptable for real trading. Now the latest machine that I have purchased for my NST is a 2ghz CPU with 512mb of RDRAM and a 7200rpm 40gig HD. I had the machine custom built to my specifications. Let me just say the being able to fully optimize a single net in 30 sec was exciting. Buy the best and most powerful machine made, even if it means a second mortgage. You cannot compromise on the Hardware, NST will eat it up.

Re: Hardware Thoughts
Date :11/29/2001 1:11:05 PM Poster : alberl

Hello Steve,
But how many predictions at say 5 inputs and 1000 bars are you using
in one net?
My NST s limit is reached ,for a 600Mhz 200Megabyte AMD, when I use 2 predictions as input to a final prediction and 6 times 3000 bars as inputs total
albert

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Re: Hardware Thoughts
Date :11/30/2001 8:46:23 AM Poster : Xprogrammer

It sounds like something must be wrong with your system, unless you are using more than a few walkforwards. How many WFs? Anything else in your chart, maybe hidden stuff? I do know that Microsoft takes about 100 megs for the OS, and you may want to check to see if any other programs are getting started automatically by the OS. What indication are you getting that the limit is reached?

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Re: Hardware Thoughts
Date :11/30/2001 9:02:09 AM Poster : Steve Kratochvil

I was just as interested in maxing the machine out as you would be. I have found that increases in hardware give proportiaonal increases in NeuralShell. I was really wanting to try out the new technology (Pentium 4, WinXP Pro, RAMBUS Ram) on NeuralShell and I got it a bargan price so I was happy. This is what I did just from a performance stand point. I took 197 inputs and 1300+ bars of one minute intraday data and let it fully optimize a prediction. It took 1hour and 10minutes on the new machine. When sat down to running just the real things that i am wanting to test having the increased hardware made it very nice to run through things only waiting mabye 1 or 2 mins when I reduced the number of inputs to 2 or 3 etc....

If you are looking at hardware to buy. Just do it. I can give you the specs that I gave to my builder.

Steve

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M3
Date :11/30/2001 10:29:42 AM Poster : Ergo Mann

A short while ago, 14 May 2001, you wrote an email to all users in which it was stated,

{"We have been hearing quite a few complaints about Quote.com lately; it seems they have been having their problems. Mostly people want to know if we are in the process of trying to support other real time data feeds. In this article we will outline what we are doing, and what you can do in the meanwhile to make life with Quote.com easier.
First of all, let us reiterate why we chose Quote.com to begin with. We aren't trying to make excuses for them, but they were the only intraday data service that could deliver a reasonable amount of historical intraday bars over the feed. You have to have historical data to build neural nets and also to backtest traditional trading strategies. It's that simple.
TradeStation Pro can do it, but they aren't a data service. There may be other outfits like TradeStation that deliver this data as part of some software they sell, but as far as we know, Quote.com is the only data service.
At this time, we are working hard to support UMDS, the Universal Market Data Server [now M3] (www.uniserv.com <http://www.uniserv.com>). When we complete this effort, you should have a number of other satellite and cable data feeds available to you. The problem of historical data, however, will remain. You are going to have to leave UMDS on for a while to collect historical data, or you will have to get it somewhere else, like Tick Data, or Quote.com. It also may be a while before UMDS supports internet feeds.
As a TradeStation provider, we are also trying to be able to provide you with TradeStation Pro's intraday data. TradeStation is not going to make this easy for us as they are not providing any means for 3rd parties to link to their data server at this time. However, we are exploring other means of extracting the TradeStation Pro data. This will be a good solution for those who already own or plan to own TradeStation Pro.
As part of the two efforts above, we are also planning to provide some sort of Data Input API in the NeuroShell Trader. This will let those of you who have some programming capability fire intraday data into the Trader from any source to which you have programming access.
Now, what can you do in the meanwhile?"}

Of specific interest is the part about the Data Input API. Being in the UK is it somewhat awkward to get the data feeds associated with securities I trade, namely, the FT-SE 100 index, CAC and DAX 30 indicies. I also trade the DJIA and S&P 500 indices.

I therefore use a DDE feed from the trading platform, Market Master and feed that via a database to a CSV file which I then open in NeuroShell DayTrader Professional.
Although this works it is clearly limited and is usually a minute behind the market. I have to manually open and close files to get NST to update the chart.

What I would like to know is are you still planning to expose the API in NeuroShell Trader or do you intend for users to opt for the M3 solution with the SDK for such non standard feeds?

Thanks

Ergo

Re: M3
Date :11/30/2001 4:49:16 PM Poster : webmaster@ward.net

We are still looking at building an API to enable intraday data to be input into the DayTrader. We are also looking at intraday data feeds that have European Exchange Data. We can't be more specific than that at this time.

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Thanks

Ergo

Re: M3
Date :12/9/2001 2:33:29 PM Poster : Ergo Mann

Webmaster,

Thanks for your response.

I wonder then if you could offer me some advice.

I am exploring the option of M3 Data Server with the SDK, the full version of which will not be available until next year.

However, my situation is a bit desperate. I have a very good model of the S&P which I trade using the kludge method I described, namely, I use a VB5 client to read a DDE feed and pass to a database on another computer the high low. At the end of each minute it performs a series of queries that forms the high, low, open and close for a list of securities (six, mainly indices) and then uses an ActiveX control to append the high, low etc., to a CSV file that I open and re-open (to get the update) in NST.

The advise I seek is how or what method you would use to wholly automate this process? So that I no longer suffer from the lag of at least one minute which can prove critical and confines me to looking at only a handful of securities.

Any advice will be gratefully received.
Thanks again in advance.

Ergo.

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Thanks

Ergo

Re: M3

Date :12/10/2001 3:09:46 PM Poster : Webmaster@ward.net

We didn't understand your comment about M3 - we assume you are saying that M3 won't interface with your feed until next year. We also assume you could use either M3 or Quote.com for your S&P model. So in terms of the European exchanges, your problem won't really be solved until you can beta test something we build that will either give you an API to load in data, or give you access to European exchanges. However, as an interim all we can suggest are the macros recommended by Mr. Buffalo on the Tips from Trader Users section of this site. They may be able to close down the DayTrader, bring it back, and load your chart faster than you can do it manually.

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Thanks

Ergo

Re: M3

Date :12/10/2001 5:16:03 PM Poster : maciej

Gentlemen,

If you're looking for European exchanges then you could use DialData. I use AIQ/TrackData which amounts to the same thing for European EOD data. Its reasonable though the quality of the data is sometimes an issue.

Regards

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Date :12/20/2001 9:52:57 AM Poster : Webmaster@ward.net

We should point out to others that M3 is free in the single user version and is not a trial version. You only need to pay for more advanced things. Here is their pricing statement from www.mktstream.com:

Pricing:

Stand-alone versions of the M3 Market Data Server for individual Traders
Free Version (Single application use only, Supports many broadcast feeds)

Standard Version ($595 - Allows multiple applications, DDE, and data import/export)

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At this time, we are working hard to support UMDS, the Universal Market Data Server [now M3] (www.uniserv.com <http://www.uniserv.com>). When we complete this effort, you should have a number of other satellite and cable data feeds available to you. The problem of historical data, however, will remain. You are going to have to leave UMDS on for a while to collect historical data, or you will have to get it somewhere else, like Tick Data, or Quote.com. It also may be a while before UMDS supports internet feeds.
As a TradeStation provider, we are also trying to be able to provide you with TradeStation Pro's intraday data. TradeStation is not going to make this easy for us as they are not providing any means for 3rd parties to link to their data server at this time. However, we are exploring other means of extracting the TradeStation Pro data. This will be a good solution for those who already own or plan to own TradeStation Pro.
As part of the two efforts above, we are also planning to provide some sort of Data Input API in the NeuroShell Trader. This will let those of you who have some programming capability fire intraday data into the Trader from any source to which you have programming access.
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Of specific interest is the part about the Data Input API. Being in the UK is it somewhat awkward to get the data feeds associated with securities I trade, namely, the FT-SE 100 index, CAC and DAX 30 indicies. I also trade the DJIA and S&P 500 indices.

I therefore use a DDE feed from the trading platform, Market Master and feed that via a database to a CSV file which I then open in NeuroShell DayTrader Professional.
Although this works it is clearly limited and is usually a minute behind the market. I have to manually open and close files to get NST to update the chart.

What I would like to know is are you still planning to expose the API in NeuroShell Trader or do you intend for users to opt for the M3 solution with the SDK for such non standard feeds?

Thanks

Ergo

Re: M3

Date :12/20/2001 12:58:36 PM Poster : Webmaster@ward.net

Check with MarketStream to be sure, but our understanding is that the DDE on M3 is DDE of M3 data out to the program, not DDE from a data provider into M3.

On 12/19/2001 4:24:33 PM Ergo Mann wrote:
Webmaster,

Many thanks. I have already down loaded the M3 and v3.5 of NST though I should sign up for the beta test too.

I saw that the M3 has a DDE option which is not enabled on the trial (single use) version. So I decided I should just pay for the full $995 version and see if I can 'tweak' it to work.

I will also contact Comstock as indicated.

However, I am becoming contented just to trade the S&P 500 as it has proved quite lucrative even with the pseudo automated method I use. Once I finally get to full automation I will be able to short as well as go long which is mainly the strategy I employ now.

Ergo.

On 12/18/2001 4:58:14 PM Webmaster@ward.net wrote:
We now note that S&P Comstock not only has European and Asian exchanges, but offers those services via satellite in Europe and Asia as well. So if you or others are willing to access via satellite, you can discuss the issues with them at the European and Asian sales offices. See www.spcomstock.com for details and sales office numbers.

On 12/11/2001 4:54:30 AM Ergo Mann wrote:
Many thanks for your confirmation,

Yes, I believe you are correct. I may drop the European indices and concentrate on the S&P solely with Quote.com awaiting developments in the New Year.

Thanks again.

Ergo.

On 12/10/2001 3:09:46 PM Webmaster@ward.net wrote:
We didn't understand your comment about M3 - we assume you are saying that M3 won't interface with your feed until next year. We also assume you could use either M3 or Quote.com for your S&P model. So in terms of the European exchanges, your problem won't really be solved until you can beta test something we build that will either give you an API to load in data, or give you access to European exchanges. However, as an interim all we can suggest are the macros recommended by Mr. Buffalo on the Tips from Trader Users section of this site. They may be able to close down the DayTrader, bring it back, and load your chart faster than you can do it manually.

On 12/9/2001 2:33:29 PM Ergo Mann wrote:
Webmaster,

Thanks for your response.

I wonder then if you could offer me some advice.

I am exploring the option of M3 Data Server with the SDK, the full version of which will not be available until next year.

However, my situation is a bit desperate. I have a very good model of the S&P which I trade using the kludge method I described, namely, I use a VB5 client to read a DDE feed and pass to a database on another computer the high low. At the end of each minute it performs a series of queries that forms the high, low, open and close for a list of securities (six, mainly indices) and then uses an ActiveX control to append the high, low etc., to a CSV file that I open and re-open (to get the update) in NST.

The advise I seek is how or what method you would use to wholly automate this process? So that I no longer suffer from the lag of at least one minute which can prove critical and confines me to looking at only a handful of securities.

Any advice will be gratefully received.
Thanks again in advance.

Ergo.

On 11/30/2001 4:49:16 PM webmaster@ward.net wrote:
We are still looking at building an API to enable intraday data to be input into the DayTrader. We are also looking at intraday data feeds that have European Exchange Data. We can't be more specific than that at this time.

On 11/30/2001 10:29:42 AM Ergo Mann wrote:
A short while ago, 14 May 2001, you wrote an email to all users in which it was stated,

{"We have been hearing quite a few complaints about Quote.com lately; it seems they have been having their problems. Mostly people want to know if we are in the process of trying to support other real time data feeds. In this article we will outline what we are doing, and what you can do in the meanwhile to make life with Quote.com easier.
First of all, let us reiterate why we chose Quote.com to begin with. We aren't trying to make excuses for them, but they were the only intraday data service that could deliver a reasonable amount of historical intraday bars over the feed. You have to have historical data to build neural nets and also to backtest traditional trading strategies. It's that simple.
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What I would like to know is are you still planning to expose the API in NeuroShell Trader or do you intend for users to opt for the M3 solution with the SDK for such non standard feeds?

Thanks

Ergo

Neural Shell 3.5 Install and WinXP

Date :11/30/2001 1:10:13 PM Poster : Steve Kratochvil

My experience: I unzipped to my D:\Box directory. This is just standard for me as part of my file organization system. Once the 3.5 update process hit the steup error in WinXP that is OK to by-pass and finished, my NSTRADER.exe was not replaced. The last step of moving everything into the directory failed. Go back to your directory (D:\Box) where you unzipped the update and double click SETUP.exe. This time WinXP will ask if you about the NST 3.5 install. Click repair and it will re-run the install again, this time the installer will not need to remove the old version so it will update correctly and you will be off and running.

Re: Neural Shell 3.5 Install and WinXP

Date :11/30/2001 1:37:25 PM Poster : webmaster@ward.net

The standard prodecure that NST is set up for is to remove the old version before installing the new one. Go to the Control Panel and use Add/Remove Programs to do that. Don't worry, your charts, templates, data, etc won't be removed as long as they aren't the same name as one of our example charts, templates, etc. Hopefully, using the Add/Remove procedure will avoid the problems Steve K experienced.

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Re: Neural Shell 3.5 Install and WinXP

Date :12/1/2001 10:25:11 PM Poster : Steve Kratochvil

Hahahahaha. More than likely. You know how us itchy trigger finger programmer types are. We will push all the buttons before we read the manual.
Version 3.5 has been running for many hours now seems to have cleared up another issue I was having. Job well done.

Steve

On 11/30/2001 1:37:25 PM webmaster@ward.net wrote:
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Re: Neural Shell 3.5 Install and WinXP

Date :12/8/2001 5:28:42 AM Poster : John Phillips

I have what sounds like an identical setup to Steve.NST is on my D,Win XP,errors on install,etc. These errors still remain even after uninstalling and removing all files (exept for chart/data folders). My situation was slightly different in that win XP was a clean install on my C drive. If you follow Steve Kratochvil's process problem is solved.

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TRAILING STOP

Date :12/3/2001 5:47:02 PM Poster : VINCE

Does anyone know hot to build a dynamic trailing stop? I was told to use the Average True Range indicator but I am having a hard time putting one together. Suggestions are welcome.

Thanks

Re: TRAILING STOP

Date :12/7/2001 12:53:44 PM Poster : Aerie

On 12/3/2001 5:47:02 PM VINCE wrote:
Does anyone know hot to build a dynamic trailing stop? I was told to use the Average True Range indicator but I am having a hard time putting one together. Suggestions are welcome.

Thanks
Aerie has used an ATR dynamic trailing stop for many years. We find it very useful with futures and intraday stock trades. Also find it great for longer term trends (weekly). Currently, the only software we have available is for TradeStation 2000i. Would be willing to make an indicator and function available to those with an interest.

M3 Market Data Server

Date :12/6/2001 3:55:34 PM Poster : Steve Ward

As most of you know by now if you got our newsletter, we are beta testing the M3 Market Data Server. At least we hope to. So far we have no indication that anyone is starting to do that. I hope that means that there are no problems, and not that nobody is interested. I would like to hear from anyone starting this process, and encourage others of you who have expressed frustration with Quote.com to participate. In case you didn't get the newsletter, read the section of this site called "Release news, upgrade information and costs, beta tests."

Re: M3 Market Data Server

Date :12/15/2001 7:03:22 AM Poster : Robert Wilcock

I gave up on Quote.com a long time ago and now use e-signal, partly because it is more reliable and primarily because they provide intraday data for currencies. Consequently I have not been able to use the daytrader for some time.

I have asked before, with no positive response, but is it likely that we are going to see support for this, or any internet feed other than quote.com, at any time in the future?

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Date :12/15/2001 11:10:55 AM Poster : Steve Ward

We generally do not reveal specifically what development efforts we are working on until they are ready at least for Alpha testing. There are many sound reasons for this we have learned the hard way in the 20 years we have been in business. For one thing, if we fail to develop an interface (usually because the other side doesn't cooperate) then none of our users is bitter that they were promised something we couldn't deliver. As an example, we spend $thousands on the intraday interface to the 2000i Global Server with no help whatsoever from Omega, and we finally had to release it "unsupported" because of constant crashes in the Global Server experienced by about half of our testers.

On the other hand, I am personally disappointed that there is very little interest in M3 so far. We and MarketStream have spend hundreds of hours in development of this interface after hearing non-stop complaints about Quote.com specifically and internet transmission in general. Everyone wanted Comstock and DTN on transmission media more reliable than Internet. MarketStream has been very cooperative, unlike others, and the interface appears solid to us.

Nevertheless, we are indeed working on another internet feed, but internal testing so far has shown that other feeds have problems over the internet as well. If you want real reliability, try satellite with M3. Our Australian users may want to try MarketCast. I will see to it that anyone who starts using DTN or Comstock or MarketCast or Hyperfeed before the end of January with M3 and continues for at least 2 months will receive one of our add-ons free.

Furthermore, if the MarketStream people start seeing some interest in M3 from our users, they will add more feeds, including internet feeds. Once they add something, you've got it because we talk to M3.

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Re: M3 Market Data Server

Date :12/17/2001 9:41:51 AM Poster : Steve Kratochvil

Rest assured that there is great interest in the M3. Moving from one datafeed to another can be a very challenging process. Most people being creatures of habit have only kept the Quote.com and closed the other feeds if they had them. It is the exception or developer that would have more than one feed for any reason. I am going through the motions even now with Comstock just to get it online.
For the out of box experience the M3 installed on my WinXP machine without event. That is a very go sign. I wish to personally say thank you for making it possible to even attempt to use another datafeed. This option also will now allow some to fill out their backup plan and give the added security with additional datafeeds if their current one goes down and they need to exit a trade. If you do not have disaster recovery options then you are forced to roll the dice and hope all goes well. We already know that things happen often with datafeeds. Your efforts are well received. It is more the sleeping giant that acquiring a datafeed can be. The M3 is not just a nice feature to use it is an integral part of a solid and secure trading system.

I am very pleased

Thanks,

Steve

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Trading strategy - exit signals

Date :12/10/2001 8:19:42 AM Poster : Jimmy Raineri

I want to create a trading strategy that is "always in" the market -and- that closes all positions at a certain time of the day unconditionally.

The only way I've been able to do this is to use the long/short exit conditions (when 1 is true) and put a time >= xx:xx:xx, and also the same conditions I have for entry into the opposite side of the trade.

My "problem" is that, for example, the "long exit" condition(s) and the "short entry" condition(s) optimize differently (same for "short exit" and "long entry") - therefore I'm no longer "always in".

Is there a way that I can either have an exit condition actually be a pointer to the opposite entry condition - or - is there a way to tell the trader to exit (for example) a long position on -either- a long exit signal -or- and short entry signal?

Or is there another way to do this that I am not thinking of? Thanks!

Re: Trading strategy - exit signals

Date :12/10/2001 2:16:11 PM Poster : Webmaster@ward.net

In the current release of the DayTrader, there is no way to have long entry and short exit conditions optimize in any synchronized fashion. We can make strategies that are always in the market, and we can make them exit unconditionally at the end of the day. We can even optimize these, but we can't do all three things at once. There are some tips on this site related to a similar problem with stops that may give you some ideas:

How the Trailing Stop Interacts with the Exit Order in a Trading Strategy (10/16/2001)

How to Create a Trading Strategy with Both a Limit Order and a Stop Order Active at the Same Time (10/16/2001)

Reversal Trading Strategies (10/9/2001)

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Trading Strategy improvement

Date :12/14/2001 1:02:30 AM Poster : Al Martin

What's the possibility of gaining more flexibility on trading strategies. I am thinking particularly about money management. I would like to see the NS Trader equipped with a Fixed Ratio option which would be a great assist to actual trading. Of course I am referring to concepts that are currently popularized by Ryan Jones. In a nutshell the theory states that you can acheive a geometric amount of profit from a viable system by altering the percent of shares purchased based upon your overall capital where each trade is based upon a changeable and dynamic trading bank. If what I have read from Jones and from Murray Ruggierio is correct, than money management is far more powerful in terms of outcome than the trading strategy alone. Indeed I have seen demonstrations where the actual number of winning trades is the same but the earnings can be more than 5 times as much.
I recognize that for an initial development of a trading strategy one would be more interested in developing a winning percentage, but when you are ready to actually trade, I would love to see the trader's capabilities enhanced with this ability.

Re: Trading Strategy improvement

Date :12/17/2001 12:40:41 AM Poster : Jana

Hi Al,

While I do agree with the fact NS Trader would benefit from having MM feature(s) included, my personal opinion is there are several "more essiantial" features which we still waiting to materialise. What I mean I could live with running MM using separate software and my focus for NS Trader still remains in developing original system.

Just my humble opinion for whatever its worth.

On 12/14/2001 1:02:30 AM Al Martin wrote:
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calling datax from excel

Date :12/17/2001 6:27:41 AM Poster : philippe bousseau

i am considering buy your datax éapi add on, but because i am not a programmer un wish to know if i can simply call a predict price or buy/sell signal through excel ? Your M3 interface looks pretty good for the while :)

Re: calling datax from excel

Date :12/17/2001 8:44:25 AM Poster : Webmaster@ward.net

If you were a Visual Basic programmer, you would be able to transfer signals to Excel through a VB program also interfacing with the NeuroShell DayTrader through DataX. Please do not purchase DataX, however, unless you are either a programmer or have one available. It will not be much use to you.

On 12/17/2001 6:27:41 AM philippe bouseau wrote:
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ERROR MESSAGES

Date :12/21/2001 6:33:03 PM Poster : Vince

Often, during an optimization I get the following error message:

"Error in GetPopulation -> Too many populations."

It is so annoying that I have to close the Trader and restart to proceed with my work.

First of all, what is it?
Second, why does it happen?
Third, how can we I avoid it?

I hope someone has the answers.

Thanks

Re: ERROR MESSAGES

Date :12/27/2001 10:38:30 AM Poster : Webmaster@ward.net

This is not even a normal error, so next time you see it, please note what it is that you are doing and contact technical support with that information. They will want your chart too if possible so they can try to reproduce it.

On 12/21/2001 6:33:03 PM Vince wrote:
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I hope someone has the answers.

Thanks

MESA addon 3rd party upgrade

Date :12/27/2001 1:45:14 PM Poster : Russell

MESA2000, a Neuroshell third-party addon, has announced an upgrade (MESA2002). But it is only an upgrade for the standalone MESA product. After attempting to upgrade the addon for Neurosell Trader, I received an email from John Ehlers saying that "Sorry, but we don't yet have the update for Neuroshell available. Right now it is vaporware, and I don't have an estimate when it will be ready."

Russ Koester

Re: MESA addon 3rd party upgrade

Date :1/4/2002 10:23:03 AM Poster : Webmaster@ward.net

We have contacted the MESA people and they have told us they plan on finishing the DLLs for NeuroShell in just a few weeks.

On 12/27/2001 1:45:14 PM Russell wrote:
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Russ Koester

Fuzzy Logic

Date :12/30/2001 12:14:49 AM Poster : Steve Kratochvil

I am really warming up to this. How as anyone been doing with Fuzzy Logic? I have been testing and find that the FuzzyGA indicators are superior to their counterparts. I know that the help file says that it is humanly impossible to set the parameters of the GA but I have been poking at them just the same. I am currently beating FuzzyGA1(Close,2,5,0.05,0.05,0.1,2) up and down left and right. Any ideas will be greatly appreciated.

Thanks,

Steve

Re: Fuzzy Logic

Date :1/2/2002 8:06:33 AM Poster : Webmaster@ward.net

You probably mean that you are beating the optimizer out-of-sample (backtest period), where the optimizer does not optimize. If you are indeed beating it in the optimization period, then you just need to optimize again, telling the optimizer to continue where it left off. It should get as good as you are setting parameters for best results in the optimization period.

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Thanks,

Steve

Re: Fuzzy Logic

Date :1/2/2002 7:19:04 PM Poster : Steve Kratochvil

Yes indeed, I am manually working the values. I did the optimizations using full optimization and was not getting what I was looking for, but it did spark my imagination as to how I might start working with the indicators. In light of your comment, I am now re-running a FuzzyGA5 prediction with full optimization.
To explain why I am heading into the Fuzzy Indicators manually let me start with this. I see the Fuzzy Indicators as being able to determine a shape exactly as I see it on the screen. If I am looking for a particular shape they are perfect. Once I have the shape located I will then check a small panel of experts for mitigating information. I like velocity in this case. As I can use Fuzzy Indicators to identify shapes, the Fuzzy Indicators are like absolute candlestick formations, only more interpretive of the data, similar to a moving average. The Fuzzy Indicators have two great opposing qualities of static shape with smoothed average. This ability has been increasingly more productive at giving solid tradable signals.

Thanks,

Steve

On 1/2/2002 8:06:33 AM Webmaster@ward.net wrote:
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Thanks,

Steve

Errors

Date :1/4/2002 2:14:24 PM Poster : Hans Friedli

Hello

I just wanted to post some errors i still encounter from time to time with all the recent Versions of NSTP up to the latest version:

Error in MakeChromosome -> Invalid Population Number
Error in SetStrategy -> Invalid Population Number
Error in SetOperators -> Invalid Population Number
Error in PutChromosome -> Invalid Population Number
Error in GetChromosome -> Invalid Population Number

All these errors occur at once. It often happens under following condition:

- i'm calculating a trading strategy with 50 or more stocks (sheets) added

- while NSTP is calculating and it takes me too long to wait for the end i abort the running calculation

- while aborting, when NSTP asks for a rebacktest/recalculation i press cancel for a rebacktest without a new calculation

- while rebacktesting/listing all the stocks in the results window the results from the last completed calculation are presented and now it happens: while listing it crashes with the above mentioned errors.

I hope for a fix in the next release.

regards
Hans

Re: Errors

Date :1/4/2002 4:25:17 PM Poster : Webmaster@ward.net

Yep, this is the basically the same error Vince posted about on 12/21 and helped us find by sending us his chart and a description of what he did to cause the error. It occurs because genetic populations aren't getting freed up when an optimization is stopped prematurely. It is usually only noticed when there are a large number of stocks that are stopped prematurely. It will definitely work correctly next release.

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Random indicator

Date :1/6/2002 11:47:43 AM Poster : Jacobs

Is it possible to use the random indicator to
increase generalization?

Have you any experience with this indicator?

/J

Voting Between Trading Strategies

Date :1/6/2002 12:03:51 PM Poster : Andy Bower

First of all, apologies if I've missed something but I think I've checked the help files and this forum for a solution but without success.

I have a number of (vaguely promising) Trading Strategies, four based solely on indicators and one a net prediction. I want to feed these into a final Trading Strategy so that I can vote on whether to go long or short based on 3 out of 5 of these inputs being long or short at a time. However, the effect when I feed the original TSs into the arbitration TS is not what I'm looking for. What I see is that the final buy and sell signals are based on whether the input strategies triggered signals on the same day. What I what is to say that if three of the five inputs are currently long (or short) then the final output will be a buy (or sell) in that direction.

Is there any easy way of doing this. I realize that I can do what I want by feeding the inputs of the original TSs into my final strategy but I'd rather not do this since I'd like to be able to independently test the inputs.

TIA

Re: Voting Between Trading Strategies

Date :1/7/2002 8:37:25 AM Poster : chris wong

theres an indicator called position i think you could use for this. just put 5 of these indicators in your chart each referring to one of the original 5 ts. then in the arbitration ts for long entry test all 5 to be = 1. if three of the tests are true you go long. for short you test to see if they are -1 and go short if three are true.

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Re: Voting Between Trading Strategies

Date :1/8/2002 11:41:53 AM Poster : Steve in California

I'm a NSDT newbie and have received great benefit from the postings in this forum.

I have a couple questions and some initial thoughts about answers to the questions that I'd like to put to the group. I don't have any empirical data relating to these questions. I'm just looking for a few more ideas about what to try.

The questions are these:

1 What are the various ways to organize indicators within and across indicator sets in a hybrid trading strategy?

2 What are "kinds" of indicator sets that make for good rule sets within a hybrid trading strategy?

Thoughts about answers to base optimization runs on:

1) Organize indicators within a rule set such that all the indicators in a set have a FOCUS on the same general timeframe. (That is, if there are three rule sets, the first rule set is focused on the smallest timeframe and the second is focused on a larger timeframe (Elder and Kase recommend about 5 times larger) and the third rule set is focused on a timeframe even larger than the second. My initial thought was that this was the best approach

2) My thinking has evolved to a place where it seems as if each rule set could be focused on a specific kind of market indicator concept. For example, set 1 might be the "Trend Rule Set" and consist of 3-5 optimized RedHaar or JMA-MACD indicators and their slopes. Set 2 might be the "intermarket" rule set and be focused on correlations of smoothed oscillators of the focus data with other comparable oscillators for other data series. A 3rd rule set might focus on Support/Resistance oriented indicators....

What do you think about this first question: i.e., How does one structure indicators in Rule Sets?

2 The second question has to do with the kind of Rule Sets that make sense to develop. I've mentioned 3 kinds above (i.e., trend, intermarket, and support/resistance rule sets). Are there others that also make sense? Like a "patterns" rule set?

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Re: Voting Between Trading Strategies

Date :1/8/2002 11:58:20 PM Poster : Steve Kratochvil

We are getting quite a collection of Steve's in this forum. My personal opinion is that Yes patterns are critical to your system. I recommend that you get the Fuzzy Indicators and pattern your other rules like the ones you have mentioned or other indicators. The biggest advantage that I can see using patterns is that they do not lag. They can give you an accurate right hear and now picture of what is going on with clear interpretation of the right edge.

Glad to have another Steve.

Thanks,

Steve

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Re: Voting Between Trading Strategies

Date :2/6/2002 8:29:13 AM Poster : Steve Kratochvil

I don't think the replies that followed are related to what you are trying to do. If you wish to have a vote based on consensus of a number of indicators less than total consensus of all indicators then do this:

For each buy or sell indicator give it a 1 if it is signaling else it is a 0. Add the indicator types (buy or sell) together and if they are greater than or equal to your target of consensus then send a signal to buy or sell.

Example:
If you have 10 buy indicators and wish to execute a trade when 7 are sending a signal to buy then A>=B(Add2(Add4(indicator, indicator, indicator, indicator),Add3(indicator, indicator, indicator),7)

You may need to use the Threshold indicators to maintain the persistence of the signal coming from indicators once they change.

Steve

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Date :1/6/2002 11:05:07 PM Poster : Steve Kratochvil

I have just completed a very small application that can determine the Fuzzy indicator settings for the Fuzzy indicators in the NSTP. This has also given me some insight into how a Fuzzy indicator with an adaptive Max Change could be built for another set of indicators. How has anyone else been doing with Fuzzy Indicators?

Re: Fuzzy Logic

Date :1/7/2002 8:18:16 AM Poster : chris wong

fuzzy works for me well as long as I examine several stocks, because some stocks don't seem to have repeating pattern all the time.

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Re: Fuzzy Logic

Date :1/12/2002 12:20:27 PM Poster : Steve Kratochvil

So what are some of the commonality patterns that you have discovered among stocks?

Thanks,

Steve

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Re: Fuzzy Logic

Date :1/8/2002 8:10:34 AM Poster : Maxwell Craven

I do pretty well with the Fuzzy Logic too and like Chris, I test on quite a few stocks. But I'm curious about what your application does. How does it find the settings?

On 1/6/2002 11:05:07 PM Steve Kratochvil wrote:
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Re: Fuzzy Logic

Date :1/12/2002 12:25:14 PM Poster : Steve Kratochvil

I seem to be having some trouble getting my posts to come up. Here we go again. I have broken the fuzzy pattern angles into percentages of the Max Change and compared them to the actual Max Change. Depending on where the angle falls I give it the corresponding value of 2,1,0,-1,-2. That is the short version.

Thanks,

Steve

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AIQ

Date :1/14/2002 9:16:36 AM Poster : Ergo Mann

Sirs,

Given my on-going quest to find a feed that will update NeuroShell Day Trader in real time, I have come across AIQ.

I know from the FAQ that NSDT reads AIQ files, however, I would ask if NSDT can refresh the updates as they occur to AIQ files.

Many thanks

Ergo.

Re: AIQ

Date :1/14/2002 2:17:58 PM Poster : Webmaster@ward.net

No, NSDTP cannot update AIQ files in real time - only daily files.

On 1/14/2002 9:16:36 AM Ergo Mann wrote:
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Ergo.

Re: AIQ

Date :2/5/2002 1:22:50 PM Poster : maciej

Hi Ergo,

The way I use AIQ is to download EOD and take a copy to a separate folder which NST can see. This way it avoids any issues. Its not too neat but it works. NST will find the directories which you can then confirm. Make sure that you have the latest AIQ dlls from Ward.

Hope that helps.

Regards,

Maciej

On 1/14/02 9:16:36 AM Ergo Mann wrote:
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Ergo.

Jurik indicators crashing NSDT

Date :1/22/2002 1:58:50 PM Poster : Steve K

The jurik indicators are crashing NSDT when optimizing -- the more jurik indicators optimized the faster it crashes OR the jurik DLL stops responding and NSDT has to be restarted-- I've been on the phone at least a dozen time with Jurik research over the past week trying to troubleshoot it, they were very helpful, but can't find the problem -- is this another bug in NSDT?

When it crashes the error message is "error #7: out of memory" -- this is not a windows error because I have plenty of memory available at the time of the crash, it is an internal NSDT message. It has cropped up from time to time in the past, but jurik indicators trigger it so much that they are unuseable

Steve

Re: Jurik indicators crashing NSDT

Date :1/23/2002 8:56:19 AM Poster : Webmaster@ward.net

So far, we have agreed with Jurik Research to jointly support four of their indicators - JMA, VEL, CFB, and RSX. We have built our own template files for these and they are posted on this site under "New and updated examples". Please use our templates and make sure your DLL is dated at least as recent as ours (11/10/01). If it still crashes send us your chart and we'll definitely look into it as well. We did have at least one other user who got memory errors but reported that they went away with our templates and a different version of the JMA DLL. We'll try to get him to post more on that here.

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Re: Jurik indicators crashing NSDT

Date :2/8/2002 3:24:49 PM Poster : Webmaster@ward.net

Just to keep everyone updated, several users have sent charts that do crash after quite a bit of optimization with the recent DLLs. Both Ward Systems and Jurik Research are working together to find the problem, so far without being able to pinpoint exactly whose it is. It may be some sort of conflict between programs. One thing we found already is that it doesn't occur with Windows 98 or Windows ME - only Windows 2000 and XP. We continue to investigate.

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Re: Jurik indicators crashing NSDT

Date :2/8/2002 10:41:52 PM Poster : Jimmy Raineri

On 02/08/2002 3:24:49 PM Webmaster@ward.net wrote:
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Steve

Re: Jurik indicators crashing NSDT

Date :2/15/2002 11:51:51 AM Poster : Steve K

Jurik Research has sent me a new DLL that corrects the crashing problems with NSDT and Win2K
Ward Systems conclusively traced the bug to the Jurik.DLL and Jurik Research then traced the bug to a microsoft DLL that was being called
and has a memory leak. The win98 version of the microsoft dll doesn't have the bug which is why it only effects Win2k/XP.
Anyway Jurik was able to work around it and fix the problem once it was isolated

Ward Systems & Jurik Research were very helpful while resolving this obscure bug!!

Good detective work guys.

thx, Steve

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Steve

broken link

Date :1/27/2002 11:20:33 PM Poster : Jana

It looks the link is broken for Ehlers Instantaneous Trendline (February 2002 issue) download (tip0202.exe) as of 11pm Sunday. Please help.

Re: broken link

Date :1/28/2002 8:41:00 AM Poster : Webmaster@ward.net

Thanks for telling us. It should be fixed by now. In the future, send all such observations to support@wardsystems.com for faster correction.

On 1/27/2002 11:20:33 PM Jana wrote:
It looks the link is broken for Ehlers Instantaneous Trendline (February 2002 issue) download (tip0202.exe) as of 11pm Sunday. Please help.

Mutual Fund Trader Needing Help

Date :1/28/2002 7:03:55 PM Poster : Dave

I'm new to NeuroShell Trader and needing some help.

I'm trying to develop successful Trading Strategies for Mutual Fund Trading. My preference is to have a low number of trades per year (i.e. 1 or 2 per month) and yet need to be able to exceed Buy & Hold returns.

My approach so far has been to try to develop some Trading Rules on indexes: Nasdaq, S&P 500, Russ 2000....etc. and then apply these to the mutual funds that would be most closely correlated to the index. Initially I have only used Moving Averages.

Has anyone had some success they would be willing to share?

Thanks so much.

Dave

Re: Mutual Fund Trader Needing Help

Date :2/4/2002 12:48:17 PM Poster : Mike Oldroyd

I do something slightly similar in that I trade Exchange Traded Funds. These funds have exchange symbols that you can directly download and model. There are quite a few of these funds, some common ones are

QQQ (known as the cubes) - a proxy for the Nasdaq 100
DIA (Diamonds) - a proxy for the Dow Jones Industrial Average
SPY - based on the S&P 500

SPY and DIA are usually pretty closely correlated, so you may not want to trade both of these.

Any help?

Mike

Re: Mutual Fund Trader Needing Help

Date :2/10/2002 8:06:40 AM Poster : Bill VanDyke

Dave,

Some of the most profitable models I've been able to build have been those of Mutual Funds. I have used index data..and data from the fund itself..to build models. My only caution is...that when using fund prices....use prices that have been adjusted for dividends or distributions; otherwise you will only be fooling yourself using data that is incorrect and developing models that might not beat a buy&hold strategy in real time. For example, one fund i model...using the fund price data from Yahoo or Microsoft's Money Central....where the fund prices are NOT adjusted for distributions, showed the fund to have a total return of 50% in 1999, when it actually had a return of 75% considering distributions. I use Fasttrack as my source of Fund and other index data as they adjust prices for distributions. They can be found at www.fasttrack.net Good luck.

Bill

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Thanks so much.

Dave

Re: Mutual Fund Trader Needing Help

Date :2/12/2002 10:53:30 AM Poster : Maxwell Craven

I do see why using prices adjusted for dividends and distributions is necessary for comparing to buy and hold. On the other hand, although I am certainly no expert on this, I have been reluctant to do shorter term trading models with dividend adjusted data out of fear that resulting sudden adjustments in prices will have an unnatural affect on the model. After all, the model inputs won't see these adjustments coming unless you either have some sort of date inputs or you assume that buying somehow correctly anticipates the earnings. The latter seems a little iffy to me, and I'm not sure how to adequately implement the former.

On 02/10/2002 8:06:40 AM Bill VanDyke wrote:
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Thanks so much.

Dave

Re: Mutual Fund Trader Needing Help

Date :2/15/2002 5:03:27 PM Poster : Dave

Bill,

Thanks for the input. Yes, I do use dividend adjusted data. I've been using AIQ/Track Data and also Monocle Systems data base for Mutual funds, both of which adjust for dividends.

I'm interested to know, if you're willing to share, what indicators and parameters you have had the most success with?

Dave

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Thanks so much.

Dave

New Look

Date :2/4/2002 6:22:15 PM Poster : Steve Kratochvil

Well. I love the new look on the website. I hope you guys are going to extend it to the fourm and give the fourm a real nice fresh look. It looks good guys.

Steve

Fuzzy

Date :2/6/2002 11:10:06 AM Poster : claude

Hi everybody,

Suppose I am looking for a fuzzy3 that rises sharply then rises then remains steady (so 2, 1 ,0). If I say 0.5 is the maximum variation after that it will be "rises sharply".

Then what is the change line between remains steady and rises? Is it exactly 0 or something between 0 and 0.25?

Thank you,
Claude

Re: Fuzzy

Date :2/6/2002 8:21:18 PM Poster : Steve Kratochvil

This is what I have done. I first determine the slope of the line as positive or negative. I then determine the total distance between the first and last segment bar. I use 1/2 the distance as the pivot for the line. I then adjust the lines angle so that it closely matches the close of the segments. The values that I used to determine the type of line I had were 0 = 0 to .249 and 1 = .25 to .749 and 2 = .75+ that has produced rapier accurate Fuzzy Patterns for me.

Steve

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Thank you,
Claude

Re: Fuzzy

Date :2/11/2002 9:45:11 AM Poster : claude

Thanks a lot Steve for all your inputs about the Fuzzy indicators... it's very powerful.

But I still have my question: When you say "The values that I used to determine the type of line I had were 0 = 0 to .249 and 1 = .25 to .749 and 2 = .75+ ", the only thing you can specify to the Fuzzy is 2=.75+ right?

How can you specify to the Fuzzy that 1 is between .25 and 749? And how can you specify that 0 is between 0 and .249? The only parameter I can adjust is the maximum change, that means the change between 1 and 2 or .75 in your example. Am I forgeting something?

Claude

On 02/06/2002 8:21:18 PM Steve Kratochvil wrote:
This is what I have done. I first determine the slope of the line as positive or negative. I then determine the total distance between the first and last segment bar. I use 1/2 the distance as the pivot for the line. I then adjust the lines angle so that it closely matches the close of the segments. The values that I used to determine the type of line I had were 0 = 0 to .249 and 1 = .25 to .749 and 2 = .75+ that has produced rapier accurate Fuzzy Patterns for me.

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Claude

Re: Fuzzy

Date :2/11/2002 10:30:51 PM Poster : Steve Kratochvil

As I read back through the reply I gave I see that I have omitted the source for the ranges I gave. These are the percentage band ranges that I have used in a program I created to help me find Fuzzy Patterns. The program I created takes an export from NSDT and imports it into a Access2000 database. The FuzzyFinder is a little VB6 app that I have built to draw the Candlesticks and visually plot the fuzzy pattern on the screen. I then click on any of the bars and it tells me what the fuzzy pattern is to get to that bar. I have given it the ability to guess what the Max change would be or I can set the value and it will change the fuzzy pattern

indicator setting accordingly. The ranges I gave are from the logic I used inside my app to determine the fuzzy pattern.

With your farther inquiry I understand your question a bit better. You are looking at the Max change and trying to directly translate the value range it point for point. The values I have given are percentages of the Max value. Example:

If a stock has a price of 60.31 and you set the Max change at .75 that would mean that a 2 would be the positive and –2 would be the negative coming to this bar if the segment bar before was $.75 distance away. The ranges I have given would read like this 75% of $0.75 is $0.56, 25% of $0.75 = $0.18 and 0% = $0.00.

In my logic I assigned the percentage ranges to the Fuzzy Indictor setting codes so that I could translate the distance moved by my application.

To determine the speed of the slope use more or less segments in your Fuzzy Pattern. The more bars you use the slower the pattern. This is mitigated by the size of the Max value. If you use a small Max value on a large segment indicator it will be quick to react and stay active for longer periods.

Steve

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Thank you,
Claude

Fuzzy Logic

Date :2/7/2002 11:53:44 AM Poster : Steve Kratochvil

One thing that I feel needs to be mentioned. The Max change and Segments setting values of any of the Fuzzy Indicators needs to be able to take a variable so that an adaptive input could be created. As it stands these are static and this needs to be considered when using the indicator on periods that have greater or smaller ranges. If you are looking at the close then issues with a price in the 10 to 20 dollar range might have compatibility but if your issue is trading 50+ then the settings for your Fuzzy Indicators will not react correctly.
If you use other indicators as input to a Fuzzy indicator and the input has a preset range then your setting would be fine. Example: Polarized Fractal Efficiency has a range of –100 to 100. Using fuzzy on this indicator you can determine slope and direction before it crosses the 0. This is just one use of the Fuzzy Indicator.

Steve

Re: Fuzzy Logic

Date :2/9/2002 11:14:12 PM Poster : Steve Kratochvil

Another thing that I see is that the Fuzzy indicators can make great inputs into a neural net. The Fuzzy indicators have both a normalizing and Boolean effect on data making it better for a neural net to work with. As I have been looking at Fuzzy indicators I am now stepping into the FuzzyAND indicators and the FuzzyOR indicators. This combination of other Fuzzy patterns allows you to have a Fuzzy1(Lag(Close,3),-2,30,1) AND Fuzzy1(Close,2,3,.12) together in an attempt to signal a buy. This pattern matching is like candlestick patterns. I love candlestick patterns and these Fuzzy Pattern indicators take the concepts of candlestick patterns to a new level. The Fuzzy indicators are much more powerful and accurate compared to candlesticks. You just need to use them.

In addition to my comment below. The Static condition of the Fuzzy indicators can be used as a filtering quality on stocks. If a stock is not doing enough to trip the fuzzy indicator strong enough for your tastes, then maybe your logic is sound and the stock is just not worth trading. Food for thought. As with most indicators they have two points of view and you decide what you are trying to find. Use the indicator appropriately for that point of view.

Steve

On 02/07/2002 11:53:44 AM Steve Kratochvil wrote:
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Steve

Neural Nets

Date :2/9/2002 11:38:41 PM Poster : Steve Kratochvil

As things are moving along I am looking at where a neural net should fit into my trading strategy and which ones are best to use. I have been sampling around. I did just like everyone else. I got the product I picked a great stock and then ran a Ward4 net on it and waited for it to perfectly predict the stock. Sad thing is. The neural net traded about as well as I could with out it (That was not good). I then took the AI college, even thought Steve is very long winded; I had my eyes opened to how I could use the Neural Shell Day Trader. This epiphany was all that I needed. The AI College had cleared up my Neural Net ideas and I took off. I have been building things like crazy and mixing everything that I should not. I have even burned out one hard lock already and I am working on my second. As I have been conceptualizing things Neural Nets have not really been part of the plan. I have just been building powerful indicators and learning how to make the Neural Shell screens show data more visually. If you don't know. You can have more than six indicators visible on the screen at a time. You can only have six window bands but each indicator band may have more than one indicator in it. I like to put me moving averages on top of my trading strategies or the close. I use them as absolute direction indicators if all else fails. I then use other indicators to determine what to do in between moving average changes (This is were the best trades are). Then after I have clear direction and other signals. I am seeing that these need to be the inputs into a neural net. I believe that the quality of the neural net's ability to accurately see the picture and predict trades depends on the quality and relevance of the inputs. Feel this way because if the Neural Net is an image of our mental ability then it would be just as lost in the example I first mentioned as I am when I look at the close plotted before me. I have yet to test this idea. I am hopeful with my serious push into the neural nets and their application to my trading system.

If anyone has any great advice or nets that they have used I would love to hear about it.

Steve

Examples Examples Examples

Date :2/12/2002 8:51:11 PM Poster : REVAHDAN

We all talk about building nets, overfiting, fuzzy and all.
But how about people posting some of their work for others analyse and ameliorate and learn from. If you have a good working net please share it!
What better way to learn?

Thanks to all who will participate .
DR

Re: Examples Examples Examples

Date :2/15/2002 3:28:47 AM Poster : claude

Very nice Idea but unfortunatly I don't have enough results to share it... And perhaps it is the same for all of us...
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Date :2/15/2002 9:09:50 AM Poster : Maxwell Craven

I think there's a couple of issues here. Firstly, someone may have some pretty good results, but not excellent, and they may be a little shy about putting their work on display for critique. Secondly, there's always the worry that if you give out your exact chart, then suddenly hundreds of NST users are making the same move you are and maybe competing. I think I fit in both categories, but I think like others I'm willing to share ideas I've developed if not the exact details.

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Re: Examples Examples Examples

Date :2/15/2002 9:41:12 PM Poster : REVAHDAN

So how do we all start sharing? I agree with maxwell in principal

But I do not thing that we with Neuroshell can trully influence a highly liquid
stock or future.

I have the feeling that we have a lot of very bright peoples playing with neuroshell but not trading with neuroshell, I hope I am wrong.

A good net should work across many equities etc etc otherwise it be overfitted. Therefore we should not worry about negating the net.

On 02/15/2002 9:09:50 AM Maxwell Craven wrote:
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Date :2/15/2002 9:45:08 PM Poster : Steve Kratochvil

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On the other hand I did feel the lack of a manual when I first purchased the NSDT. A good old-fashioned manual was what I needed. I then set about to build my own trading bible. I started converting the Help files into word doc's and have begun working on my Neural Shell Day Traders Bible for myself.
I have also though about the idea of everyone trading the same trades I am. This is a fear that has gripped thousands of people before and will continue on into the future. This has been a concern voiced in Newsweek over the use of artificial intelligence in trading systems.
This is how I view things. The reason some indicators work better than others is because everyone can see them and react in unison at the same time. This ability for an indicator to be used in the same fashion by every one is why these things even have meaning. I then see that if a small group of people can trade in the same direction that I can, it will only fuel a greater reaction and make more money. Then this goes to the other end of the spectrum where if everyone is trading like me the money gets spread thin and my trading system is null and void. The truth of enough people being able to trade at the same time as me and in the same direction as me is remote and not really plausible. This is farther supported by investment clubs or groups that all trade in unison for the added increase in returns.
In closing I have no objections to the content of your demand. I just object to being demanded and indirectly criticized for working hard and sharing about it in the forum because you can not find any examples. I will advise you to search the ward.net site for examples. You will find many there. Also go back through each and every forum post looking for the examples given. Then review the examples provided with your NSDT purchase. I feel that you will be pleasantly surprised and that will find more than enough examples. In the interest that your content is valid, I will endeavor to post more lenigthy and detailed examples that will hopefully benefit everyone. I will also be expecting some examples coming from your direction.

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Re: Examples Examples Examples

Date :2/16/2002 9:19:03 PM Poster : REVAHDAN

Great response!
However let hope we can get more people involved in this realife exchange of ideas. And yes I most definitely will share my ideas and hope others will.

With all this talks how do we post on this discussion group.

Ward.net should provide a way for us to post charts, indicators etc etc.

Looking forward to a great exchange of ideas.

Thank you
Daniel

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Thanks to all who will participate .
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Re: Examples Examples Examples

Date :2/19/2002 10:04:44 AM Poster : Texas Bubba

Your right, I had to work a long time to get where my chart is now too, and I even took the class. You say that if everybody trades the way you do then you'll make more money. Now I'm just a cowboy, but isn't that only true if you get there first? What if the heavy hitters buy your chart first, then you ain't getting the choice prices on account of them driving the price up before you get there. When I was buying neuralshell trader, Steve Ward told me about some car company that trades millions of bucks of S&P futures with the ward nets. Guess what - I trade S&P futures sometimes too, but only one contract. Suppose I post my net and they take a liken to it and get in ahead of me. I lost some money before I start. Hey, if they want my chart, they can send me a few new pickup trucks every year for it. But I did get lots of help hear at this forum so I'm willin to help others too, I'm just afraid to put up my exact recipe.

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Re: Examples Examples Examples

Date :2/19/2002 12:24:08 PM Poster : Steve Kratochvil

Valid and Agreed.

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Re: Examples Examples Examples

Date :10/8/2002 3:47:24 AM Poster : Tom Nunamaker

Hi Steve,

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Was the AI training something you would recommend to a newbie NST user??

Thanks

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Steve

Re: Examples Examples Examples

Date :10/8/2002 9:12:40 AM Poster : Maxwell Craven

The Ward group recommends the videos to learn and I have to agree. There is a manual in the help files you can print, but I tried that once and you'd better have a lot of paper ready. The videos cover just about everything you need to get going, but not the DLL functions I don't believe. I can't program so I can't help you there.

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Re: Examples Examples Examples

Date :2/16/2002 2:05:29 AM Poster : Darek

Hi everybody,
I've been reading about indicators, solutions, real trader tips, millionaires.
But, Is anybody who could tell us the truth how much money he earned using
NST? If answer is YES, how much money he had to invest and how long (annual return on account and so on).
Maybe we all are the members of 3000 $ spend club
Darek

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Message from Jurik Research

Date :2/16/2002 2:02:01 AM Poster : Steve in California

I am one of the users who also had a problem using JMA with NSDT. I agree with Steve K's note that WSG and Jurik Research did a great job of working together to get to the bottom of a difficult to replicate bug involving JMA and NSDT on the Win2000 and WinXP platforms. Thanks guys!

I forwarded Steve K's note on ward.net to Mark and Norman at Jurik Research. Mark replied and asked if I could post the text below. (Note: I believe that the problem probably exists with NST as well as NSDT. Steve Ward can probably clarify for NST users.)

****

Jurik Research has just released an updated version of its tools for NSDT. This new version corrects a memory leak (system crash) problem. We advise anyone who has purchased Jurik tools for NSDT use to get the free update. E-mail your request for a free update to Jurik Research as follows:

TO: support@nfsmith.net
SUBJECT: upgrade for NSDT

Please provide an email address that can accept an email attachment 1.5 MB in size.

- mark jurik

Re: Message from Jurik Research

Date :2/16/2002 1:31:44 PM Poster : Steve Ward

Yes, even I was surprised that two vendors with a common problem could work together as well as we did. I thank Andrei in my office and Norman in Jurik's office for all the hard work together on a very difficult issue.

From our tests and Steve K's tests, we believe that Jurik's new indicators will work with the existing version of NSTP. The thing that made this problem so difficult, in addition to it turning out to be a Microsoft problem rather than one of Jurik or Ward Systems, was that NSTP unloads DLLs after it is finished with them, then reloads when needed. I guess the original programmer figured that if the DLLs were just loaded and kept loaded, that memory would start getting clogged with DLLs. So if you ran the Jurik indicators with a test program that loaded them just once (as we did at first), you never saw a problem.

From the memory problem that you sent us, unrelated to Jurik, we found that PowerBasic DLLs also leak memory when loaded and unloaded. C and C++ DLLs do not. I have posted a message to this effect to the PowerBasic support BB. Any owners of PB/DLL compiler should add their posts to mine encouraging the problem to be solved soon and a fix released. The squeeky wheel gets oil. In the event they do not fix PowerBasic, in our next release we may have to change to loading DLLs only once, or allow some sort of option. Loading only once could even speed optimization some, so we may do that in any case, just prevent future similar problems, now that many users are beyond Win98 and Win ME (which automatically release DLL memory on unload).

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Example EMA312.cht

Date :2/17/2002 6:30:18 PM Poster : Steve Kratochvil

Every one wishes that they could impart to their trading system, there own human ability to see and recognize which direction the stock is moving. You would like to have a absolute indicator that said, "THIS IS A SHORT ZONE or THIS IS A LONG ZONE". This is the beginning of controlling and tuning your system and telling your Nets absolutely which direction that they should be looking.
Here is how I keep my trading direction always looking in the right direction.

Note: I have chart preferences of a White Background and Black Foreground. Set these buy going to the Edit menu and selecting Format Chart ... then the Colors tab.
I set my Trading Strategy color to "Light Gray" on the color bar

Follow these steps:

STEP 1: Insert an exponential moving average (EMA) indicator and place it on your trading strategy.
Go to the "Insert" menu bar to begin. Click "New Indicator ..." then "Exponential Moving Average" then "Next" then the indictor "Exponential Moving Average". Set the ExpAvg Periods = 3. Click, "Finished".
Move you mouse cursor over the name "ExpAvg(Close,3)" of the new indicator and "Right Click". A popup menu bar appears. Select "Rename selected Indicator ...". Replace the name with "EMA3" and Click "OK". Select the indicator by clicking on the name "EMA3". Then drag it onto your Trading Strategy indicator. When you drag the cursor will change to a small stretched out bolded N. When you drag over the other indicators a dotted selection box highlights the indicator that you are over. Release the mouse over the Trading Strategy. You will see the EMA3 overlaid on your trading strategy. Click on the EMA3 name and select Dark Red on the color bar.

STEP 2: Repeat STEP 1 for another exponential moving average indictor and set the ExpAvg Periods = 12. Change the name to EMA12 and set the color Dark Blue. This should have you set with two Exponential Moving Averages (EMA3 and EMA12) on your trading strategy.

Step 3: Insert an arithmetic indicator subtracting the EMA3 value from the EMA12 value and rename the indicator EMA312RAW.
Go to the "Insert" menu bar to begin. Click "New Indicator ..." then "Arithmetic" then "Next" then the indictor "Subtract".
Select Operand #1. Click "Set parameter" and scroll down until you see EMA3. Click on it and Click "OK". You have just set Operand #1 = EMA3.

Select Operand #2. Click "Set parameter" and scroll down until you see EMA12. Click on it and Click "OK". You have just set Operand #2 = EMA12.
Click, "Finished". Right click on the indicator name "Sub(EMA3,EMA12)" and rename it EMA312RAW.
Now "Right Click" on any of the white open space of the chart and select "Hide/Unhide Data …", scroll down until you see the Sub Graph with EMA312RAW, uncheck it and Click OK. This will hide the indicator.

Step 4: Insert another Exponential Moving Average base in the Time Series of EMA312RAW and smooth it out with 3 periods and rename it EMA312.
Go to the "Insert" menu bar to begin. Click "New Indicator …" then "Exponential Moving Average" then "Next" then the indictor "Exponential Moving Average".
Select the Time Series and Click "Set parameter", scroll down until you see "EMA312RAW" click on it and then click "OK".
Set the ExpAvg Periods = 3.
Click, "Finished".

Now you have an indicator that is cleaned up and very meaningful. This is a useful piece of information that you can tell your trading system. The interpretation and slant you put on the indicator is up to you. I am providing my example EMA312.cht with some of the possible points of view that one would take. The YES or NO is represented with an indicator EMA312 SHORT ZONES and EMA312 LONG ZONES. These have a filter tolerance of $.04 to clear out any noise in the indicator. The value of the YES or No of the Long or Short Zones. The Fuzzy Shapes of the Values of the Long and Short Zones.

Also in this example I am going to show the difference that this indicator has in contrast to everyone's first Net. I am talking about the first net you make when you get NSDT installed. This is the Net that you just drop down with the default inputs and hope you are baking a golden egg as it optimizes. I have called it the Generic Trading Strategy. The effect is no better than yourself staring at the lines as they come from the right side. The contrast is the point where the more meaningful inputs can be used to guide to better results. This is represented in the Improved Trading Strategy. In this example I am only using the indicator side by side with the results from the Generic Trading Strategy. This is yet another way to use meaningful indicators to guide you nets.

I have sent up the EMA312.cht

Note: If you are going to use NSDT you need all the tools. You need all the add-ons. Buy them, not for Ward Systems, but for you.

Steve

Re: Example EMA312.cht

Date :2/19/2002 11:24:09 AM Poster : Ward.Net Webmaster

Mr. Kratochvil's chart can be downloaded HERE

Ward.Net Webmaster

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Now you have an indicator that is cleaned up and very meaningful. This is a useful piece of information that you can tell your trading system. The interpretation and slant you put on the indicator is up to you. I am providing my example EMA312.cht with some of the possible points of view that one would take. The YES or NO is represented with an indicator EMA312 SHORT ZONES and EMA312 LONG ZONES. These have a filter tolerance of $.04 to clear out any noise in the indicator. The value of the YES or No of the Long or Short Zones. The Fuzzy Shapes of the Values of the Long and Short Zones.

Also in this example I am going to show the difference that this indicator has in contrast to everyone's first Net. I am talking about the first net you make when you get NSDT installed. This is the Net that you just drop down with the default inputs and hope you are baking a golden egg as it optimizes. I have called it the Generic Trading Strategy. The effect is no better than yourself staring at the lines as they come from the right side. The contrast is the point where the more meaningful inputs can be used to guide to better results. This is represented in the Improved Trading Strategy. In this example I am only using the indicator side by side with the results from the Generic Trading Strategy. This is yet another way to use meaningful indicators to guide you nets.

I have sent up the EMA312.cht

Note: If you are going to use NSDT you need all the tools. You need all the add-ons. Buy them, not for Ward Systems, but for you.

Steve

Indicators TEMA and RVI

Date :2/19/2002 12:56:50 PM Poster : Steve Kratochvil

I have sent up two new indicators that I have found interesting. These are two indicators that I have found in my study (You must study) and built into the NSDT so I thought that I would pass them along. It also shows how you could build other indicators that you find along the way.
The two indicators are TEMA and RVI. Triple Exponential Moving Average (TEMA) can be used in place of a regular EMA. It is fast like a very short EMA but smooth like a long EMA. I like it.
The Relative Volatility Index (RVI) was just another that might have potential to keep me out of a whipsaw. I don't know yet, but I am looking at it and thought it might be of use to others.

The two charts are TEMA.cht and RVI.cht

Steve

Re: Indicators TEMA and RVI

Date :2/20/2002 10:21:23 AM Poster : Ward.Net Webmaster

Click on the links below to download Mr. Kratochvil's files:

TEMA

RVI

Ward.Net Webmaster

On 02/19/2002 12:56:50 PM Steve Kratochvil wrote:
I have sent up two new indicators that I have found interesting. These are two indicators that I have found in my study (You must study) and built into the NSDT so I thought that I would pass them along. It also shows how you could build other indicators that you find along the way.
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The two charts are TEMA.cht and RVI.cht

Steve

Re: Indicators TEMA and RVI & EMA312

Date :2/25/2002 10:26:45 PM Poster : Jacobs

I was unable to load these intraday charts.
My NST version use EOD data.
I wish someone helpful would change the timescale to daily bars
and as time serie use one of the issues in the NST examples,
Boise Cascade, Exxon,S&P500, Merck or Intel.(I don't have NVIDIA).

Is it possible to upload these charts again??

Jacobs

Re: Indicators TEMA and RVI & EMA312

Date :2/26/2002 12:58:38 PM Poster : Ward.Net Webmaster

Ok, here are two of Steve's charts as requested, converted to daily bars using the data from the S&P example. From them you can get his RVI and TEMA indicators. However, we are reluctant to try to convert his EMA chart, because his trading strategies have buy and sell signals which we do not feel qualified to try to reproduce on a daily chart. They are part of the art of intraday trading he is trying to convey, and we aren't at all sure they will be useful on a daily basis. They also use the Fuzzy Pattern Recognizer and Neural Indicators, and will thus be useless even on his 1 minute chart unless you own those addons. If you note Steve's text, however, he explains step by step how to build his indicators. We thank Steve for these generous contributions.

dailyrvitema.exe

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Date :2/26/2002 6:15:41 PM Poster : Steve Kratochvil

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Here is the NeuroShell Formula:

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Now "Right Click" over the indictor name and rename it "TEMA 9".

I have sent up the files TEMA9.tpl and the RVI10.tpl. You will need to put these files in your "NeuroShell Trader \ Template" directory and restart NeuroShell if it is running. This will allow you to add the TEMA9 or RVI10 to one of your existing charts.

Once you have down loaded the files do the following:

Step 1 Go to the "Insert" Menu, Select "New Indicator ..."
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Step 4 Drag the "TEMA9(Close,Close,Close)" indicator over onto a trading strategy or a close bar chart.

Note: this is where you stop when just using the indicator "as is". To piddle around with it, continue.

Step 5 "Right Click" over the indicator name, Select "Modify Selected Indicator ..."
Step 6 Select "TEMA9", Click "Modify Indicator", Click "Reconstruct Original Indicator", Click "OK", Click "Finished"

Repeat for RVI10

I hope this helps.

Steve

On 02/25/2002 10:26:45 PM Jacobs wrote:
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Jacobs

FILES FOR Re: Indicators TEMA and RVI & EMA312

Date :2/27/2002 10:49:23 AM Poster : Ward.Net Webmaster

The files referenced in this post can be downloaded using the link below:

template.zip

On 02/26/2002 6:15:41 PM Steve Kratochvil wrote:
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Repeat for RVI10

I hope this helps.

Steve

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Is it possible to upload these charts again??

Jacobs

Re: Indicators TEMA and RVI & EMA312

Date :2/28/2002 6:07:12 PM Poster : Jacobs

Many thanks for your generous help with these indicators.
Also to Webmaster for helping me (us) with the EOD-charts.

Jacobs

On 02/26/2002 6:15:41 PM Steve Kratochvil wrote:
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Is it possible to upload these charts again??

Jacobs

Strange effects when adding/removing chart pages

Date :2/19/2002 5:32:57 PM Poster : Andy Bower

I'm using NSDT and experiencing (what I consider to be) some strange effects when adding and removing pages in a chart. I created a chart based on CTXS with a NN predicting 1 day optimal % change in open. I'm using Parameter Search and I then run this into a trading strategy with the following results:

CTXS Optimal 1 yr Return 374%
CTXS Current 1 yr return 143%

The NN is getting an OOS 1 year return of 79%.

So, I look at the trades and these seem pretty good, so I think about whether there are other issues that will work with this arrangement. After some hit and miss I come up with AMZN and (less so) XRX which give:

AMZN Optimal 1 yr Return 490%
AMZN Current 1 yr return 110%

XRX Optimal 1 yr Return 147%
XRX Current 1 yr return 53%

So I try and look for some more issues. I decide to run all of the NASD100 stocks through in batches based on their first initial letter (i.e. all As, all Bs etc). I save the chart as NASDA and load up all the A stocks, deleting the originals CTXS and XRX. I then rebacktest and optimize the net and the trading strategy.

I do this for NASDB and NASDC too. All the other parameters are identical (as far as I can tell) to those in the original chart. However, I notice that the results for CTXS is now very different:

CTXS Optimal 1 yr Return 342%
CTXS Current 1 yr return -67%

I can't see why this should be. From my experiments, it seems that if you remove the original page from a chart it fundamentally changes the way the optimization for Nets and Trading Strategies work. If you add the original security back in then you don't get back to the original situation either.

Can anyone throw any light on this?

TIA.

Re: Strange effects when adding/removing chart pages

Date :2/20/2002 8:53:38 AM Poster : Texas Bubba

I seen this too, but I figured out why. If you have your quote.com feed on some more data probebaly came in the mean time. Then you optimize again and everything has moved forward a tad or maybe more than a tad if your doing this the next day. So now trades start at slightly differnt times and values. The way to avoid it is to not backtest to the end of the chart. Put in a pecific stop date, or turn off your data feed.

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Locking indicators parameters in optimizations

Date :2/23/2002 10:17:23 PM Poster : Steve Kratochvil

I wish to show you how to take clean meaningful indicators and provide them directly into any chart as data. This will have the effect of locking the indicators parameters. Locking "selected" indicators parameters in a Parameter Search or Full Optimization is not a feature in NSDT. Indicators output as data and inserted as inputs are not optimized as the other indicators are. Why would someone do this? Because we know that there are some things that are set in stone even though we do not have good explanation for it. Several Laws of physics fall into that category. We just accept them as fact and build on them because they have proven to be correct time and time again. At times in our normal every day life we take inputs at face value and use them as the constants for other decisions that are an interpretation of all the inputs. The same thing is true of the NSDT. So here is how to do things along those lines. Setting the optimization to Parameter Search or Full Optimization does not change any of the data elements like OHLC or Volume, everything that is created by the indicator wizard is fair game for optimization. That is a necessary feature in your study of your system. You need to do full blown tests as well as No Optimization at all, to try and glean all the information that an expert system is providing. Once you have an indicator that you see as producing consistent results no matter where it goes or which stock you put it on then you would want to "lock it down" and do not let the optimizer try and guess for a better solution. Sometimes you might have an indicator that needs to "stay the course" and not over fit temporarily with the current blip on the radar. Your indicator might be based on sound mathematical reasons and should not be changed. The TEMA I mentioned in an earlier post is just such an indicator. Now in that indicator one setting is the multiplication buy 3 this is not an input setting, the number three is formula structure and should not be changed. If it does change then the indicator is destroyed and meaningless to the optimizer. Here is how to lock in any indicator's output so that it can be used in an optimization. We will need to move the output from "indicator" to "data" and then present it to the optimizer.

Step 1. Build a directory named Indicator Data that you will use to keep you indicator data. Example: "C:\NeuroShell Trader \Data \Indicator Data"

Step 2. Export the indicators as data. Go to the menu "Tools" then "Export Chart/Data ...". In the popup window the default option of "Chart Data Values" is selected as well as "File". Click "Next". Now click the button "Add Data Item(s)...". The indicator wizard will popup. Scroll down to your indicators. Select all the indicators that you wish to remain "locked" and click "OK". Click "Next". The default option of "Comma separated ASCII file" is selected. Click "Browse ..." and locate the directory you created (See Step 1). Now change the name of the export file to "Indicator Data.csv" and click "Finished".
Now you have an export file that you are going to use as an input.

Step 3. Setup Data Sources for the new directory and file. Go to the menu "Tools" and select "Data Sources ...". In the popup window click "Add Directory ..." and locate the directory you created where you saved your export file (Indicator Data.csv) Click "OK" and then click "OK" to finish.

VERY IMPORTANT NOTE I: Anytime you delete a file from this Data Source directory you will need to close NSDT and reopen it to reflect the change. This is to prevent you from getting "Run-time error '9': Subscript out of range" when you try to "Auto Scan" that directory for the change. This is an error that comes just from improper handling of the fact that the file no longer exists and needs to be removed from the list and insert reference. This error has no bearing on your chart data and is generally harmless unless you have not saved your work on the chart in a while. The error will crash NSDT.

Note: Leave the Category for this new Data Source directory as "Miscellaneous Instruments".

Step 4. Insert the Indicator Data into your chart. Go to the menu "Insert" and select "Other Instrument Data ...". You will see the (Miscellaneous Instruments) category now as a possible selection. Select (Miscellaneous Instruments) and click "Next". Select the "Indicator Data.csv" file you created and click "Next". You will see all the indicators listed and ready to be selected and placed into your chart when you click "Finish"

VERY IMPORTANT NOTE II: This is the only way that I know of to keep some indicators parameters locked and let others be optimized. This is the approach that I use for my inputs into my nets allowing me to provide rock solid inputs and let the Neural Net figure out the best trades. Then after I have an optimized Net that is good I take the settings that the optimizer found for the Net and copy them down. I then delete all the indicators data that I brought in because the next day's action will not be in the indicator data. I guess having two similar charts would be a better idea. You could have one for optimizing the Net and then the other that you trade with. I then enter the Net settings manually into a trading strategy with No optimization. I provide the actual indicators as inputs so that current new data is provided to the Net by the indicators in real time. This way the net will respond to the indicators much more accurately and more in line with your logic for using some parameters. I hope this helps.

Steve

Re: Locking indicators parameters in optimizations

Date :2/24/2002 8:29:07 PM Poster : Webmaster@ward.net

Actually, there are two other ways to lock some parameters and optimize others, which we think you'll find easier. In any case, the methods below will allow the indicators to be used in real time too.

First is to just save your indicator as a custom indicator, and while doing so hide the parameters you want to lock. Then they can't be changed or optimized.

Another way is to set the min = max of the parameter ranges of the parameters you want to lock during optimization. The parameters will be locked at the value that min and max are set to.

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Re: Locking indicators parameters in optimizations

Date :2/25/2002 9:04:14 AM Poster : Steve Kratochvil

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Re: Locking indicators parameters in optimizations
Date :2/27/2002 11:39:33 PM Poster : Steve Kratochvil

I am back to my first explanation for the "indicator to data shuffle" to lock the parameters on the indicators that have a password on modifying them. If you have any ideas, I am open to them.
I must confess, I can import any data known to man now. I could even take abstract data into a system if it could be quantified as numbers or a number over a sequence of time.

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insights from users
Date :2/26/2002 3:58:33 AM Poster : ed condon

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Many sincere thanks

Re: insights from users
Date :3/5/2002 5:06:59 PM Poster : John Hegarty

I too have found these to be very useful and I'd like to offer my thanks as well.

One thing that I would also be interested in is getting an insight to others workflow processes.

An area that I have struggled with is giving some consistent structure to developing a trading model and feel that I have not got much beyond trial and error. I'd really like to feel that I'm getting in control believing that a more rigorous approach would help get me on track.

It feels that this might form 2 parts the logical workflow itself and some form of file/reference structure for the charts that are developed along the way.

So any thoughts on this topic would be really welcomed.

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Date :3/6/2002 2:06:41 PM Poster : Texas Bubba

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Re: insights from users

Date :3/8/2002 10:48:40 AM Poster : Webmaster@ward.net

Thanks for pointing this out Steve. We have fixed Bubba's post. We need to translate greater than and less than signs so users don't have to worry about that. We'll try to fix that problem very soon.

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Date :3/12/2002 8:17:03 AM Poster : Texas Bubba

I used those cause I figured I should be finding the highs and lows in a backwards window of my spreads. Now I just let that optimizer run a tad and find out how big of a window we should be lookin thru. So i find out how big or how small the spreads got to be, plus how long ago they was. Then i turn on them cluster critters you say is on steroids!

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Now hey I do agree with how you put that! The clusters been very good to me, but there wasn't nothing to it. I just used the little critters like the examples said to. You just put them in that 'A'<'B' cause your looking for if your bar now is close to where your buy bars hang out or close to where your sell bars hang out. You do have to experiment a tad to make sure you find the stuff that likes to get together right before the S&P goes up or goes down. The stuff Steve Ward said to use in the class was pretty good, but some other things works for me maybe a little better, like some combinations of maximum and minimum value put onto spreads and also number of bars since high or low occurred.

On 03/07/2002 12:11:11 PM Steve Kratochvil wrote:
Hey Bubba, I wish to digress on the work you have done with clusters. I see them as a panel of experts on steroids. What have you done with them?

Steve

On 03/06/2002 2:06:41 PM Texas Bubba wrote:
I'm pretty much fixed now on what I'm doing, but back when I was tryin different stuff, I found the best thing is to seperate my methods. We cowboys are very organized. So I had one folder where I keep charts with regards clustering indicators, and one where i keep the neurel indicators stuff. Then I'd always name my charts something what described it like "SPY cluster3 with price momentum.chl". Then no way I'd forget later what was I doing at the time. You have to be careful to throw out charts that are goin no where or else your folders get cluttered up to where you don't know where your at.

On 03/05/2002 5:06:59 PM John Hegarty wrote:
I too have found these to be very useful and I'd like to offer my thanks as well.

One thing that I would also be interested in is getting an insight to others workflow processes.

An area that I have struggled with is giving some consistent structure to developing a trading model and feel that I have not got much beyond trial and error. I'd really like to feel that I'm getting in control believing that a more rigorous approach would help get me on track.

It feels that this might form 2 parts the logical workflow itself and some form of file/reference structure for the charts that are developed along the way.

So any thoughts on this topic would be really welcomed.

Regards

John

On 02/26/2002 3:58:33 AM ed condon wrote:
Kudos and many thanks for recent comments on what users are doing. Very helpful and thought provoking. Steve k, Bubba, and webmaster, etc. are really making this forum valuable. Don't know about the Holy Grail, but you guys are making NS tools helpful for me.

Many sincere thanks

Re: insights from users

Date :3/12/2002 4:29:04 PM Poster : mstigall

Bubba - do you use the contribution factors on the clustering to find the significant inputs? Or do you limit the number of inputs in another manner?

On 03/12/2002 8:17:03 AM Texas Bubba wrote:
I used those cause I figured I should be finding the highs and lows in a backwards window of my spreads. Now I just let that optimizer run a tad and find out how big of a window we should be lookin thru. So i find out how big or how small the spreads got to be, plus how long ago they was. Then i turn on them cluster critters you say is on steroids!

Re: insights from users

Date :3/13/2002 4:30:01 PM Poster : Texas Bubba

Yep I do use the contribution factors version of the clusters.

On 03/12/2002 4:29:04 PM mstigall wrote:
Bubba - do you use the contribution factors on the clustering to find the significant inputs? Or do you limit the number of inputs in another manner?

On 03/12/2002 8:17:03 AM Texas Bubba wrote:
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Re: insights from users

Date :5/20/2002 3:45:24 PM Poster : Jeff Kilinski

Is this the Ed Condon formerly of JPMorgan London and CSFB London?

Jeff

On 2/26/2002 3:58:33 AM ed condon wrote:
Kudos and many thanks for recent comments on what users are doing. Very helpful and thought provoking. Steve k, Bubba, and webmaster, etc. are really making this forum valuable. Don't know about the Holy Grail, but you guys are making NS tools helpful for me.

Many sincere thanks

Psychological Line and KST

Date :3/5/2002 11:04:52 PM Poster : Steve Kratochvil

I have two more indicators that might be of some use. Psychological Line and KST. I have seen the KST in several books so I thought I would look into it. I have included a chart in 1min Bars and Daily Bars. I don't know how useful it is yet so here it is.
Now the Psychological Line I have not quite figured out how I might use it so I will talk about it for a bit.
I am a Day Trader and spend time at both ends of the spectrum to see what is going on. I look at all the conservative investing methods and include them in my plan because they are valid as the masses move in unison with them. I look to see if there will be action playing on a good stock. I do this by backing out to a Monthly chart and if it is over bought in the stochastic or the MACD 6,28,11 makes a cross over in the Daily the common trading strategy will play. I look at others as well mostly all the common trading methods. Point being I am looking at the indicators that thousands of people use to make decisions and anticipate the move. It is not that hard. In addition these trades are more than likely valid as the masses fuel the trend and cannot be stopped. This has a way of self-predicting. With out the indicator the stock would not react on these few days. The fact that the stock is not going anywhere means nothing. They see the indicator and react, which self-fulfills the indicator and makes the indictor work to validate their trade. They all have the same technical manuals we do. We just have several that they do not. Another example is If a stock crosses a 200 day moving average or the 50 day moving average etc... This puts some investors in motion. At these events you can expect things to lean one direction during the day. At any given point those investors decide to invest or clear their position. So they zoom in to a 15, 10, 5, or heaven forbid 1 min chart and see something that they cannot comprehend because it is (in their terms), "It is crazy and uncontrollable." So they say, "Just watch it for a little bit and execute if it turns the wrong way." That psychology is pure fear and greed. I found an indicator that might have some value and interpreting this shock and trade mentality on these few trading days. The indicator seems to give you the perception value of what people might think while looking at the price action for the first time. I don't know if this indicator has any merit or not. I found it at the following link:
http://www.fmi.com/studies/combinestudies.htm
I then made an indicator Psychological Line.tpl that you can place in your NeuroShell Trader template directory allowing you to insert it from the "Custom Indicators"

I sent the files up for both the Psychological Line and KST.

Steve

Re: Psychological Line and KST FILES FOR DOWNLOAD

Date :3/6/2002 9:53:56 AM Poster : Ward.Net Webmaster

The files referenced in this post can be downloaded using the following links:

KST.zip

Psychological Line.zip

On 03/05/2002 11:04:52 PM Steve Kratochvil wrote:
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I sent the files up for both the Psychological Line and KST.

Steve

Re: Psychological Line and KST FILES FOR DOWNLOAD

Date :3/11/2002 1:48:03 PM Poster : Jacobs

I'm not sure how to download these files, KST.zip and psychologicalline.zip

On 03/06/2002 9:53:56 AM Ward.Net Webmaster wrote:
The files referenced in this post can be downloaded using the following links:

KST.zip

Psychological Line.zip

Re: Psychological Line and KST FILES FOR DOWNLOAD

Date :3/11/2002 4:47:27 PM Poster : Webmaster@ward.net

Try again. For a while this morning, our jumps weren't working.

On 03/11/2002 1:48:03 PM Jacobs wrote:
I'm not sure how to download these files, KST.zip and psychologicalline.zip

On 03/06/2002 9:53:56 AM Ward.Net Webmaster wrote:
The files referenced in this post can be downloaded using the following links:

KST.zip

Psychological Line.zip

How to determine the previous value of an indicator

Date :3/6/2002 1:17:29 AM Poster : Matt Blaes

The answer to this may be obvious, but I can't figure it out.

How do you have a trading strategy go long when an indicator's current value is greater the indicator's previous value, or go short when the indicator's current value is less then the indicator's previous value?

I've looked through the help for a "previous" indicator or something similar but I can't seem to find one that'll work.

thanks,

Matt

Re: How to determine the previous value of an indicator

Date :3/6/2002 12:20:59 PM Poster : Steve Kratochvil

Click "Insert - New Indicator - Relational - A>B"
Set A = Click "Set Parameter - "Your Indicator Value"
Set B = Click "Set Parameter - Indicator - Basic - Lag"

Set the Lag values
Time Serise = "Your Indicator Value"
Periods Back = 1

That will do it. A<B for the other direction.

Steve

On 03/06/2002 1:17:29 AM Matt Blaes wrote:
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Re: How to determine the previous value of an indicator

Date :3/6/2002 8:24:25 PM Poster : Matt Blaes

Thanks Steve...

On 03/06/2002 12:20:59 PM Steve Kratochvil wrote:
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thanks,

Matt

How neural nets work vs indicators to use.

Date :3/6/2002 1:58:24 PM Poster : Dale

I am a newbie at neural nets, but if I am understanding the way that Neural Nets train, they look for patterns in back data and project those patterns to predict future price movements.

If this is the case, then it seems to me that indicators that buy/sell on breakouts (i.e. CCI) or indicators that might liquidate positions on overbought/oversold (i.e. ADX) would not be of much value to a neural net. On the other hand, indicators like moving averages (but not crossovers), cycle analysis techniques, and perhaps some volume indicators would be much more useful.

Is this correct? Or where am I going wrong?

Thanks,
Dale

Re: How neural nets work vs indicators to use.

Date :3/6/2002 2:37:44 PM Poster : Steve Ward

Don't worry, there's rarely a right and wrong. There's only the Golden Rule of neural nets: do whatever works best! So I'll respond to this from a strictly technical neural net point of view. I'll let others respond with respect to trading efficacy. My feeling is that breakouts are ok as long as the indicator is giving you the distance between the current time series and the one you are looking for it to break out of, as opposed to a binary signal that it's broken out or it hasn't. I think CCI does that. On the other hand, I can't see what a moving average gives you at all by itself, unless it gets compared to the price or another MA, etc. So instead of feeding in several MAs and prices, and letting the net try to figure out that it should compare, I'd rather feed in the spread between two moving averages, or one MA and a price. That way you give the neural net the advantage of your experience. Your clues let the net stand on the shoulders of giants. On the other hand, I'd let the optimizer find the appropriate averaging periods.

On 03/06/2002 1:58:24 PM Dale wrote:
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Is this correct? Or where am I going wrong?

Thanks,
Dale

Re: How neural nets work vs indicators to use.
Date :3/12/2002 4:35:16 PM Poster : mstigall

Neural networks are pattern matchers... but they're also generalizers. So I thought I'd add two points (pardons, Steve).
1) The output of the neural network will never be "exact" - its always a general direction or trend. An analogy is the windsock at an airport; shows direction great, but doesn't give any indication of windspeed.
2) The neural nets can memorize patterns, and that's usually a bad thing. Since the pattern won't repeat in exactly the same way every time, you want the neural network to generalize the pattern to something it can recognize (hopefully in sufficient time to do some good trading) in later time periods.

On 03/06/2002 2:37:44 PM Steve Ward wrote:
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Is this correct? Or where am I going wrong?

Thanks,
Dale

grouping charts
Date :3/8/2002 4:22:12 PM Poster : Steve Klopfer

I always have the same charts open at the same time. Does anyone know if there is a way to save a page containing all my charts so that I can just open one page and load all of the charts at once?

Re: grouping charts
Date :3/10/2002 9:11:10 PM Poster : Steve Kratochvil

Not that I know of. Each chart is more complex that just a few settings. Each chart is like a Word.doc with all the extra stuff like formating, macros, vba etc... You don't load word.doc's like that because of the file design and the way they work. That does sound like a good feature. Something like a recall button that had a list of files you created that can be loaded all at once. You need to be careful as some complex charts run fine after they are up but the first load is tough.

Steve

On 03/08/2002 4:22:12 PM Steve Klopfer wrote:
I always have the same charts open at the same time. Does anyone know if there is a way to save a page containing all my charts so that I can just open one page and load all of the charts at once?

Re: grouping charts
Date :3/11/2002 9:00:20 AM Poster : Webmaster@ward.net

Take a look at the user tip on this site called "Running the NeuroShell Trader with Macros". From what we understand from the user, we think you could build a macro that loaded all your charts with one macro.

On 03/08/2002 4:22:12 PM Steve Klopfer wrote:
I always have the same charts open at the same time. Does anyone know if there is a way to save a page containing all my charts so that I can just open one page and load all of the charts at once?

Chande Momentum Oscillator
Date :3/10/2002 9:12:17 PM Poster : Steve Kratochvil

If anyone is looking for Trend Vs Range indicators and wanted to use the Chande Momentum Oscillator, I have created a tpl for a 12 bar version of it. I called it the CMO12.

I have sent up the file CMO12.tpl that you will need to place in your template directory and add it from "Custom Indicators"

Steve

Re: Chande Momentum Oscillator
Date :3/11/2002 1:08:56 PM Poster : Steve Kratochvil

After some testing of this indicator with SMA9 of CMO12 and EMA3 of CMO12 I have buried my processor several times. This indicator needs to be written into a dll.

Steve

On 03/10/2002 9:12:17 PM Steve Kratochvil wrote:
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Steve

Re: Chande Momentum Oscillator
Date :5/28/2002 2:07:45 PM Poster : Jacobs

Yes, this is understandable.
I downloaded the tpl and found it has 385 (sic!) parameters and I can't even
read/reconstruct the formula in the tpl editor (I guess the formula is too large for
the tpl editor!??)

/Jacobs

On 3/11/2002 1:08:56 PM Steve Kratochvil wrote:
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Steve

Re: Chande Momentum Oscillator FILE DOWNLOAD
Date :3/11/2002 11:18:55 AM Poster : Ward.Net Webmaster

The file referenced in this post can be downloaded using the following link:

cmo12.zip

On 03/10/2002 9:12:17 PM Steve Kratochvil wrote:
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I have sent up the file CMO12.tpl that you will need to place in your template directory and add it from "Custom Indicators"

Steve

Several time frame
Date :3/11/2002 4:09:34 AM Poster : claude

Dear all,

I'd like to share with you an idea that seems to work for me.

I usually use 5 minutes bar charts and of course I use Fuzzy, clusters, and other NST adds-on. But recently I tried to use several time frame for the same indicator. I give as input 4 different stochastics %K (half an hour, 1 hour, 5 hours and 5 days). I calculate the number of 5 minutes bars necessary to represent the time frame (i.e.: 5 hours is represented by 60 bars).

So I have %K(6), %K(12), %K(60), %K(460). My idea is the following, if all the stockastics are under 20 (or above 80) then I increase the chances to be in a good configuration. I let NST to find the best values of each indicator which are allowed to vary from 4 to 7, from 10 to 14, from 50 to 70 and from 450 to 470.

The result is quiet good and I'd like to know if someone has already used several time frame for an indicator. Am I doing something totally strange? Or do you think it could be an idea to pursue? I just think about Steve Ward's words "There's only the Golden Rule of neural nets: do whatever works best!".

Thanks for all comments.
Claude

Re: Several time frame
Date :3/11/2002 10:55:28 PM Poster : Daniel Revah

The idea should work even better if combined with moving averages crossover for example, as oversold can continue to be more oversold same with overbought so i would be careful of extended runs. However with the moving average concepts incorporated you should improve the stategy.

good luck and let us know.

DR

On 03/11/2002 4:09:34 AM claude wrote:
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Thanks for all comments.
Claude

When optimization is really slow
Date :3/11/2002 1:38:37 PM Poster : Olli Myllynen

Dear all,

I want to raise my objections to the guidance given on optimization and the trailing stops in tips and examples section.

Trading futures without stops is outright dangerous. Any trading system package should therefore be fully capable of testing stops also to be seriously taken for futures trading.

Furthermore, the "oldfashioned" stops are more than just insurance. I have had the NST Professional for two years now during my 12 years as a trader. I have not seen many neural nets, which does better job than chandelier exit, yo-yo exit and initial stop loss combined in trending futures, like the currencies. There are also other alternatives. It is fairly easy to produce nets giving good timing in entries, but far more difficult to make nets, which are good on both entries and exits.

My partial solution to the notorious speed problem has been to code the parts I need in to DLLs using PowerBasic - unfortunately there seems to be a PowerBasic memory leakage problem included. (This restricts ones selection of OSes - you are stuck to Win98 or ME which can free up the unused memory, while the M3 Data Server requires NT or better which cannot - so no daytrading yet)

I am making money with my approach, and I want to have the freedom to develop the ideas my way. I think this is what the NST should be intended to do. The reasoning given in the tips section is more like an excuse for something which should be able to be handled better in the NST.

All this said, I am still mostly satisfied with the NST. I just do not like an approach where an important thing is turned into something one should avoid just because the application cannot handle those situations well enough. There should be more pressure towards the programmers to find out ways to make this important feature more usable.

To the wishlist I would also include better handling of portfolios. Now if we would see that in NST, I would be exited!

Olli

Re: When optimization is really slow
Date :3/11/2002 5:03:18 PM Poster : Steve Ward

Since I was behind that tip, I'll answer your objection. We never said that stops shouldn't be used. We just proposed the argument that they probably shouldn't be optimized. I stand behind that statement, because I still think it is better to optimize a strategy to make the best decisions it can make without stops. It shouldn't learn to use stops as a crutch instead of learning how to make proper trading decisions. The crutch keeps it from finding more profit the "right" way. Get a trading strategy that makes the right entry and exit decisions. Then the suggestion is, put the stop on with your broker in case your model falls apart later. However, as I've said many times before, there are no absolutes in this game and it is certainly appropriate for you to disagree with any guidance we give, and ignore as much as you like.

Moreover, we don't agree that these particular types of indicators are improperly programmed. We mentioned how they are in a sense "recursive", which means at each step geometrically more processing is required than with a normal strategy. On the other hand, there may nevertheless be ways they can be sped up, and we have been investigating such possibilities.

Finally, we fully expect PowerBasic to fix their memory leak, and even if they don't we'll probably offer alternative solutions. PowerBasic is our "Easy Language" and it is much too important to be overlooked.

PS - I haven't noticed any our our PowerBasic users adding to my post on the PowerBasic forum. Why don't you let them know you think it should be fixed too?

On 03/11/2002 1:38:37 PM Olli Myllynen wrote:
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Olli

Re: When optimization is really slow
Date :3/12/2002 2:46:28 AM Poster : Olli Myllynen

Steve,

I appreciate the work you have done by letting us have the NST. I just want to give you my input in something which may deserve an attention, and not to let you think this problem/feature in NST is not important, as you hint in the tip.

With regard of stops I think differently than you. And the software I use has to allow this.

Your approach to stops is clearly - as you said yourself - one of insurance. There is nothing wrong here. However, I want to use stops in an other way. In many of my systems they are the exits. No other exits are used. This approach is often much more profitable and less riskier than the neural net signals for exits. Furthermore, the stops kick in during the action, not reacting after the fact.

When my risk is limited and I know that, this allows my money management (ie. bet sizing) scheme to take more contracts, thus increasing my profit potential.

Most often I use the neural signals as setups, and the entry is triggered by other means. I still rely on the neural nets, but they are not everything. Important, yes.

Optimizing stops is just as important than optimizing anything else. If one does it wrong, it is just as deceiving than optimizing anything else. Still one should be able to do this, if one wants to. I want to. I need to. I do not believe in having similar parameters in all markets. So optimizing a trading strategy often requires optimizing stops, too. But one has to use one's head here, not just to let the computer churn.

If the code is already clean and fast around optimizing, then there is not much else to do than to get the fastest processors available. I am still a bit suspicious. I have hard time to accept that for a 2000 GHz P IV processor with 1024 MB memory and the fastest motherboard and HD in the shop it takes all night in optimizing a couple of parameters. If you can take a look at the code of optimization, then at least you know there would be someone appreciating it.

About PowerBasic - yes, I think I will support you there.

All in all, NST is a great tool.

BTW, if anyone wants to take a closer look at the kind of stops I mentioned as examples in the original post, take a peek to http://www.traderclub.com/discus/board.html , under the section "Bulletins" there. Chuck LeBeau has made some remarkable work public for everyone to see for free.

Olli

On 03/11/2002 5:03:18 PM Steve Ward wrote:
Since I was behind that tip, I'll answer your objection. We never said that stops shouldn't be used. We just proposed the argument that they probably shouldn't be optimized. I stand behind that statement, because I still think it is better to optimize a strategy to make the best decisions it can make without stops. It shouldn't learn to use stops as a crutch instead of learning how to make proper trading decisions. The crutch keeps it from finding more profit the "right" way. Get a trading strategy that makes the right entry and exit decisions. Then the suggestion is, put the stop on with your broker in case your model falls apart later. However, as I've said many times before, there are no absolutes in this game and it is certainly appropriate for you to disagree with any guidance we give, and ignore as much as you like.

Moreover, we don't agree that these particular types of indicators are improperly programmed. We mentioned how they are in a sense "recursive", which means at each step geometrically more processing is required than with a normal strategy. On the other hand, there may nevertheless be ways they can be sped up, and we have been investigating such possibilities.

Finally, we fully expect PowerBasic to fix their memory leak, and even if they don't we'll probably offer alternative solutions. PowerBasic is our "Easy Language" and it is much too important to be overlooked.

PS - I haven't noticed any our our PowerBasic users adding to my post on the PowerBasic forum. Why don't you let them know you think it should be fixed too?

On 03/11/2002 1:38:37 PM Olli Myllynen wrote:
Dear all,

I want to raise my objections to the guidance given on optimization and the trailing stops in tips and examples section.

Trading futures without stops is outright dangerous. Any trading system package should therefore be fully capable of testing stops also to be seriously taken for futures trading.

Furthermore, the "oldfashioned" stops are more than just insurance. I have had the NST Professional for two years now during my 12 years as a trader. I have not seen many neural nets, which does better job than chandelier exit, yo-yo exit and initial stop loss combined in trending futures, like the currencies. There are also other alternatives. It is fairly easy to produce nets giving good timing in entries, but far more difficult to make nets, which are good on both entries and exits.

My partial solution to the notorious speed problem has been to code the parts I need in to DLLs using PowerBasic - unfortunately there seems to be a PowerBasic memory leakage problem included. (This restricts ones selection of OSes - you are stuck to Win98 or ME which can free up the unused memory, while the M3 Data Server requires NT or better which cannot - so no daytrading yet)

I am making money with my approach, and I want to have the freedom to develop the ideas my way. I think this is what the NST should be intended to do. The reasoning given in the tips section is more like an excuse for something which should be able to be handled better in the NST.

All this said, I am still mostly satisfied with the NST. I just do not like an approach where an important thing is turned into something one should avoid just because the application cannot handle those situations well enough. There should be more pressure towards the programmers to find out ways to make this important feature more usable.

To the wishlist I would also include better handling of portfolios. Now if we would see that in NST, I would be exited!

Olli

a simple strategy
Date :3/12/2002 12:56:40 PM Poster : albertl

I just saw on another forum the more then simple strategy BUY on highest high of X (~ 80) days SELL on lowest low on Y days etc for Shorts
this is presented like if it was the yellow of the egg
last time I tried something similar I was not convinced.
Who has an opinion how to improve ?
albert

Re: a simple strategy
Date :3/15/2002 4:53:03 PM Poster : Dale

I've tested such a system using TradeStation 2000i with mixed results. I do not know how you would program Neuroshell to do it though. With TradeStation you have to optimise the number of days back and I don't feel comfortable trading optimized numbers myself.

On 03/12/2002 12:56:40 PM albertl wrote:
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last time I tried something similar I was not convinced.
Who has an opinion how to improve ?
albert

Re: a simple strategy
Date :3/16/2002 3:27:34 PM Poster : Xprogrammer

I'd use the same ones Bubba says he uses - maximum value and minimum value indicators, or the days since high/low occurred indicators.

On 03/15/2002 4:53:03 PM Dale wrote:
I've tested such a system using TradeStation 2000i with mixed results. I do not know how you would program Neuroshell to do it though. With TradeStation you have to optimise the number of days back and I don't feel comfortable trading optimized numbers myself.

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Who has an opinion how to improve ?
albert

What "Exit Indicators"?
Date :3/12/2002 1:14:01 PM Poster : Kenny

Your recently posted Tip and Techniques comments on speeding up optimizations suggests using indicators in Trading Strategy: Exit Indicators. My version of NST 3.5 doesn't include such a category. Is this a indicator category found only in the day trader version? Or is it a misprint?

What "Exit Indicators"?
Date :3/12/2002 3:34:23 PM Poster : Webmaster@ward.net

We should have said Trading Strategy: Exit Signals. We'll fix that.

On 03/12/2002 1:14:01 PM Kenny wrote:
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What "Exit Indicators"?
Date :3/12/2002 3:48:01 PM Poster : Kenny

Still confused. In my version of NST, I find the following three categories:
Trading Strategy: Protective Stops
Trading Strategy: Position Information
Trading Strategy: System Information
I've looked again, but there's no Trading Strategy: Exit Signals either.

On 03/12/2002 3:34:23 PM Webmaster@ward.net wrote:
We should have said Trading Strategy: Exit Signals. We'll fix that.

On 03/12/2002 1:14:01 PM Kenny wrote:
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Re: What "Exit Indicators"?
Date :3/12/2002 5:34:00 PM Poster : Webmaster@ward.net

It isn't unique to the DayTrader. If you're entering exit conditions and press the indicator button, it's right at the top (easy for the eye to skip over). You should also be able to see the category if you just insert a new indicator with the Indicator Wizard. If you still don't see if, you'd better contact tech support.

On 03/12/2002 3:48:01 PM Kenny wrote:
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PowerBasic leakage problem workaround
Date :3/21/2002 8:53:27 AM Poster : Webmaster@ward.net

PowerBasic has posted a workaround for the memory leak in their DLLs:

http://www.powerbasic.com/support/forums/Forum2/HTML/000036.html

They have also promised to fix the problem in future releases. So if you are getting out of memory problems in NeuroShell when you optimize, and you have DLLs written in PowerBasic, put this workaround in your DLL.

Re: PowerBasic leakage problem workaround

Date :3/22/2002 5:20:07 PM Poster : Steve K

Thanks for the work around from Power basic. I've got a few custom dll's I can use it in
However, I've downloaded a bunch of DLL's from this website. Were these compiled with Power Basic?
If so, won't they need the fix applied and have to be recompiled?

Also, Since memory is so cheap now and the biggest limiting factor in NSDT is processor speed, wouldn't it be better to leave the DLL's in memory,
at least till it's done optimizing vs constantly loading & unloading them? Might speed things up a bit. What percentage of processor utilization
is consumed in loading & unloading?

btw, there's a 14 million dollar Cray super computer for sale on ebay -- it's bidding $4500, no reserve!!!
I suppose you could run some nice nets with that beast

http://cgi.ebay.com/ws/eBayISAPI.dll?ViewItem&item=2010929976

thx, Steve

On 03/21/2002 8:53:27 AM Webmaster@ward.net wrote:
PowerBasic has posted a workaround for the memory leak in their DLLs:

http://www.powerbasic.com/support/forums/Forum2/HTML/000036.html

They have also promised to fix the problem in future releases. So if you are getting out of memory problems in NeuroShell when you optimize, and you have DLLs written in PowerBasic, put this workaround in your DLL.

NST study materials

Date :3/21/2002 11:53:03 AM Poster : Dan Kinter

I am a NST newbie. I have assembled, and am systematically going through (usually repeatedly) , the following NST materials for study. Once I have gone through all of the materials - including practising all of the examples - and then organizing and prioritizing the ideas I have developed along the way, will I begin my "exploration":

The materials are:

1. Manual - (I have printed out the entire "Help-Contents" file and organized it into two binders)
2. Videos
3. AI Course
4. Ward.net site (printed out all topics which appear helpful and put them into one binder and then copied the entire Discussion Forum postings/responses into Word and then printed them out and placed in a second binder - about 200 pages)
5. Indicators - organized all indicators into three binders - indicators are divided into categories - obviously I'm not going to "study" the indicators, as such, but use the binders as a handy reference source

Does anyone have any other ideas or other suggested materials for me to consider? Thanks. Dan

Re: NST study materials

Date :3/21/2002 9:47:45 PM Poster : Steve Kratochvil

Well, Dan that is what I did and it seems to be the best approach. You will be well grounded and ready to translate your ideas into system after a little while. The next best thing, that I think might be of use, is this forum. I check here everyday and look to see if anyone has mentioned anything worth looking into. I have also tried to contribute here on the forum to everyone by giving them parts of work I have done. I explore the other ideas if they seem logical etc... It sounds like you are off to a great start. One thing that I might offer is this. Start with indicator first. The better the indicator the better the net will be.
I am hopeful that I will be able to start sharing high quality information about Nets in the coming days.

Steve

On 03/21/2002 11:53:03 AM Dan Kinter wrote:
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5. Indicators - organized all indicators into three binders - indicators are divided into categories - obviously I'm not going to "study" the indicators, as such, but use the binders as a handy reference source

Does anyone have any other ideas or other suggested materials for me to consider? Thanks. Dan

ANM artificial neural mesh

Date :3/22/2002 6:52:41 PM Poster : albertl

Hello,

Some people claim that this NN technique (ANM) is able to adapt the NN net structure itself to temporal data , this type of learning is supposed to do something much more drastic and efficient than just changing the weights of the neurons.

I wonder if s such a technique is really existing.

Has any of the NST´s add ons similar features or ihas Ward Systems
something similar up the pipeline?

albert

Meshes

Date :3/22/2002 7:12:20 PM Poster : Dale

Does Neuroshell uses "Meshes" or is there an add-on that will use them. From my research I understand that meshes are a superior neural net technique.

Thank You,
Dale Felber

Re: Meshes

Date :3/25/2002 8:44:31 AM Poster : Steve Ward

There are literally hundreds of different types of neural nets, and each has its advocates as well as the original developers who understandably hype their art. Year after year some new type gets its 15 minutes of fame. To date the most completely unbiased and credible study I know of was done several years ago by the National Institute of Standards and Technology (NIST) in which they declared Probabilistic Neural Nets (PNN) the best classifiers available at that time (at least on the databases they tried). That is one reason we included PNN in the NeuroShell Classifier and the Adaptive Net Indicators addon.

The truth of the matter, though, is that what you feed nets is probably several times more important in the financial arena that what type of net you use. That's because, unlike in science, there are far too many variables moving the markets to capture them all. None of the hundreds of variations of neural nets (including ours) is going to be a panacea when it comes to predicting markets. If you get the right indicators at the right time on the right issue in the right way without overfitting, almost any good net paradigm will do well. That's why we like Turboprop2 - it's fast enough to build thousands of nets in a relatively short time during optimization.

On 03/22/2002 7:12:20 PM Dale wrote:
Does Neuroshell uses "Meshes" or is there an add-on that will use them. From my research I understand that meshes are a superior neural net technique.

Thank You,
Dale Felber

CMO

Date :3/25/2002 10:23:00 PM Poster : Stephen Donaldson

What is the formula for CMO (Chande Momentum Oscillator) ?

Re: CMO

Date :3/26/2002 9:40:39 AM Poster : Steve Kratochvil

Reference "Technical Analysis from A to Z" by Achelis. He did a great job with this book. I have not got around to building a DLL for it because it is a beast and will bring you system to a halt if you are not careful. I put it togeather just to take a look at it.

Su = Summation of all the Up bars over your desired period.
Sd = Absolute Value of the Summation of all the Down bars over your desired period.

The formula is very simple (My kind of indicator):
(Su - Sd / Su + Sd) * 100

The indicator tpl that I sent up to the forum is based on a 12 bar period. I will convert it to a dll that will allow different time periods when I wish to really beat the thing to death and evaluate its merit. I am programming other dll's at this time and fine tuning my system. I hope I have been of some help to you.

Steve

On 03/25/2002 10:23:00 PM Stephen Donaldson wrote:
What is the formula for CMO (Chande Momentum Oscillator) ?

Re: CMO

Date :3/26/2002 1:36:30 PM Poster : Maxwell Craven

Thank you Steve for all of the help you are providing the rest of us on this forum. You really know your stuff, and I wish everyone could share as much as you do.

On 03/26/2002 9:40:39 AM Steve Kratochvil wrote:
Reference "Technical Analysis from A to Z" by Achelis. He did a great job with this book. I have not got around to building a DLL for it because it is a beast and will bring you system to a halt if you are not careful. I put it togeather just to take a look at it.

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Steve

On 03/25/2002 10:23:00 PM Stephen Donaldson wrote:
What is the formula for CMO (Chande Momentum Oscillator) ?

Simple Line in the Sand Strategy

Date :3/29/2002 7:27:03 AM Poster : ghkramer

Your strategy is called a turtle. The simplest strategy that I've used is to enter the market based upon a random number generator (e.g., Buy if RandomNumber > x) and exit using money management techniques (stop loss and an adaptive trailing stop such as a volatility stop). I found that this will out perform many indicators.

Re: Simple Line in the Sand Strategy

Date :4/1/2002 1:46:50 PM Poster : RiskArb

Can you tell me briefly, how to set volatility based stops in the Trader Pro?

On 03/29/2002 7:27:03 AM ghkramer wrote:
Your strategy is called a turtle. The simplest strategy that I've used is to enter the market based upon a random number generator (e.g., Buy if RandomNumber > x) and exit using money management techniques (stop loss and an adaptive trailing stop such as a volatility stop). I found that this will out perform many indicators.

Re: Simple Line in the Sand Strategy

Date :4/4/2002 11:28:15 AM Poster : ghkramer

A<B(Close,Mul2(3,Avg(Sub(max2(High,Lag(Close,1),Min2(Low,Lag(Close,1))),14)))

Re: Simple Line in the Sand Strategy

Date :4/4/2002 7:33:59 PM Poster : ghkramer

opps, left something out
Buy
A>B(Close,Add2(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))
Sell
A<B(Close,Sub(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))

Re: Simple Line in the Sand Strategy

Date :4/8/2002 10:45:12 AM Poster : vince

Is it possible for you to post this strategy as a downloadable file?
It is a little confusing the way it is now.
Thanks

On 04/04/2002 7:33:59 PM ghkramer wrote:
opps, left something out
Buy
A>B(Close,Add2(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))
Sell
A

Re: Simple Line in the Sand Strategy

Date :4/8/2002 8:50:42 PM Poster : Steve Kratochvil

Hey, Vince. I took a look at this when it was posted. I will send the chart I did on this, up to Ward Systems. I did the chart on 1 min bars and I added a little to the idea just to cut the losses back a bit, but it is still only what Ghkramer produced. Enjoy.

Steve

On 04/08/2002 10:45:12 AM vince wrote:
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Sell
A

Re: Simple Line in the Sand Strategy

Date :4/9/2002 10:20:43 AM Poster : vince

Ok
Thank you very much.

On 04/08/2002 8:50:42 PM Steve Kratochvil wrote:
Hey, Vince. I took a look at this when it was posted. I will send the chart I did on this, up to Ward Systems. I did the chart on 1 min bars and I added a little to the idea just to cut the losses back a bit, but it is still only what Ghkramer produced. Enjoy.

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Sell
A

Re: Simple Line in the Sand Strategy FILE

Date :4/9/2002 2:56:49 PM Poster : Ward.Net Webmaster

The file referenced in this post can be downloaded from the following link:

Simple Line in the Sand.zip

On 04/08/2002 8:50:42 PM Steve Kratochvil wrote:
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Sell
A

Re: Simple Line in the Sand Strategy FILE

Date :4/22/2002 5:04:09 PM Poster : albertl

On 04/04/2002 7:33:59 PM ghkramer wrote:
opps, left something out
Buy
A>B(Close,Add2(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))
Sell
A<B(Close,Sub(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))

Hello,
would it be possible to have some comment about this strategy?
Is the multiplication factor 3 not far to much ?
What is the supposed advantage compared to a simple ATR band break out
system?
Thanks
albert

Re: Simple Line in the Sand Strategy

Date :4/9/2002 4:05:57 PM Poster : vince

Thanks for sendig the chart to Ward Systems.
One last question:- Do you do a full optimization or a parameter search?

Vince

On 04/08/2002 8:50:42 PM Steve Kratochvil wrote:
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Sell
A

Re: Simple Line in the Sand Strategy

Date :4/10/2002 9:24:51 AM Poster : Steve Kratochvil

Neither. I believe that Ghkramer presented a "RULE" based trading strategy. Ask Ghkramer what his reason was for the values he used.

Steve

On 04/09/2002 4:05:57 PM vince wrote:
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Vince

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Sell
A

Re: Simple Line in the Sand Strategy

Date :4/8/2002 11:38:01 PM Poster : ghkramer

Re: "Is it possible for you to post this strategy as a downloadable file?"

Sorry. I can't seem to copy and paste any equation in NST. I manually copied it onto paper (its been years since I had to do that) and typed into the forum. They must be using their own homebrew editor because most of the existing components that people use in MS Windows software development allow the user to cut and paste.

The equation is just nested functions. You have to do a lot of clicking, scrolling, and clicking to insert all the functions from left to right. Sorry, thats just the way the program works.

On 04/08/2002 10:45:12 AM vince wrote:
Is it possible for you to post this strategy as a downloadable file?
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Thanks

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Sell
A

Re: Simple Line in the Sand Strategy

Date :4/10/2002 11:10:55 AM Poster : Vince

Hello Kramer
regarding this strategy, do you do a full optimization?
If not what values did you use?

Thanks

On 04/04/2002 7:33:59 PM ghkramer wrote:
opps, left something out
Buy
A>B(Close,Add2(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))
Sell
A

Re: Simple Line in the Sand Strategy

Date :4/22/2002 10:14:31 AM Poster : Vince

Do you optimize this strategy?

Thanks

Vince

On 4/4/2002 7:33:59 PM ghkramer wrote:
opps, left something out
Buy
A>B(Close,Add2(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))
Sell
A<B(Close,Sub(Lag(Close,1),Mul2(3,Avg(Sub(Max2(High,Lag(Close,1),Min2(Low,Lag(Close,3))),14))))

Open Interest

Date :4/1/2002 2:58:32 PM Poster : Maciej

Hi there,
In futures quote.com gives the "open interest" value. This is available on the day bars and always lags by one day. Is there any way that I can get this value within NST without resorting to DDE/DLLs etc?
Maciej

Re: Open Interest

Date :4/2/2002 4:01:41 PM Poster : webmaster@ward.net

It was not included by our programmers as they built the quote.com interface since it was originally built for intraday, where it is not available as you point out. When we opened it up for end of day bars, it could have been included, but wasn't, and probably should be included in the future. There's no way to get it from Quote.com (unless Qcharts will export text files as we do), but if you have it from somewhere else, you could include it as a text file with the same ticker symbol. That data is included with other daily formats, like Dial Data.

On 04/01/2002 2:58:32 PM Maciej wrote:
Hi there,
In futures quote.com gives the "open interest" value. This is available on the day bars and always lags by one day. Is there any way that I can get this value within NST without resorting to DDE/DLLs etc?
Maciej

Re: Open Interest

Date :4/3/2002 1:23:05 PM Poster : Steve Kratochvil

I have not had any success in keeping my NSDT ContinuumClient.dll running and launching the DDE at the same time. When I launch the DDE my ContinuumClient.dll gets knocked down.

Steve

On 04/01/2002 2:58:32 PM Maciej wrote:
Hi there,
In futures quote.com gives the "open interest" value. This is available on the day bars and always lags by one day. Is there any way that I can get this value within NST without resorting to DDE/DLLs etc?
Maciej

Development wish: Bet size selection ie. contracts to trade

Date :4/4/2002 3:35:58 AM Poster : Olli Myllynen

NST is naturally more weighted into neural nets, but the trading strategy section is good also, especially the genetic optimizer. As always, there could be some additional features available. This one should be fairly easy to include.

Currently the trading strategy/prediction settings allow one to use only a few predetermined settings to define the number of contracts (or shares, if one prefers stocks).

I would like to use my own bet size selection in trading strategies. Would it be possible let the user to define the number of contracts through a DLL?

This way one could use what ever bet size selection/money management approach one wishes in trading strategy.

Olli

mesa cycle software

Date :4/4/2002 8:14:47 PM Poster : davide accomazzo

Dear friends and collegues:

i am new to this forum...i would like to receive any feedback at all on the cycle software Mesa...I trade frequently with proprietary oscillators and stochastics and i believe a nontraditional software such mesa would be nicely complementary; however, i can't seem to find third party research on the software...if anyone has any direct experience i would like to discuss details.

best regards to all,

davide

Re: mesa cycle software

Date :4/5/2002 9:46:09 AM Poster : Steve Kratochvil

I own John Ehlers MESA2002 indicators for NSDT and have been messing around with them. I am interested in your approach to your oscillators and stochastics. What I have found is that the MESA2002 indicators do work as expressed. My only major issue with them, at this time, is performance intra day. It is so bad that the recalculation actually caused me slippage of about .10 to .20, which is $100 to $200 per trade on a $250 to $500 target scale. The only way that I compensated for this was to eliminate all the MESA indicators I had except for one that seemed to help the best. That was even bothersome. So I have put them on the End Of Day Trading shelf for that approach. If you are an End Of Day trader then you will not notice the performance hit. I have read John Ehlers book Rocket Science For Traders where he goes into detail on MESA indicators and have seen how they can be used. If you don't have this book it is worth the read for understanding how MESA ticks. I have even use the MESA as inputs to the Fuzzy Logic indicators. One thing that might be of interest to you and your oscillators or stochastics is the Fuzzy Logic indicators. With Fuzzy Logic you can determine the shape of the indicators that you already understand and have sound reason to use. I use Fuzzy because it gives me more than just crossovers or penetration lines of the same indicators that I have grown attached to. The knowledge that oscillators or stochastics work to indicate conditions of a stock or market is common and accurate. The interoperation of these is where it all breaks down and confounds the masses. MESA looks good and it seems to be in a class all by its self. It is both an oscillator and a stochastic, at the same time it is neither. It is designed to determine when you are in a trend or a range(cycle). It seems to be able to do that. Like I said the performance hit eliminated it from my system so I have limited actual experience with it.

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Re: mesa cycle software

Date :4/9/2002 7:56:38 PM Poster : davide accomazzo

Hi Steve:

Thank you for your comments..I normally use stochasctics and oscillators on a daily or weekly basis for option trading..I find that the overbot/oversold levels played with options give me a much better rate of success since i dont have to be right on the money right away...I do use them on an intraday basis also for small/quick fx trades....in this case i combine them with flow analysis (mostly fx) and bollinger bands...this is based on fibonacci and other inputs..i am interested in mesa cycles so that i could avoid ob/os signal when trending and also i could perhaps singling out additional cycles which are not picked up by stochastics...looking forward to exchange more ideas..best regards,

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Re: mesa cycle software

Date :4/11/2002 12:54:15 AM Poster : Steve in California

I'm a novice at thinking about Mesa, but I have spent a good number of hours working through the Rocket Science text and looking at the Sinewave indicators plotted against a time series. Here's how I think about it:

1 During what Ehlers calls cycle mode, there are fewer false breakouts with the Sinewave indicator than with traditional oscillators.

2 Ehlers clearly states in his book (and I agree) that the transition from "cycle mode" to "trend mode" and from trend to cycle isn't identified well in Mesa.

If I understand the points made by David below correctly, the value of Mesa is different than what he's looking for. 1) Mesa isn't going to find more cycles than traditional oscillators, it's going to find less and this is a good thing (i.e., false oscillator breakouts are avoided during cycle mode. 2) Mesa isn't going to help avoiding "ob/os signal when trending", in fact, my opinion is that oscillators for this are better.

I've been looking at Mesa indicators within Tradestation and don't have all of them as dlls for use with NSDT.

Finally, regarding Mesa and how to think about it: it's on my mind that Ehlers (and Mike Barna) have several systems on the top ten systems lists that FuturesTruth keeps through its audit process, each of them doing more than 100% per year for several years. In his "developer interview" with FuturesTruth, Mike Barna says that the "technology [i.e., R-Mesa] combines elements of MESA and R-Breaker" and that this technology is "well know and mature". It seems to me that this is further confirmation of what my own view is: namely, that Mesa cannot, by itself, drive a profitable strategy but must be combined with other indicators to overcome its major weakness (i.e., not being able to distinguish early enough between trend and cycle modes at the transition periods between them).

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Predicting Options

Date :4/10/2002 1:59:36 AM Poster : Mark Simpson

I've created a DLL function to model a continuous option series based on a stock price, and I now want to create a prediction based on the data I've calculated, rather than the stock price.

I can create a prediction based on the calculation, but the calculation is incorrect, because the trading points are placed on the closing price. I also need to do it in realtime, so exporting and then importing isn't an option either.

Effectively, I want to replace the "Closing Price" with "My Own Calulation Of The Closing price".

Has anybody got an ideas?

Thanks

> ***Re: Predicting Options***
>
> Date :4/26/2002 10:39:27 PM Poster : Richard Nowak
>
> Create the function in a DLL that returns "My Own Calulation Of The Closing price" and use that as an input to the predictor. If this is too obvious to you then I probably don't understand your question.
>
> Rich
>
> On 4/10/2002 1:59:36 AM Mark Simpson wrote:
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> Effectively, I want to replace the "Closing Price" with "My Own Calulation Of The Closing price".
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> Has anybody got an ideas?
>
> Thanks

What would you do?

Date :4/11/2002 5:09:38 PM Poster : sfrobins

What would you do if you developed a trading strategy with NeuroShell Trader Professional that was correct %80 of the time, and was returning giving you an average return (on paper) of about %10 per week, trading stocks; and you had NO MONEY to invest.

Suggestions?

Thanks,

Stewart

> ***Re: What would you do?***
>
> Date :4/11/2002 6:22:58 PM Poster : Bill VanDyke
>
> If i was in your apparent situation, i'd check the model for any possible future leaks..and if there are none..i'd partner with Steve Ward to market what sounds like the Holy Grail.
>
> On 04/11/2002 5:09:38 PM sfrobins wrote:
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>
> Suggestions?
>
> Thanks,
>
> Stewart
>
> > ***Re: What would you do?***
> >
> > Date :4/12/2002 12:16:34 AM Poster : sfrobins
> >
> > How do you check for any possible "future leaks"? Do you have a methodology for that?
> >
> > One thing about this is that it is time consuming. I optimize every night to adapt the strategy to new market conditions. I don't know if this is absolutely necessary, but it does yield fairly consistent results. If I were to limit the data, set, perform the optimization, and then test it against additional data added to the data set, one day at a time, it could take a very long time to get through a year's worth of data. In other words, I don't have much of a time range to test out of sample, because I am always optimizing on the most up to date market data that I can get. The test out of sample is the trade I make on paper tomorrow based on any signals that I get after optimization. I understand data normalization, training, and testing issues for neural nets; I am finding that the strategy is most efficient immediately after optimization, and performance degrades as time progresses (and theoretically, market conditions change). Therefore, I optimize using the latest data I can get.
> >
> > Thanks,
> >
> > Stewart
> >
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> > Suggestions?
> >
> > Thanks,
> >
> > Stewart

Re: What would you do?

Date :4/11/2002 7:13:54 PM Poster : Steve Kratochvil

I just cannot resist your question. Better judgment is nagging at me in the back of my head. I do feel that your question it is a bit leading or fishing. So in light of the fact that the true question you are asking is not given I have these things to say.
If you are trying to get someone to fund you. We have all worked very hard to get where we are, even if it bankrupt, so please do not ask us for money.
If you are trying to sell it. I have four charts that produce 100% and 30%+ return on Day Tradable stocks.
If you are truly asking for advice. Here is my two cents. If you believe in your system and it has proven to make money after solid testing then work to save $30,000 over the course of this next year. During this time let your system run and prove to you that it is going to work. After you have this small sampling of your system and everything is as it should be, then you should commit all of your hard earned resources to your system with confidence that it will work. That is what I did.

So how do you answer your own question?

Steve

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> ***Re: What would you do?***
>
> Date :4/12/2002 12:38:07 AM Poster : sfrobins
>
> Steve
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> It's an honest question... I have achieved my result at my weakest moment financially due to the economic downturn, and a divorce. I am a software engineer in silicon valley and I have been doing this as a hobby for 9 years. It's only been in the last couple of years since the advent of the Neuroshell Trader product that I have been able to accelerate my development and achieve the desired result. If I trade now, I use my rent money to do it.
>
> I also have a great desire to do this type of work professionally. I always felt that computers were only so useful if you don't have a really good problem domain to apply them to.
>
> Patience would be easier if I hadn't been working on this since 1993. The option you have presented is the only one that occurs to me, but there might be others. Sell it? Publish a newsletter? Something other than "trade it"? Look for a job working for a mutual fund or a hedge fund?
>
> I finished this particular strategy in August of 2001... I have been watching it for about 6 months now. In the last month, I have started to share the signals with other people acting as observers to get an independent verification of the results. I ask myself daily if the strategy is really this good, or have I become really adept at deluding myself.
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> When I say it makes %10 per week, I don't mean that this is based on an optimized backtest. It's actually following the signals generated as they come from day to day.
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> I was simply looking for other techniques that didn't require another year or two of my life. I was looking for other people out there who have faced similar situations and found creative solutions.
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> I am not looking for some kind of handout. I get my money the old fashion way, I earn it :-)
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> Stewart
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> > ***Re: What would you do?***
> >
> > Date :4/12/2002 11:06:46 AM Poster : Steve Ward
> >
> > You have an interesting situation, that's for sure. If you start a fund or newsletter, then there's expense and hassle involved, but at least you are your own boss. If you try to go with an established company, then there's lots of negotiations involved, lawyers, etc. If you go with family money (assuming you can find some), then there are hard feelings in the family if there are some bad times as markets change. None of that would appeal to me.
> >
> > lately I've started trading eminis instead of equities. Because of the margined leverage, I make a whole lot more money for the same (or less) effort. Some of the other futures have far less margin required than the eminis. If your stock models will work for futures contracts, then that would be the way I'd go. Not a big investment can get you a big return. (Warning - you can lose a lot too, in a heartbeat!)
> >
> > The new stock futures may be the way to go if your models don't immediately translate to futures contracts. Predict the stock and trade the futures contract. Maybe some of the readers here can add some opinion on those new contracts.
> >
> > But if you decide to have people seek you out, let me put your story in the "Real Traders" section of our website. I'm always trying to get people to let me tell their story there.
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Suggestions?

Thanks,

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Re: What would you do?

Date :4/12/2002 3:07:14 PM Poster : albertl

Hello Steward,
Arent you able to put your system in a few custom indicators and sell them or lease them to NST customers ?

Or come to Luxembourg on a holyday and teach me trading for a while ...

all the best to you
albert

On 04/12/2002 11:06:46 AM Steve Ward wrote:
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Suggestions?

Thanks,

Stewart

Re: What would you do?

Date :4/12/2002 3:56:29 PM Poster : Steve Kratochvil

Now, that is something can relate to. I am also a software developer and also saw my worst economic downturn when I got divorced. It was a rough and turbulent time. It was from that moment that I started really reaching for my goals and thus far I have reached all of them. I can also relate to using your rent money. I remember one instance where I did not have any food for three days until payday. I know when the chips are down. So, I understand, more than you know. Forgive my abrupt posture, but your question was a little cheesy. I am now feeling bad that I almost berated you. I should have listened to the little nagging voice.

Steve

On 04/12/2002 12:38:07 AM sfrobins wrote:
Steve

It's an honest question... I have achieved my result at my weakest moment financially due to the economic downturn, and a divorce. I am a software engineer in silicon valley and I have been doing this as a hobby for 9 years. It's only been in the last couple of years since the advent of the Neuroshell Trader product that I have been able to accelerate my development and achieve the desired result. If I trade now, I use my rent money to do it.

I also have a great desire to do this type of work professionally. I always felt that computers were only so useful if you don't have a really good problem domain to apply them to.

Patience would be easier if I hadn't been working on this since 1993. The option you have presented is the only one that occurs to me, but there might be others. Sell it? Publish a newsletter? Something other than "trade it"? Look for a job working for a mutual fund or a hedge fund?

I finished this particular strategy in August of 2001... I have been watching it for about 6 months now. In the last month, I have started to share the signals with other people acting as observers to get an independent verification of the results. I ask myself daily if the strategy is really this good, or have I become really adept at deluding myself.

When I say it makes %10 per week, I don't mean that this is based on an optimized backtest. It's actually following the signals generated as they come from day to day.

I was simply looking for other techniques that didn't require another year or two of my life. I was looking for other people out there who have faced similar situations and found creative solutions.

I am not looking for some kind of handout. I get my money the old fashion way, I earn it :-)

Regards,

Stewart

On 04/11/2002 7:13:54 PM Steve Kratochvil wrote:
I just cannot resist your question. Better judgment is nagging at me in the back of my head. I do feel that your question it is a bit leading or fishing. So in light of the fact that the true question you are asking is not given I have these things to say.
If you are trying to get someone to fund you. We have all worked very hard to get where we are, even if it bankrupt, so please do not ask us for money.
If you are trying to sell it. I have four charts that produce 100% and 30%+ return on Day Tradable stocks.
If you are truly asking for advice. Here is my two cents. If you believe in your system and it has proven to make money after solid testing then work to save $30,000 over the course of this next year. During this time let your system run and prove to you that it is going to work. After you have this small sampling of your system and everything is as it should be, then you should commit all of your hard earned resources to your system with confidence that it will work. That is what I did.

So how do you answer your own question?

Steve

On 04/11/2002 5:09:38 PM sfrobins wrote:
What would you do if you developed a trading strategy with NeuroShell Trader Professional that was correct %80 of the time, and was returning giving you an average return (on paper) of about %10 per week, trading stocks; and you had NO MONEY to invest.

Suggestions?

Thanks,

Stewart

data errors...

Date :4/12/2002 9:22:44 AM Poster : Stewart Robinson

I own three copies of Neuroshell Trader Professional, so that I can run optimizations in parallel on three separate computers. I have noticed over the last year that if the same strategy is optimized on different computers for the same ticker symbol, I get different results. I have tracked this down to differences in data that gets downloaded from Dial/Data. Has anyone seen this? What can I do about it, if anything? I do think that no matter how good a trading strategy gets, this type of error, can cause significant grief.

Regards,

Stewart

Re: data errors...

Date :4/12/2002 12:16:36 PM Poster : Randy Brown

If you're using end of day data and your computers are networked, you could simply download one set of data and convert it to Metastock format (if necessary or whatever format you choose so long as the Trader can read it) and then make it available to all three copies of the program. I do that with TC2000 data (the cleanest I've been able to find) and use the same data for everything. If the three copies of the Trader can't read simultaneously from the same file (??) then just copy the data folder to each computer after downloading. Something like that.

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Stewart

Re: data errors...

Date :4/12/2002 8:44:08 PM Poster : Stewart Robinson

What I have become more concerned about is that I get a long for mu on one computer, and nothing on the other. Then I get a long on mu the next day on the other computer but not on the computer that I previously got the long on mu. The first was profitable, and the latter was not, it is as though the second were out of phase because of a data error. If you pick the right file to copy over, you luck out. If you copy the wrong one over, you lose.

Why would it be that I get different data from the exact same data source for the exact same day and the exact same symbol? Are they constantly adjusting their numbers?

Thanks,

Stewart

On 04/12/2002 12:16:36 PM Randy Brown wrote:
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Trading System Performance Viewer

Date :4/12/2002 1:03:58 PM Poster : Steve in California

In a recent issue of TAS&C magazine, Mike Barna and John Ehlers published an idea for a spreadsheet that randomly calculates equity curves for a trading system based on the system's ProfitFactor and PercentProfitableTrades.

I took that idea and fleshed it out in an easy to use Excel spreadsheet that can be downloaded using the following link:

TradingSystemPerformanceViewer.xls

I think it's worth taking a look at if you haven't seen something like it before.

I've intentionally set the Profit Factor and Percent Profitable Trades inputs low to stimulate the process of seeing what it takes to get the equity curve to be what you want it to be.

Enjoy!

Re: Trading System Performance Viewer

Date :4/15/2002 3:11:56 PM Poster : Vince

Hello Steve

what is the practical use of this spreadsheet?

Thanks

Vince

On 4/12/2002 1:03:58 PM Steve in California wrote:
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Re: Trading System Performance Viewer

Date :4/16/2002 6:47:38 PM Poster : Steve in California

I'm no expert on trading system testing and simulation. I understand that there are various techniques for simulating possible system performance that I haven't looked into but just have in my mental queue of things to look into (e.g., Monte Carlo?).

The thing I like about Barna and Ehler's idea for simulating system performance within Excel is that simulation implementation was simple. The Barna and Ehlers idea in the magazine article proposed using non-monetary "units of profit" to plot the equity curve. My contribution was to require an entry of "Average Trade Loss" as well so that I could monetize the equity curve units for myself.

In advising users of a trading system in his Futures Truth interview, Mike Barna said "...understand that the drawdown and maximum consecutive losing trades numbers are your numbers. You either designed, bought or leased these numbers. Understand that these are your numbers and they may sooner or later be reflected in your account."

I didn't really understand the significance of this point until after I had implemented this version of the Trading System Performance Viewer and spent alot of time playing with it and pressing F9. But now I know the minimum ProfitFactor I must have for each PercentProfitableTrades input to feel comfortable. And I also know the minimum PercentProfitableTrades I must have for each ProfitFactor to feel comfortable. Knowing what MY minimum numbers are for these two inputs makes it absolutely clear what my minimum objectives must be in designing and building a trading system. Now I know what the minimum (software trading system) benchmarks must be for me to feel and be successful.

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Re: Trading System Performance Viewer

Date :5/3/2002 5:39:57 PM Poster : Vince

Hi

Are you planning on posting some instructions?

Thanks

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Enjoy!

Guppy Indicator

Date :4/17/2002 11:01:05 PM Poster : Steve Kratochvil

If anyone has read Guppy's Book "Market Trading Tactics" then here is a little of what I have been playing with. I added the Guppy Moving Average Indicator to the Trading Strategy and offset it by –1.5. I later used Fuzzy on the convergence indicators I created from the Guppy. I have some very encouraging results that I am working on. They also caused the file to bloat to 7meg and caused a 1.09gig memory charge during operation. I will need to figure out how to get them to work smaller. I took them out so that if you do not have the Fuzzy Indicators or the computer power the chart will not give you any problems. I sent up a file Guppy.zip. I did base the Guppy off of the TEMA9 as it is smooth and seems to have zero to very little lag. This helps clean up the input so that the indicators report more meaningful information and less false signals. I included the TEMA9.tpl that you can drop in your Template directory for NSDT. You will need this to run this chart. The chart scale is 1 mins.

The file can be downloaded using the following link:

guppy.zip

Steve

DLL programming and VB.Net

Date :4/20/2002 10:02:54 AM Poster : Saul

Hi all,
I have been playing around with VB.Net recently, and have been quite impressed with it compared to prior releases of VB.

The question I have, has anyone in the group used VB.Net or C# to program dll's for Neuroshell. The IDE, Class creation, garbage handling and debugging features seem very good - and might prove an alternative to Power Basic or C++.

Any comments will be welcome.

Thanks in advance.

Re: DLL programming and VB.Net

Date :4/25/2002 4:53:24 PM Poster : Xprogrammer

I didn't see any way to make standard dlls with VB. Where did you see the capability?

On 4/20/2002 10:02:54 AM Saul wrote:
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Re: DLL programming and VB.Net

Date :4/26/2002 1:36:42 PM Poster : Steve Kratochvil

VB.NET is not a solution. PBDLL has real potential and will be a staple part of DLL solutions. As you may know VB.NET is more of a server script language and is a managed language. VB6 and VC++ are unmanaged languages and of those only VC++ exports functions. VC# is the only choice going into the future for an unmanaged language from Microsoft. Now PowerBasic might just be positioned to fill the DLL market space and grow up a bit. I see things like PowerBasic will be sought out by developers, now more often than they were in the past. If you need any help with DLL's just let me know.

Steve

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Re: DLL programming and VB.Net

Date :4/29/2002 1:25:59 PM Poster : Saul

Hi thanks for you comments - and enlightenment - I found a program that can create an interface for VB/VB.Net Dll's called SpyWorks (http://www.desaware.com/) probably overkill and more than likely create a whole new set of problems, but I might have a look into it.

In so far as help with writing dll's with Power Basic that would be great - at the moment I don't have any specific questions I am going to go thru all the posts on here plus the example dll's. Any further suggestions would be appreciated.

Also is there anyway to get into a email discussion since the forum here seems to be exceptionally slow at updating the board with posts (takes a couple of days if post at a weekend).

Thanks
Saul

On 4/26/2002 1:36:42 PM Steve Kratochvil wrote:
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Detrending and preprocessing data series

Date :4/26/2002 7:06:39 PM Poster : Russ

As a newbie to neural nets, I have read a great deal about the importance of detrending and/or preprocessing data series before implementation in a net.
What do others think of this? How does one detrend and/or preprocess data
before placing into NST?

Thanks.

Russ

Re: Detrending and preprocessing data series

Date :4/30/2002 2:59:59 PM Poster : RiskArb

"normalization" in statistics, has a very specific meaning and refers to the transformation of data by subtracting each value from some reference value (typically a sample mean) and diving it by the standard deviation (typically a sample SD). This important transformation will bring all values (regardless of their distributions and original units of measurement) to compatible units from a distribution with a mean of 0 and a standard deviation of 1. This transformation has a wide variety of applications because it makes the distributions of values easy to compare across variables and/or subsets. If applied to the input data, standardization also makes the results of a variety of statistical techniques entirely independent of the ranges of values or the units of measurements

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Re: Detrending and preprocessing data series

Date :4/30/2002 3:28:29 PM Poster : Webmaster@ward.net

All of our neural nets except the Adaptive Net Indicators add-on automatically do the type of normalization RiskArb describes to the inputs. The neural nets in the add-ons Neural Indicators and Adaptive Turboprop 2 let you control the length of the period over which the normalization takes place (it's the lookback period). In addition to what we do automatically, you may want to do some detrending over time. We feel one of the easiest ways to do that is use inputs like percent change, spread percent, etc. That way a $10 change when the price is $60 looks to the net like a $1 change way back when the price was $6.

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Re: Detrending and preprocessing data series

Date :5/1/2002 4:53:10 PM Poster : MattR

I have some questions about data preprocessing in NS that is mostly handled internally.
Can you shed any light on how data is adjusted?
Does it smooth data automatically (averaging)?
I assume it isn't automatically adjusted to a percentage change/log percentage change as there are both price and percentage change choices?
Are there any variance/standard deviation adjustments, automatically included? (more on this)
I assume no sampling/filtering is included? (more on this as well)

I have been wondering about adjusting output variables (ie usually whatever price change prediction) by some measure of volatility. When trading, one is constantly battling transaction/slippage costs. In this regard, volatility is a desirable, not necessarily a factor that one necessarily wants to remove from consideration. It seems like it would be valid to build nets to predict just prices moves (percentage or otherwise)....ie volatility adjusted moves times volatility.

I have also wondered about detrending data. First, I understand the skew that trending data can cause in neural networks. In using NS trader, the most likely sought after goal is to build wealth. Thus, using the predictions to predict tradable opportunities (and perhaps using profit objective functions), seems like a reasonable approach. However, trend factors can have more of an effect on trade profitability than other detrended factors. So, a set of inputs that result in an output implying a very profitable opportunity might largely be do to factors that have been removed - trend. I find myself somewhat confused/running in circles on using a monetary objective function while removing trend factors.

Is data sampled or filtered in any way? For example (familiar/old issue), a person utilizing a neural net for trading would often like to predict outlying (not necessarily extreme) events. With a large cluster of untradable/undesirable observations, an objective function using some sort of summation or lower order error function can result in the net being trained more on the "uninteresting" data. A related matter is that of one-time/extraneous/new events that are not desired in the net. Does anyone try excluding these? Is there a way to exclude certain data in NS? I suppose with large outlying data (news/one-time shocks) one could use conditional values to set it to zero or some other approximately median value.

Thanks for your time
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On 4/30/2002 3:28:29 PM Webmaster@ward.net wrote:
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Re: Detrending and preprocessing data series

Date :5/2/2002 10:07:00 AM Poster : Webmaster@ward.net

There is no data sampling, smoothing, or filtering in the normalization unless you use the little check mark "Adjust training set for trending markets by evenly distributing training bars". That sometimes works well, sometimes not. It tries to create a training set with a more even distribution of up moves and down moves. It has been suggested before, and is on our list, to give the user the ability to filter in or out training patterns like news events, perhaps based on some indictors. That assumes you can decide which bars were effected by the news. On the other hand, isn't it true that general news can affect the whole market? Yesterday the resignation of the Sun CEO probably affected the whole tech segment, not just Sun.

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Russ

Re: Detrending and preprocessing data series

Date :5/2/2002 10:27:40 AM Poster : Steve Ward

To what the Webmaster said, I might add that by their very nature, neural nets smooth data as long as you don't give them too many hidden neurons. To understand this, think about what happens when you use zero hidden neurons. You get a linear model - meaning you are fitting a straight line or plane through the data. Sure, outliers affect the angle of the line or plane, but linear models are pretty smoothed, aren't they? The more hiddens that are allowed, the more each little bump gets fit. But detrending by using percent change, etc, on both inputs and outputs I think is important. Many of the standard indicators detrend and even normalize by virtue of what they do. It is possible, I think, to worry excessively about smoothing. Of course, differing opinions are more than welcome here, and we'd like to hear them.

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All of our neural nets except the Adaptive Net Indicators add-on automatically do the type of normalization RiskArb describes to the inputs. The neural nets in the add-ons Neural Indicators and Adaptive Turboprop 2 let you control the length of the period over which the normalization takes place (it's the lookback period). In addition to what we do automatically, you may want to do some detrending over time. We feel one of the easiest ways to do that is use inputs like percent change, spread percent, etc. That way a $10 change when the price is $60 looks to the net like a $1 change way back when the price was $6.

On 4/30/2002 2:59:59 PM RiskArb wrote:
"normalization" in statistics, has a very specific meaning and refers to the transformation of data by subtracting each value from some reference value (typically a sample mean) and diving it by the standard deviation (typically a sample SD). This important transformation will bring all values (regardless of their distributions and original units of measurement) to compatible units from a distribution with a mean of 0 and a standard deviation of 1. This transformation has a wide variety of applications because it makes the distributions of values easy to compare across variables and/or subsets. If applied to the input data, standardization also makes the results of a variety of statistical techniques entirely independent of the ranges of values or the units of measurements

On 4/26/2002 7:06:39 PM Russ wrote:
As a newbie to neural nets, I have read a great deal about the importance of detrending and/or preprocessing data series before implementation in a net.
What do others think of this? How does one detrend and/or preprocess data
before placing into NST?

Thanks.

Russ

Re: Detrending and preprocessing data series

Date :5/1/2002 7:46:11 PM Poster : Jacobs

I may have missed this but why is this normalization not done with the
Adaptive Net indicators? Why are they special?

/Jacobs

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Re: Detrending and preprocessing data series

Date :5/2/2002 10:17:22 AM Poster : Steve Ward

The Adaptive Net Indicators do work quite differently than most nets. Some feel they aren't nets at all. Unlike other nets, they don't need data in small ranges (which is the main reason nets need normalization) because they do pattern recognition by comparing. The help file suggests using the Z-score indicator if you feel you have variables that are not in the same range, although to a limited extent the "contribution" factors do smoothing and range reduction. At some future time we may make normalization an option for ANI.

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Possible directions to explore with NST

Date :4/30/2002 9:20:23 AM Poster : Dan Kinter

I am a newbie to NST. I have done all of background studying and now am ready to begin my quest. I am very aware of the following:
(a) there are MANY, MANY ways to go about this quest with NST (I own all the add-ons except DataX which is too complex for me)
(b) you guys/gals have worked extremely hard to develop your own systems which, of course, must be protected

However, perhaps you could give me some suggestions as to what general routes of exploration you have found fruitful (I'm only speaking in the most general of ideas to explore).

For example, one path might be:

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Thanks in advance for any help. Dan

Re: Possible directions to explore with NST

Date :4/30/2002 1:47:58 PM Poster : Steve Kratochvil

Well, Dan the first question you need to answer is. Are you going to Day Trade? This is based on how much time and money you have to throw at the problem. If you are going to Invest or Swing Trade then you can use your evenings and start with 5K. Day Trading requires full time and 30K to start. The next thing you need to do is fully understand your indicators. Study the Fuzzy Logic indicators and what they can do and cannot do. They can interpret your other indicators little nuances where otherwise you only have crossover points and penetration lines or levels to signal you.

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Re: Possible directions to explore with NST

Date :5/1/2002 4:04:23 PM Poster : Jimmy Raineri

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Re: Possible directions to explore with NST

Date :5/2/2002 1:02:34 PM Poster : Jimmy Raineri

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Date :5/2/2002 4:01:13 PM Poster : Maxwell Craven

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IMO, indicators are just that - something to indicate something. To me, it doesn't matter what they were designed to do, or how they are "supposed" to be used - everyone uses and interprets indicators the way the books say you are supposed to. Discovering non-standard ways to use the tools available will give someone a substantial edge.

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Re: Possible directions to explore with NST

Date :6/4/2002 5:28:39 PM Poster : Jeff Kilinski

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Re: Possible directions to explore with NST

Date :6/5/2002 9:37:53 AM Poster : chris wong

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Re: Possible directions to explore with NST

Date :6/5/2002 11:19:58 AM Poster : Jeff Kilinski

My comment was meant only as a notice that the floor traders are focused on the 1 minute bar and using other tactics might help. Agreed, if you want to outsmart them you should be aware of what they are looking at. Watch it enough and you see their patterns.

jeff

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Re: Possible directions to explore with NST

Date :5/1/2002 8:27:57 PM Poster : Steve Kratochvil

Excellent choice. I am a 1 min man as well. The first thing that you NEED, now that you have all the indicators, is the TEMA9. I have sent up the tpl for it a few times. I will send it again. This allows you to smooth out a data series without noticing the lag. I replace almost all of my Close time series inputs with the TEMA9 and avoid all of the jitters in the close. I have based all of my successful work on the TEMA9. I know this will help.

I have found several consistent generalized patterns in stocks. With pattern research you can hit the 100% success zone. I am in the middle of fine-tuning some daily patterns that I will use to guide my other indicators.

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NSDT Advice

Date :5/5/2002 4:59:20 PM Poster : Steve Kratochvil

If you are looking for some advice about NSDT, here is my attempt to be profound.

First, there are limits to NSDT and your computer. You will be working toward squeezing the most out of everything. The amount of RAM and CPU you have will directly affect how many indicators and what type of indicators you will use. Different indicators incur different calculation weights during the day. These weights are different during the day than after hours. So get a feel for the heavy ones and determine their value for your system. If they cannot finish their calculation in time for the next bar they are not even tradable. You need to see waiting for price ticks flash in the status bar on every bar to know that you are good to go.

Second, you will need to get a feel for how big your file can grow before it becomes unmanageable. After you have some quality work, save a copy of the work file some where and return to your work, then delete out all the build indicators that you used getting to the results and then continue from there. I have to keep my files under 1MB for optimum performance. The reasonable limit size of your file is directly controlled by how much RAM you have and the indicators you are using. The weight of the indicators really stands out when you add more time series data or run Trading System back test.

Third, Optimizations need to be scheduled on a test plan and run at night while your sleep. In addition your nets are only as good as your indicators. If you can't see it, neither can the net. If an indicator does not exist, the net will not make it up for you with some stroke of genius. So your optimization needs to be based on solid indicators that have at least an 80% success rate even if it is not profitable. Optimizations for indicators need to be trying to achieve the Winners – Losers. The net can take theses good solid indicators and draw correlations similar to how you would (had you been watching) and try to achieve the goal of Net Profit. A good system (80% success rate) can be made profitable and has the ability to translate to other stocks and time frames. A strictly profitable system does not. It will be confined to the specific market conditions and fail over time. This is where most "Black Box" systems come from.
Once you have your indicators that seem to survive trial and error, lock them down by saving them as tpl's with all of the settings hidden in the advanced area. Do this before you feed them into your nets for optimization. You want to do this because you want the net to optimize on the good indicators that are based on sound logic. The net can then leverage this good info to make better decisions. The point being, your brain can out perform a neural net every day of the week, but your brain with a neural net assistant can smoke everyone else consistently. Note: You can only save indictors as tpl's if you purchased the NeuroShell Day Trader (NSDT). I cannot stress enough that you need all the best tools. If you don't have all the Add-on Nets your going to miss some of the most powerful indicators made to date.

Fourth, Price and Volume. Set up a collection of indicators that cover these individually as well as together. Try to avoid arbitrary penetration lines and other mathematical lines in the sand unless they are part of a BOUND indicator. Stick with generalized indicators that use percentages or shapes that can be formed correctly no matter where the price or volume go. Understand your indicators. Understand the logic and theory behind why they are built the way they are to be used. When you are building your own indicators write down why you built them. Log your progress. I am fortunate enough to be able to keep a lot of things in my head, but I cannot keep them all in the front at one time. I note my work for myself.
If you are a day trader then the Price is the leading indicator that you need to follow and Volume is the strength of the commitment to that price. The news, the psychology, the fundamentals, the market professionals, and you are all represented in these two things. You need only build indicators that focus on these things. If you do not have price movement and volume surges in your stock then it is not being traded and you will not make any money. Chose stocks that have a heart beat (Large Price Movement) and enough liquidity (High Average Volume) to get in and out when you desire. I use TC2000 to scan for a list of day tradable stocks that I review in NSDT. If you do not have TC2000 you need it. You can find great stocks fast, that NSDT can really use and make money with.

I close this post by saying; "These are the best general pieces of guidance that I can pass along to anyone that have made me money." When faced with a great tool like NSDT, that allows almost everything to be changed, (There are a few things I wish I could change that are not open to a data series.) you should not quaffel on which direction to go with anything you build. If you are stuck as to how to make an indicator work, then put in the extremes and see what it does. This should give you a great idea about what values in the middle of the extremes might do or how they may be interpreted. Also post your question on the forum, and be VERY SPECIFIC. If after that and the indicator does not communicate to you any meaningful information, chuck it out and move on.

I hope this helps and I can empathize with everyone who feels lost in NSDT. Just to let you know it does get better with practice and financially profitable with persistence.

Steve

Re: NSDT Advice

Date :5/7/2002 1:32:14 PM Poster : Stewart

Hi Steve,

First of all, thanks for the pointers. I have some specific questions, so here it goes.....

I know there have been several threads around preventing the optimization of specific indicator parameters such as hiding them by creating a custom formula. One of the things I've noticed about optimization is that one of the causes of over-optimization seems to be a result of entry and exits ending up with different values. Has anyone found a way to keep the parameters in sync?

Optimization - Suppose you have a day strategy with a prediction and some indicators. How often do you optimize the prediction? How often do you optimize the strategy itself?

Over-optimization - Help! I've found it is easy to come up with strategies that provide good returns, but most of the time, they end up being over-optimized. I've tried increasing the number of bars, lowering the number of hidden neurons, and not letting NSDT finish optimizing (which I don't like because you can't always replicate the results if you happen to be sucessful. - Any ideas of how to improve?

Implementation of Daytrading Strategy - Once you have a strategy that you feel will be successful based on your testing, how do you implement it? You sit at the computer waiting for the signals? Do you use the continuation of a sucessful backtest as the starting point or do you start over?

I'd really appreciate any advice you or others could give.

Thanks,

Stewart

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Date :5/10/2002 7:44:15 AM Poster : Steve Kratochvil

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Steve

Re: NSDT Advice

Date :5/14/2002 5:33:19 PM Poster : Steve Kratochvil

Look at the post by Matt. That will get you started.

Steve

On 5/14/2002 10:37:28 AM Vince wrote:
Thanks for your prompt reply Steve.
And yes Redi also has an on-line order entry screen.
Any suggestion on how to do it?

Thanks

Vince

On 5/13/2002 2:54:02 PM Steve Kratochvil wrote:
Well, REDI has it's proprietary "UI" and they seem to be very proud of it. If they have an online order entry screen back in the customer area then it is a very easy task to send the HTML order. If all orders only come through their UI then it is a very difficult task and the exact method that they use to send the orders is unknown.

I have employed several technologies in one package to be flexible to adapt to the constant changes that brokers make and also in the event I change brokers or add a broker. I used VB6 as my platform and integrated JavaScript into it. The JavaScript does all of my HTML work inside the VB6 app. I even have a dash of VBScript thrown in for regular expression work on HTML fragments from the JavaScript. The DataX is of course the way that I am sending out the signal. To the AutoPilot.

Steve

On 5/13/2002 9:37:07 AM Vince wrote:
Yes that is what I meant.
I use a platform called Redi. (www.redi.com) What I will like to do is have NSDT send Buy/Sell orders directly to Redi when they occur.

Thanks

On 5/10/2002 7:44:15 AM Steve Kratochvil wrote:
I assume you mean Broker. I have it setup to send orders to DATEK. If you mean the GUI that different brokers send to you, sell to you or lease to you for order execution, AutoPilot replaces them.

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Re: NSDT Advice

Date :5/13/2002 10:41:52 PM Poster : jk

Steve,
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Sell it as is... As a past Tradestation user, I am used to no support.
Hope you take Paypal ????
Best regards and good luck.

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Date :5/14/2002 4:24:18 PM Poster : Matt R

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> Date :5/14/2002 7:52:30 PM Poster : Steve Kratochvil
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Date :5/14/2002 11:30:26 PM Poster : jk

S.K.
Thanks for the prompt responce. Unfortunately I am not a 1 minute trader-I do not have the time currently to "do" short time frames. Hence the desire for your code ! I am a position trader (30 min. bars/average time in trade 2.5 days) and in particular, at this point a Tradestation user. From a performance perspective I have Tradestataion "systems" with a historical sharpe ratio of near 3 (that includes slippage & commish). I too live in the real world. I currently utilize TS2000i's email alert functionality to get me in/out of trades as necessary.
I am looking to migrate to NST as it is a better tool for back testing/ optimizing (avoiding curve fitting) and of course the nets. However, TS has far supperior graphics capabilities. Paint bar studies in particular are great (if this and that then turn a bar green-if you are unfamiliar with TS). Your "how to" detailed in this thread (which I thought was right on by the way) outlines the NEED to feed the net useful stuff and that is usually found by looking at your indicator relative to the price movement and disecting to determine if the two correlate. Often my idea for an indicator is "close" however, I will miss some opportunities and just be wrong on others. I will then add a bunch of logical AND or OR to my logic to seperate the wheat from the chaff. Again, this is very efficient in TS and while possible in NST it seems less intuitive. That subtlety seems minor, but I am a big fan of garbage in- garbage out and I sort alot of garbage.

With that long winded intro- I think the two programs can work synergistically very well. I could barter some of that stuff for the order execution stuff if you have any interest. Trying to answer the question of value of an order execution system..... I presume it is largely a function of how many copies you can sell and how much coding it would take to make it idiot proof. I have no idea how many copies of NST are out there, but if the price was not too painful you could move alot of copies(500*200=200*500=100,000- the question is which one is the number of copies and which one is the price ?). I suppose you may have prompted Ward and co. to add another add-on.

Thanks again and good luck.

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Steve

Re: NSDT Advice

Date :5/11/2002 10:05:43 AM Poster : Stewart

Steve,

Thanks again for the info. I'm trying to re-design my existing systems with your advice in mind.

By the way, I try and stick to core elements of price and volume. I feel like these are the truest indicators and the more complex an indicator is, the farther you are getting from them.

Are the systems you build day systems or swing? I've had much better success with swing systems so far.

Regards,

Stewart

On 5/7/2002 11:14:13 PM Steve Kratochvil wrote:
Well, Stewart. Here it is. I have tried to answer each of your paragraphs in order.

Your first issue, I am assuming stems from the way the resulting trades are executed. This is how it happens. The very bar that the signal happens on gets a blue or red Marker. The trade execution happens following the signal at the close of the next bar. You could not have executed during the bar that created the signal because the signal does not exist until the bar is given a close. And for probability sake the close of the next bar would be a satisfactory value to represent your more than likely actual entry price, which is different than the signal price.

I optimize decisively. I know what the optimization should produce before it does. I am not trying to let it guess around for the best fit in a vacuum of infinite possibilities. I would not optimize more than once for the first fit and then only if the Trading Strategy started to fail. But at failure I would evaluate the trades that failed before I started optimizing like crazy. I have also not found a lot of value in re-optimizing. Once I get it set it comes out the same even after several optimization. The optimizer is phenomenal and I have not found a need to use it every day. If you do I would be very suspect of the inputs that you are using. They are more than likely too vague and broad in there scope. Clear up the vision of your system. Simplify down to the core pieces of the most complex system you can create. Give the optimization things that it can work with that are based on solid logic. If the optimizer gets over in left field somewhere, that is because it can and you have not roped it in to the problem at hand. You need to focus your optimizer. Try starting out with Boolean inputs and get the hang of it until you can expand the BOUNDS of the indicators used in your system.

As for your over-optimization. Stop. The optimizer is not going to just cough up a golden egg one day. I have tried that many times. I have run the optimizer into the ground. Think about what it is trying to do. If you look at your results from time to time you might be illuminated to see that optimizer try's values that are outside the bounds of the indicators given that these values would not work it would be safe to assume that they will not be the best choice. Now if they do end up as part of the solution then you have not presented the optimizer with an accurate picture and things are a bit blurry for it and it guess the best it can. As for re-optimizations not giving you the same results. I have experienced a lot of that too. Now it hits the same results every time no matter how many times I optimize. The best way for you to improve is decide on exploring the one way to trade stocks and build indicators that represent that and truly support your theory. Then run optimizations on the different indicators to see if there might be some improvement within the settings of the indicator. If not you have them set correctly and need to move on to adding them to nets. Then optimize the nets with your locked down indicators. They are locked down because you know that much is correct and must not change.

I back testing and implementing are two separate steps. I back test like crazy. I have even sent two charts the crashed during back testing to ward systems for their review. I back test everything. When an indicator has an 80% success rate or better in the back test I then move on it. I take these indicators and try to work with them in nets, which are also back tested. If I am satisfied with the results then I trade it. This weekend I decided to change stocks. One thing that you must really drive into your head is, that your indicators need to transcend stocks, sectors and markets. There are so many personalities in stocks out there, that if you try and niche up on one, you will not do well when that sector falls out of favor with the market. You must focus on the basic elements of a stock, which they all have in common. The have only have three choices, go up, go down or remain the same. All stocks only do these three things and they only produce two types of information, price and volume. So once I am locked in I trade, and by the way I chose a different stock and just changed out the symbol on the chart and traded away today. I made a bit over $1000 by 10:30 so I walked away. I must confess that is not a lot but, I will be checking to make sure that I have a good fit in the morning and keep on driving.

The actual implementation is accomplished with an application that I wrote called Autopilot and the DataX Add-on. The DataX passes the signals to the AutoPilot, which executes the orders. That is it.

Long and short of it: NSDT is hard hard work and worth it.

I hope this helps,

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Implementation of Daytrading Strategy - Once you have a strategy that you feel will be successful based on your testing, how do you implement it? You sit at the computer waiting for the signals? Do you use the continuation of a sucessful backtest as the starting point or do you start over?

I'd really appreciate any advice you or others could give.

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Steve

> ***Re: NSDT Advice***
>
> Date :5/11/2002 8:31:44 PM Poster : Steve Kratochvil
>
> I apologize for not being clear. I just type this out and post without concerted editing or revision. In my attempt to state concept and theory I used the words core elements. I do not mean that one should remain on the raw data. I reference TEMA as an example. I use it to replace the Close in most inputs. It is a highly effective and complex indicator he holds to the core element of Price. Then when you build off of this you are still inline with Price and things that you apply to study TEMA are going need to follow the same mentality. I am going to evaluate JMA from Jurik soon. They claim that it is better than TEMA. I don't know. TEMA is very solid and may be better for what I am doing. Now indictors that I shun are things give abstract computational points of view that require farther interpretation, and in and of them selves present another data series path that needs indicators to give it meaning. Look for the logic of the indictor's theory to stay close to the Price or Volume. A lot of Oscillators quickly end up on the "do not use" list. This category of indicators has a higher probability of getting away from the stock's price or volume and just blathering about some point of view it might have. So I evaluate them with a large grain of salt. Above all it must say something clearly meaningful and do not write off anything without due diligence. But once you have investigated it and have decided that a particular indicator is not art of the plan. Do not come back to it just because someone is pushing it. Draw your lines in the sand and reach your goal of a profitable system with logical process of elimination.
>
> Also fully understand what any indicator does. If you need behavior like what an SMA can give then AMA is a bad choice. This I especially true if you do not want to hold so close to the data series and need broad stroke ability. Use the indicators for what they are intended and do not polarize on one type. Polarizing has the effect of reducing your indicator vocabulary to one word. Conversely do not pile indicators without deliberate intent and design. Otherwise it is like a crowed room of people all talking at once. You will not make heads or tails out of it.
>
> I am only Day Trading at this time. When my account value exceeds my ability to gainfully employ all of it, I will Swing Trade the portions that I cannot Day Trade with. I have estimated that target value of my account at $300K to $400K. Some where in there is what I see as the max amount that I will be able to Day Trade successfully.
>
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Steve

Re: NSDT Advice
Date :5/12/2002 10:06:18 PM Poster : Jacobs

Thank you Steve Kratochvil for your many thought-provoking advice.

First, I use NST Pro (EOD data) and I can also save indicators as tpl's but.
I can't load an intraday chart for a view.

You proceed in a very methodical way with your Day Trader.

From what you write I get the impresson that you build your indicators that supports your theory then investigate them one by one and calculate it's success rate(=percent profitable trades)?

If I understand this you are optimizing a single(?) indicator to see if there are some improvements within it's settings.
How is this single (if so) indicator optimization carried out?
Is it in a Net (Insert/New Prediction…) or a Trading Strategy?
What objective function do you use – you have mentioned: Maximize #Winners-#Losers ?

If you decide the indicator is good you save it as a tpl.

When you have a collection of goood indicators you put them in a Net (Insert/New Prediction…) , start an optimization for indicators – is this the choice "input selection"? using the objective function: Maximize #Winners-#Losers?

Following this, and maybe the last step, you carefully optimize, with a focus, for Profit in a Net(Insert/New Predictions…)

This is how I understand your last posts.
What puzzles me most is, if so- how do you optimize a single indicator?
I hope these issues are not too detailed about your work.

Jacobs

Re: NSDT Advice
Date :5/13/2002 11:17:45 AM Poster : Steve Kratochvil

Actually it is very simple. Here is how I work. Given these constants:
1 We are all looking for the peaks and bottoms of price movement. That is the goal of all 100% of traders and trading systems. We can call it the Law of Reversal.
2 All issues travel in one direction at a time and only make two choices with no choice being a third. The price goes up and the price goes down or the price very rarely just remains the same. We can call this the Law of Direction.
3 All issues have an amount of interest at different levels. The volume can be strong and it can be light. Volume can surge, spike and drop off showing the amount of interest in the issue. We can call this the Law of Sentiment.

All indicators attempt to define the Law of Reversal. They rely on the Laws of Direction and Sentiment to do so. So here goes.

I build an indicator.
I look at it in comparison to the Law of Reversal.
If it looks good and semi reliable over time, I place it into a Trading Strategy and see what it can do all by its self. If it can develop over 80% success rate I am thrilled. More often than not, work is required to adjust it or use it. If the success rate is 40% or less I am concerned about the validity of the nonsense I may have just came up with and I will check to see if I am thinking straight. In working the indicators I limit the amount on time the Trading Strategy will hold that position to about 5 bars or a price target of .25. This way I can get a better picture of how it truly is doing with the Law of Reversal. After applying all the common sense logic setting or theory settings form a book, friend or elsewhere. I also run the optimizer on it looking for Max Winners – Max Losers. I then evaluate the results against the Law of Reversal. Then if an indicators prior strikes me as being helpful to this one, I might lace them together looking for synergy. Both indicators must be built from the Law of Direction and Law of Sentiment. If I am looking for short, I had better see short entry points. If I am looking for long, I had better see long. Once I am satisfied I make a tpl out of it and send it on to the nets.

Now once I have something that I can rely on I move to the nets and the indicators as an input to a net. I run the nets plain Jane first and see what the net is going to do with it. If it looks exciting I add it to a Trading Strategy and see how it rates. I then run the optimizer to Max Net Profit. I do this because I include slippage of .20 in all of my testing. I am only looking for the real world when it comes to these trades and slippage is real. I know that there are a lot of people that beat draw down into a pulp but it is not part of my trading system. I just have not seen any value in worrying about it. If you are not making any money on your trades it is obvious. As for money management. Never trade more than 2/3 of your margin and if you lose consistently over the last 3 trades, stop trading and evaluate your problem.

I hope this helps,

Steve

On 5/12/2002 10:06:18 PM Jacobs wrote:
Thank you Steve Kratochvil for your many thought-provoking advice.

First, I use NST Pro (EOD data) and I can also save indicators as tpl's but.
I can't load an intraday chart for a view.

You proceed in a very methodical way with your Day Trader.

From what you write I get the impresson that you build your indicators that supports your theory then investigate them one by one and calculate it's success rate(=percent profitable trades)?

If I understand this you are optimizing a single(?) indicator to see if there are some improvements within it's settings.
How is this single (if so) indicator optimization carried out?
Is it in a Net (Insert/New Prediction…) or a Trading Strategy?
What objective function do you use – you have mentioned: Maximize #Winners-#Losers ?

If you decide the indicator is good you save it as a tpl.

When you have a collection of goood indicators you put them in a Net (Insert/New Prediction…) , start an optimization for indicators – is this the choice "input selection"? using the objective function: Maximize #Winners-#Losers?

Following this, and maybe the last step, you carefully optimize, with a focus, for Profit in a Net(Insert/New Predictions…)

This is how I understand your last posts.
What puzzles me most is, if so- how do you optimize a single indicator?
I hope these issues are not too detailed about your work.

Jacobs

order of inputs in prediction
Date :5/8/2002 5:24:53 PM Poster : Patrick

following situation:
1. take a daily chart from any stock
2. make a new prediction with
a) inputs CCI, MACD, RSI (all inputs with default parameter values)
b) default prediction (Change 10 days ahead)
c) FULL OPTIMISATION
d) for all other parameters take default values

now, you will get different results (eg: contribution factors) depending on the order of defining the input indicator. eg. you define first CCI, second MACD, third RSI. the contribution factors are different if you take first CCI, second RSI, third MACD.

in a first test I had for example contribution factors of (0%, 0%, 100%). In a second test I had contribution factors of (0%, 33%, 66%).
As we can see, the difference is significant.

Does anyone has an idea if this is normal behavior?
If yes, does anyone knows the reason?

thanks for any comments.
patrick

Re: order of inputs in prediction
Date :5/9/2002 8:22:09 AM Poster : Texas Bubba

Yep it is. First off, take a peek at the post on this sight in the bugs section that esplains it all about net inputs order. On top of that you are optimising, so since the generic algorithm starts with random inputs I think for sure you could get different settings on the parameters of them inputs when their moved. Then for sure your contributions will be different.

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How to display optimized indicators

Date :5/9/2002 6:14:59 AM Poster : Hans Friedli

Hi

I have an optimized trading strategy with entry stop price and a long trailing stop -both based on an indicator. It's a multiple sheet chart with say 10 different stocks. Now i'd like to be able to chart the stop indicators for each stock/sheet based on the optimized values for this stock an not based on the values i entered for this indicator when i added it to the sheet. Is there a way to do this with NSTP?
Generally spoken - is there a way to access and chart optimized values/indicators from strategies?
Making different .cht files for each stock and manually entering the optimized values from reading out the trading rules is NOT the solution i'm looking for.

thanks for your ideas
Hans

Saving Alerts

Date :5/10/2002 6:44:45 PM Poster : Maciej

Hi,
Has anyone found a way of saving alerts? I can save indicators but not alerts it seems even though I can rename them. I generally add alerts to my production charts and would like to speed up the process in much the same way as I do for indicators.

Using NST with Tradestation

Date :5/12/2002 8:37:57 AM Poster : Dan Kinter

A reminder: I am a newbie. Also, I want to thank those that gave me advice in my previous posts. Now my thought.....

I have NST and also have Tradestation 2000i. It seems to me that this combination has some advantages: In addition to having the NST's enormous power for system development (including neural nets and genetic algorithms), I have TS which (1) TS permits one to work with tick charts (in addition to time frames) and also to work with any short term time frame (2) TS has "Showme" which can graphically display the point when any number of things are true (3) TS has super charting abilities.

My thought is to use NST (a far superior product for system development) to develop a system and then "fine tune" and apply it in TS. Doesn't this make sense to you? Any experience with this?

Can ALL indicators developed in NST be transferred to TS? Is this true? Any experience using BOTH products together? in transferring data, indicators, etc. back and forth?

I want to make clear that I believe NST is both (a) far superior than TS (b) absolutely essential to develop a trading system.

Any thoughts are appreciated. Thanks in advance.

Integrated - automated trading

Date :5/15/2002 10:41:35 AM Poster : Steve Ward

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I certainly see the appeal of an automated trading system, but using one would take real guts unless you have a system that has worked pretty reliably for a long time. You'd better be pretty sure of it.

Others have told me they are programming automated trading, not for resale but for their own purposes to specific broker interfaces. That's actually why we built the Data Exchange addon. It really isn't all that hard on our end, given the example we provide. The interface to the broker may indeed be hard. The main problem on our end, a limitation of the Trader's interface, is that it can't easily tell you which stock is to be traded unless you put each stock in a different chart. I hope in a future release we will be able to pass the ticker symbol, or at least a subchart number, making DataX altogether more useful. In the mean time, there are some primitive ways to discover the ticker symbol, like comparing the price of the first bar in the chart to the known first prices of all of the tickers in the chart (see the tip "How to build hedging trading strategies" for an indicator that will do that.)

Re: Integrated - automated trading

Date :5/15/2002 12:30:06 PM Poster : Steve Kratochvil

All true. So here is what I am going to do. I am going to try and give Steve Ward a call and discuss my thoughts on this.

Steve

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Re: Integrated - automated trading

Date :5/15/2002 8:12:09 PM Poster : jk

Good news on all fronts. As NST works only with Quote.com data it would not be unnatural for the interactive version to work only with Datek or ????. I have done various experiments (before the open and simultaneous phone calls with various brokerages) 6 mo. ago to determine who has the best fills. I found Ameritrade to be the BEST by only fractions (1/16 of a point over the rest who were all very very close). So in my opinion an E-broker is an E-broker. This was recently confirmed in the latest issue of Forbes.

On the Integrated vs. Automated side...

1) I know lots of disgruntled TradeStation traders who might switch to NST if something like this was made available. The TS traders have been absolutely abused by buggy product and NO support. These traders have been ripped off by Omega Research and are HIGHLY suspect of their trading/brokerage system TS6. I could go on and on about the Omege research issues, but that is not the point. There is a huge untapped customer base for a solid player.

2) It seems like some redundant work is going on (automated order entry) with no synergy. I would think these efforts are better off towards a community sharing ideas on systems/philosophies/books etc etc. I must say the Omega Discussion Group is a VERY lively crew with some talented contributors. JMA vs. triple smoothed moving average were compared years ago with plots etc etc.

I do not underestimate the significance of the legal issues. However, it seems that there might be some simple ways to get around the most obvious issues. I would think that all Open orders might REQUIRE a simultaneous close order (dollars or % change or price target) as a safety net in the event the trading computer goes down/heart attack etc etc. Again, Omega Research HAS automated trading capability they are simply not credible. However, they have lawyers too so that would make the boiler plate readily available-copy/paste.

In conclusion- I want the automated trading system.....so do others. Why wait for Omega Research to become credible or be the only game in town ? Obviously an automated system is close .....finish it (anybody) before somebody else takes the money off the table.

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Re: Integrated - automated trading

Date :5/16/2002 1:28:55 PM Poster : Jimmy Raineri

Seems to me that any automated trading system is going to only be as good as it's data feed. Not only the accuracy of the data - slow or bad ticks, but the connection itself. Can't imagine depending on Quote.com for much of anything in the way of accuracy or connectivity.

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Re: Integrated - automated trading
Date :5/16/2002 5:14:17 PM Poster : zawie

I've thought about this many a time, and I'm soon to embark on developing my own automated trading interface. (And I won't be selling it because of liability)

My main concern (which applies to all automated trading systems), is reliability. No brokerage or quote system, internet connection or PC is 100% reliable. Even neuroshell can (and does) crash, windows will give the blue screen of death. I.E. There are a lot of variables (and a lot of liability). Any point can fail, but there are moves you can make to reduce the possibility. Duplicate PC's, duplicate ISP's, running a reliable OS.

If you're trading stocks and can place stop orders, then that removes a considerable amount of the risk, but not everything.

The solution I'm planning to the problem is:

Order Processing: Order processing happens on a unix machine (due to reliability). If the order fails for any reason, I get paged. The unix machine sends out a heartbeat every hour or so. Every trade is paged. The program on the unix system, listens for incoming trades from the PC running neuroshell and acts accordingly.

Equity Management: The unix program maintains an equity curve. If there is any abnormal deviation from this curve, all trading is shutdown pending operator intervention. There is a trading activity limit in effect, which will shutdown the system if too much trading is happening.

Testing: Test, test and retest. Fault monitoring is critical. And finally, test again.

Them my thoughts.
Mark

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Date :5/17/2002 8:53:37 AM Poster : Steve Ward

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Re: Integrated - automated trading
Date :5/17/2002 1:05:23 PM Poster : Steve Kratochvil

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Re: Integrated - automated trading
Date :6/8/2002 5:59:30 AM Poster : Bruno

It is relatively easy to access the InteractiveBrokers.com API from Excel or C++
Considering that DataX can be interfaced to Excel or VB (a free sample Excel add-on is available on my ForeTrade.com website), building an automated trading system is quite possible.

Bruno

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INTEGRATED Trading - A product which produces an order from a trading system and asks the user if they want to place an order with their broker (yes/no). If the user chooses yes, then the program places that order with their broker through some means.

AUTOMATED Trading - A product which produces an order from a trading system and places the order with a broker WITHOUT asking the user if they want to place an order.

An integrated trading system would require a user to monitor the computer all day and verify all orders before they are sent. An automated trading system would place trades while a user is out playing golf.

What we have programmed is integrated trading. Obviously it could easily be turned into an automated trading system by simply not displaying a message box. However, we aren't a broker/dealer (see Steve K's comment on that), and have not investigated what is required to become one.

I certainly see the appeal of an automated trading system, but using one would take real guts unless you have a system that has worked pretty reliably for a long time. You'd better be pretty sure of it.

Others have told me they are programming automated trading, not for resale but for their own purposes to specific broker interfaces. That's actually why we built the Data Exchange addon. It really isn't all that hard on our end, given the example we provide. The interface to the broker may indeed be hard. The main problem on our end, a limitation of the Trader's interface, is that it can't easily tell you which stock is to be traded unless you put each stock in a different chart. I hope in a future release we will be able to pass the ticker symbol, or at least a subchart number, making DataX altogether more useful. In the mean time, there are some primitive ways to discover the ticker symbol, like comparing the price of the first bar in the chart to the known first prices of all of the tickers in the chart (see the tip "How to build hedging trading strategies" for an indicator that will do that.)

Re: Integrated - automated trading
Date :6/8/2002 1:44:02 PM Poster : Steve Kratochvil

Very true, an API saves alot of work if it is well put together. Ward also included a VC++ example in their DataX Add-on. Most of the brokers out there have an API interface now for their systems. The subject of the post you replied too was the delicate legal aspects of a truly automated system, which far outweigh the simplicity of the act of launching the order automatically.

I hope this helps,

Steve

On 6/8/2002 5:59:30 AM Bruno wrote:
It is relatively easy to access the InteractiveBrokers.com API from Excel or C++
Considering that DataX can be interfaced to Excel or VB (a free sample Excel add-on is available on my ForeTrade.com website), building an automated trading system is quite possible.

Bruno

On 5/17/2002 1:05:23 PM Steve Kratochvil wrote:

Steve Ward and I have kicked this idea around a bit and I like it. I also feel that it will solve any of the legal concerns regarding automated systems. To that end I am employing my company Ontologic Systems to provide custom development services to NeuroShell customers. I think this will help tremendously.

Steve

On 5/17/2002 8:53:37 AM Steve Ward wrote:
Steve K has decided that he will offer custom programming services for NeuroShell users, which might include programming for automated trading, as I understand him. But talk to him directly. We will be making the announcement for him on our newsletter due out today, and will also hang his shingle in the add-ons section of Neuroshell.com, as well as the Custom programming section of ward.net.

On 5/15/2002 10:41:35 AM Steve Ward wrote:
Just so that everyone knows what Steve K has already known for some time, Ward Systems has already programmed a limited but general purpose integrated trading, which is waiting for a future release, or could become an addon of some sort. It has already worked on one popular broker, but it probably won't work for every online broker. I don't have dates or more details at this time.

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JMA

Date :5/15/2002 10:46:11 AM Poster : Steve Kratochvil

I have just got the JMA and compared it against the TEMA quite extensively. Here is my opinion. The JMA is superior. Now lets talk about things. If you compare the TEMA9 (that I have built major portions of my system on) to the JMA 5 with 0 Phase you will be astonished to see how close they are. The TEMA is a very strong indicator and worth keeping around for its behavior nuances. Things that make the JMA superior are the smoothing of the false sharp mini wiggles that TEMA has, the ability to adjust the tradeoff between lag and overshoot and JMA is quicker at getting to the direction of the trend. I say this with the knowledge that the TEMA is still a very solid indicator and should not be overlooked or discarded. If you need just a slight bit more exaggeration than JMA in your signal use the TEMA I have sent up before.

Steve

Ditto programming language and money management

Date :5/17/2002 12:26:41 PM Poster : fhealy

I would like to echo the previous sentiment that including a programming language and enhanced money management features in NST would be an excellent idea. I have noticed that in at least one other case, a software product used in stock trading has a built in capability to convert Easylanguage code into their version of a programming language. For Tradestation users like myself who are looking to fully convert to NST this would help quite a bit. As for money management, one simple step that would help is to include additional information in the Alert window, such as the number of shares bought or sold for each alert.

A dissent re: programming language and money management

Date :5/20/2002 4:06:16 PM Poster : Steve in California

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Re: A dissent re: programming language and money management

Date :6/21/2002 5:45:40 AM Poster : Matt Schulz

Excellent list. If I may add a small item to the list of possible improvements with regard to money/trade management: Add the ability to select a rounded (up/down) number of shares to the "Buy fixed dollar amount of shares" and "Buy as many shares as possible . . .", to the Trading Strategy Parameters/General window, and to any other future related trade size selection parameter, i.e., 10, 100, 1000 share lot sizes, etc.. It may or may not make an appreciable difference in strategy optimization but I'd like to see optimizations that reflect round lot trading.

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Re: A dissent re: programming language and money management

Date :6/21/2002 5:32:19 PM Poster : Stewart

Well, as long as this is turning into a wish list....

How about multiple time periods in a chart, number of bars/value since condition true, TSF, and Peak and Trough indicators, faster optimizing, the ability to save predictions/strategies for use in other charts, the ability to compare the rules and results of various strategies/predictions, scanning, and mechanical trading....S

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Re: A dissent re: programming language and money management

Date :6/21/2002 7:10:55 PM Poster : Maciej

Excellent though the wish lists are, they are likley to require considerable resources to implement. I'd personally settle for a less ambitious list as follows:

a) multiple time frames (I beleive that this may have been mentioned before)
b) Open Interest values when using quote.com / also the ability to get overnight sessions from quote.com.
c) A mechanism to better handle futures contracts - ie automatically pick up the next contract for a given commodity.
d) Give Alerts similar features to Indicators enabling them to be saved.
e) Making protective stops as explicit in their presentation as exits.
f) Allowing re-iterations when optimizing to be refined by setting an increment value. This should speed up the optimization process considerably. As an example when seeking the best value for a protective stop via the optimizer one could give for a grain commodity such as beans and increment value of 0.25 covering a range of say 2 to 50. It makes no sense to analyse and recommend an optimized trailing stop of 3.33 - it just leaves one with an additional decision whether this means 3.25 or should it be 3.50.
g) Again in the speed improvement area - I'd like to see the ability of NST to exploit multi-cpu machines perhaps multi machines via some sort of RPC mechanism. It seems fairly evident from studying the performance statistics of NST running under W2K that tweaking in this area could give useful improvements in performance.
h) An ability to create run-time modules so that a locked "production" chart could be used for trading separately from a development NST.

I guess that's all for the time being - it would be nice if Steve Ward could share his vision of future releases iof NST - is that possible?

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Here are some tips I suggest everyone study:

When Optimization is Really Slow
Speeding up Overnight Optimization
NeuroShell Trader Batch Processing Capability

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I would like to echo the previous sentiment that including a programming language and enhanced money management features in NST would be an excellent idea. I have noticed that in at least one other case, a software product used in stock trading has a built in capability to convert Easylanguage code into their version of a programming language. For Tradestation users like myself who are looking to fully convert to NST this would help quite a bit. As for money management, one simple step that would help is to include additional information in the Alert window, such as the number of shares bought or sold for each alert.

Re: A dissent re: programming language and money management

Date :5/26/2002 12:01:03 PM Poster : mike

i concur about refining things for partial exit and entry. let's face it, in the real world traders such as myself leg in and out of positions routinely; how else would you do it. the concept of an all sell or all buy signal just doesn't fit with my trading, so an improvement here would be welcome.

On 5/20/2002 4:06:16 PM Steve in California wrote:
Thought I'd express a different opinion on the benefit of a "programming language" for NST and agreement on the need for more on money management.

IMO, one not-mentioned-often benefit of NST is the fact that using the tool takes the focus off "programming" and puts it on trading concepts, indicator construction, and indicator evaluation. "Control" of evaluating trading strategy rules is done by NST; something that in a programming language like EL one must do oneself. It seems to me that it would be a very significant effort to integrate a "procedural language" compiler into NST that worked alongside or in conjunction with its current non-procedural strategy specification wizard. (If I had a vote) I'd vote against spending precious resources on development or integration of a programming language for NST.

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Re: A dissent re: programming language and money management

Date :5/27/2002 7:35:43 AM Poster : Steve Ward

We aren't opposed to building some sort of trading strategy or neural net that allows partial exit and entry. However, prior to having a complete portfolio optimization system built in that reallocates funds amongst issues in your portfolio, it might not be as easy as you might think in the current system. Each user would need to specify some sort of indicator that tells the optimizer how to do partial entry and exit while it is optimizing, backtesting, and walk-forward testing. It should be good enough to make a difference in the final outcome, otherwise who needs it? Any ideas on how you would specify such an indicator?

By the way, those who are pretty good with Excel can build a compete portfolio optimizer in GeneHunter. It comes with one example, and any standard portfolio optimization techniques found in the literature surely can be done with GeneHunter. Some time ago I posted another idea on this forum, but it might be easier to find it on the GeneHunter forum.

On 5/26/2002 12:01:03 PM mike wrote:
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DataX

Date :5/18/2002 7:43:22 PM Poster : Steve Kratochvil

To better help those of you that have been asking how to lock down indicators or have your indicator work that you do not wish to click through, locked down. I have a solution that will help you out.
This requires the DataX add-on and NeuroShell Day Trader Professional. This should speed up your testing and work flow.
In the example that I am providing I will use the AMA so that you will have all the parts necessary to run the chart.

What I am going to show, is how you can create an indicator, feed it out and back into NSDT by way of the DataX. In doing so you will insolate the indicator settings from the optimizer as you pass in the values of that indicator, for use with other indicators or net optimizations.

I have built a small app to assist you with the use of the DataX add-on. The app is required for this example and I have sent it up as DataXFileBuilder.zip. I have also included two tpl's (DataX File 1 and DataX File 2) as examples of how you handle each DataX File beyond 2 that you wish to add to this method. Download and install the DataX File Builder then place the tpl's in the template directory and the chart in the charts directory.

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Here goes nothing:

Step 1
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Now you have File 1 and File 2 ready for data.
This must be done before staring NSDT.
Do not shut down the DataX File Builder. It is serving the files that will be used by NSDT.

Step 2
Open NSDT
Open the chart "DataX Indicator Lockdown.cht".

Step 3: Dissect the chart.
Now here is what you are looking at. Two AMA lines are plotted on the close. An indicator named "Long And Short Direction" is created to signal the crossover of the AMA lines. The "Long Entry" and "Short Entry" indicators are based off of the "Long And Short Direction" indicator. This simulates work you may have done.
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I hope this helps,

Steve

Re: DataX FILE

Date :5/20/2002 12:51:50 PM Poster : Ward Net Webmaster

The file referenced in this post can be downloaded using the following link:

DataXFileBuilder.zip

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Re: DataX

Date :5/20/2002 4:58:45 PM Poster : Xprogrammer

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Re: DataX

Date :5/20/2002 8:56:42 PM Poster : Steve Kratochvil

The technical reason is, this will allow you to mess around with indicator settings without building a tpl every time and getting it ready for the optimizer or sending out the data series as a file and re loading it as a data indicator. Once you have a solid indicator then a tpl is in order or a dll. I am just trying to give people options that might help them out with their development time.
One other reason is, I get great ideas from this stuff. These ideas have made money. So I am inspired to keep going. For example, if you read back in my other post "Locking indicators parameters in optimizations" I describe the Data Export and Import process for an indicator which brought me a very small yet powerful setting that I did not know all of it's behaviors. The concept of "Hidden from user" never even clicked that it would include the optimizer. But then it came from Steve Ward. I also checked the help file after that and it is stated there as well. If it had not been for Steve's post I would have never gone to that help file. If I keep putting things out here I will get more priceless information in return. I have acquired much more from the forum now that I have been producing information. So now that I have given people a way to use DataX who knows what may come back. So try it out and tell me what you think.
I am also thinking about starting a series of live charts that I am trading and toss them up here for feedback. I feel comfortable in the knowledge base here at the forum and know that I will get high quality input from highly educated participants. I would not do the same at Yahoo.

I hope I am helping, because it is sure helping me.

Steve

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S&P 500 Prediction

Date :5/19/2002 12:49:32 PM Poster : Bob

I wanted to know if anyone is aware of a fairly decent S&P 500 prediction or trading strategy that I could configure into my NeuroShell Trader using EOD data?

Thanks.

Re: S&P 500 Prediction

Date :5/21/2002 10:28:25 AM Poster : jk

Bob-
Check out www.oddballsystems.com. That is great place to start-Mark Brown is a friend of mine so maybe I am biased. It is an hourly trading system that uses advancers /market breadth (data set 2) to get long/short the market. The system is very simple less than 10 lines in TS. I coded it in NST in 2 minutes. To convert it into a daily system is simple. However, the results after studying the SPX on a daily chart may lead you to conclude that it is not a good end of day tradeable. That knowledge in itself is VERY useful. You can stop looking for oil in a dead well. Moving on seems as important as digging in. Too Cliche' ? Sorry :-)
Also, I found it very interesting that a SIMPLE system like that is useful to many people who trade that thing. With so many options and so many optimizations etc etc etc. one can easily feel over whelmed. Folks on this board have suggested "concepts" to start creating useful systems. Concepts are great at the beginning and at the expert level. In the middle is REALITY. Getting an actual system that makes money NOW. While the account is going up- write more code and do more testing create more "concepts". At that point you feel like your getting paid to write code-kinda nice huh ?? Thereafter you can explore fractals/chaos theory .....and sound like a rocket scientist, while a 5 line systems pays the bills.
I hope you find the code useful.
P.S. After reading this -I do not know why my comments are so long rather than edit this one, I will try to shorten them in the future.
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Date :5/24/2002 1:26:17 PM Poster : Maciej

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Date :5/24/2002 7:51:56 PM Poster : jk

I pasted the ROC indicator help from TS. It describes the generic usage of ROC so do not be confused by the text. The RL(7), BZ(3), SZ(1) are just variables. See below for detail.
Hope this helps.
JK

Function

RateOfChange(PRICE,LENGTH)

Parameters

PRICE specifies which price of the asset of interest is to be used
LENGTH specifies the number of trailing bars to consider
Returns

A numeric value containing ROC for the current bar.

Usage

Analysis should not be limited to oscillators based on one time span but should include other periods in order to obtain a more complete picture of what is happening. For example, a trader may be using a 5 day ROC which moves easily between overbought and oversold extremes. However, as this 5 day span indicates an oversold region the other short term time spans does not confirm. This is why it is often a good idea to monitor several different ROC indicators simultaneously.

A word of caution, the rate of change must be judged as too erratic relative to some other indicators, such as moving averages. The reason for this seems to be because the equation for ROC has an over dependence on the oldest data.
The ROC indicator can be calculated in one of two ways: the subtraction method or the division method. The Omega ROC function uses the division method. The equivalent of the subtraction method is found in the Momentum function.
ROC = ((Price/Pricep) -1)*100

...where
Price = Current value (i.e., Close, High, Low, etc.)
Pricep= Previous value (determined by the value returned for the input LENGTH)
This formula is somewhat different from what you may see in some publications that do not subtract one. From an interpretive point of view it is immaterial which method of scaling is used because the general movements are identical. Omega Research prefers to use positive and negative numbers rather than strictly positive percentages, since this gives a better sense of bullish and bearish tendencies.

The parameter PRICE, is usually hard coded with some bar attribute such as Close, Open, High, Low, and Volume or is replaced with a numeric series type input. However, it can be replaced with a valid EasyLanguage expression. For example, Close + Open, or Average(RSI(Close,14),14).
The parameter LENGTH, just like the parameter PRICE, can be hard coded or can be replaced with an numeric simple type input. The value hard coded or entered as a default value for the input is usually number such as 5, 10, 14, etc. Once again, you may choose to replace LENGTH with a valid numeric expression. If you do decide to make it a numeric expression there is one thing to keep in mind. The value returned for the parameter LENGTH should be a whole number cannot change on a bar-to-bar basis.

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On 5/24/2002 1:26:17 PM Maciej wrote:
JK,
Not being a Tradestation user, can you tell me what Inputs: RL(7),BZ(3),SZ(1); does as I'd like to code it into NST.
Thanks in advance

On 5/21/2002 10:28:25 AM jk wrote:
Bob-
Check out www.oddballsystems.com. That is great place to start-Mark Brown is a friend of mine so maybe I am biased. It is an hourly trading system that uses advancers /market breadth (data set 2) to get long/short the market. The system is very simple less than 10 lines in TS. I coded it in NST in 2 minutes. To convert it into a daily system is simple. However, the results after studying the SPX on a daily chart may lead you to conclude that it is not a good end of day tradeable. That knowledge in itself is VERY useful. You can stop looking for oil in a dead well. Moving on seems as important as digging in. Too Cliche' ? Sorry :-)
Also, I found it very interesting that a SIMPLE system like that is useful to many people who trade that thing. With so many options and so many optimizations etc etc etc. one can easily feel over whelmed. Folks on this board have suggested "concepts" to start creating useful systems. Concepts are great at the beginning and at the expert level. In the middle is REALITY. Getting an actual system that makes money NOW. While the account is going up- write more code and do more testing create more "concepts". At that point you feel like your getting paid to write code-kinda nice huh ?? Thereafter you can explore fractals/chaos theory .....and sound like a rocket scientist, while a 5 line systems pays the bills.
I hope you find the code useful.
P.S. After reading this -I do not know why my comments are so long rather than edit this one, I will try to shorten them in the future.
JK

On 5/19/2002 12:49:32 PM Bob wrote:
I wanted to know if anyone is aware of a fairly decent S&P 500 prediction or trading strategy that I could configure into my NeuroShell Trader using EOD data?

Thanks.

Indicator Study: Outline

Date :5/21/2002 12:43:26 AM Poster : Steve Kratochvil

Here is an outline of indicator subjects that I am going to get into:

Adaptive Net Indicators
Classify and LagClassify
Predict

Adaptive Turboprop2

Clustering

Fuzzy Pattern Recognition
Fuzzy and FuzzyGA
FuzzyAND and FuzzyOR

Neural Indicators
Jump
Recurrent
Sparse
Ward

After talking about different time compressions at length with a friend of mine I am considering doing these indicators in three time frequencies 1min, 30min and Daily. If there is anything else that is of interest to anyone else in regards to setting up these indicators please let me know.

Thanks,

Steve

Amex SPY vs S&P500

Date :5/21/2002 5:13:03 PM Poster : Jeff Kilinski

What are the drawbacks if any, of using the Amex SPY as a proxy for the cash S&P index. The SPY comes with real intraday volume whereas the S&P is only tick counts. Without the volume stats, the historical index is difficult to model.

jeff

Indicator Study: Adaptive Net Indicators - Classify

Date :5/22/2002 5:45:24 PM Poster : Steve Kratochvil

Indicator Study: Adaptive Net Indicators - Classify

Required:
Adaptive Net Indicators (Add-On)
AdaptiveNetClassify.zip (See download file. This is a generic collection of example material that shows you how I use a Classify and LagClassify Nets. I built the charts so that you wound not need any other add-ons.)

The Classify Adaptive Net Indicator. Here is what I have done with these. 2 through 6 are the same only allowing more inputs. I first give the Classify Net a Boolean Actual target that I am trying to hit. Anything that has a bounded 1 to –1 result will make a nice actual. Then I place the indicators that support the actual target as the inputs. The input indicators need to be bounded or normalized so that when the Classifier runs it can make choices between equal weights. Boolean inputs seem to be best for a Classify Net but it can take others. Now that I have highly qualified indicators going in as inputs, I look at it to see if it is any good at a glance. This is where I look to see if it signaling at all the right times for excellent trades. I know that the help file said the Classify Net indicator gives a range of signal from 1 to –1 but I use it differently. I use one Classify Net to bring all the other indicators together that signal a buy and then I use another Classify Net to bring all the sell indicators together and signal that. I showed this in the examples. The Classify Net seems to do very well when given one mission so I usually set a penetration line for the positive side. I like adaptive penetration lines but the example has a static line. When I have decided how I am going to read the indicator I set up to optimize ONLY the Net parameters and of these I hid the Look forward parameter. Then once I have the optimizations values I print them out and so that I can put them in under the no optimization settings.
In the examples that I sent up you can see that the same settings for 1min are almost translatable to 30 min and farther to Daily, but in the end my example will not transcend markets and without other expert indicators used as inputs this example will not even survive its own market. Move the 1 min chart around on the dates a bit and you will see what I mean. It just shows you that you need good inputs and that bad inputs can be over fit to work for a little while.

I really like this net and usually add this net only to try and bring out the best in a generally successful system. It can be very useful at making best of breed choices, if it is given expert inputs.

Steve

> ***Re: Indicator Study: Adaptive Net Indicators - Classify***
>
> Date :7/22/2002 8:57:15 PM Poster : Jacobs
>
> Steve, have you ended your indicator study?
> I read it with great interest.
>
> /Jacobs
>
> On 5/22/2002 5:45:24 PM Steve Kratochvil wrote:
> Indicator Study: Adaptive Net Indicators - Classify
>
> > ***Re: Indicator Study: Adaptive Net Indicators - Classify***
> >
> > Date :7/23/2002 10:05:50 AM Poster : Steve Kratochvil
> >
> > No, actually I was talking with a friend about the next item on the outline. I am actually looking at getting into the next indicator. I put it off because of the lack of feed back from the forum concerning the whole idea.
> >
> > Thanks,
> >
> > Steve
> >
> > On 7/22/2002 8:57:15 PM Jacobs wrote:
> > Steve, have you ended your indicator study?
> > I read it with great interest.
> >
> > /Jacobs
> >
> > On 5/22/2002 5:45:24 PM Steve Kratochvil wrote:
> > Indicator Study: Adaptive Net Indicators - Classify

> ***FILE: Re: Indicator Study: Adaptive Net Indicators - Classify***
>
> Date :5/23/2002 2:34:49 PM Poster : Ward Net Webmaster
>
> The file referenced in this post can be downloaded using the following link:
>
> AdaptiveNetClassify.zip
>
> On 5/22/2002 5:45:24 PM Steve Kratochvil wrote:
> Indicator Study: Adaptive Net Indicators - Classify
>
> Required:
> Adaptive Net Indicators (Add-On)
> AdaptiveNetClassify.zip (See download file. This is a generic collection of example material that shows you how I use a Classify and LagClassify Nets. I built the charts so that you wound not need any other add-ons.)
>
> The Classify Adaptive Net Indicator. Here is what I have done with these. 2 through 6 are the same only allowing more inputs. I first give the Classify Net a Boolean Actual target that I am trying to hit. Anything that has a bounded 1 to –1 result will make a nice actual. Then I place the indicators that support the actual target as the inputs. The input indicators need to be bounded or normalized so that when the Classifier runs it can make choices between equal weights. Boolean inputs seem to be best for a Classify Net but it can take others. Now that I have highly qualified indicators going in as inputs, I look at it to see if it is any good at a glance. This is where I look to see if it signaling at all the right times for excellent trades. I know that the help file said the Classify Net indicator gives a range of signal from 1 to –1 but I use it differently. I use one Classify Net to bring all the other indicators together that signal a buy and then I use another Classify Net to bring all the sell indicators together and signal that. I showed this in the examples. The Classify Net seems to do very well when given one mission so I usually set a penetration line for the positive side. I like adaptive penetration lines but the example has a static line. When I have decided how I am going to read the indicator I set up to optimize ONLY the Net parameters and of these I hid the Look forward parameter. Then once I have the optimizations values I print them out and so that I can put them in under the no optimization settings.
> In the examples that I sent up you can see that the same settings for 1min are almost translatable to 30 min and farther to Daily, but in the end my example will not transcend markets and without other expert indicators used as inputs this example will not even survive its own market. Move the 1 min chart around on the dates a bit and you will see what I mean. It just shows you that you need good inputs and that bad inputs can be over fit to work for a little while.
>
> I really like this net and usually add this net only to try and bring out the best in a generally successful system. It can be very useful at making best of breed choices, if it is given expert inputs.
>
> Steve

Fuzzy logic output based on Standard Deviation

Date :5/24/2002 4:45:45 AM Poster : Robert Van Eyden

Hello All,

Can the following multiple fuzzy logic output be created. Lets assume the standard deviation for a bond yield (Buy and sell sell signals are wrongway around) over the last three years is 0.63 and the mean is 0.63. The ouput what I require:

If Yield >1 Std dev (0.63+0.63)=1.26 then buy
If yield <1 Std dev (0.63+0.63)=-1.26 then sell
If yield is 1.26>0.63 = a neutral buy
If yield is 0.63>-1.26= a a neutal sell

Can this be achieved

datafeed

Date :5/26/2002 11:56:01 AM Poster : mike olaughlin

i first started using this program in 97. i became disenchanted with dial data after i had trouble getting their data until late at night and chucked the whole NN thing. i've heard other people with the same problem so they're off the short list.

i signed up for quote.com live charts, but i can't seem to download their data either, though the program seems to connect okay. i tried to look at the data which is downloaded for marketbrowser, a free program that does basic tech analysis and does it well -- for free, but the info appears to be encrypted.

any other suggestions for low cost or free end of day data? thanks.

> ***Re: datafeed***
>
> Date :5/28/2002 1:32:29 PM Poster : Steve
>
> I have found CSI to be great for EOD. You get great data, and a few extra tools that can be good as well.
>
> http://www.csidata.com/
>
> Best,
> Steve
>
> On 5/26/2002 11:56:01 AM mike olaughlin wrote:

i first started using this program in 97. i became disenchanted with dial data after i had trouble getting their data until late at night and chucked the whole NN thing. i've heard other people with the same problem so they're off the short list.

i signed up for quote.com live charts, but i can't seem to download their data either, though the program seems to connect okay. i tried to look at the data which is downloaded for marketbrowser, a free program that does basic tech analysis and does it well -- for free, but the info appears to be encrypted.

any other suggestions for low cost or free end of day data? thanks.

TD REI Indicator

Date :5/27/2002 11:01:24 PM Poster : Steve Kratochvil

If anyone has had an interest in the work done by Tom DeMark and his TD REI then here is a tpl of that indicator. It is designed to replace things like RSI. I have been poking at it for a little while now and thought I would pass it along. To find out how Tom meant for it to be used you can read about it in "New Thinking in Technical Analysis" by Rick Bensignor from Bloomberg Press. I have sent up the TD REI.tpl file. Enjoy!

Steve

> ***Re: TD REI Indicator FILE***
>
> Date :5/28/2002 3:00:02 PM Poster : Ward Net Webmaster
>
> The file referenced in this post can be downloaded using the following link:
>
> TDREI.zip
>
> As with other files, extract the contents to your NeuroShell Trader/Template folder
>
> Thanks go to Mr. Kratochvil once again for his continued contributions.
>
> On 5/27/2002 11:01:24 PM Steve Kratochvil wrote:
> If anyone has had an interest in the work done by Tom DeMark and his TD REI then here is a tpl of that indicator. It is designed to replace things like RSI. I have been poking at it for a little while now and thought I would pass it along. To find out how Tom meant for it to be used you can read about it in "New Thinking in Technical Analysis" by Rick Bensignor from Bloomberg Press. I have sent up the TD REI.tpl file. Enjoy!
>
> Steve

Stochastic

Date :5/31/2002 12:09:35 PM Poster : Bill Carlson

Does anyone have on opinion using a stochasticon something besides price.

Perhaps DMI, OBV, VA, VELOCITY, etc.

Maybe some other type of spread, BOLLINGER, TRADING CHANNELS.

I'm running one now, but looking for an opinion from someone with more experience.

Thanks

> ***Re: Stochastic***
>
> Date :6/2/2002 11:22:58 AM Poster : Steve in California
>
> In Technical Analysis of Stocks & Commodities magazine V. 11:5 (189-199), Tushar Chande and Stanley Kroll wrote about the StochasticRSI. Chande's first book, written with Kroll, also discussed the StochasticRSI. You can order a pdf file of the article cheap at www.traders.com.
>
> The use of an adaptive moving average (like JMA or TEMA) in the formula smooths it out a lot. I've been meaning to take a look at applying a stochastic to Jurik's version of the RSI, the RSX, but haven't done so.
>
> On 5/31/2002 12:09:35 PM Bill Carlson wrote:
> Does anyone have on opinion using a stochasticon something besides price.
>
> Perhaps DMI, OBV, VA, VELOCITY, etc.
>
> Maybe some other type of spread, BOLLINGER, TRADING CHANNELS.
>
> I'm running one now, but looking for an opinion from someone with more experience.
>
> Thanks

> ***Re: Stochastic***
>
> Date :6/2/2002 4:56:57 PM Poster : Steve Kratochvil
>
> It is a great idea. Use it on bounded data for an even better signal. I have seen STO used on RSI that had very impressive results, superior to just the RSI alone. I have even used two sets of Bollinger Bands around two STO indicators, one fast and one slow and looked for their relationships to Price. The real question that you need to ask is, "Does the STO of an indicator mean something". If it communicates a direct correlation to the Price or Volume then use it up, fix it up, and use it up some more. In fact most oscillators work better on conditioned or preprocessed data. This helps (does not cure) the dreaded, "FALSE SIGNAL AGAINST THE TREND".
>
> Steve
>
> On 5/31/2002 12:09:35 PM Bill Carlson wrote:
> Does anyone have on opinion using a stochasticon something besides price.
>
> Perhaps DMI, OBV, VA, VELOCITY, etc.
>
> Maybe some other type of spread, BOLLINGER, TRADING CHANNELS.
>
> I'm running one now, but looking for an opinion from someone with more experience.
>
> Thanks

News sites

Date :6/3/2002 11:09:34 AM Poster : Maxwell Craven

Anybody have any recommendations on internet sites to watch the business news? I've been monitoring yahoo but it seems to update only every 15 to 30 minutes. Often the market has reacted before I get the news about why it went the other way.

> ***Re: News sites***
>
> Date :6/3/2002 2:40:55 PM Poster : RiskArb
>
> The very best for the money is briefing.com. It has made some of my trader's lots of money. Also, by way of real time comparison, briefing's earnings dates are correct more often than Bloomberg. In fact, for us, the null hypothesis is that briefing is the official source for earnings info: less a call to investment relations. (I can point to 3 separate occasions where Bloomberg was wrong and briefing was right) Get the $10 a month package. Trade on.
>
> On 6/3/2002 11:09:34 AM Maxwell Craven wrote:
> Anybody have any recommendations on internet sites to watch the business news? I've been monitoring yahoo but it seems to update only every 15 to 30 minutes. Often the market has reacted before I get the news about why it went the other way.
>
> > ***Re: News sites***
> >
> > Date :6/4/2002 5:41:18 PM Poster : jeff Kilinski
> >
> > If you are day trading the best news comes from Reuters, DowJones, MMS (Money Market Services). I do not know of a web site where this is fed to but if you subscribe to services such at ESignal, CQG or FutureSource a news window can be placed in your workspace. I have actually put a stop watch to some of the economic releases such as the employment report and the timeliness of ESignal and FutureSource spot on. You can open different windows with different news types in each window.
> >
> > jeff
> >
> > On 6/3/2002 2:40:55 PM RiskArb wrote:
> > The very best for the money is briefing.com. It has made some of my trader's lots of money. Also, by way of real time comparison, briefing's earnings dates are correct more often than Bloomberg. In fact, for us, the null hypothesis is that briefing is the official source for earnings info: less a call to investment relations. (I can point to 3 separate occasions where Bloomberg was wrong and briefing was right) Get the $10 a month package. Trade on.
> >
> > On 6/3/2002 11:09:34 AM Maxwell Craven wrote:
> > Anybody have any recommendations on internet sites to watch the business news? I've been monitoring yahoo but it seems to update only every 15 to 30 minutes. Often the market has reacted before I get the news about why it went the other way.

Screening appropriate issues

Date :6/5/2002 2:46:02 PM Poster : Jeff Kilinski

I am a new NSTP user and am looking for ideas on how to screen for appropriate issues to model. Using some of the stocks in the examples has helped but when I update data the dramatic selloff following Sept11 throws a monkey wrench in things. I started printing out long term daily charts to visually screen for the cyclical characteristics that would make an issue easier to model however that can get time and tree consuming. Anyone in the group have some pet tips on this?

Jeff

Including overnight trading sessions data

Date :6/6/2002 11:51:12 AM Poster : Dan Kinter

My ultimate goal is to trade the ES and/or the NQ intraday using very short time frames. Does anyone have an opinion on how significant (or insignificant) it is to study these futures (along with the SPY and QQQ) using data which includes or doesn't include the overnight trading sessions? Is it practical to develop a system only using the day sessions or it is really important to include the overnight sessions? Thanks for your help.

> ***Re: Including overnight trading sessions data***
>
> Date :6/12/2002 9:13:26 PM Poster : Jeff Kilinski
>
> ES and NQ have nite sessions but liquidity is very spotty. After the NorthAmerican markets close it will trade for a couple of hours and then dry up until London opens for trading, drying up during their lunch and picking up again as North America turns their machines on. Having said that, be very careful of the data you get during those time periods. Look at a 5 or 1 minute chart and you can see it.
>
> Re: the QQQ and SPY. I don't think they are traded overnite or are they?
>
> I use the overnite session to note the high or low and area of activity but for modeling i would live with the overnite gaps and go with day session data. I have never tested this tho.
>
> jeff
>
> On 6/6/2002 11:51:12 AM Dan Kinter wrote:
> My ultimate goal is to trade the ES and/or the NQ intraday using very short time frames. Does anyone have an opinion on how significant (or insignificant) it is to study these futures (along with the SPY and QQQ) using data which includes or doesn't include the overnight trading sessions? Is it practical to develop a system only using the day sessions or it is really important to include the overnight sessions? Thanks for your help.
>
> > ***Re: Including overnight trading sessions data***
> >
> > Date :6/18/2002 4:46:06 PM Poster : Maciej
> >
> > I trade the DJ and I'd agree about being very wary of the night sessions. They trade infrequently as explained and the variations / volatility can be alarming. Just looking at the values of the DJ before the markets open is howver a useful way of trying to guage the markets likely direction.
> > If your using quote.com with NST then you cannot get the overnight sessions directly you'll need to go via another method.
> >
> > On 6/12/2002 9:13:26 PM Jeff Kilinski wrote:
> > ES and NQ have nite sessions but liquidity is very spotty. After the NorthAmerican markets close it will trade for a couple of hours and then dry up until London opens for trading, drying up during their lunch and picking up again as North America turns their machines on. Having said that, be very careful of the data you get during those time periods. Look at a 5 or 1 minute chart and you can see it.
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> >
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Near Range Bar

Date :6/6/2002 1:23:57 PM Poster : Steve Kratochvil

The Near Range Bar indicator. If you have read "The Master Swing Trader" by Farley, this is an indicator to help you find the NR7 bars he described. I left it open so that you could adjust the actual bar count to something other than 7.

I have sent up a file name NearRangeBar.zip. It has the dll and tpl for this.

The file can be downloaded using the following link:

NearRangeBar.zip

To use this just unzip the dll and tpl into your template directory and select it from the custom indicators.

Steve

> ***Re: Near Range Bar***
>
> Date :6/7/2002 12:55:10 PM Poster : Mark Simpson (zawie)
>
> Would you have any brief description of how this indicator works?
> Thanks for all your contributions Steve, you're inspiring.
>
> Regards
> Mark Simpson

Re: Near Range Bar

Date :6/8/2002 12:27:41 PM Poster : Steve Kratochvil

The book "The Master Swing Trader" by Farley explains in detail all the many setups that use the NR7 in his book. In a nut shell it will determine if the current bar has the smallest body, compared over 7 bars. In this case I allowed you to set the bar count to something other than 7 if you so desire. Farley expressed that the NR7 is usually very important at a point when a trend change is going to occur. That is it.

Steve

On 6/7/2002 12:55:10 PM Mark Simpson (zawie) wrote:
Would you have any brief description of how this indicator works?
Thanks for all your contributions Steve, you're inspiring.

Regards
Mark Simpson

Re: Near Range Bar

Date :6/14/2002 2:04:58 AM Poster : Mark Simpson (zawie)

I tried out the NR7, and it works well. Thanks Steve.

Here are some tips I've found for it's use:

30 minute bars work best, which is good for swing trading. I'm using it to trigger a long when the stock is deeply oversold. It also works for exits after that condition has been met. It nicely complements the other research I've been working on.

Have you tried WR7? Or NR7 with the last 2 bars having the smallest bodies?

Also, I noticed your NR7 can have different values, e.g. 0.25 or 1.0. How is a differing amount calculated? Is that also in the Farley book, or a Steve K special invention?

Mark Simpson(zawie)

Re: Near Range Bar

Date :6/14/2002 2:01:01 PM Poster : Steve Kratochvil

Well, I am glad that you like it. I have looked at Farley's work and considered it for Day Trading only. I will get into swing trading when I have more money. I am very pleased that I have been able to help you out.

As for a WR7 (Wide Range) they are more than likely in the middle of a move and followed by an NR7, which is where you want to trade. I would also be very jittery about successive WR7's with the first one putting me into a bad trade with horrible slippage due to the range on the second WR7 and no real limited evidence that direction change is at hand or happening.

As for two NR7's together you can get that from what I put together. Farley stated that it was of significant meaning. I cannot confirm that.

There are two values present when my NR7 pops off. First, the Boolean condition of Yes or No which you get just because the bar is present or not. Two a precision value of the size of the Bar where 1.6 is equal to $.16 or .25 is equal to $.025. The reason I presented a value instead of just a 1 or 0 was because in the simple calculation I already had the value and just passed it out.
I also thought that the size of the bar giving the signal might also be of use to someone for predicting profit targets, providing some adaptive ability to another indicator or developing a MA off of it for some unknown reason. The simple truth is, that it is additional information that is present in the price action at that bar and I decided to provide it incase someone might find a use for it.

Thanks,

Steve

On 6/14/2002 2:04:58 AM Mark Simpson (zawie) wrote:
I tried out the NR7, and it works well. Thanks Steve.

Here are some tips I've found for it's use:

30 minute bars work best, which is good for swing trading. I'm using it to trigger a long when the stock is deeply oversold. It also works for exits after that condition has been met. It nicely complements the other research I've been working on.

Have you tried WR7? Or NR7 with the last 2 bars having the smallest bodies?

Also, I noticed your NR7 can have different values, e.g. 0.25 or 1.0. How is a differing amount calculated? Is that also in the Farley book, or a Steve K special invention?

Mark Simpson(zawie)

Borderline decisions

Date :6/6/2002 10:24:14 PM Poster : Bill Carlson

Does anyone use other sources such as VECTORVEST program to assist on borderline decisions, or do you just flip a coin.

Or as Steve Ward says, some gambles have to be taken.

Bill

Re: Borderline decisions

Date :6/7/2002 11:25:19 AM Poster : Maxwell Craven

I probably wouldn't go short if fundamentals are strongly up or vice versa. Of course strong fundamentals can't save a stock in a really bad market.

On 6/6/2002 10:24:14 PM Bill Carlson wrote:
Does anyone use other sources such as VECTORVEST program to assist on borderline decisions, or do you just flip a coin.

Or as Steve Ward says, some gambles have to be taken.

Bill

Re: Borderline decisions

Date :6/7/2002 1:54:23 PM Poster : Steve Kratochvil

I would apply a fuzzy indicator to find the shape to clear up any boarderline signal or I would not trade and wait for a clear signal because my indicators might be telling me the truth about the current market.

Steve

On 6/6/2002 10:24:14 PM Bill Carlson wrote:
Does anyone use other sources such as VECTORVEST program to assist on borderline decisions, or do you just flip a coin.

Or as Steve Ward says, some gambles have to be taken.

Bill

Volatility DLL

Date :6/7/2002 1:01:51 PM Poster : Mark Simpson

I have a bunch of Volatility calculations I've coded that I can put in a
DLL if there's enough interest. They take prices and calculate the historical volatility for the last N days. Useful for options and stocks.

If this is of use to you (2 replying to this message will be enough, please
don't flood the forum), just reply, and I'll get it posted in the next few days.

Mark Simpson (zawie)

Re: Volatility DLL

Date :6/8/2002 12:03:23 PM Poster : Steve Kratochvil

Sounds very interesting. I would love to see it.

Steve

On 6/7/2002 1:01:51 PM Mark Simpson wrote:
I have a bunch of Volatility calculations I've coded that I can put in a
DLL if there's enough interest. They take prices and calculate the historical volatility for the last N days. Useful for options and stocks.

If this is of use to you (2 replying to this message will be enough, please
don't flood the forum), just reply, and I'll get it posted in the next few days.

Mark Simpson (zawie)

Re: Volatility DLL

Date :6/11/2002 3:34:17 AM Poster : Richard Nowak

Second

Rich

On 6/8/2002 12:03:23 PM Steve Kratochvil wrote:
Sounds very interesting. I would love to see it.

Steve

On 6/7/2002 1:01:51 PM Mark Simpson wrote:
I have a bunch of Volatility calculations I've coded that I can put in a
DLL if there's enough interest. They take prices and calculate the historical volatility for the last N days. Useful for options and stocks.

If this is of use to you (2 replying to this message will be enough, please
don't flood the forum), just reply, and I'll get it posted in the next few days.

Mark Simpson (zawie)

A Little Plus Sign

Date :6/7/2002 4:16:18 PM Poster : Steve Kratochvil

A little plus sign. I have almost never been happier than this moment. I have come up with many different ways to control how the optimizer can or cannot change a value. I have explored countless settings and produced many profitable indicators but I did not know about the little plus sign. I was having trouble with getting a setting set for optimizing a net in a trading strategy. Steve Ward pointed out that I simply click on the plus sign after the indicator was in the window and set the limits of the values. I was thrilled. I had no idea that this was where the functionality was. In a way this helps me fill in many issues that other indicators were built to accommodate, control or never could touch.
This gets back to the help files. I light of the fact that this is the second time that Steve Ward has helped me out with something that I should have gotten from the help files, I will begin to ready each help file in detail. It is sometimes the basics that can be the most important thing you ever learn.

Steve

Re: A Little Plus Sign

Date :6/8/2002 11:47:38 PM Poster : fhealy

There is an article under the Tips and Techniques section of this website that discusses locking indicator parameters where the little plus sign method is mentioned. In trying to duplicate that method I searched for several days trying to find out how to access the area opened up by the little plus sign, until I finally emailed NST to ask how it was done. Their email back to me explained the little plus sign's function. So, what the little plus sign did wasn't obvious to me and I was reading the tip that showed its use! I have probably looked at that little plus sign many times without realizing that it actually did something.

On 6/7/2002 4:16:18 PM Steve Kratochvil wrote:
A little plus sign. I have almost never been happier than this moment. I have come up with many different ways to control how the optimizer can or cannot change a value. I have explored countless settings and produced many profitable indicators but I did not know about the little plus sign. I was having trouble with getting a setting set for optimizing a net in a trading strategy. Steve Ward pointed out that I simply click on the plus sign after the indicator was in the window and set the limits of the values. I was thrilled. I had no idea that this was where the functionality was. In a way this helps me fill in many issues that other indicators were built to accommodate, control or never could touch.
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Steve

Re: A Little Plus Sign

Date :6/10/2002 8:57:47 AM Poster : webmaster@ward.net

Let us take this opportunity to recommend that everyone re-view the training videos that come with NeuroShell, maybe a couple of months after you first receive the product. Things like the plus sign may not sink in the first time you see the videos, because you are trying to learn so much. It's like seeing a complicated movie the second time - you begin to "see" and "hear" details that didn't make an impression on the first viewing. We've put most of the important concepts in the videos. If you've had the product a while and didn't know about the plus sign, then please take time now and go through the videos again!

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Steve

Re: A Little Plus Sign

Date :6/10/2002 9:52:01 PM Poster : Matt R

I certainly am not complaining, as I have been using the "little plus sign" for quite a while, but I recall it not being an obvious option/feature (and I am a former engineering propeller-head). In fact, I remember insulting you in privacy about you not allowing for any sort of constrained optimization. I suggest you make it more obvious in your help files.

Regards
Matt

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Steve

What is success

Date :6/8/2002 3:45:42 PM Poster : Bill Carlson

When testing different systems, what is considered a success when analyizing a system?

What figures are considered, Return on Trades, Return on Acct, % Profitable Trades, All of those mentioned can all have positive numbers and yet the Current Network can display negative figures.

What ever is used, what number or target figure is acceptable?

Thanks

Re: What is success

Date :6/18/2002 4:52:51 PM Poster : Maciej

Couldn't agree with you more its not particularly easy. You'll have to isolate the factors that are paramount to you and work from there. I like net profit to start with, I don't like Annual Return on Account as that skews my expectations, I like a highish % profitable trades as I haven't got the nerves to sit through too many losers, particularly consecutive ones. I'd also watch out for a high deviation in results typically $ 1 all the time with the infrequent $10000 result - to my way of working thats bad.

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Re: What is success

Date :6/18/2002 6:31:39 PM Poster : Steve Kratochvil

Success is defined: 100% Percent Profitable Trades and Maximum Open Trade Drawdown is less than or equal to 10% of Net Profit.

Steve

On 6/18/2002 4:52:51 PM Maciej wrote:
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Thanks

Re: What is success

Date :6/19/2002 2:34:13 PM Poster : CBOTDOC

FOR A SYSTEM WITH AT LEAST 60-70 TRADES OVER A PERIOD WHERE VOLATILITY HAS NOT CHANGED DRAMATICALLY, HAVING A PROFIT FACTOR OF 5- OR6 TO ONE AND A STANDARD DEVIATION OF AN AVERAGE LOSING TRADE LESS THAN 2 TIMES AN AVE WINNING TRADE IS A STABLE METHODOLOGY. PLOTTING MAXIMUM ADVERSE EXCURSION AS A FUNCTION OF AVERAGE WIN (OR EVENTUAL AMOUNT OF CLOSED TRADE EQUITY FOR THAT TRADE) ALSO IS VERY VALID. CLASSIFYING ALL TRADES (FOR SPECIFICITY AND PROJECTED PROFITABILITY) AND PROSPECTIVELY ADJUSTING STOP AMOUNTS DRAMATICALLY RAISES THE PROFITABLITY. THIS OF COURSE DEPENDS ON A VALID PROFIT TARGET PROJECTION METHODOLOGY.

On 6/18/2002 6:31:39 PM Steve Kratochvil wrote:
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Thanks

Re: What is success

Date :6/19/2002 2:56:38 PM Poster : Mark Simpson(zawie)

Personally I work to 200% Percent Profitable trades. A drawdown of 0%, and at least 300% return on anyone trade in 2 days.

Still haven't got a model that meets that criteria yet.

However, everyday I get a little closer :-)

Mark

On 6/18/2002 6:31:39 PM Steve Kratochvil wrote:Success is defined: 100% Percent Profitable Trades and Maximum Open Trade Drawdown is less than or equal to 10% of Net Profit.

Steve

Re: What is success

Date :6/22/2002 12:15:25 PM Poster : Steven Buss

On the road to reaching the goal that Steve Kratochvil defines below, it's good to know the point at which a system's %ProfitableTrades and ProfitFactor are "high enough" to establish a consistently smooth upwardly sloping equity curve. Seems to me that it turns out that that "high enough" equity curve is based on something less than 100% Profitable Trades.

The "Trading System Performance Viewer" Excel spreadsheet that I posted a month or two ago is a tool for figuring out where the get-the-equity-curve-smooth-and-upwardly-sloping levels are for the %ProfitableTrades and ProfitFactor trading statistics.

When you use this tool, I recommend making the inputs for these two statistics really low at first and keep pressing F9. Gradually raise them and continue to repeatedly press F9 until you get the minimum equity you're willing to trade. It's at that point that you know the MINIMUM numbers you're working to achieve.

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Thanks

Re: What is success

Date :6/22/2002 4:43:39 PM Poster : Steven Buss

I didn't phrase correctly what I intended to say in my note below. The next to last sentence in the last paragraph should read:

"Gradually raise them and continue to repeatedly press F9 until you consistently get the minimum slope equity curve you're willing to trade."

Instead of:

"Gradually raise them and continue to repeatedly press F9 until you get the minimum equity you're willing to trade."

On 6/22/2002 12:15:25 PM Steven Buss wrote:
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Thanks

intermarket analysis

Date :6/9/2002 2:24:19 AM Poster : cbotdoc

try spreading the jy against the sp or oex , or the dollar index against an interest rate market (ty or us). you'll find them very tightly bounded with few periods of non-linearity in the last decade. using a difference of any of the off the shelf indicators will work, however accounting for both short term volatility and a "position in the chart" indicator together is better.

Macro Economic Data

Date :6/9/2002 2:05:52 PM Poster : Thomas Wagner

Can anyone direct me to cost efficient macro economic data that can be read by Trader Pro. eg. unemployment, new housing starts ect.
Thank you in advance

> ***Re: Macro Economic Data***
>
> Date :6/10/2002 9:46:28 PM Poster : Matt R
>
> I have been meaning to tinker with NS more, and build longer term models incorporating macroeconomic variables has been among the list of to-do's. My interest in economics predates my use of NS or financial markets in general. A broad non-specific suggestion, do not be lured into paying for economic data. Why? Because, you can often find data that arrives via the same source or you can find a proxy that will suffice in most reasonable situations (with regard to usage as an independent variable in modeling to capture some factor). My next much generalized suggestion: Learn and accept the responsibility of general data scrubbing. I know of NO sources that guarantee "Neuroshell Compatible Data" for macroeconomic time series. However, terabytes+ of data exist with the sole intent of usage in time series modeling. You will merely have to be sure the file format is of a readable type and headings are correct (generally erroneous and missing data will be "pre-scrubbed").
>
> A link to get you started:
>
> http://www.stls.frb.org/fred/index.html
>
> This is the St. Louis Fed "FRED" site. It has a large depository of economic data compiled by the Fed.
>
> Regards
> Matt
>
> On 6/9/2002 2:05:52 PM Thomas Wagner wrote:
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> Thank you in advance

INDICATOR: A>B>C>D>E

Date :6/11/2002 10:57:18 AM Poster : Dan Kinter

(I hope this isn't too dumb a question) I have a need for an indicator which expresses A>B>C>D>E, or, A<B<C<D<E, but I can't figure out how to do this. I know the Relational Indicator already expresses A>B>C and A<B<C but I need one which expresses 5 components rather than 3 components. Is there some simple way to construct such an equation? perhaps using the relational indicator plus a bunch of lags? What I am trying to do is to create a condition in which each of the most recent bars of some indicator (such as Momentum) is higher/lower than the last bar up to say 5 bars. Any help is appreciated.

> ***Re: INDICATOR: A>B>C>D>E***
>
> Date :6/11/2002 5:08:28 PM Poster : Steve K
>
> You can use A>B>C then define C as an A>B>C expression --
>
> in Neurospeak it'd look like this:
>
> + A>B>C(A,B,A>B>C(A,B,C))
>
> On 6/11/2002 10:57:18 AM Dan Kinter wrote:
> (I hope this isn't too dumb a question) I have a need for an indicator which expresses A>B>C>D>E, or, AB>C and A

> ***Re: INDICATOR: A>B>C>D>E***
>
> Date :6/11/2002 10:19:14 PM Poster : Steve Kratochvil
>
> Well, Dan today is your lucky day. I decided to whip out a DLL that would do just such a thing. The ABIncremental.dll is designed to increment the relational comparison along a period of bars. All of these indicators can take two separate time series of data and different period interval lengths. So here you go Dan.
>
> These indicators compare A and B of current bar information as they move through the period. I just thought I would toss these in for perspective.
>
> A greater than B ++
> A greater than equal to B ++
> A less than B ++
> A less than equal to B ++
>
> These indicators compare the A of current bar with lag 1 of B bar information as they move through the period. These could be used for the A>B>C>D>E etc... for the same time series like momentum.
>
> A greater than lag B ++
> A greater than equal to lag B ++
> A less than lag B ++
> A less than equal to lag B ++
>
> I have sent up a zip file ABIncremental.zip for you to download.
>
> To use them, download and unzip the indicators into your Template directory for NeuroShell. Then insert new indicator from the new "Relational Incremental" indicators area.
>
> Enjoy,
>
> Steve
>
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> > ***FILE : Re: INDICATOR: A>B>C>D>E***
> >
> > Date :6/12/2002 1:01:11 PM Poster : Ward Net Webmaster
> >
> > The file referenced in this post can be downloaded using the following link:
> >
> > ABIncremental.zip
> >
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> >
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> ***Re: INDICATOR: A>B>C>D>E***
>
> Date :6/12/2002 7:51:46 AM Poster : chris wong
>
> use and2 to connect the smaller parts:
>
> (a>b>c)and2(c>d>e), or in the prefix notation of neuroshell:
>
> and2((a>b>c),(c>d>e))
>
> On 6/11/2002 10:57:18 AM Dan Kinter wrote:
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> ***Re: INDICATOR: A>B>C>D>E - THANKS-THANKS***
>
> Date :6/12/2002 8:51:35 AM Poster : Dan Kinter
>
> You guys are just GRRREAT! Thanks so much to Steve K., Steve Kr, and Chris for the help. It is much appreciated! Dan
>
> On 6/11/2002 10:57:18 AM Dan Kinter wrote:
> (I hope this isn't too dumb a question) I have a need for an indicator which expresses A>B>C>D>E, or, AB>C and A

Volatility DLL - Download

Date :6/13/2002 12:45:38 PM Poster : Mark Simpson (zawie)

(Zip File - VolatilityV09a.zip sent to support@wardsystems.com for inclusion)

Here's the Volatility DLL as per previous email. Installation instructions
are contained in the README.txt in the zip file. The indicators also have online help and an example chart.

The Volatility DLL for Neuroshell Trader contains six historical volatility calculations. All the indicators included show similar results, they just differ in their calculation and some are considered closer to the "Real Picture" than others.

Historical volatility can be calculated over different time frames. E.G. You could calculate a 52-week volatility and then compare it against a 21-day volatility to see whether an equity was trading below or above it's 52-week value.

For calculating a historical volatility that approximates most options volatility calculations, use the Close to Close Method and a 21-day period.

The volatility indicators don't imply any direction in price but they can be used in conjunction with other indicators to help time trades. E.G. When a stock has low volatility, it can be consolidating, so it could be a good time to enter a trade. Conversely, when a stock reaches a high volatility peak, it might be a good time to exit.

Adding the volatility indicators to a good working neural net will often improve results.

I'm providing these indicators to foster activity on the forum. If
you find these useful, please post an example chart. It takes time
to prep these for public use, but I have many more indicators I've built, that I will start releasing if people are using them.

Regards
Mark Simpson (zawie)

> ***FILE : Re: Volatility DLL - Download***
>
> Date :6/13/2002 3:21:56 PM Poster : Ward Net Webmaster
>
> The file referenced in this post can be downloaded using the following link:
>
> VolatilityV09a.zip
>
> On 6/13/2002 12:45:38 PM Mark Simpson (zawie) wrote:
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Regards
Mark Simpson (zawie)

contract count

Date :6/13/2002 2:53:38 PM Poster : Xprogrammer

Does anybody know how I can see the number of contracts in play that are long and the number of contracts in play that are short while I am day trading? I mean for the particular futures contract I want to trade. Are those called "open contracts" or what?

Re: contract count

Date :6/15/2002 12:29:27 AM Poster : Bruno

"Open Interest" is only calculated EOD.

If I'm not mistaken, your data feed may give you the DownTicks and UpTicks, along with Bid Size and Ask Size, but that's about all info you can get.

Bruno

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Re: contract count

Date :6/17/2002 1:31:37 PM Poster : Xprogrammer

Thanks Bruno. Too bad, if we could get this information we'd have a real advantage.

On 6/15/2002 12:29:27 AM Bruno wrote:
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ONE CHART; SAME INDICATOR, DIFFERENT ISSUES

Date :6/18/2002 11:48:26 AM Poster : Dan Kinter

I would like to place on the same chart the indicator line of the same indicator but for different issues, i.e. one chart which displays the 5 min MA of the SP AND the 5 min MA of the ND. Obviously this is a normalization issue. It seems to me I have to make an ASCII file of both and then normalize the price axis and then display both files. Can someone help me through the steps to accomplish this? Is there some simple way to do this??? Many thanks for all help.

Re: ONE CHART; SAME INDICATOR, DIFFERENT ISSUES

Date :6/18/2002 3:33:22 PM Poster : Xprogrammer

Load SP into the chart. Then load ND (use other instrument data). Then apply MA to each in turn. Drag one MA into the same part of the chart as the other. If they are at different levels and you want to bring them up to about the same level, then insert a multiply2 indicator and multiply one of them by some appropriate factor.

On 6/18/2002 11:48:26 AM Dan Kinter wrote:
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Hidden neurons

Date :6/18/2002 5:27:20 PM Poster : Bill Carlson

Is there any rule of thumb on how many neurons should used per issue, or parameter, or time period duration, or whatever?

Or is it just trying different settings: hit or miss..

Re: Hidden neurons

Date :6/18/2002 5:30:06 PM Poster : chris wong

i just use atp2 plugin and then the optimizer finds the right number to use.

On 6/18/2002 5:27:20 PM Bill Carlson wrote:
Is there any rule of thumb on how many neurons should used per issue, or parameter, or time period duration, or whatever?

Or is it just trying different settings: hit or miss..

Re: Hidden neurons

Date :6/18/2002 8:48:28 PM Poster : Steve Kratochvil

3 times the number of inputs is a good rule of thumb.

Steve

On 6/18/2002 5:27:20 PM Bill Carlson wrote:
Is there any rule of thumb on how many neurons should used per issue, or parameter, or time period duration, or whatever?

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Re: Hidden neurons

Date :6/19/2002 2:33:49 PM Poster : Bruno

As little as possible, providing you still get good performance of your neural net.

TurboProp2 is quite a good neural net architecture and learning algorithm, but like most (if not all) feed-forward neural networks, if you use too many hidden neurons, your neural net may tend to memorize patterns from your training set, i.e. does not learn well the patterns 'hidden' in your data, and if you don't use enough hidden neurons, your neural net may not have the ability to learn at all the complex non linear features in your data. (by the way, you don't need hidden neurons to pick up linear features in your data)

In my opinion, the only good neural net, is the 'pure' Min-Error (and its counterpart Max-Correl) neural network. The other ones are more complex, and make it more difficult to focus on the quality of your inputs and model. So, assuming you agree on this, I would use few hidden neurons and add hidden neurons until you see very little improvement in the training error.

TurboProp2 already does that for you as it trains the neural network.

Now, to give a more down-to-earth kind of answer: my models use max 5 to 6 entries, with max 10 to 15 hidden neurons. Again, generally smaller is better.

Hope this helps
Bruno

On 6/18/2002 5:27:20 PM Bill Carlson wrote:
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Overnight gaps

Date :6/21/2002 1:05:07 PM Poster : Darek

Hi everyone,
has anybody tried to predict overnight gaps before the end of session?
Darek

Re: Overnight gaps

Date :6/21/2002 1:36:06 PM Poster : Steve Ward

Yes, I built some models like that not too long ago that worked out at least in the range 55%-60% correct trades. I never did any extensive model building or trading with them because I got interested in another scheme. But I think it is a very fertile area to try. The main problem is that there aren't very big gaps most of the time, so as I recall, I entered near the end of the day and exited not at the beginning of the next day, but maybe a half hour to an hour later, thinking that the trend overnight would continue a while in the morning. I may have let the optimizer adjust my exit time. For entry rules, I used time=4pm (or maybe it was 4:05 pm because I was using QQQ, but I don't recall exactly). Then for the second entry rule, I used either a neural indicator or a cluster indicator. Can't remember the inputs to those, but they may have been as simple as the spread% between the close and previous DayOpens, and /or the spread% between previous DayOpens and the DayClose the day before. I probably added something else like a regression slope over the current day, or maybe a stochastic or RSI.

On 6/21/2002 1:05:07 PM Darek wrote:
Hi everyone,
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Darek

Wish List June 22 2002

Date :6/22/2002 3:49:17 PM Poster : Steve Kratochvil

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Added – June 22, 2002

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Re: A dissent re: programming language and money management

Date :6/22/2002 3:52:06 PM Poster : Steve Kratochvil

Wish List Update 1. I think I will start reporting a status on these. The status will be one of three with a date: Dropped, Added and Changed.

I will give a response to all comments. Here we go in order of post.

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Stewart
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4 Peak and Trough indicators. Please explain. At first glance I would say that this is what we are all trying to do. We are all trying to determine the High and Low for profitable trading.
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Maciej
1 multiple time frames. Already on the list.
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9 An ability to create run-time modules so that a locked "production" chart could be used for trading separately from a development NST. Please explain. Do you mean to have a cht run separately without NSDT?

I will also look at this list and see if I can build the solution for some of these features. I encourage you all to do the same.

Thanks,

Steve

> ***Re: A dissent re: programming language and money management***
>
> Date :6/23/2002 1:50:49 PM Poster : Maciej
>
> Steve,
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> The clarifications to my suggestions in your numbering system are:
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> 4) The use of futures via quote.com is cumbersome. The specific contract has to be defined in a lst file that NSDT uses, ie 2020 Sep Soybeans will be SU2 or S02U (both forms are acceptable however the latter will not display the words Soybeans). Ideally I'd like to define my contract once, ie DJ, Dow Jones, Months traded are HMUZ, margin is 4500, point value and have NSDT pick up and use the current or specific contract month over and over again. I only use two systems for my trading and the other system has that type of facility which makes it more convenient. (the margin value could be useing to automatically populate the margin field in the trading strategy).
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> 6) Stops to be handled by NSDT in the same manner as Exits (this is in a similar category to the idea of being able to save alerts): When looking at results of testing I'd like to understand how many times I was stopped out as opposed to exiting both on the chart and also in my statistics. I tend to trade on tight stops so the frequency of hitting stops is of importance. My current solution is to re-programme my stops as exits - but that's not particularly elegant.
>
> 9) Yes - run a cht without the development environment of NSDT. The reasoning is straightforward, when trading on a "production" platform one's not interested in development which should be run on a dedicated "development" machine. NSDT is heavy on resources so putting a development NSDT whilst trading can slow down a production machine even when using dual mprocessor with 1.5GB of RAM. Some guys have actually bought a second dongle but the assumption there is for a second development NDST which is not what is required for production. The "production" cht should be locked as you rightly point out.
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> > ***Re: A dissent re: programming language and money management***
> >
> > Date :6/24/2002 10:49:25 AM Poster : Steve Kratochvil
> >
> > Maciej,
> >
> > Your idea for allowing special handling of futures contracts for month to month roll-on effect. Added.
> >
> > I further assume you mean to have trailing stop information in the Detailed Analysis report. Added.
> >
> > The cht is what uses all the resources of the system. How you construct the cht is very important to how it will perform and how many resources it will use. What you need is to have two charts one that has all you work or development in it and then the other that only has the single indicators in your trading strategy. If you really want to improve performance then you need to build dll's out of your indicators.
> > When I refer to a locked chart I mean one where the parameters of the indicators are not exposed to the optimizer. The facts are that building a spawned exe cht from NSDT will net you nothing.
> > If you are using dual processors to try and improve NSDT then you will be disappointed. It does not leverage multiple processors yet. I suspect that this will come out of the work for JJX.
> >
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Wish List June 24 2002

Date :6/24/2002 10:54:30 AM Poster : Steve Kratochvil

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Re: Wish List June 24 2002

Date :6/25/2002 10:37:04 AM Poster : Jimmy Raineri

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- The ability to create charts in any time period - i.e. 7 minute, 121 min, or any minute based chart, along with the ability to create constant tick charts - i.e. 150ticks, etc.

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Re: Wish List June 24 2002

Date :6/25/2002 2:27:24 PM Poster : Steve Kratochvil

Ability to select any time frequency/compression size desired. Added – June 25, 2002

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Re: Wish List June 25 2002

Date :6/26/2002 10:29:51 AM Poster : Cantley

Now, the real key is to help prioritize this for WSG's development team. There are many good ideas on this list, which are the most urgent, or the highest return for the smallest development investment?

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On 6/25/2002 2:28:03 PM Steve Kratochvil wrote:
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Re: Wish List June 25 2002

Date :6/26/2002 4:14:03 PM Poster : Steve Kratochvil

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Re: Wish List June 25 2002

Date :6/27/2002 11:30:35 AM Poster : Steve Ward

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Re: Wish List June 25 2002

Date :6/27/2002 7:11:10 PM Poster : Maciej

Gentlemen,

It may be useful if the list were made into the following categories:

Application Functionl/Feature Enchancements: typically the type of different time frames enchancement.

Cosmetic: Items such as a larger palette of colurs, better print reports.

Technical: Perfomance related enchancements

Bug Resolution: ie the Open Interest or overnight sessions on Quote.com

Categorizing in such a manner may help Ward Systems better organise the developments. I don't know how specialised the developers are but often in developing software products there are the "application" specialists and the "technical gurus" for making the software work efficiently.

From a personal point of view the most useful improvemnt would be in the Technical area as that would allow me to get a more productive use of NSDT. The next would be the functional category but frankly it seems pointless loading even more features if the product lacks speed (my development already takes hours per test). For me the comsetic and bug corrections (minor bugs) come last.

Regards

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Re: Wish List June 25 2002

Date :6/27/2002 1:59:37 AM Poster : Bruno

Many good things there...

I would add however:

n+1
Possibility to list/export a number of top genetic solutions. I am familiar with GAs and the "optimal" solution may be a statistical outlier. In my experience, the second or third best are usually better in the long run.

n+2
A free run-time NSDTrader module, which would collect data, crunch numbers and generate signals (with or without charting). It would be fast, and would leave NSTrader available for further development.

Bruno

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Prioritized Wish Lists

Date :6/27/2002 11:20:12 AM Poster : Cantley

My top 5 (well, OK, three - the rest are cool ideas, but these are on my top tier)

1. Settings link feature that allows the parameters of different indicators to link to a single parameter entry and mirror the value. This needs to be supported in the optimizer as well. This might also be an extension of variable use and ability from a language.

5. Developing a BASIC / Trade Expression Language for NeuroShell. (I'd LOVE to be able to type indicator formulas)

and

(New) Formula based money management -- allowing definition of risk per position and in a portfolio, and allowing positions with variable shares/contracts to be opened. Allow positions to be added to or subtracted from algorithmically. Even better would be the ability to bypass a trade if the risk parameters were unacceptable, or if it would create too much portfolio risk.

I know that the new one is asking for a lot!

Best,
Steve

OBV

Date :6/28/2002 8:47:23 AM Poster : Bill Carlson

When doing a relation comparision of OBV 30 greater than OBV 30 Lagged. I would be looking for at least a loose correlation in the price increasing.
But how do you handle the situation when the result is negative: in this case from a minus 2500 to a minus 2900. The number is larger, but going down on the graph.
I entered this "greater configuration" for a Long Entry and checking against the Chart the OBV relation was negative.

Stochastics

Date :6/30/2002 11:14:41 PM Poster : Bill Carlson

Having a problem regarding high and lows The program refuses to acknowledge my instructions about not taking action unless that threshold has been reached.

I am getting results with a stochastic readings of 65 and 70 when the theshold requested was on the upper side of 80. The same is also true in reverse for the lower threshold of less than 25 and getting reading 35 and 40.

It should not make any difference, I am using a 21 day period.

Thanks

Re: Stochastics

Date :7/4/2002 8:43:45 AM Poster : Xprogrammer

What kind of instructions are you giving it?

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Thanks

Re: Stochastics

Date :7/6/2002 12:49:49 PM Poster : Bill Carlson

I had thought I had given the instruction that the stochastic had to exceed the upper parameter of 80 when reading came out to be in the 65 to 70 range.

The only other conclusion I can come to is the difference in which the stochastic is computed in different programs; the comparsion is to the one used by AIQ

That may be the answer.

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Wish List July 1 2002

Date :7/1/2002 9:22:04 PM Poster : Steve Kratochvil

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Re: Wish List July 1 2002

Date :7/2/2002 10:28:29 AM Poster : Maciej

This list looks good Steve.

Another candidate for consideration in your user interface category:

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Re: Wish List July 1 2002

Date :7/6/2002 4:27:21 PM Poster : Steve Kratochvil

What you are asking for is the Tick Data of the current bar. I have included this as such. Item 37 as a feature.

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Re: Wish List July 1 2002

Date :7/2/2002 4:15:29 PM Poster : albertl

Hello,
What about being able to selectively switch off optimizing on already optimized conditions in the trading strategy wizzard, but allowing only the newly added condition to get optimized ?
might make the optimizing much more handy
albert

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Re: Wish List July 1 2002

Date :7/6/2002 4:34:58 PM Poster : Steve Kratochvil

Added. Item 38 as a Feature.

Thanks,

Steve

On 7/2/2002 4:15:29 PM albertl wrote:
Hello,
What about being able to selectively switch off optimizing on already optimized conditions in the trading strategy wizzard, but allowing only the newly added condition to get optimized ?
might make the optimizing much more handy
albert

Re: Wish List July 1 2002

Date :7/3/2002 9:24:08 AM Poster : Eric L. Hoyle, CFA

Here is feature that I will throw out, even though I'm not sure it would have any mass appeal. I would be interested in hearing what other people think. When I open a new chart, I would like to be able to create a chart with an indicator as the primary data series, instead of a stock. When I run optimizations, I want it to look at the indicator when computing winners-losers (or any of the other fitness functions), AS IF the Neuroshell Trader was trading THAT indicator, not the stock the indicator is based on. I know you can implement trading strategies based on predictions of indicators, and there is an unbelievable amount of flexibility built into Neuroshell, but, there are limitations that can only be overcome by having the indicator be the primary series. -- Just my two cents.

On 7/1/2002 9:22:04 PM Steve Kratochvil wrote:
OK, here it is with updates and categories.

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Re: Wish List July 1 2002
Date :7/3/2002 6:40:16 PM Poster : Steve Cantley

An additional new feather to add...

For futures traders, I'd like a "bigpointvalue" sort of data file somewhere so that when running a model on a portfolio, I see dollars, instead of 500 cents in corn, and 15 cents in cotton, etc.

Best,
Steve

Re: Wish List July 1 2002
Date :7/6/2002 4:50:09 PM Poster : Steve Kratochvil

Help me out here. I like where you are going with this, but I need a bit more detail.

Thanks,

Steve

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Re: Wish List July 1 2002
Date :7/8/2002 8:41:53 AM Poster : Steve Cantley

Each of the various sorts of futures contracts has a conversion factor that translates winnings and losses into real dollars. For example, a 1 cent move in corn is $50.

When you put together a chart with several commodities and run a test, you see $3.00 in corn (for $1500 real), 0.0045 in the Yen, etc. It's all over the place.

If we could put together a data file of the ratios (also called Big Point Values in several other applications), then running the test on a portfolio would show dollars for each commodity. As it is now, hand multiplications are needed.

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Best,
Steve

Re: Wish List July 1 2002
Date :7/8/2002 11:39:34 AM Poster : Steve Kratochvil

This is already in the Trader unfortunately it does not work with the portfolio concept. If you go to the Trading Strategy and Modify Trading Strategy Parameters and go to the Costs Tab you can set the Point Value for futures contracts to the correct conversion factor. The rub comes in when you have more than one stock in the chart. The same conversion value is applied to all futures. This needs to be separated by future. I will enter your request as such.

Thanks,

Steve

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Re: Wish List July 1 2002
Date :7/6/2002 4:38:57 PM Poster : Steve Kratochvil

Added. Item 39 as Feature.

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Steve

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currency day &night data and dataX
Date :7/2/2002 4:22:20 PM Poster : albertl

Hello,
can the dataX be used to feed data into the NST ?
there are now several dll currency data sources around ! (and they are even free of charge.)
has Ward Systems a solution / example code ready ?
If so, an upgrade to the daytrader will be the next step for most of the currency traders I believe..
albert

Re: currency day &night data and dataX
Date :7/3/2002 4:06:54 PM Poster : Maciej

Hi Albert,

Do you have a name of these fx data feeds tha you can share with us?

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Re: currency day &night data and dataX

Date :7/4/2002 6:45:10 AM Poster : Oli Myllynen

Albert,

could you please guide me to these dll currency data sources , since I have been searching for them without success ...

Olli

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Re: currency day &night data and dataX

Date :7/4/2002 8:51:21 AM Poster : Webmaster@ward.net

The DataX can't really be used to feed in raw ticker data. It can be used to calculate indicators, and to export data like trading signals. However, our programmers are promising an API in which raw ticker data can be read in from a program. We would expect it in the next major release. If your currency data is in the form of a text file, of course you can read it in now - it just isn't practical for bars smaller than half hour bars.

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Wish List July 6 2002

Date :7/6/2002 4:53:51 PM Poster : Steve Kratochvil

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Total Dropped: 5

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Re: Wish List July 6 2002

Date :7/7/2002 11:27:57 PM Poster : J

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Re: Wish List July 6 2002

Date :7/8/2002 11:23:24 AM Poster : Steve Kratochvil

Your request is exactly mentioned. The selection of any time frequency/compression size desired is exactly that. I will farther clarify 21 with an increment-sizing request. This means the setting the increment value to Seconds, Minutes, Hours, Days, Weeks, or Months can then be set with a numeric size for that increment of 1, 2, 3, 4, 5, 6, 7, 8, 9, etc… This is what selection of any time frequency/compression size desired is exactly.

The current choices given in the Trader cover all the common time increments and is very adequate for most observations and systems. The addition of the higher degree of control of your resolution might give you an edge when trying to front run something. That would be setting your time frequency to 9mins so that your signals slightly offset the 10mins and give you early signal that will closely match the 10mins about 30% of the time giving you an edge. This would also have the effect of putting you behind the 10mins about 70% or the time. This is where the dual or triple time frequencies need to be in the chart for comparison. And this feature is also mentioned in 21 and is far more critical than just expanding the selection of current time frequencies.

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Date :7/8/2002 1:21:16 PM Poster : little small worm

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Re: Wish List July 6 2002

Date :7/8/2002 6:41:30 PM Poster : Steve Kratochvil

Well, it will just inflate the number of shares purchased by the about of margin used. This directly translates to increased dollar values won or lost which is the same reason that people use margin in the first place. Try this on for size. Go to the Modify Trading Strategy Parameters then the General tab. Select "Buy as many shares as possible with current account balance". Put into the initial account balance your actual account balance. Then go to the Costs tab and set your Margin % per share to a normal value like "50%". Run your back test and take a look at what you have.

I hope that helped,

Steve

On a side note: Why did you call yourself "little small worm"?

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Auto Trading

Date :7/8/2002 11:12:19 AM Poster : Andy Fisher

Has anyone implemented (or explored means of implementing) a way to feed the signals given by the NeuroShell Trader (or Day Trader) into a stock trading program? Any insight would be very much appreciated.

Re: Auto Trading

Date :7/8/2002 6:08:44 PM Poster : Steve Kratochvil

Do a search on "auto" and you should get most of the idea from past content.

Steve

On 7/8/2002 11:12:19 AM Andy Fisher wrote:
Has anyone implemented (or explored means of implementing) a way to feed the signals given by the NeuroShell Trader (or Day Trader) into a stock trading program? Any insight would be very much appreciated.

Wish List July 8 2002

Date :7/8/2002 6:44:25 PM Poster : Steve Kratochvil

NeuroShell Day Trader improvements.

Total Added: 41

Total Dropped: 5

Features:

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Re: Wish List July 8 2002

Date :7/11/2002 10:15:33 AM Poster : albertl

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partial optimization of the selected rules in the strategy wizzard:
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Re: Wish List July 8 2002
Date :7/11/2002 6:58:22 PM Poster : Steve Kratochvil

Your first request is already on the list. Features - Number 38.
Your second request is already on the list. User Interface - Number 2. I will try and clarify it a bit.
Your third request is also part of Number 2.
Your fourth request is Added.

Thanks,

Steve

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Re: Wish List July 8 2002
Date :7/11/2002 2:30:36 PM Poster : Vince

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Re: Wish List July 8 2002
Date :7/11/2002 5:55:06 PM Poster : albertl

Hello Vince,
a similar means to save time would be to automatically stop the optimizer when the increment in the objective function f.ex. the profit is not changing sufficiently since a certain time say 30min
I do not necessarily mean the profit which is shown to us , the users, but the internal value the optimizer looks at when jumping around thru the paramaters he is optimizing
However I could imagine this might not agree 100% with the genetic optimizing
philosophy.
It would be perhaps more helpful to know according to what criteria the optimizer is stopping anyway ? This criteria is the one we should be able to modify, and not only the time !
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Calculation Confusion

Date :7/9/2002 4:35:21 PM Poster : Matt R

Quick question.....Why would I receive miscalculations when dividing UPVOL / TVOL (the qcharts advancing volume and total volume symbols) using closing values on 30 min bars? .....example of values I find suspect: last Friday (July 5th) I am receiving values around .1. However, when I manually check the data values (within the QCharts application), the results are much more reasonable (and I believe correct): ~.9. I am wondering whether I am missing something obvious, or alternatively if there is some error in NS. I suppose the possible error points are in NS importation of the data or directly in the calculation. Both of these seem like bugs/problems that would have already been discovered and remedied. Thus, I am inclined to believe my idiocy is once again validated.

Matt

Re: Calculation Confusion

Date :7/10/2002 7:52:00 AM Poster : Webmaster@ward.net

You can't check an NST calculation using Qcharts data. Check the calculation in NST using the data NST received from Quote.com. Everytime you log on to either NST or Qcharts you could get connected to a different server, and that often means at least slightly different data. Even logging on to the same server can mean different data as QC goes back and corrects data (we wish they would do more of that). Turn on the snapshot view and you will see the data NST is using. If you think the data is wrong take a look at the tip on this site called "Correcting Quote.com data."

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wishlist/objective function

Date :7/11/2002 6:01:18 PM Poster : albertl

Hello,
Some time ago one of our friends here on this forum has made a strong case
for getting more freedom in objective functions.
He wishes to be able to set them more freely , preferably with some programming language.
I would already be quite happy if at least the objective " slope of equity function" was added.
albert

Re: wishlist/objective function

Date :7/15/2002 9:16:20 PM Poster : Steve Kratochvil

Added. Item 44

Thanks,

Steve

On 7/11/2002 6:01:18 PM albertl wrote:
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wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/11/2002 6:20:04 PM Poster : albertl

Hello,
I believe one should have the choice of optimizing in rough increments.
I know that the genetic optimizer is jumping around in the parameter spce, but It surely does this with certain increments.
These increments should be accessible to the user.
What sense does it make to have the space of 100 RSI points being divided into 10 000 steps with increments of 0.01
and have the NST running for days
and ending up with a nice OVER optimized model !
I want to set these increments myself, I would set them to 3 or 5 RSI points for example or to 3 or 5 pips in the trailing stop of a currency model.
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Who knows anyway how these increments are set presently, do they make sense
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A trailing stop of 0.01 dollar is way out of 0.01 pip in a currency which is not even quoted there

albert

Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/12/2002 8:50:52 AM Poster : Steve Ward

You are incorrect. There are no increments in a standard GA. The GA does not work in increments as other optimizers do. It works mostly by genetic crossover of genes (as in biological gene crossover) and a little by mutation. Mutation adds or subtracts small amounts, but they are random and of random size. If you want to find out more about how a GA works, this book is in the reference section of the help files and can be found in any technical college library:

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Those in my class can take a look at lessons 23 and 24 for an overview.

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albert

Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/12/2002 9:40:01 AM Poster : albertl

Thanks for the reply,
may be I should not have used the word increment, but,
sorry to disagree, I do understand that the GA is jumping around the space of
numbers at random....but what is the space of numbers, how accurate do you measure, how fine do you divide the space/axis of your numbers ?
I maintain that the numbers the GA is allowed to jump at should be allowed to be reduced, i.e. the numbers on the e.g. x-axis could be only integers ,not real numbers or
mutatis mutantis may be 0,2 0,4 0,6 etc to 100 for RSI,
or the axis should be divided only in 0,3,6,9,12 etc
By the way, can you tell us how small is the smallest "increment" your NST is using in trailing stops, what sense does a random value of 1.31748659 US$ make except losing time and going straight into overoptimizing?
albert

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albert

Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/12/2002 1:13:19 PM Poster : Maciej

Gentlemen,

This request is already in Steve K's wish list - no 30.

On 7/12/2002 8:50:52 AM Steve Ward wrote:
You are incorrect. There are no increments in a standard GA. The GA does not work in increments as other optimizers do. It works mostly by genetic crossover of genes (as in biological gene crossover) and a little by mutation. Mutation adds or subtracts small amounts, but they are random and of random size. If you want to find out more about how a GA works, this book is in the reference section of the help files and can be found in any technical college library:

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Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/13/2002 4:03:40 AM Poster : Bruno

There is such thing as over-optimizing when using GAs. Relentless optimizing (survival of the fittest) is what they are supposed to do. To that extent, they cannot be compared to neural nets.
However you are right in saying that when programming GAs, one can set the granularity of the search space. This affects computing speed and accuracy to an extent. What is more important I believe is the viability of the optimal solution over the neural out-of-sample period. In other developments, I found the second or third best solution is often more stable. This means that a post-processing statistical validation is more important for a better model.

Bruno

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albert

Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/15/2002 9:14:08 AM Poster : Steve Ward

You are of course referring to the number precision being used inside the GA. This can affect the precision of the solution, but the less precise solution should be found in about the same amount of time by all number precisions. In other words, all will get close to 3.23 in about the same amount of time. For a really precise answer, yes it will take longer to find, but who wants to find 3.2314567 when 3.23 is quite enough for financial problems? We already do not use high precision for that reason.

There is no doubt that much more research can be done to get faster GAs internally, but with regard to significantly speeding up optimization, I still believe it will only be done effectively with multiple processors. However, short of that I think the best suggestions are those people here have made relative to allowing users to control when the GA terminates, and possibly letting it look at out of sample results and choosing less than optimum results, as long as everyone fully comprehends the meaning of the fact that the out of sample data is then rendered in-sample.

Everyone should remember that the really unbearably slow optimization occurs when you use the indicators in the "Trading Strategy: ..." categories because they are recursive. But we have sped them up somewhat, and you'll see that in the next release. In the mean time, use some judgment in what you throw at the GA, both in terms of the number of bars and the number of parameters. Although they are much faster than other optimizers, they have limits.

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Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/17/2002 3:00:07 PM Poster : albertl

Hello,
The trouble however is that we, the user do not see from the outside when the
optimizer has reached the precision we know is sufficient .
And we cannot not set the precision either.
So , why not allow us to set the meshsize (the precision in a round about way) to what we know is realistic, instead of hoping that the optimizer will stop ...
As far as I can see the optimizer will spend some time even to optimize a boolean value to 1.356789 !
There are variables which take only a few discrete values, for ex 1 2 3 4
I use some ..
I cannot see the optimizer finding that out himself ,

Also, if the mesh size is increased, reducing the range of values over which the optimizer is allowed to run might then shorten the optimizing time .

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albert

Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/17/2002 4:49:04 PM Poster : Steve Ward

The GA uses a slightly different technique for integers, and so it does not search values like 1.356789 when the discrete values needed are 1,2,3,4. The optimizer knows which parameters are integers and which are not. I definitely agree that reducing the range of values over which the optimizer is allowed to run may shorten the time somewhat; however we have already provided you with the capability to set those ranges yourself. Look for the little plus sign (+) to the left of your rule and click on it.

However, you really have to stop thinking of a GA in the traditional optimizer sense. I know that in traditional "exhaustive search" optimizers (like TradeStation's), it is a routine technique to raise the increment size to speed up the process. Reducing the range speeds it too, but much more so in a traditional optimizer than in a GA. Thats because the GA is varying all parameters at the same time, not one at a time, and it is searching many places in the space at the same time. GAs run much slower for easy problems (2 parameters) but they solve big problems in hours that would take other optimizer years. Looking for an increment size in a GA is like looking at the front of your new car to find the starter crank.

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albert

Re: wishlist/ ROUGH optimizer / SAVING 90% of time/ NO OVEROPTIMIZING

Date :7/17/2002 3:09:11 PM Poster : albertl

Hello ,
Can you tell us what precision you use?
Are you using the same precision for all variables?
Thanks

On 7/15/2002 9:14:08 AM Steve Ward wrote:
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albert

wishlist/ optimizer THE BLACK BOX should be OPENED

Date :7/11/2002 6:34:42 PM Poster : albertl

Hello,
This could be a major improvement and still super easy to implement as all the datas are anyway in the box.

While the optimizer is running, a nice table of all the parameters
should be visible !
I personally are willing to sacrifice a couple of minutes if I could observe the parameters during the runnoing optimization process.
This way I could also afterwards
choose from the hundreds of models in the list.

One could even feed a selection of these models in any of the NST s wizzards
or simply in the strategy wizzard and have them voted

albert

Wish List July 11 2002

Date :7/11/2002 7:34:23 PM Poster : Steve Kratochvil

NeuroShell Day Trader improvements.

Total Added: 43
Total Dropped: 5

Features:

1. Settings link feature that allows the parameters of different indicators to link to a single parameter entry and mirror the value. This needs to be supported in the optimizer as well. This might also be an extension of variable use and ability from a language.
Added – June 22, 2002

3. Allow the Trading strategy to optimized the synchronized logical common sense pattern of Long and Short trades for all trading styles. Option to force trading style rules to be used during optimization. Example: Close all trades at the end of the day.
Added – June 22, 2002
Changed – July 1, 2002

4. Allow the option for priority of trade to be set entry, exit or stops.
Added – June 22, 2002

5. Developing a BASIC / Trade Expression Language for NeuroShell.
Added – June 22, 2002

13. For nets build plot points by clicking on the Trading Strategy and marking all the desired trade locations known that the optimizer should try to achieve using the inputs. This feature could be called "Guided Optimization".
Added – June 22, 2002

15. Allow cut and paste of indicator formula. This should include the results of an optimized indicator. Or allow it to be created as a new indicator.
Added – June 22, 2002

18. Allow stocks to overlay inside a chart and allow linking of charts
Added – June 22, 2002

21. Different Time frequency/compressions on one chart. Ability to select any time frequency/compression size desired within the time increment chosen. Example: Seconds, Minutes, Hours, Days, Weeks, Months.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 8, 2002

25. Share size rounding for block trading (10,100, 1000) in the prediction and trading strategy wizards.
Added – June 22, 2002

26. Save predictions/strategies for use in other charts.
Added – June 22, 2002

27. Open Interest values when using quote.com
Added – June 22, 2002

28. The ability to get overnight sessions from quote.com
Added – June 22, 2002

29. Give Alerts ability to be saved
Added – June 22, 2002

32. Special handling of futures contracts for month-to-month roll-on effect.
Added – June 24, 2002

37. Allow the Tick Data of the current bar to be used in a chart rather than only viewing it.
Added – July 6, 2002

38. Allow the option to select indicators or stocks in the chart to be excluded from any optimizations.
Added – July 6, 2002

39. Ability to create a chart with an indicator as the primary data series, replacing any symbol data series of a stock. The optimizations and trading strategies will be based on the indicator and results determined on the indicator, not the stock the indicator is based on.
Added – July 6, 2002

43. Optimization scheduler that allows optimizations to be scheduled to start (5:00pm or Now!) and limited by a time out setting that allows a maximum amount of time (5 mins) or a time dead line (11:56 pm) to stop the optimization process and return current results.
Added – July 11, 2002

User Interface:

2. Produce the exact optimized parameter settings for a Re-named input in the final report. List/export a number of top genetic solutions. This would give a tree view print out of the formulas used and indicator combinations chosen.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 11, 2002

6. Graphing of the grid of prices and/or time across the chart in lite gray color.
Added – June 22, 2002

7. Arrange the Insert Existing Data/Calculations window popup in alphabetical order. Make this into a menu picker on the right as part of the Snapshot View that will allow you to just pick current indicators and drag them to the chart rather than Hide/Unhide Data… or allow you to drag indicators off the chart.
Added – June 22, 2002

8. Place the name of each indicator in the chart window associated with it and expand the top portion for more chart area.
Added – June 22, 2002

9. Allow the size of each chart area to be adjusted by dragging up or down.
Added – June 22, 2002

10. Allow more than 6 charts.
Added – June 22, 2002

12. Allow for more colors in the color bar.
Added – June 22, 2002

16. Improved graphics for the overlay of one indicator on top of another that would keep all indicator signals present and visible as the scale of the chart zoomed out to larger time frames in the window.
Added – June 22, 2002

20. Trend lines. The ability to draw straight trend lines on the screen with an indicator
Added – June 22, 2002

23. Ability to drag indicators between charts.
Added – June 22, 2002

24. A "Hide All" feature in the advanced area to allow fast hiding of indicator inputs when building a tpl.
Added – June 22, 2002

33. Trailing Stop performance information in the Detailed Analysis report.
Added – June 24, 2002

35. Formula based money management -- allow definition of risk per position and in a portfolio and allow positions with variable shares/contracts to be opened. Allow positions to be added to or subtracted from algorithmically. Ability to bypass a trade if the risk parameters were unacceptable.
Added – July 1, 2002

36. Auto scaling of indicators to the display windows allowing indicators of different numerical size to be proportioned to each other on different ranges. This would display two or more numeric scales on the right side according to the color if the indicator.
Added – July 2, 2002

40. Cumulative (ALL INSTREMENTS) performance results of all issues being used, given in the Trading Strategy Results Summary along with the average which we already have.
Added – July 6, 2002

41. Ability to display and use different Trading Strategy parameter values for mullple stocks and/or futures in the same chart.
Added – July 8, 2002

42. Printouts should include the Date Time Stamp and File Name at printing.
Added – July 11, 2002

Performance:

30. Set increment size for the value range being checked in the optimizer.
Added – June 22, 2002

31. Multiple processor ability for improved speed and performance.
Added – June 22, 2002

Bugs:

11. Clean up the set focus event on the top tool bar so that clicking twice is not required.
Added – June 22, 2002

14. Dropped – July 1, 2002. Vague. It was one of mine.
17. Dropped – July 1, 2002. Vague. It was one of mine.
19. Dropped – June 22, 2002. Already in the trader. Look very closely.
22. Dropped – July 1, 2002. Actually part of another feature.
34. Dropped – July 1, 2002. Actually part of another feature.

Re: Wish List July 11 2002

Date :7/12/2002 9:48:17 AM Poster : Steve Cantley

Here's another idea that I think would be a good one. There are a couple of possible implementations that I'll discuss as well.

The GA Optimizer is pretty good at picking a global max or min, but not at giving us any idea of whether we've found a broad plateau or a narrow tower. I'm more comfortable trading something from the center of a plateau than a narrow peak that falls off quickly. The former seems to me something that will last better as market conditions change.

I'd like some soft of interface that would allow me to get a rough view of things like equity and drawdown, maybe Sharpe, etc. as a function of some of the parameters used in the model. It would probably have to be done two at a time just for the ability to visualize it.

It could be done from within the program, though that would probably be the more expensive way to do it. Possibly an easier method would be to do some form of intelligent log filing that would allow me to pull parameters and some of the results I'm interested in into a file I could import into Excel. Then I could graph things away to my heart's content.

I'll grant that this is more likely to bear the kinds of fruits I'm looking for if I'm not doing anything non-linear with the GA.

What do others think?

Best,
Steve

Re: Wish List July 11 2002

Date :7/15/2002 9:23:35 PM Poster : Steve Kratochvil

Added. Item 45.

Thanks,

Steve

On 7/12/2002 9:48:17 AM Steve Cantley wrote:
Here's another idea that I think would be a good one. There are a couple of possible implementations that I'll discuss as well.

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What do others think?

Best,
Steve

Re: Wish List July 11 2002/ the broad plateau in optimizing

Date :7/17/2002 2:33:08 PM Poster : albertl

Hello,
I do not give up regarding my criticism of the fine grid in the GA optimer
If the mesh is too fine you run much easier into overoptimizing and the plateau will be inexisting, it will be a peak ...

I strongly recommend to WARDsystems to allow using a wider meshsize
Why not limit the RSI number space to 10 20 50 80 90 (I exagerate a little here)
and force a wide plateau this way or at least increase the chances to get one...

On 7/15/2002 9:23:35 PM Steve Kratochvil wrote:
Added. Item 45.

Thanks,

Steve

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What do others think?

Best,
Steve

Re: Wish List July 11 2002

Date :7/12/2002 1:23:48 PM Poster : Maciej

Steve,

Some proposals probably in the User Inteface Category:

a) The ability to reload AIQ data. Currently it is necessary to exit NSDT (not simply reopen the chart in question) to reload the lates bars of AIQ data (not necessary with quote.com). For one chart this is not really a big deal but if you have a half dozen open at the same time say for production, then this becomes tedious.

b) The ability to set the default location of charts directory and also to increase the number of last opened/daved files in the File sub-menu to a value greater than 4. This waould allow for faster loading of charts.

On 7/11/2002 7:34:23 PM Steve Kratochvil wrote:
NeuroShell Day Trader improvements.

Total Added: 43
Total Dropped: 5

Features:

1. Settings link feature that allows the parameters of different indicators to link to a single parameter entry and mirror the value. This needs to be supported in the optimizer as well. This might also be an extension of variable use and ability from a language.
Added – June 22, 2002

3. Allow the Trading strategy to optimized the synchronized logical common sense pattern of Long and Short trades for all trading styles. Option to force trading style rules to be used during optimization. Example: Close all trades at the end of the day.
Added – June 22, 2002
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4. Allow the option for priority of trade to be set entry, exit or stops.
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Changed – July 8, 2002

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Added – July 6, 2002

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User Interface:

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Added – June 22, 2002
Changed – July 1, 2002
Changed – July 11, 2002

6. Graphing of the grid of prices and/or time across the chart in lite gray color.
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7. Arrange the Insert Existing Data/Calculations window popup in alphabetical order. Make this into a menu picker on the right as part of the Snapshot View that will allow you to just pick current indicators and drag them to the chart rather than Hide/Unhide Data... or allow you to drag indicators off the chart.
Added – June 22, 2002

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9. Allow the size of each chart area to be adjusted by dragging up or down.

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34. Dropped – July 1, 2002. Actually part of another feature.

Re: Wish List July 11 2002

Date :7/15/2002 9:26:45 PM Poster : Steve Kratochvil

Added. Item 46 and 47

Thanks,

Steve

On 7/12/2002 1:23:48 PM Maciej wrote:
Steve,

Some proposals probably in the User Inteface Category:

a) The ability to reload AIQ data. Currently it is necessary to exit NSDT (not simply reopen the chart in question) to reload the lates bars of AIQ data (not necessary with quote.com). For one chart this is not really a big deal but if you have a half dozen open at the same time say for production, then this becomes tedious.

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Voting System of Nets

Date :7/12/2002 4:24:11 PM Poster : Dave Hubbard@Midwest

I am wondering what anyone's opinion would be on this idea. The object of having a voting system of different nets is to get a more diverse opinion from different classes of indicators (or predictors). If a volume based net and a momentum indicator based net agree, and they are both 65 percent correct, then the results of the voting based net would hopefully be at least better than 65 percent correct since the votes are coming from 2 classes of inputs that have a low correlation to each other.

My question is what do any of you think would be the result of having a voting system of nets with the same inputs but different outputs? An example would be to use the same inputs to predict the % change in close 3, 5, 10, and 20 days out (if they are all decent on their own or predict the %change in close over 3 days, the optimial buy, sell hold, for 3 days etc.....etc and use these nets in a voting system. Any thoughts as to whether this a good idea or foolhardy?

Dave

Re: Voting System of Nets

Date :7/15/2002 10:01:05 PM Poster : Steve Kratochvil

This is a great idea. Follow it further. It is very profitable. The Ward nets are extremely useful.

Steve

On 7/12/2002 4:24:11 PM Dave Hubbard@Midwest wrote:
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Dave

Suggestions for NS Professional

Date :7/12/2002 4:37:50 PM Poster : Dave Hubbard@Midwest

I have some ideas as to possible improvements to Neuroshell Trader Professional.

1. Allow the user to map parameters across buys and sells. For example, if the user were to optimize a trading strategy using a Simple Moving Average crossover, allow the user to specify that the parameters for Simple Moving Average must be the same for both the buys and the sells instead of having the moving average values be different for longs and shorts after the optimization. This may in some instances help to prevent overfitting and allow the user to develop more robust trading strategies. The same suggestion may apply to the threshold optimization in the Prediction Wizard.

2. Allow the user to integrate multpile time frame strategies into a prediction or strategy. One example would be to allow both a weekly and daily chart into the same chart so the user could develop a voting system that takes votes from both a weekly and daily prediction.

I would like to be a beta tester if you ever decide to put this into a future program!

Dave

Re: Suggestions for NS Professional

Date :7/15/2002 9:35:15 PM Poster : Steve Kratochvil

Look at Items 1 and 21.

Thanks,

Steve

On 7/12/2002 4:37:50 PM Dave Hubbard@Midwest wrote:
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Dave

Automated trading

Date :7/14/2002 1:47:24 PM Poster : Bruno

Hi,

Has anyone developed an automated trading system NSDT <-> DataX <-> InteractiveBrokers.com?

Regards
Bruno

Re: Automated trading

Date :7/15/2002 12:51:04 PM Poster : Steve Kratochvil

Currently I have an ATS between NSDT -> DataX <-> Datek. I have been looking at IB as a possible additional broker. They have an API that seems very straight forward making it a very easy option for me to add them on. I have also been looking at MyTrack.

Steve

On 7/14/2002 1:47:24 PM Bruno wrote:
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Regards
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Re: Automated trading

Date :7/15/2002 3:47:37 PM Poster : Bruno

Their API is indeed relatively easy to call from VB/VBA/VC++.
I do recommend it to all traders.

I am not a big fan of Microsoft's flavour of C++, so I wrote mine in VB6. They also offer VBA programming examples using ActiveX or DDE.

Trading from the beach is no longer a far-fetched idea... :)

On 7/15/2002 12:51:04 PM Steve Kratochvil wrote:
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Wish List July 15 2002

Date :7/15/2002 9:41:17 PM Poster : Steve Kratochvil

NeuroShell Day Trader improvements.

Total Added: 46
Total Dropped: 5

Features:

1. Settings link feature that allows the parameters of different indicators to link to a single parameter entry and mirror the value. This needs to be supported in the optimizer as well. This might also be an extension of variable use and ability from a language.
Added – June 22, 2002

3. Allow the Trading strategy to optimized the synchronized logical common sense pattern of Long and Short trades for all trading styles. Option to force trading style rules to be used during optimization. Example: Close all trades at the end of the day.
Added – June 22, 2002
Changed – July 1, 2002

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Changed – July 1, 2002
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Re: Wish List July 15 2002

Date :7/17/2002 2:32:12 AM Poster : Stewart

Here's my vote.

First = 5
Second = 21
Third = 35
Fourth = 1
Fifth = 3

On 7/15/2002 9:41:17 PM Steve Kratochvil wrote:
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22. Dropped – July 1, 2002. Actually part of another feature.
34. Dropped – July 1, 2002. Actually part of another feature.

Re: Wish List July 15 2002
Date :7/19/2002 4:19:43 PM Poster : albertl

Hello,
The following wish is related to point 39:

It might have been mentioned also under the point "linking of charts", but here it is the way I would like to have it :
it should be possible to put e.g. buy signals from different "primary issues" from may be different charts(ex. Nasdaq signal, sp500 signal, usd index ..., etc) to vote in the final trading strategy for the "really" traded issue
I would call it "the primary issues voting comitee"
albert

On 7/17/2002 2:32:12 AM Stewart wrote:
Here's my vote.

First = 5
Second = 21
Third = 35
Fourth = 1
Fifth = 3

On 7/15/2002 9:41:17 PM Steve Kratochvil wrote:
NeuroShell Day Trader improvements.

Total Added: 46
Total Dropped: 5

Features:

1. Settings link feature that allows the parameters of different indicators to link to a single parameter entry and mirror the value. This needs to be supported in the optimizer as well. This might also be an extension of variable use and ability from a language.
Added – June 22, 2002

3. Allow the Trading strategy to optimized the synchronized logical common sense pattern of Long and Short trades for all trading styles. Option to force trading style rules to be used during optimization. Example: Close all trades at the end of the day.
Added – June 22, 2002
Changed – July 1, 2002

4. Allow the option for priority of trade to be set entry, exit or stops.
Added – June 22, 2002

5. Developing a BASIC / Trade Expression Language for NeuroShell.
Added – June 22, 2002

13. For nets build plot points by clicking on the Trading Strategy and marking all the desired trade locations known that the optimizer should try to achieve using the inputs. This feature could be called "Guided Optimization".
Added – June 22, 2002

15. Allow cut and paste of indicator formula. This should include the results of an optimized indicator. Or allow it to be created as a new indicator.
Added – June 22, 2002

18. Allow stocks to overlay inside a chart and allow linking of charts
Added – June 22, 2002

21. Different Time frequency/compressions on one chart. Ability to select any time frequency/compression size desired within the time increment chosen. Example: Seconds, Minutes, Hours, Days, Weeks, Months.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 8, 2002

25. Share size rounding for block trading (10,100, 1000) in the prediction and trading strategy wizards.
Added – June 22, 2002

26. Save predictions/strategies for use in other charts.
Added – June 22, 2002

27. Open Interest values when using quote.com
Added – June 22, 2002

28. The ability to get overnight sessions from quote.com
Added – June 22, 2002

29. Give Alerts ability to be saved
Added – June 22, 2002

32. Special handling of futures contracts for month-to-month roll-on effect.
Added – June 24, 2002

37. Allow the Tick Data of the current bar to be used in a chart rather than only viewing it.
Added – July 6, 2002

38. Allow the option to select indicators or stocks in the chart to be excluded from any optimizations.
Added – July 6, 2002

39. Ability to create a chart with an indicator as the primary data series, replacing any symbol data series of a stock. The optimizations and trading strategies will be based on the indicator and results determined on the indicator, not the stock the indicator is based on.
Added – July 6, 2002

43. Optimization scheduler that allows optimizations to be scheduled to start (5:00pm or Now!) and limited by a time out setting that allows a maximum amount of time (5 mins) or a time dead line (11:56 pm) to stop the optimization process and return current results.
Added – July 11, 2002

44. Programmable Optimization objectives.
Added – July 15, 2002

46. Ability to load and unload data files, templates or DLL's without dropping and restarting NeuroShell.
Added – July 15, 2002

User Interface:

2. Produce the exact optimized parameter settings for a Re-named input in the final report. List/export a number of top genetic solutions. This would give a tree view print out of the formulas used and indicator combinations chosen.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 11, 2002

6. Graphing of the grid of prices and/or time across the chart in lite gray color.
Added – June 22, 2002

7. Arrange the Insert Existing Data/Calculations window popup in alphabetical order. Make this into a menu picker on the right as part of the Snapshot View that will allow you to just pick current indicators and drag them to the chart rather than Hide/Unhide Data… or allow you to drag indicators off the chart.
Added – June 22, 2002

8. Place the name of each indicator in the chart window associated with it and expand the top portion for more chart area.
Added – June 22, 2002

9. Allow the size of each chart area to be adjusted by dragging up or down.
Added – June 22, 2002

10. Allow more than 6 charts.
Added – June 22, 2002

12. Allow for more colors in the color bar.
Added – June 22, 2002

16. Improved graphics for the overlay of one indicator on top of another that would keep all indicator signals present and visible as the scale of the chart zoomed out to larger time frames in the window.
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20. Trend lines. The ability to draw straight trend lines on the screen with an indicator
Added – June 22, 2002

23. Ability to drag indicators between charts.
Added – June 22, 2002

24. A "Hide All" feature in the advanced area to allow fast hiding of indicator inputs when building a tpl.
Added – June 22, 2002

33. Trailing Stop performance information in the Detailed Analysis report.
Added – June 24, 2002

35. Formula based money management -- allow definition of risk per position and in a portfolio and allow positions with variable shares/contracts to be opened. Allow positions to be added to or subtracted from algorithmically. Ability to bypass a trade if the risk parameters were unacceptable.
Added – July 1, 2002

36. Auto scaling of indicators to the display windows allowing indicators of different numerical size to be proportioned to each other on different ranges. This would display two or more numeric scales on the right side according to the color if the indicator.
Added – July 2, 2002

40. Cumulative (ALL INSTREMENTS) performance results of all issues being used, given in the Trading Strategy Results Summary along with the average which we already have.
Added – July 6, 2002

41. Ability to display and use different Trading Strategy parameter values for multiple stocks and/or futures in the same chart.
Added – July 8, 2002

42. Printouts should include the Date Time Stamp and File Name at printing.
Added – July 11, 2002

45. Graphical reports of the equity, Drawdown and other statistical progressions in the Trading Strategy detailed summary and analysis.
Added – July 15, 2002

47. Option to set total number of most recent files in File menu.
Added – July 15, 2002

Performance:

30. Set increment size for the value range being checked in the optimizer.
Added – June 22, 2002
Drop is pending further investigation – July 15, 2002

31. Multiple processor ability for improved speed and performance.
Added – June 22, 2002

Bugs:

11. Clean up the set focus event on the top tool bar so that clicking twice is not required.
Added – June 22, 2002

14. Dropped – July 1, 2002. Vague. It was one of mine.
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34. Dropped – July 1, 2002. Actually part of another feature.

Re: Wish List July 15 2002

Date :7/19/2002 4:43:07 PM Poster : albertl

Hello,
regarding performance wish item 30
if really I cannot convince WSG of the necessity of this point , I would like at least to see the parameters moving during the optimization (open the black box) and
furthermore I would like to have a normal "incremental" classical optimizer at my disposal, where I could get set increments I need and analyse the strategies fast and straightforward from a classical trading standpoint.

This could be seen as a "preprocessor- optimizer" for the GA optimizer
albert

On 7/17/2002 2:32:12 AM Stewart wrote:
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22. Dropped – July 1, 2002. Actually part of another feature.
34. Dropped – July 1, 2002. Actually part of another feature.

Wish List July 15 2002 Ranking

Date :7/15/2002 9:56:28 PM Poster : Steve Kratochvil

Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:

Wish List July 15, 2002 Ranking

First = 31
Second = 21
Third = 16
Fourth = 3
Fifth = 13

Thanks,

Steve

> ***Re: Wish List July 15 2002 Ranking***
>
> Date :7/23/2002 10:30:26 AM Poster : Steve Kratochvil
>
> I am looking at a new list at the end of the month. As for a cut off. I don't think that there should ever be one. I feel that if you want to have a voice or toss in your two cents that you should do it sooner than later. We are not dictating any schedule or time line to Ward Systems and when they decided to review the rankings from time to time you will be part of the solution or not. I feel that after the next release we will re-evaluate the list and NeuroShell for another round of items. I have decided to track all the rankings as well. If you want to change your selections, just post it. I am not concerned about knowing who is really who, we are a very honorable and trustworthy group, so your forum name will suffice to identify your selections.
>
> Thanks,
>
> Steve
>
> On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
> Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:
>
> Wish List July 15, 2002 Ranking
>
> First = 31
> Second = 21
> Third = 16
> Fourth = 3
> Fifth = 13
>
> Thanks,
>
> Steve

> ***Re: Wish List July 15 2002 Ranking***
>
> Date :7/16/2002 11:09:51 AM Poster : Steve Cantley
>
> 5, 1, 13, 15, 35
>
> On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
> Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:
>
> Wish List July 15, 2002 Ranking
>
> First = 31
> Second = 21
> Third = 16
> Fourth = 3
> Fifth = 13
>
> Thanks,
>
> Steve

> > ***Re: Wish List July 15 2002 Ranking***
> >
> > Date :7/16/2002 6:53:23 PM Poster : Maciej
> >
> > My ranking is:
> > 31, 1, 29, 26, 21
> >
> > On 7/16/2002 11:09:51 AM Steve Cantley wrote:
> > 5, 1, 13, 15, 35
> >
> > On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
> > Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:
> >
> > Wish List July 15, 2002 Ranking
> >
> > First = 31
> > Second = 21
> > Third = 16
> > Fourth = 3
> > Fifth = 13
> >
> > Thanks,
> >
> > Steve

> ***Re: Wish List July 15 2002 Ranking***
>
> Date :7/16/2002 9:30:59 PM Poster : Eric L. Hoyle, CFA
>
> Here you go Steve(s)!
>
> First = 39
> Second = 18
> Third = 21
> Fourth = 35
> Fifth = 31
>
> On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:

Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:

Wish List July 15, 2002 Ranking

First = 31
Second = 21
Third = 16
Fourth = 3
Fifth = 13

Thanks,

Steve

Re: Wish List July 15 2002 Ranking

Date :7/17/2002 2:54:59 PM Poster : Randy Brown

First = 5
Second = 1
Third = 38
Fourth = 20
Fifth = 8

Randy Brown

On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:

Wish List July 15, 2002 Ranking

First = 31
Second = 21
Third = 16
Fourth = 3
Fifth = 13

Thanks,

Steve

> ***Re: Wish List July 15 2002 Ranking***
>
> Date :7/17/2002 4:58:12 PM Poster : Matt R
>
> First = 35
> Second = 21
> Third = 18
> Fourth = 44
> Fifth = 32
>
> On 7/17/2002 2:54:59 PM Randy Brown wrote:
> First = 5
> Second = 1
> Third = 38
> Fourth = 20
> Fifth = 8
>
> Randy Brown
>
> On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
> Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:
>
> Wish List July 15, 2002 Ranking
>
> First = 31
> Second = 21
> Third = 16
> Fourth = 3
> Fifth = 13
>
> Thanks,
>
> Steve

Re: Wish List July 15 2002 Ranking

Date :7/18/2002 3:43:15 PM Poster : Michael Stigall

Wish List July 15, 2002 Ranking

First = 31
Second = 5
Third = 33
Fourth = 43
Fifth = 42

Thanks for pulling all of this together, Steve.

Re: Wish List July 15 2002 Ranking

Date :7/18/2002 3:46:39 PM Poster : Michael Stigall

Do you have a cut-off date for the ranking process, and do you need any help in collecting or correlating the results?

Re: Wish List July 15 2002 Ranking

Date :7/18/2002 4:01:41 PM Poster : jmayer

I am fairly new (about a month) and thus far a 'lurker" in the forum, but here are my top five

1st=44
2nd=35
3rd=26
4th=38
5th=13

On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:

Wish List July 15, 2002 Ranking

First = 31
Second = 21
Third = 16
Fourth = 3
Fifth = 13

Thanks,

Steve

Re: Wish List July 15 2002 Ranking

Date :7/18/2002 4:31:24 PM Poster : Steve in California

My top five are:

1 = 44
2 = 1
3 = 13
4 = 35
5 = 28

Ever wonder why the results of optimization runs are very similar across different objective functions? See a spreadsheet I've forwarded to WSG to see why this is the case...And why I believe #44 should be the number 1 priority.

Having number 44 in the product would allow play with variations of the formula below.

Maximize ((Winners - Losers) * Average ((Net Profit per trade / # of Bars per Trade) / Open Drawdown per Trade))

See the spreadsheet to understand how this objective function formula is different than the current set of objective functions...

On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
Please submit a ranking of your 5 most important items from the Wish List July 15, 2002. Order them from First to Fifth with First being your first choice. Identify each item by number. Here are my selections as an example:

Wish List July 15, 2002 Ranking

First = 31
Second = 21
Third = 16
Fourth = 3
Fifth = 13

Thanks,

Steve

> ***FILE Re: Wish List July 15 2002 Ranking (Steve in California)***
>
> Date :7/22/2002 3:31:13 PM Poster : Ward Net Webmaster
>
> The file mentioned in this post can be downloaded from the following link:
>
> ObjectiveFunctionAnalysis.xls
>
> Thanks to Steve in California for sharing the file with the forum.
>
> On 7/18/2002 4:31:24 PM Steve in California wrote:
> My top five are:
>
> 1 = 44
> 2 = 1
> 3 = 13
> 4 = 35
> 5 = 28
>
> Ever wonder why the results of optimization runs are very similar across different objective functions? See a spreadsheet I've forwarded to WSG to see why this is the case...And why I believe #44 should be the number 1 priority.
>
> Having number 44 in the product would allow play with variations of the formula below.
>
> Maximize ((Winners - Losers) * Average ((Net Profit per trade / # of Bars per Trade) / Open Drawdown per Trade))
>
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>
> Wish List July 15, 2002 Ranking
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> First = 31
> Second = 21
> Third = 16
> Fourth = 3
> Fifth = 13
>
> Thanks,

Steve

Re: Wish List July 15 2002 Ranking

Date :7/19/2002 4:50:10 PM Poster : albertl

Hello from Luxembourg;
here my rankings:
A)— My wish "the primary issues voting comittee"
or respectively point 39.(Ability to create a chart with an indicator as the primary data series)
B)—point 15. Allow cut and paste of indicator formula

C)— point 30 "incremental" and transparent GA optimizer or at least a classical incremental and transparent one

D) —point 44. Programmable Optimization

E)—point 28. The ability to get overnight sessions from quote.com

On 7/15/2002 9:56:28 PM Steve Kratochvil wrote:
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Wish List July 15, 2002 Ranking

First = 31
Second = 21
Third = 16
Fourth = 3
Fifth = 13

Thanks,

Steve

Re: Wish List July 15 2002 Ranking

Date :7/20/2002 2:58:48 PM Poster : Matt Schulz

Here's my top five:

First = 35 (Note: #25 Lot size rounding could probably be folded into the
algorithmic position changes mentioned)
Second = 44
Third = 21
Fourth = 1
Fifth = 9

Thanks,

Matt

Re: Wish List July 15 2002 Ranking

Date :7/22/2002 7:59:32 PM Poster : Jacobs

Here's my top five:

First = 13
Second = 44
Third = 39
Fourth = 2
Fifth = 15

Thanks,
Jacobs

Top Five desired modifications to NSDT

Date :7/18/2002 11:36:55 AM Poster : fhealy

Here are my choices for the top five:

5
35
31
13
21

How feed NSDT Pro from M3 from DTN?

Date :7/19/2002 10:49:38 AM Poster : Rolf

I got a free subsciption from M3(mrkstream) and a test-subscription on DTN.

How do I configure my NSDT Pro to connect?

Regards

Rolf

Re: How feed NSDT Pro from M3 from DTN?

Date :7/20/2002 12:58:11 PM Poster : fhealy

If your connection between the DTN receiver and your computer is via ethernet, the default DTN receiver box TCP/IP address is 10.100.116.110, so set your ethernet card with a specific address of 10.100.116.xxx, where xxx is something other than 110. Set the Subnet Mask to 255.255.255.0. Connect the receiver box to your computer with a crossover ethernet cable or connect with regular ethernet cables through a hub. When you first install the M3 tell it you are connecting via ethernet. When you start the M3, right click on the DTN feed line and make sure the M3 shows your ethernet card as the PC connection. You also have to set the DTN receiver box to transmit via ethernet port by using the F1 and F2 buttons on the front of the box (contact DTN for these instructions if necessary), its fairly intuitive. I have found a problem running the new version of M3 with NSDT, so I am still using the older version of M3 (Oct of 2001 version). Hope this helps.

On 7/19/2002 10:49:38 AM Rolf wrote:
I got a free subsciption from M3(mrkstream) and a test-subscription on DTN.

How do I configure my NSDT Pro to connect?

Regards

Rolf

Re: How feed NSDT Pro from M3 from DTN?

Date :7/20/2002 3:45:11 PM Poster : Webmaster@ward.net

Look at release news on this site for info on telling NeuroShell about M3. However, fhealy is correct - our standard release 3.5 does not talk to the latest M3. Once you get M3 running by itself with DTN, contact tech support and ask for a fix that will let you use the latest M3.

On 7/19/2002 10:49:38 AM Rolf wrote:
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How do I configure my NSDT Pro to connect?

Regards

Rolf

Re: How feed NSDT Pro from M3 from DTN?

Date :7/22/2002 9:31:44 AM Poster : Steve Kratochvil

If you need the install for the October release, just say so, I have a copy.

Steve

On 7/20/2002 3:45:11 PM Webmaster@ward.net wrote:
Look at release news on this site for info on telling NeuroShell about M3. However, fhealy is correct - our standard release 3.5 does not talk to the latest M3. Once you get M3 running by itself with DTN, contact tech support and ask for a fix that will let you use the latest M3.

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Rolf

Tradestation

Date :7/19/2002 12:02:42 PM Poster : Eric L. Hoyle, CFA

I'm curious about how people feel about the new TradeStation brokerage/charting package. I notice that links between Neuroshell Trader and TradeStation, did not show up in the enhancements wish list. I know the current program is a step down from their 2000i product, but I was wondering more generally if people have abandoned them since changed focus.

I have an account with them, and will admit that they are not yet a full fledge institutional level tool, but I don't know how they compare with other online brokerage firms. However, the idea of a Trader link, and possible automatic execution is a little interesting...

Just curious what other people thought.

Re: Tradestation

Date :8/1/2002 2:09:34 PM Poster : Joe Decaro

Eric: I agree a link is needed to NST. I have both TS systems and I'm waiting the next release (7.0) with options. They are going to improve the execution system from what I have been told. I trade realtick and that is my std to reference. I'm moving to models on the e-mini and would really like to integrate TS->NST. Their are so many resources for TS it is really hard to ignore. An alternative is for Ward to link to metastock which has the same sort of features as TS but they say they are staying in the software biz. (this would make them a good candidate for reciprical arrangements) Their are somewhere converters from easylang to meta lang
Regards;
Joe

On 7/19/2002 12:02:42 PM Eric L. Hoyle, CFA wrote:
I'm curious about how people feel about the new TradeStation brokerage/charting package. I notice that links between Neuroshell Trader and TradeStation, did not show up in the enhancements wish list. I know the current program is a step down from their 2000i product, but I was wondering more generally if people have abandoned them since changed focus.

I have an account with them, and will admit that they are not yet a full fledge institutional level tool, but I don't know how they compare with other online brokerage firms. However, the idea of a Trader link, and possible automatic execution is a little interesting...

Just curious what other people thought.

Wish list: Nested Nets

Date :7/21/2002 2:23:59 PM Poster : Mark Skiba

To approximate many trade strategies, cascading networks are required. For example, since major market moves have a large influence on individual stocks, using the output of a market index as an input for an individual stock predictor would be very useful. Also, many successful traders look at a stock from multiple time windows (intraday, daily, weekly) and it would be useful to take these multiple predictors into a final predictor net.

Ideally, you would be able to select a predictor signal of another chart as an indicator. Can this be done now with the DataX component using the PutData signal of one chart as the GetData for another chart?

Re: Wish list: Nested Nets

Date :7/22/2002 9:25:56 AM Poster : Steve Kratochvil

The cascading networks you are describing can already be achieved. The multiple time frames are already on the list (Item 21). Yes, you can use the DataX to do what you are asking. I am hopeful that the new release will give us some enhanced ability in this area. We will see what Ward Systems has in store for us.

Thanks,

Steve

On 7/21/2002 2:23:59 PM Mark Skiba wrote:
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Re: Wish list: Nested Nets

Date :7/25/2002 2:40:52 AM Poster : Mark Skiba

Are there easier ways to achieve cascading networks in the current version than using the DataX interface? Is there a special external .CHT file Indicator I'm missing?

Thanks,
Steve

On 7/22/2002 9:25:56 AM Steve Kratochvil wrote:
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Re: Wish list: Nested Nets

Date :7/25/2002 8:18:38 AM Poster : Steve Ward

You don't even need the DataX to achieve cascading nets. Let's suppose you believe that predictions of index1 and index2 would be useful to predict DELL. Load a DELL chart as usual. Then insert "Other instrument data" to get index1 and index2 into the chart. Now insert trading strategies for index1 and index2. The key is that the output, the thing you are predicting, has to be chosen from the bottom of the dropdown list where it says "Other data/indicators". There you can choose index1 or 2 close, or percent change in index1 or 2, or really anything else related to index1 and 2. Don't select trading positions, and use an objective function that minimizes error. Train your nets. Now insert a third prediction for DELL, and use the out of sample nets for index1 and 2 as inputs. Simple.

If you further believe that index1 and 2 are useful for Apple, HP, IBM, and Gateway, just add those stocks to the chart. The nets will be automatically trained for the new stocks as well.

Those of you in my AI College class can refer to lesson 17 "Ensemble nets" for more on this and other types of ensemble nets.

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Re: Wish list: Nested Nets

Date :7/25/2002 10:57:54 AM Poster : Steve Kratochvil

Please explain your cascading network idea or what you mean by cascading network. The only reason I ask is because DataX does nothing for you on this subject and a ".CHT" is the working file extension for your charts, not indicators.

Thanks,

Steve

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Wish List

Date :7/23/2002 9:57:43 AM Poster : Dave Hubbard@Midwest

I have 4 picks for the wishlist. 1,3,21,and 35.

I have possible thing to add to the wishlist. Allow the Trading Strategy Wizard to access all of the same optimization options that the Prediction Wizard has. I would especially like to see the Trading Strategy Wizard allow for one, two, or three optimal walk forwards as opposed to just optimizing on a training set.

Dave

Re: Wish List

Date :7/23/2002 1:39:18 PM Poster : Steve Kratochvil

Your request is Item 13. I will included your comment detail.

Thanks,

Steve

On 7/23/2002 9:57:43 AM Dave Hubbard@Midwest wrote:
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Dave

Wish List July 15 2002 Ranking Report

Date :7/23/2002 1:34:19 PM Poster : Steve Kratochvil

I have sent up a very simple Ranking Report for your current opinions. It is a RankingReport.pdf file with the current totals and selections. I will post a new one with every new List. If I have missed you or incorrectly stated your selections please let me know. If you posted selections today then I will get them in when they post. Just a note: Item 44 has been dropped and added into item 13.

Thanks,

Steve

The file mentioned above can be downloaded using the following link:

RankingReport.pdf

Indicator Study: Adaptive Net Indicators - Predict

Date :7/24/2002 11:39:40 PM Poster : Steve Kratochvil

This is the next indictor that I am going to try and expound upon. If you have any request for things you would like explored or approaches that you would like tried or time frames used in my examples. You had better get in your two cents now.

Thanks,

Steve

Re: Indicator Study: Adaptive Net Indicators - Predict

Date :7/26/2002 8:00:03 PM Poster : Jacobs

I wish I had more to request than just,
please also use EOD data and not only intraday.

/Jacobs

On 7/24/2002 11:39:40 PM Steve Kratochvil wrote:
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Re: Indicator Study: Adaptive Net Indicators - Predict

Date :7/27/2002 11:06:47 PM Poster : Steve Cantley

Timeframe: daily bars

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Thanks,

Steve

Re: Indicator Study: Adaptive Net Indicators - Predict

Date :7/29/2002 3:06:07 AM Poster : Maciej

Can trailing/profit target stops etc be optimised dynamically with ANI. I've had some success with signals primararily with entry ones but I cannot get much sucess if I insert my stops and / or profittargets into ANI. Is it realistic to expect the neural engine to optimise these sort of things? Ideally I'd use in a trading strategy only the ANI signals for entry and exit and not bother with any stops as they would be in the ANI.

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Re: Indicator Study: Adaptive Net Indicators - Predict

Date :8/3/2002 12:09:55 PM Poster : Steve Kratochvil

Which one are you using? Classify, Predict or the Lags of these? Are you trying to build a Stop and Reverse or are you going to have exits? The reason I ask is this. If your doing Stop and Reverse with either type of net then exits are built in otherwise if you are trying to introduce a type of exit that you wish the nets to determine then build a second net that does that job. Nets need to be designed for a purpose. Then indicators may reference them or use their information for things like exits if the net's job is not to signal exits.

Thanks,

Steve

On 7/29/2002 3:06:07 AM Maciej wrote:
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Re: Indicator Study: Adaptive Net Indicators - Predict

Date :8/5/2002 1:53:24 PM Poster : Maciej

I've had better results with Lag Classify ones. I understand that the exits ie <0 as opposed to >0 entries can be used as exits as well as entries. I'll take up your suggestion that I use separate nets for exits. The kind of question that I'm trying to answer is of the type "is it better to exit a futures contract at end of day or should one hold the trade open through to the next session". I've been caught a number of times by overnight news that's decimnated a small profit into a loss.

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Thanks,

Steve

Re: Indicator Study: Adaptive Net Indicators - Predict

Date :8/5/2002 2:59:21 PM Poster : Steve Kratochvil

You can only answer that question. Here is how I see it. If you system is built to trade overnight then fix it. If your system is built to Day Trade then close all of you positions by EOD. Then in the light of the fact that you are getting killed on the over nights. Stop getting killed. You have the answer to your own questions.

I hope that helps,

Steve

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Re: Indicator Study: Adaptive Net Indicators - Predict

Date :8/6/2002 11:09:20 AM Poster : Maciej

I only wish it were that straightforward. The issue is that sometimes its better to be in a trade overnight at other times its suicidical. To give you a recent example, my DJ system (Sep Futures) was short for most of yesterday (08/05/2002), great it made money - my problem yesterday was at EOD would it go down early today?, Being a coward I got out, it so happens that was a correct decision if you look at the todays's open. On other occasions it has been the wrong thing to do. So in an ideal world I'd like to have some sort of objective decision to be given on whether to stay in or get out. At its simplest - if more 50% overnight continuations were profitable historically I'd stay in if not then thge decision would be to get out. That's kind too simple - I'd like to predict a little better.

On 8/5/2002 2:59:21 PM Steve Kratochvil wrote:
You can only answer that question. Here is how I see it. If you system is built to trade overnight then fix it. If your system is built to Day Trade then close all of you positions by EOD. Then in the light of the fact that you are getting killed on the over nights. Stop getting killed. You have the answer to your own questions.

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Steve

defining stop losses

Date :7/25/2002 11:06:54 AM Poster : David Onions

Hi, As a newcomer I would be grateful for some guidance. I have a net that is producing reasonable (67% successful) trades on walk forward tests using a few inputs and full optimisation (max winners versus losers) on the NT professional.

As to be expected some successful trades have an adverse period when there is a theoretical loss before closing in profit. I understand that the entry and exit signals have been optimised but can one refine the trading strategy by closing trades when the adverse position is greater than that seen with all (or a statistically defined majority) of successful trades. If so is there a way of gleaning this information from the walk forward tests?
Best wishes
David

Re: defining stop losses

Date :7/25/2002 3:55:38 PM Poster : Maxwell Craven

You might try one of the other optimization functions that minimize drawdown. Also maybe you can think of some indicator that you can use for a price level in the trailing stops. There are some indicators in the section of indicators called trading strategy system information that will no doubt be helpful (but Ward Systems has said they are much slower to opimize).

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Best wishes
David

Re: defining stop losses

Date :7/26/2002 5:04:10 PM Poster : Steve in California

Getting some form of Wish List Item #13 (the old #44) in NST would help with what you're looking for.

IMO, there is no objective function that currently exists to assist with this issue of "Open Drawdown". For an objective function to be helpful, it would need to manipulate several different kinds of information (including OPEN drawdown). The current objective functions that manipulate OPEN (not CLOSED) drawdown don't manipulate other important trading strategy statistics (like Winners-Losers, etc.). In the last several days, I posted a small excel spreadsheet that showed my understanding of what information is being manipulated by current NST objective functions.

IMO, getting something about #13 would be great because it would allow you to develop your own objective functions in some way. On the other hand, IMO, it would be great too if all we got in the short term was a new objective function that combined several key trading strategy information elements. How about something like:

Maximize ((Winners - Losers) * Average ((Net Profit per trade / # of Bars per Trade) / Open Drawdown per Trade))

See the spreadsheet I posted in the last several days to understand how this is different than objective functions that currently exist.

On 7/25/2002 3:55:38 PM Maxwell Craven wrote:
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Best wishes
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Re: defining stop losses

Date :8/5/2002 9:18:37 AM Poster : Maxwell Craven

Further to my last post, the indicators I was thinking of are called "Position Drawdown" and "System Drawdown" and they are in the Trading Strategy System category.

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Wish List July 31 2002

Date :7/31/2002 9:37:41 PM Poster : Steve Kratochvil

NeuroShell Day Trader improvements.

Total Added: 52
Total Dropped: 6

Features:

1. Settings link feature that allows the parameters of different indicators to link to a single parameter entry and mirror the value. This needs to be supported in the optimizer as well. This might also be an extension of variable use and ability from a language.
Added – June 22, 2002

3. Allow the Trading strategy to optimized the synchronized logical common sense pattern of Long and Short trades for all trading styles. Option to force trading style rules to be used during optimization. Example: Close all trades at the end of the day.
Added – June 22, 2002
Changed – July 1, 2002

4. Allow the option for priority of trade to be set entry, exit or stops.
Added – June 22, 2002

5. Developing a BASIC / Trade Expression Language for NeuroShell.
Added – June 22, 2002

13. Programmable Optimization objectives. Ability to program the optimization objective with improved and expanded settings and/or out side indicators. This would provide for "Guided Optimization" by marking all the desired trade locations either manually, programmatically, or with an indicator, which the optimizer should try to achieve using the inputs. This ability to program the optimization objective also includes standardizing the optimization process features between the Trading Strategy Wizard and the Prediction Wizard. This is to mean that the any current additional features in either wizard that are found missing from the other wizard should be incorporated into the other. Example: Multiple walk forward tests for the Trading Strategy, sharing all optimization objectives between the two, Optional Long and Short side inputs for the Prediction Wizard.
Added – June 22, 2002
Changed – July 22, 2002
Changed – July 23, 2002

15. Allow cut and paste of indicator formula. This should include the results of an optimized indicator. Or allow it to be created as a new indicator.
Added – June 22, 2002

18. Allow stocks to overlay inside a chart and allow linking of charts
Added – June 22, 2002

21. Different Time frequency/compressions on one chart. Ability to select any time frequency/compression size desired within the time increment chosen. Example: Seconds, Minutes, Hours, Days, Weeks, Months.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 8, 2002

25. Share size rounding for block trading (10,100, 1000) in the prediction and trading strategy wizards.
Added – June 22, 2002

26. Save predictions/strategies for use in other charts.
Added – June 22, 2002

27. Open Interest values when using quote.com
Added – June 22, 2002

28. The ability to get overnight sessions from quote.com
Added – June 22, 2002

29. Give Alerts ability to be saved
Added – June 22, 2002

32. Special handling of futures contracts for month-to-month roll-on effect.
Added – June 24, 2002

37. Allow the Tick Data of the current bar to be used in a chart rather than only viewing it.
Added – July 6, 2002

38. Allow the option to select indicators or stocks in the chart to be excluded from any optimizations.
Added – July 6, 2002

39. Ability to create a chart with an indicator as the primary data series, replacing any symbol data series of a stock. The optimizations and trading strategies will be based on the indicator and results determined on the indicator, not the stock the indicator is based on.
Added – July 6, 2002

43. Optimization scheduler that allows optimizations to be scheduled to start (5:00pm or Now!) and limited by a time out setting that allows a maximum amount of time (5 mins) or a time dead line (11:56 pm) to stop the optimization process and return current results.
Added – July 11, 2002

46. Ability to load and unload data files, templates or DLL's without dropping and restarting NeuroShell.
Added – July 15, 2002

48. Trading Calendar indicator to indicate short holiday schedules, season schedules, and any other schedule desired.
Added – July 22, 2002

User Interface:

2. Produce the exact optimized parameter settings for a Re-named input in the final report. List/export a number of top genetic solutions. This would give a tree view print out of the formulas used and indicator combinations chosen.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 11, 2002

6. Graphing of the grid of prices and/or time across the chart in lite gray color.
Added – June 22, 2002

7. Arrange the Insert Existing Data/Calculations window popup in alphabetical order. Make this into a menu picker on the right as part of the Snapshot View that will allow you to just pick current indicators and drag them to the chart rather than Hide/Unhide Data… or allow you to drag indicators off the chart.
Added – June 22, 2002

8. Place the name of each indicator in the chart window associated with it and expand the top portion for more chart area.
Added – June 22, 2002

9. Allow the size of each chart area to be adjusted by dragging up or down.
Added – June 22, 2002

10. Allow more than 6 charts.
Added – June 22, 2002

12. Allow for more colors in the color bar.
Added – June 22, 2002

16. Improved graphics for the overlay of one indicator on top of another that would keep all indicator signals present and visible as the scale of the chart zoomed out to larger time frames in the window.
Added – June 22, 2002

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Date :8/15/2002 10:57:53 AM Poster : Maciej

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Added – June 22, 2002

5. Developing a BASIC / Trade Expression Language for NeuroShell.
Added – June 22, 2002

13. Programmable Optimization objectives. Ability to program the optimization objective with improved and expanded settings and/or out side indicators. This would provide for "Guided Optimization" by marking all the desired trade locations either manually, programmatically, or with an indicator, which the optimizer should try to achieve using the inputs. This ability to program the optimization objective also includes standardizing the optimization process features between the Trading Strategy Wizard and the Prediction Wizard. This is to mean that the any current additional features in either wizard that are found missing from the other wizard should be incorporated into the other. Example: Multiple walk forward tests for the Trading Strategy, sharing all optimization objectives between the two, Optional Long and Short side inputs for the Prediction Wizard.
Added – June 22, 2002
Changed – July 22, 2002
Changed – July 23, 2002

15. Allow cut and paste of indicator formula. This should include the results of an optimized indicator. Or allow it to be created as a new indicator.
Added – June 22, 2002

18. Allow stocks to overlay inside a chart and allow linking of charts
Added – June 22, 2002

21. Different Time frequency/compressions on one chart. Ability to select any time frequency/compression size desired within the time increment chosen. Example: Seconds, Minutes, Hours, Days, Weeks, Months.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 8, 2002

25. Share size rounding for block trading (10,100, 1000) in the prediction and trading strategy wizards.
Added – June 22, 2002

26. Save predictions/strategies for use in other charts.
Added – June 22, 2002

27. Open Interest values when using quote.com
Added – June 22, 2002

28. The ability to get overnight sessions from quote.com
Added – June 22, 2002

29. Give Alerts ability to be saved
Added – June 22, 2002

32. Special handling of futures contracts for month-to-month roll-on effect.
Added – June 24, 2002

37. Allow the Tick Data of the current bar to be used in a chart rather than only viewing it.
Added – July 6, 2002

38. Allow the option to select indicators or stocks in the chart to be excluded from any optimizations.
Added – July 6, 2002

39. Ability to create a chart with an indicator as the primary data series, replacing any symbol data series of a stock. The optimizations and trading strategies will be based on the indicator and results determined on the indicator, not the stock the indicator is based on.
Added – July 6, 2002

43. Optimization scheduler that allows optimizations to be scheduled to start (5:00pm or Now!) and limited by a time out setting that allows a maximum amount of time (5 mins) or a time dead line (11:56 pm) to stop the optimization process and return current results.
Added – July 11, 2002

46. Ability to load and unload data files, templates or DLL's without dropping and restarting NeuroShell.
Added – July 15, 2002

48. Trading Calendar indicator to indicate short holiday schedules, season schedules, and any other schedule desired.
Added – July 22, 2002

User Interface:

2. Produce the exact optimized parameter settings for a Re-named input in the final report. List/export a number of top genetic solutions. This would give a tree view print out of the formulas used and indicator combinations chosen.
Added – June 22, 2002
Changed – July 1, 2002
Changed – July 11, 2002

6. Graphing of the grid of prices and/or time across the chart in lite gray color.
Added – June 22, 2002

7. Arrange the Insert Existing Data/Calculations window popup in alphabetical order. Make this into a menu picker on the right as part of the Snapshot View that will allow you to just pick current indicators and drag them to the chart rather than Hide/Unhide Data… or allow you to drag indicators off the chart.
Added – June 22, 2002

8. Place the name of each indicator in the chart window associated with it and expand the top portion for more chart area.
Added – June 22, 2002

9. Allow the size of each chart area to be adjusted by dragging up or down.
Added – June 22, 2002

10. Allow more than 6 charts.
Added – June 22, 2002

12. Allow for more colors in the color bar.
Added – June 22, 2002

16. Improved graphics for the overlay of one indicator on top of another that would keep all indicator signals present and visible as the scale of the chart zoomed out to larger time frames in the window.
Added – June 22, 2002

20. Trend lines. The ability to draw straight trend lines on the screen with an indicator
Added – June 22, 2002

23. Ability to drag indicators between charts.
Added – June 22, 2002

24. A "Hide All" feature in the advanced area to allow fast hiding of indicator inputs when building a tpl.
Added – June 22, 2002

33. Trailing Stop performance information in the Detailed Analysis report.
Added – June 24, 2002

35. Formula based money management – allow definition of risk per position and in a portfolio and allow positions with variable shares/contracts to be opened. Allow positions to be added to or subtracted from algorithmically. Ability to bypass a trade if the risk parameters were unacceptable.
Added – July 1, 2002

36. Auto scaling of indicators to the display windows allowing indicators of different numerical size to be proportioned to each other on different ranges. This would display two or more numeric scales on the right side according to the color if the indicator.
Added – July 2, 2002

40. Cumulative (ALL INSTREMENTS) performance results of all issues being used, given in the Trading Strategy Results Summary along with the average which we already have.
Added – July 6, 2002

41. Ability to display and use different Trading Strategy parameter values for multiple stocks and/or futures in the same chart.
Added – July 8, 2002

42. Printouts should include the Date Time Stamp and File Name at printing.
Added – July 11, 2002

45. Graphical reports of the equity, Drawdown and other statistical progressions in the Trading Strategy detailed summary and analysis.
Added – July 15, 2002

47. Option to set total number of most recent files in File menu.
Added – July 15, 2002

49. Additional viewing selector. This would be a drop down next to the Frequency drop down selector. It would scale to the frequency and give you predefined zoom levels: Example 10 min, 20 min, 30 min, 1 hour, 2 hours, 3 hours, etc… 1 Day, 2 Days, 3 Days etc… rather than zoom.
Added – July 23, 2002

50. Additional option in the options screen to set the default, "Don't update chart while updating/backtesting" so that it is always checked.
Added – July 24, 2002

51. Replace Settings button. I need a button that will take the optimal settings and write them back into the parameter fields in all the indicators that were optimized so that I can turn off optimization and back test the optimized settings.
Added – July 24, 2002

Performance:

30. Set increment size for the value range being checked in the optimizer.
Added – June 22, 2002
Drop is pending further investigation – July 15, 2002

31. Multiple processor ability for improved speed and performance.
Added – June 22, 2002

Bugs:

11. Clean up the set focus event on the top tool bar so that clicking twice is not required.
Added – June 22, 2002

52. Incorrect currency formatting of Profit value in the data grid of the Trading Summary window. It is missing the comma.
Added – July 26, 2002

14. Dropped – July 1, 2002. Vague. It was one of mine.
17. Dropped – July 1, 2002. Vague. It was one of mine.
19. Dropped – June 22, 2002. Already in the trader. Look very closely.
22. Dropped – July 1, 2002. Actually part of another feature.
34. Dropped – July 1, 2002. Actually part of another feature.
44 Dropped – July 22, 2002. Actually part of 13.

Re: Wish List July 31 2002
Date :8/27/2002 7:59:15 AM Poster : Steve Kratochvil

I believe that is already on the list as item 3. I will include your comment for additional explanation.

Thanks,

Steve

On 8/26/2002 4:08:24 PM Maciej wrote:
Steve,

The following suggestion for consideration in the Features category:

What I want to do is to be able to control the frequency of resting that exists in Neuroshell (or in AT2/ANI) by say "if 2 consecutive losing trades then back test". Make the retesting frequency event driven rather than driven manually or in the case the add-ons the number of bars.

Regards,

Wish List July 31 2002 Ranking Report
Date :7/31/2002 9:42:08 PM Poster : Steve Kratochvil

This file has been submitted as RankingReport7-31.zip. Please review your selections.

Thanks,

Steve

The file referenced in this post can be downloaded using the following link:

RankingReport7-31.zip
.

Where can I find Fundamental Data?
Date :8/1/2002 8:09:36 AM Poster : Dave Hubbard@Midwest

Does anyone know of an end of day data vendor that supplies fundamental stats such as short interest ratio,PE Ratios, or put to call ratios? Any feedback would be greatly appreciated!

Dave Hubbard

Accurate London Stock Exchange End of Day Data

Date :8/4/2002 5:03:23 PM Poster : Rob Lenzie

I'm a new Neuroshell Trader user.

Are there any Neuroshell Trader users out there doing end of day trading on the London Stock Exchange ?

If so where do you get your data from ? I'm having serious problems finding accurate data.

I've tried MicroCorp - lots of data errors, ShareScope - only 2 years of History and CSI's Unfair Advantage - their volume data comes from another planet.

Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :8/5/2002 12:30:38 PM Poster : Ergo Mann

Rob,

www.investorease.com are a very good source for a reasonable £9.50+vat per month.
The FoxPro database allows LSE (and US) eod of data to be extracted in numerous formats including CSV which is a very good target as NST reads CSV files efficiently.

Hopefully you are proficient at using Excel (VBA) as a bit if coding can automate the process wholly, allowing you to extract an entire file of UK listed end of day stocks and indices for a particular date and then ask Excel to append the contents to NST CSV files.

Following that logic, you can obtain, end of day CSV files from yahoo at "http://chart.yahoo.com/d" for US stocks and most foreign indices free of charge, including the FTSE within reason (the Open is usually the previous days close). Although once again a bit of file manipulation is necessary, a VB solution could see you automatically download the CSV data and append your NST files at the press of a button.

Ergo.

On 8/4/2002 5:03:23 PM Rob Lenzie wrote:
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Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :8/5/2002 2:48:09 PM Poster : Ergo Mann

I thought I would just add that Yahoo has started to provide the same data service for UK stocks as exists for US ones.

This means that you can down load for free most UK company data and load it into NST by means of a CSV file.

Ergo.

On 8/5/2002 12:30:38 PM Ergo Mann wrote:
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Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :8/7/2002 8:14:19 AM Poster : Riccardo Ronco - FBR Intl. London

There is a huge hole in yahoo data from Sept 10 up to Sept 17

these data, alas, are not reliable.
Italian stock prices were not converted in euros hence before 1/1/1999 you get data in italian liras.... cheap option but data are not reliable.

On 8/5/2002 12:30:38 PM Ergo Mann wrote:
Rob,

www.investorease.com are a very good source for a reasonable £9.50+vat per month.
The FoxPro database allows LSE (and US) eod of data to be extracted in numerous formats including CSV which is a very good target as NST reads CSV files efficiently.

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Ergo.

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I've tried MicroCorp - lots of data errors, ShareScope - only 2 years of History and CSI's Unfair Advantage - their volume data comes from another planet.

Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :8/5/2002 1:42:41 PM Poster : Maciej

Rob,

For UK and Paris Stock Exchanges I use AIQ data for EOD. It also has the possibility of continous contracts in futures. I cannot vouch for the accuracy of the volume figures but its clear that the longer you wait before downloading the better the results. AIQ is read directly by NSDT. The data is generally of inferior quality to that of Quote.com (no UK data) so you have to repair the occasional wobbler. ESignal apparently has European data but I don't think it will be read by NSDT directly (you need to check with Ward). I've heard good things about Esignal but I'll only look at feeds that can be worked directly into my systems.
Hope that helps.

If you find anything better

On 8/4/2002 5:03:23 PM Rob Lenzie wrote:
I'm a new Neuroshell Trader user.

Are there any Neuroshell Trader users out there doing end of day trading on the London Stock Exchange ?

If so where do you get your data from ? I'm having serious problems finding accurate data.

I've tried MicroCorp - lots of data errors, ShareScope - only 2 years of History and CSI's Unfair Advantage - their volume data comes from another planet.

Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :3/20/2003 4:12:01 PM Poster : Andy

I've tried MicroCorp - lots of data errors, ShareScope - only 2 years of History and CSI's Unfair Advantage - their volume data comes from another planet.

On 8/4/2002 5:03:23 PM Rob Lenzie wrote:
I'm a new Neuroshell Trader user.

Are there any Neuroshell Trader users out there doing end of day trading on the London Stock Exchange ?

If so where do you get your data from ? I'm having serious problems finding accurate data.

Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :3/21/2003 2:52:49 AM Poster : Ergo Mann

End of day data can be sourced from several areas,

InvestorEase (iease.com) provide a FoxPro database and caters for splits etc., at a cost of £12 per month. It also has US stocks.

Whilst Yahoo.com has free data at (http://uk.table.finance.yahoo.com/d). US EOD can be sourced at http://chart.yahoo.com/d.

A word on reliability. Both tend to use last night's close as today's open for the FT-SE. This is incorrect, but this type of assumption reigns supreme. The importance of this is how NST uses the next period open as the buy/sell price.

Both give volume information, however, FT-SE 100 volume is a notorious black spot.

The Financial Times was the best source of volume information until about a year ago when it stopped publishing Friday figures in the Weekend edition.
Volume like the open tends to be a bit confused. The FT publish (Mon to Thur) the volume figure with and without the intra market activity.

InvestorEase is a good tools, it is updated during the evening post the close and is very cheap and reliable.

Ergo.

On 3/20/2003 4:12:01 PM Andy wrote:
I've tried MicroCorp - lots of data errors, ShareScope - only 2 years of History and CSI's Unfair Advantage - their volume data comes from another planet.

On 8/4/2002 5:03:23 PM Rob Lenzie wrote:
I'm a new Neuroshell Trader user.

Are there any Neuroshell Trader users out there doing end of day trading on the London Stock Exchange ?

If so where do you get your data from ? I'm having serious problems finding accurate data.

Thanks

Rob lenzie

Re: Accurate London Stock Exchange End of Day Data

Date :3/21/2003 7:16:17 AM Poster : Maciej

I've used AIQ for EOD of LSE and Paris Stocks but have found it tricky to use easily so much so that I dropped it. Among other things it has issues handling European holidays as well errors in the data.
I'm waiting for rel 4 of NSDT as that should have an ESignal feed. Hopefully that will have the facility for EOD as well as real time. Everybody tells me that ESignal is great and there is a EOD yearly subscription possible for circa $300.

On 3/20/2003 4:12:01 PM Andy wrote:
I've tried MicroCorp - lots of data errors, ShareScope - only 2 years of History and CSI's Unfair Advantage - their volume data comes from another planet.

On 8/4/2002 5:03:23 PM Rob Lenzie wrote:
I'm a new Neuroshell Trader user.

Are there any Neuroshell Trader users out there doing end of day trading on the London Stock Exchange ?

If so where do you get your data from ? I'm having serious problems finding accurate data.

Thanks

Rob lenzie

Rules

Date :8/5/2002 9:48:34 PM Poster : Bill Carlson

Reviewing the rules that determine the strategy of different stocks, the strategy may indicate that only one rule determines the path to trade, buy or sell.

The stocks that indicate one rule on which a decision is made provides very meager returns and sometime a loss when commissions are considered. Whereas the stocks that require three or four rules prove to be more rewarding.

Is there some way to force a requirement of more than one rule in order for it to be considered as a trade.in trading strategy.

Re: Rules

Date :8/6/2002 11:20:22 AM Poster : Maciej

I use two ways of forcing the number of rules, one and probably the simplest one is on the trading strategy entry, the value by default is "all" and you can vary it from one to all. The other way which I use whenever I wish to have a finer control is simply to use the boolean such as and2 indicators to combine my rules.
Further to avoid suprises in real trading I use the features available in the trading strategy wizard (its also in the predict wizard) to set up costs / slippage etc. I tend to exaggerate the slippage as that helps give me more robust strategies. If a set of rules doesn't give a reasonable result using defaults I'd be very weary of trying to optimise it, in my view its a bit like multiplying a zero by any number.

On 8/5/2002 9:48:34 PM Bill Carlson wrote:
Reviewing the rules that determine the strategy of different stocks, the strategy may indicate that only one rule determines the path to trade, buy or sell.

The stocks that indicate one rule on which a decision is made provides very meager returns and sometime a loss when commissions are considered. Whereas the stocks that require three or four rules prove to be more rewarding.

Is there some way to force a requirement of more than one rule in order for it to be considered as a trade.in trading strategy.

Re: Rules

Date :8/6/2002 3:51:56 PM Poster : Bill Carlson

The Trading Strategy "ALL" is designated . Even so, the system chooses the rules that determine the direstion of trade. Sometimes one rule, other instances four rules are applied.
I do use "AND" in tying a Lag Close under Lag BB Low to Close Over BB Low. But using a Stochastic under and over a "20" or "80" to the above example seems to be cumberson and long, But perhaps is the only way to go.

Is an "IF THEN ELSE" statement different than an "AND" statement in the final result..

Thanks

Re: Rules

Date :8/7/2002 9:51:29 AM Poster : Maciej

There are a couple of "IfThen" indicators that you could use. Personally I prefer the abstraction of the "boolean" indicators of which there are more.
For the "ALL" substitute a number which corresponds to the minimum number of rules that you want to trigger a signal, ie 3 will require 3 rules, and also watch the optimization if you have selected "full" or "rule" optimisation then that seems to override your "ALL" you'll need no optimation or simply "parameters" .
You may find it easier to combine your several rules into one indicator then simply use the one indicator in your strategy.

On 8/6/2002 3:51:56 PM Bill Carlson wrote:
The Trading Strategy "ALL" is designated . Even so, the system chooses the rules that determine the direstion of trade. Sometimes one rule, other instances four rules are applied.
I do use "AND" in tying a Lag Close under Lag BB Low to Close Over BB Low. But using a Stochastic under and over a "20" or "80" to the above example seems to be cumberson and long, But perhaps is the only way to go.

Is an "IF THEN ELSE" statement different than an "AND" statement in the final result..

Thanks

equity curve

Date :8/7/2002 11:14:13 PM Poster : jeff

Does anyone out there have an indicator that plots equity (cumulative) of a trading system ? I thought I may have seen it on plots sent up previously. I have been exporting to excel and doing gyrations.....cumbersome :-(

Much thanks-
jk

Re: equity curve

Date :8/8/2002 9:05:39 AM Poster : Eric L. Hoyle, CFA

What about using the "System Equity" indicator listed under the "Trading Strategy: System Information" category. Is that not what you're looking for, or did I miss understand your question?

On 8/7/2002 11:14:13 PM jeff wrote:
Does anyone out there have an indicator that plots equity (cumulative) of a trading system ? I thought I may have seen it on plots sent up previously. I have been exporting to excel and doing gyrations.....cumbersome :-(

Much thanks-
jk

Re: equity curve

Date :8/8/2002 7:59:08 PM Poster : jk

That is it !! I do not know how I missed it.
Thanks-
jk

On 8/8/2002 9:05:39 AM Eric L. Hoyle, CFA wrote:
What about using the "System Equity" indicator listed under the "Trading Strategy: System Information" category. Is that not what you're looking for, or did I miss understand your question?

On 8/7/2002 11:14:13 PM jeff wrote:
Does anyone out there have an indicator that plots equity (cumulative) of a trading system ? I thought I may have seen it on plots sent up previously. I have been exporting to excel and doing gyrations.....cumbersome :-(

Much thanks-
jk

Wish List: Sign Function

Date :8/10/2002 4:33:34 PM Poster : Greg Kramer

Please add the following function to the arithmetic indicators:

sign(x) :
if (x) >= 0 then
sign(x) = 1
else
sign(x) = -1;

Re: Wish List: Sign Function

Date :8/11/2002 4:50:52 PM Poster : Steve Kratochvil

Greg, It is already in the trader.

Click Insert
Click New indicator
Double Click Rules
Double Click If CONDITION then =X else =Y
Double Click CONDITION =
Click Indicator
Double Click Relational
Double Click A >= B
Double Click A =
Double Click your indicator
Double Click B =
Type in 0 and Click OK
Double Click X =
Type in 1 and Click OK
Double Click X =
Type in -1 and Click OK
Click Finished

Enjoy,

Steve

On 8/10/2002 4:33:34 PM Greg Kramer wrote:
Please add the following function to the arithmetic indicators:

sign(x) :
if (x) >= 0 then
sign(x) = 1
else
sign(x) = -1;

Re: Wish List: Sign Function

Date :8/12/2002 2:20:31 PM Poster : Steve Kratochvil

I typed X instead of Y. See the correction below:

Sorry,

Steve

On 8/11/2002 4:50:52 PM Steve Kratochvil wrote:
Greg, It is already in the trader.

Click Insert
Click New indicator
Double Click Rules
Double Click If CONDITION then =X else =Y
Double Click CONDITION =
Click Indicator
Double Click Relational
Double Click A >= B
Double Click A =
Double Click your indicator
Double Click B =
Type in 0 and Click OK
Double Click X =
Type in 1 and Click OK
Double Click Y =
Type in -1 and Click OK

Click Finished

Enjoy,

Steve

On 8/10/2002 4:33:34 PM Greg Kramer wrote:
Please add the following function to the arithmetic indicators:

sign(x) :
if (x) >= 0 then
sign(x) = 1
else
sign(x) = -1;

Re: Wish List: Sign Function
Date :8/20/2002 7:55:30 AM Poster : Greg Kramer

Thanks. That's what I do now.

Formulas such as this have to be intergreted over and over again for each bar as it is evaluated by the GA optimization function. This is a very slow and inefficient process (I would bet that thousands of computer instructions get executed for each bar and GA cycle just to compute the sign function using this method. That's the reason I would like a built-in function (maybe a dozen instructions per bar). Its also hard to read and a pain to re-enter the formula over and over again.

I guess that I will just bite the bullet and write a DLL to do it.

Backtesting Time
Date :8/12/2002 8:59:41 AM Poster : Jimmy Raineri

I am aware of the issue with optimizing a trading strategy that includes indicators that use the trading strategy as input to the rules.

However, I am having what I'd consider a performance issue with simply backtesting (without optimization of any kind) these types of trading strategies.

For example, I have a strategy that uses "bars since filled". I am not trying to optimize this, I just want to backtest using my parameters. Using a minute based chart with only about 2 weeks being backtested takes about 30 minutes on my P4 1.8G machine.

Here is the strategy (in summary):

Long Entry (when 1 rule matches):

Time = XX:XX
Close > (Bars since filled * X)

Short Entry (when all rules match):

Close < (Bars since filled * X)

I don't see any obvious reason why this would take so long to backtest without any optimization. Any suggestions? Thanks!

Re: Backtesting Time
Date :8/12/2002 10:47:37 AM Poster : chris wong

in the for what its worth category, that took less than a second on my 1.8. sure you arent optimizing?

On 8/12/2002 8:59:41 AM Jimmy Raineri wrote:
I am aware of the issue with optimizing a trading strategy that includes indicators that use the trading strategy as input to the rules.

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I don't see any obvious reason why this would take so long to backtest without any optimization. Any suggestions? Thanks!

Re: Backtesting Time
Date :8/12/2002 10:57:18 AM Poster : Jimmy Raineri

How many trades did the backtest produce?

I assume it has something to do with the number of trades produced - my values for "X" cause it to produce about 30+ trades per day on average.

On 8/12/2002 10:47:37 AM chris wong wrote:
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On 8/12/2002 8:59:41 AM Jimmy Raineri wrote:
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I don't see any obvious reason why this would take so long to backtest without any optimization. Any suggestions? Thanks!

Re: Backtesting Time
Date :8/12/2002 2:07:02 PM Poster : chris wong

i got it up to about 15 seconds by changing your multiplier and getting 321 trades. maybe it does get real slow when you are up to 30 trades a day.

On 8/12/2002 10:57:18 AM Jimmy Raineri wrote:
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I don't see any obvious reason why this would take so long to backtest without any optimization. Any suggestions? Thanks!

Re: Backtesting Time
Date :8/13/2002 9:15:27 AM Poster : bruno

IMHO, any TS that uses system information (Bars Since Filled in your example) in its design is recursive, hence slow, even without genetic optimization.

bruno

On 8/12/2002 8:59:41 AM Jimmy Raineri wrote:
I am aware of the issue with optimizing a trading strategy that includes indicators that use the trading strategy as input to the rules.

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Re: Backtesting Time
Date :8/13/2002 11:35:59 AM Poster : Jimmy Raineri

Bruno - I don't understand - if there is nothing to "figure out" (optimize) what could be recursive?

Seems like the backtester would start at point "A", check the conditions, and move on to point "A+1". There is no need to go backwards at all from what I can see.

What am I missing?

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I don't see any obvious reason why this would take so long to backtest without any optimization. Any suggestions? Thanks!

Re: Backtesting Time

Date :8/13/2002 5:21:18 PM Poster : Webmaster@ward.net

Bruno is correct, the indicators are slow anyway - optimization just multiplies that time. If you are using the ones from Trading Strategy: Position Information, then try downloading release 3.7 on this site and using it. We had planned to speed them up in 4.0, but we moved up the timeframe. They aren't greatly faster - just somewhat faster.

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Histrocial Sources of Put/Call ratio, Short Interest, etc

Date :8/14/2002 7:37:54 AM Poster : stephen

Does anyone know of a source were I can obtain other stock information like Put/Call ratio, short interest, etc. that I can download into Neuroshell? Is this included with some of the option price information? Basically, I am looking for other sources of data than just the stock price. - Stephen

Re: Histrocial Sources of Put/Call ratio, Short Interest, etc

Date :8/17/2002 4:36:58 AM Poster : Max Luppis

Stephen,
I am also looking for Put/Call ratio:
I found it in CBOE site but it looks like you can only pick one day at a time, then I found
www.maoxian.com (->memoranda -> historical)
that supplies Put/Call Ratio and Volatility in CSV format (perfect for loading in NST).
Please note that I don't know anything about this site, I found it by accident but I have verified some day with CBOE and they seem OK.
Regards
Max

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Re: Histrocial Sources of Put/Call ratio, Short Interest, etc

Date :8/20/2002 9:21:21 PM Poster : Stephen

Thanks. How you ever find that site?

On 8/17/2002 4:36:58 AM Max Luppis wrote:
Stephen,
I am also looking for Put/Call ratio:
I found it in CBOE site but it looks like you can only pick one day at a time, then I found
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Neuroshell 3.7 much faster optimizations

Date :8/14/2002 1:31:47 PM Poster : Mark Simpson (zawie)

Hi folks,

I'd just like to tell you, INSTALL 3.7! The documentation on it underplays the increase in optimisation speed.

I've just done some tests, with and without unloading dlls. The indicator
I used was "Neural Indicators", the ward2 net.

The optimization without unloading dll's came in at 42% faster than with.

Regards
Mark Simpson (zawie,adec)

API and Realtick

Date :8/17/2002 10:29:20 AM Poster : Nic Davirro

Has anyone used the API with Realtick? I'm not much of a programmer and could use a little help. I know just enough about VB and C++ to get in trouble. If you could help, that would be great. Also, I find data from quote.com to be a little slow. Is there a way to use the API to get realtime data from realtick (TAL).

Thanks,

Nic

Wish List: E-signal data

Date :8/18/2002 12:12:42 PM Poster : Marco Calzolari

I would suggest that the next DayTrader will be able to work also with E-signal. It could allow us European traders -at last!- to daytrade European securities. (The lack of a source including European real time data has refrained me from upgrading to the DayTrader up to now).
I would also be glad to feed the Daytrader with Bloomberg real time data, but may be this source is too expensive for many of us.

Re: Wish List: E-signal data

Date :8/18/2002 12:53:14 PM Poster : Webmaster@ward.net

We are indeed working on Esignal right now. In addition, we have found out that Quote.com is thinking about supporting world exchanges in the future, including forex!

On 8/18/2002 12:12:42 PM Marco Calzolari wrote:
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Re: Wish List: E-signal data

Date :8/19/2002 11:51:15 AM Poster : Eric L. Hoyle, CFA

I would also be interested in seeing an interface to Bloomberg. It's an expensive service, but has almost everything, and if you have it, there's no reason to duplicate data feeds. According to the latest Ward newsletter (which everyone should get) they hope to have a "data pump", or a data feed API. The newsletter states:

"Now back to the power users. Our programmers promise there will be a data feed API so you guys with programming skills can write interfaces to your other favorite data feeds. We call it the Data Pump."

I know Bloomberg has API clinics. When the pump is out, we should talk to a programmer. Feel free to message me.

On 8/18/2002 12:12:42 PM Marco Calzolari wrote:
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I would also be glad to feed the Daytrader with Bloomberg real time data, but may be this source is too expensive for many of us.

NS 3.7 and Quote.com

Date :8/19/2002 10:03:33 AM Poster : Matt R

Since updating NS Trader to 3.7, I have noticed an increasing number of disconnects from Quote.com. I was using version 3.4 of NS previously, I believe. I have not updated/changed anything with my Quote.com verions (ie updating QCharts or Continuum lib/dlls). Has anyone experienced this? Is this a known complication?

Thanks
Matt

Re: NS 3.7 and Quote.com

Date :9/26/2002 4:29:49 AM Poster : Maciej

I'm not sure that the issue is necessarily 3.7 but I get disconnects from time to time even though I'm running real-time. I've tried to get round the problem by running Qcharts on the same machine. The interesting phenomenon is that Qcharts seems not to disconnect whilst NSDT does; almost as if Quote.com has a policy of prioritising its own software at the expense of 3rd party software when the going gets tough in terms of load on quote.com's servers.

It would useful if Ward systems could give its opinion on this type of approach by quote.com and if my experiences are being borne out by other users (maybe its another reason why Ward is developing other feeds: I for one would have switched to ESignal if NSDT worked with it [They've been promoting special offers of users that switch from other feeds + I need the European data]).

On 8/19/2002 10:03:33 AM Matt R wrote:
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Thanks
Matt

Re: NS 3.7 and Quote.com

Date :9/26/2002 10:23:40 AM Poster : Webmaster@ward.net

Our feeling is that disconnects can be the particular server being used or the internet connection between them, and Qcharts could be using a different server at that time. We don't see any advantage in having Qcharts up at the same time; in fact it may be worse as two systems compete for the same resources. We suggest two things: (1) make sure you have auto reconnect turned on in the Trader and (2) use the "pinger" program before running the trader to get onto the best server (pinger is in the tip on this site called "Some relief from quote.com server outages.").

As readers of our newsletter know, we hope to have Esignal in release 4.0. It may have some problems too over the Internet, but at least users will have a choice.

On 9/26/2002 4:29:49 AM Maciej wrote:
I'm not sure that the issue is necessarily 3.7 but I get disconnects from time to time even though I'm running real-time. I've tried to get round the problem by running Qcharts on the same machine. The interesting phenomenon is that Qcharts seems not to disconnect whilst NSDT does; almost as if Quote.com has a policy of prioritising its own software at the expense of 3rd party software when the going gets tough in terms of load on quote.com's servers.

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Thanks
Matt

MACD Math

Date :8/19/2002 5:46:28 PM Poster : Bill C

Attempting to normalize or converting MACD to a percent.

What is the best method or approach.

I was thinking of computing ratios of the 12 day MACD to a 12 day MACD with a lag of 12 days. The same for the 26 day portion of the MACD with a 26 day lag.

The other possiblity is the ratio of the current Close to each of the 12 and 26 day.

Perhaps neither of these. Does anyone use a similar approach?

Sept 2002 TASC Fuzzy Logic Article

Date :8/20/2002 4:31:50 AM Poster : Michael J. Begley

Thanks to Marge Sherald for the great into article on how to use the fuzzy logic add-on. Check it out if you have not seen it.

Mike Begley

Re: Sept 2002 TASC Fuzzy Logic Article

Date :8/20/2002 8:51:59 PM Poster : Jacobs

Is it possible to have this article on a Ward homepage??

On 8/20/2002 4:31:50 AM Michael J. Begley wrote:
Thanks to Marge Sherald for the great into article on how to use the fuzzy logic add-on. Check it out if you have not seen it.

Mike Begley

Re: Sept 2002 TASC Fuzzy Logic Article

Date :8/21/2002 9:07:08 AM Poster : Webmaster@ward.net

Unfortunately not. The magazine owns the copyright. However, you can download the chart she used on this site where we always post tips from the magazine.

On 8/20/2002 8:51:59 PM Jacobs wrote:
Is it possible to have this article on a Ward homepage??

On 8/20/2002 4:31:50 AM Michael J. Begley wrote:
Thanks to Marge Sherald for the great into article on how to use the fuzzy logic add-on. Check it out if you have not seen it.

Mike Begley

Market Profile of J. Peter Steidlmayer

Date :8/25/2002 2:18:33 AM Poster : Karl Bergerson

Has anyone any pointers on how to convert and use market data into 'Market Profile' format AND use within NeuroShell Trader Professional? I believe the patterns in 'Market Profile' have value.

Re: Market Profile of J. Peter Steidlmayer

Date :8/26/2002 1:16:44 PM Poster : Mark Simpson (zawie adec)

On 8/25/2002 2:18:33 AM Karl Bergerson wrote:
Has anyone any pointers on how to convert and use market data into 'Market Profile' format AND use within NeuroShell Trader Professional? I believe the patterns in 'Market Profile' have value

Yes, I've written a Market Profile add on for DataX. My evaluation of Market Profile was that it was a little use, so I gave up on that avenue, and went down a different one.

If you still want to use Market Profile, I suggest you check out the "Mobility Oscillator" in Mark Jurik's "Computerized Trading". You'll find it cleaner to code and it represents pretty much the same information, but in one indicator without all the fancy graphs.

(However I didn't find that indicator too useful either :-))

Be aware with a lot of these indicators (e.g. Market Profile), they build the indicator (it works), they license it to people. Then when it stops working, they
publish it to make one last bit of money from it. Call me a cynic, but's that's what I've found.

Check out Mark Jurik's indicators http://www.jurikres.com/, they're all good. The best moving average I've found that's free is Ehler's Zero Lag, but JMA just blows it out of the water. Also, CFB and VEL are good too. I use the lot.

Note: DDR and WAV they don't sell for neuroshell due to the number of outputs they produce (neuroshell only takes one). However, if you are crafty with your programming, you can get them to work for Neuroshell too with a tradeoff in speed, which unless you're using 1 min graphs shouldn't be too much of a problem. I've found both of these extremely useful with Neuroshell.

If you still want to go down the Market Profile route, shout and I've got code for
both that and Mobility Oscillator. For Market Profile, you'll need DataX.

Mark Simpson (zawie, adec)

Re: Market Profile of J. Peter Steidlmayer

Date :8/26/2002 4:09:38 PM Poster : Karl Bergerson

Mark,

Thanks for the feedback. It's good to have information
from someone who has already 'suffered' through doing
the research, and in your case, finding the indicator of
little value. That indeed may be my final result also,
but I'll look at your references and let you know what,
if anything, I come up with.

Sometimes, it is the individuals' use of the indicator
that makes it valuable, and perhaps it was Steidlmayer
that made it work (assuming it worked for him) vs
just selling classes.

Thank you,

Karl Bergerson

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Wish List Suggestions

Date :8/27/2002 2:55:04 PM Poster : fhealy

Allow more that one entry into a position before an exit is required. This would permit several entry positions to be taken assuming the repatition of the entry rules prior to an exit or reversal taking place. Second, permit the program to allocate your trading capital to the first x stocks out of x+y stocks you are tracking in the chart, so, for example, you could have the program allocate $10,000 each to the first three stocks that signaled an entry out of your $30,000 of trading capital in a chart where 10 stocks were being followed under the same trading system. I my own case, either of these suggestions would mirror my own style of trading more closely than the way the program now operates.

Re: Wish List Suggestions

Date :8/28/2002 8:33:14 AM Poster : Steve Kratochvil

I believe this is a much clearer comment of item 35. I will incorporate your comments into item 35.

Thanks,

Steve

On 8/27/2002 2:55:04 PM fhealy wrote:
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Wish list

Date :8/31/2002 1:07:22 AM Poster : Karl Bergerson

As a very new user, it is possible that my wish list has already been granted, but only due to my lack of knowledge that I ask this question.

Is it possible to have many of the default settings, e.g. trading costs, length of training period, put into some sort of file where the user could edit them and then have them be the defaults instead of having to reinput the values of choice each time one goes through the training process?

I think the other wish list would be a substantial user/training guide with many case studies that one could read at one's leisure while sipping coffee at Tully's. For me, reading help files rates pretty low on the desirability scale. The videos are good - the more the better, but a well written guide of the same quality as the program itself, would be an appropriate piece of the Ward System's bag of tricks. This would be a serious time consuming task, but I really believe such a reference guide should be available.

Thank you,

Karl Bergerson
http://www.neuraltrading.com
karl@neuraltrading.com

Re: Wish list

Date :9/8/2002 11:21:33 PM Poster : Steve Kratochvil

These are good. I have included them as item 55 and 56.

Thanks,

Steve

On 8/31/2002 1:07:22 AM Karl Bergerson wrote:
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Thank you,

Karl Bergerson
http://www.neuraltrading.com
karl@neuraltrading.com

RT Version?
Date :9/4/2002 8:30:19 PM Poster : bvandyke

Hi,

I'm an End of Day user currently, but considering going to the RT version. I'm just wondering what amount of Ram users of the RT version have found needed? I'm using only 128k now and EOD is fine. Also, i wonder how many bars of say 1 minute data of the QQQ for example....RT users might recommend needed to be loaded or analyzed for backtesting. Thank you in advance.

Bill

Re: RT Version?
Date :9/5/2002 10:46:52 AM Poster : Maxwell Craven

I have 256M and I would recommend more than 128 if you are going to use more than 2 months of 1 minute bars. However, I think 2 months is more than enough data for 1 minute bars. I figure that's about as many bars as 70 years of daily bars. I can't see why anyone needs more that that, and I usually do just fine with 1 month of minute bars.

On 9/4/2002 8:30:19 PM bvandyke wrote:
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Bill

Re: RT Version?
Date :9/5/2002 12:51:01 PM Poster : Mark Simpson

Hi Bill,

I use 768MB personally, but you could probably get away with less. It
really depends how many charts and equities you want loaded at the same time and the total number of bars.

For training, I tend to train on a minimum of 1000 bars of any time
frame. If the output data I'm training against is scant, i.e. say it's
a classifying net, and I'm training against 1 and -1 and the 1 which inidicates "Buy" only happens 10 times in 1000 bars, then I'll increase the minimum number of bars to say 5000-10000, so the
net has something to learn off.

Regarding 1 min bars, there are some limitations. Mainly calculation time. If you have a simple net, no problems, but if you
have a lot of calculation going on, it might not be finished by the
next bar. I've found any calulation over about 10 seconds can cause
problems with getting past the UI etc. Add a delay from quote.com
and you start getting usability issues. Also 1min bars tend to
be noisy. On this basis, I tend to go to a minimum of 5 mins bars.
But it really does depend on what you're doing.

Mark Simpson (zawie,adec)
zawada@bowfort.com

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Bill

Re: RT Version?
Date :9/5/2002 7:19:09 PM Poster : bvandyke

Mark and Maxwell,

Thank you both for your input about the RT version. I truly appreciate your input.

Bill

On 9/5/2002 12:51:01 PM Mark Simpson wrote:
Hi Bill,

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Bill

Re: RT Version?
Date :9/17/2002 4:32:12 AM Poster : Maciej

As explained previously by others here, the more the merrier. Memory especially but cpu upgrade as well, are in my opinion the easiest way to improve performance in day and RT versions. Use the task manger to see how much you're currently using. I have found the complexity of my indicators has a bearing as well.
As regards bars, I use as a starting point the recommendations by Ward of the number of daily bars and then use that value in the real-time, ie 5 years gives circa 1000 bars so I use as a starter 1000 1or 5 or 10 min minute bars Depending on the results I may increase or decrease the number of bars, for instance if I'm overfitting then one solution is to increase the number of bars.

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Bill

Wish List: spread trading
Date :9/5/2002 3:45:04 PM Poster : Marco Calzolari

May be this wish does not interest everybody, but I work a lot with spread trading (long one stock and short another), also because it seems the only strategy that pays consistently in these days :-)
The work is done using Excel, or sometimes Metastock by creating a composite security (the ratio of the two stocks). Therefore at the moment I am able only to implement very basic strategies.
Being able to use Neuroshell Trader for this purpose would be fantastic!

Re: Wish List: spread trading
Date :9/6/2002 10:10:06 AM Poster : Eric L. Hoyle, CFA

I agree that the Trader could be a fantastic tool to do spread or pair trading. There's a pair trading chart you can download from this site, however, you are not able to harness the optimization or neural network features in the program. I believe there are a couple of ways that Ward could implement hedged trading strategies, either by being able to link charts or being able to create charts off of composite securities (indicators) as the primary data feed.

It is possible to create a composite security with the trader, export the data feed, save it in a file format that the Trader can read, and then open a Trader chart with that composite security as the primary issue. However, that is labor intensive and certainly not practical for real-time trading. It does produce some interesting results if you use the right securities.

Good luck and if you have any ideas let me know!

On 9/5/2002 3:45:04 PM Marco Calzolari wrote:
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Re: Wish List: spread trading
Date :9/8/2002 11:28:00 PM Poster : Steve Kratochvil

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Good luck and if you have any ideas let me know!

Good idea. I will add it as item 57.

Thanks,

Steve

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Optimize One Set of Rules for Both Long/Short Entries
Date :9/5/2002 6:25:41 PM Poster : Greg Kramer

I have been unable to find a way to allow NeuroShell Trader to optimize one rule for both Long and Short entries. E.g., I would like to be able to optimize the following strategy:

If (EMA(Close, 5) >= EMA(Close(Close, 10)) then
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I've might have missed something basic in the optimization setup of NeuroShell Trader, but is there anyway to optimize one set of rules for both long and short entries/exits?

Re: Optimize One Set of Rules for Both Long/Short Entries

Date :9/6/2002 10:19:32 AM Poster : Webmaster@ward.net

There is no way in the current release to force the two rules to optimize using common parameters. However, your problem with alternating trades might not be because of that, but in any case you can probably correct it if you add more commissions. That provides a penalty for making frequent trades that don't make much money. Add commissions to decrease trading, subtract commissions to increase trading.

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :10/1/2002 5:31:21 PM Poster : Greg Kramer

Boy do I agree. Optimized strategies in NeuroShell are sub-optimal and extremely inconsistent compared to similar strategies optimized by the TradeStation's brute force optimization method. The problem is not with the NST's GA optimization method but with optimizing two strategies (buy/short) in parallel without taking into account what the other is doing.

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :10/3/2002 8:50:51 AM Poster : Steve Ward

I don't have any problem with making the linking of values during optimization a high priority if lots of you want it. But I do have to disagree with the statement that the current method is sub-optimal or that it optimizes shorts without knowing what longs are doing and vice versa. All parts are always optimized in close coordination with all other parts. It builds totally coordinated strategies that are going to be more optimal than any optimization where linking occurs. If linking is better, the optimization will find equal values for the things you think should be linked.

The problem is, the optimizations we do now are not symmetric, and therefore they seem strange to humans used to symmetry. People just don't like to see things like a buy of RSI>55 and a sell of RSI<75. They like to see RSI>55 and RSI<55.

Again I am not arguing that we shouldn't do it; there are certainly benefits to having symmetry, even if symmetry will be sub-optimal, not the least of which is that people want it.

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :10/4/2002 5:14:46 AM Poster : Olli

Confidence is exactly the point here. We all know that optimizing may lead to curve fitting. If you give more degrees of freedom to your trading strategy, you are more likely to curve fit the strategy to the data. If you link the parameters, you simultanously reduce the degrees of freedom and the risk of curve fitting.

I like to optimize the trading strategies to find out a starting point for my parameters, and at the same time I try to minimize the number of optimizable parameters. Genetic algorithm may be fast (if you do not have to use exits or stops which need to know your entry, as the case often is), but I have no way of checking whether the optimization has found the most profitable (or whichever criteria you test for) parameters, which are on a nice plateau of profits compared to other adjacent parameter values, or do I have just an isolated profit peak surrounded with losses in the close neighbourhood. Now the only recourse is to walkforward or paper trade the strategy after testing - but there you are limited to only the set of data you have, which may or may not happen never ever again.

I would therefore like to advocate also for the inclusion of monte carlo simulation possibility. But as one cannot have everything, let us start with the linking feature.

Yes, please make this a high priority issue.

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :10/4/2002 4:47:48 PM Poster : Steve Ward

You are correct that linking reduces free parameters, and hence the chance of overfitting. Besides that it won't do anything to make sure you are on a "plateau" and not a peak. Plus there are many other ways to reduce free parameters. None the less, we are in favor of linking as I said before.

However, I'd like to discuss this plateau hypothesis, which I've heard many times before. Plateaus are in n dimensions, where n is the number of free variables in the optimization. For most people this is around 20 to 50, I suspect. You could have a whole cluster of solutions that keep you on the plateau when movement occurs in most of the directions, but not in all. You might have one dimension where you aren't even on the plateau unless one variable is quite specific. So the plateau isn't very wide in that dimension. I think you can see how hard it will be to get width in all dimensions.

Worse than that, being on a plateau vs a peak doesn't do anything to guarantee the solution works into the future very long, if at all. It only guarantees that close solutions work equally well on the data being optimized.

So the whole problem of making optimization better isn't as easy as it sounds. We have some thoughts here at WSG, but if anybody has any well thought out solutions I'd like to hear them, as long as they don't involve looking at the out-of-sample data during optimization. We know how to do that, and already do it for neural net optimizations (optimal walk-forwards). See the "Major modeling caution" tip on this site for more information on that technique.

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :10/6/2002 10:21:23 AM Poster : Greg Kramer

Re: "People just don't like to see things like a buy of RSI>55 and a sell of RSI<75."

Its not that I don't like to see symmetry breaking rules developed by the program, its that the above rules leads to a alternating sequence of Buy .. Sell .. Buy .. Sell .. Buy .. Sell .. on each bar as long as RSI remains in the range between 55 and 75. Its this inconsistency that I would like to see eliminated.

Re: Optimize One Set of Rules for Both Long/Short Entries

Date :10/7/2002 2:23:21 PM Poster : Steve Ward

If you are getting instant return to the opposite position after optimization, I encourage you to deal with that by increasing commissions. With small or no commissions, you can get the same thing with RSI threshold fixed, especially if you let the RSI window size vary. Commissions penalize frequent trading and make the GA more prudent.

There may be other ways to deal with that too, like clever use of crossover above and below indicators using the threshold as the second time series. This forum is a great place to discuss such ideas.

So I ran some tests which I'll summarize, again not to argue against linking, but to make sure there is no feeling that linking is going to be a panacea for some of the issues you face. I don't want people thinking any delay on providing linking is standing between you and riches.

I ran a reversal strategy on DELL from April 2001 to present, daily bars, no out of sample period. I used RSI> for buying and RSI< for selling, no commission, and threshold allowed to vary during optimization. I got 124% profit with 297 trades - way too many. Then I added $10 commissions both ways and got 23.5% profit with only 5 trades, probably too few for really active traders.

Then I tested fixed thresholds, e.g. RSI>50 for buying and RSI<50 to selling. In addition to 50, I used 10,20,...90, and the window size was fixed too. I got profits ranging from -42% to -1.2% (with commission), and some showed trades in and out every day, at least for periods. I did it again allowing window sizes to vary and got similar results, but with profits as high as about 9%.

Of course, there are a lot more similar tests you can run (and I hope you do), but to me the bottom line is that there are other forces at work that affect things you might want to blame on the inability to link. There are no silver bullets.

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :9/8/2002 11:38:29 PM Poster : Steve Kratochvil

Greg, your issue is similar to the same problems that spread trading has when employed in NeuroShell. Here is a possible solution that I am sure you have tried and might be just a bit ugly.

Optimize all of your common indicators on the two sides of the trades. Then compare the Long and Short settings for all the indicators. Then set the limits on the optimization using the long and short values as the min and max limits. Another option is to take difference for the two cutting things down the middle and manually enter the values. In either case the results will tell you which one is better.

I hope this helps.

Steve

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Re: Optimize One Set of Rules for Both Long/Short Entries

Date :9/17/2002 4:17:38 AM Poster : Maciej

Greg,

Two methods exist:
a) add in artificial constraints (already suggested in the tips/techniques sections of this site) whereby you insist on a minimum trade of n bars, or you increase the commisions/slippage to discourage border line cases. Have a look at the indicators called Trading Strategy Position Info - this is not elegant but it might help.
b) ensure that your optimization does not optimize in a weird manner, ie the fast moving average remains faster the slower average - if you need help on this then shout.

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Wish List September 8 2002

Date :9/8/2002 11:55:13 PM Poster : Steve Kratochvil

Here is the latest. I have sent up the file as Wish List September 8 2002.zip. It is now in PDF format.

Thanks,

Steve

The file referenced in this post can be downloaded using the following link:

WishListSept802.zip

Priorities

Date :9/16/2002 8:13:47 AM Poster : Steve Ward

The wish list seems pretty complete now and we thank Steve K for putting it together. Now I wonder if we need further debate about the priorities. Please don't believe because your wish is on the list that it will get done in the near future. There is tons of work here, and we have only so many programmer hours available. Does everyone generally agree with what is here now?

Re: Priorities

Date :9/16/2002 9:30:25 AM Poster : Steve K

imo the biggest improvemnt would be the creation of optimizable variables that could be used in multiple indicators and across the buy/sell/short/cover strategies. one obvious advantage(among many) would be the ability to optimize indicators on the same periods, for instance a MA that uses the SAME optimzed data on the buy & sell side

Variables could either be numeric or assigned to an indicator

I don't remember seeing this on the list

Steve

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Re: Priorities

Date :9/16/2002 10:54:05 AM Poster : Matt R

Perhaps, we should vote/update one more time our preferences, and someone consolidate it (I will if need be).

Regards
Matt

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Re: Priorities

Date :9/17/2002 4:04:11 AM Poster : Maciej

I agree with the improvements - it would be useful if we could get a roadmap of when such improvements could be implemented.

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Re: Priorities

Date :9/17/2002 1:49:17 PM Poster : Michael Stigall

The list seems complete. I'm certain a programmer will see dependencies within the requirements. Would the number of votes gathered for each item serve as an initial priority assessment?

On 9/16/2002 8:13:47 AM Steve Ward wrote:
The wish list seems pretty complete now and we thank Steve K for putting it together. Now I wonder if we need further debate about the priorities. Please don't believe because your wish is on the list that it will get done in the near future. There is tons of work here, and we have only so many programmer hours available. Does everyone generally agree with what is here now?

Re: Priorities

Date :9/17/2002 5:12:23 PM Poster : Eric L. Hoyle, CFA

The only thing that I think is missing from the list is the ability to use other data sources. However, Steve Ward has already said that will be available through the "Data Pump" (I'm guessing an add-on). Also, I've mentioned it before, but I'd also like to see an integration with the new (and I know "un-improved") Tradestation, but I understand that's a problem with Tradestation, not Ward.

In general, I would like to see more global/portfolio management improvements. For my own Pair trading, Improvement 39 under the "Features" section would help me trade and optimize relative value trading opportunities. I also think the ability to link charts, work with trading multiple securities as a portfolio instead as individual trades, and easily implement hedging strategies would be a great asset to the program. But I have not idea what the complexity of programming such abilities is. Good luck! Thanks for the ongoing improvements.

BTW: Did we ever count the votes? I've forgotten if we did.

-Eric

On 9/16/2002 8:13:47 AM Steve Ward wrote:
The wish list seems pretty complete now and we thank Steve K for putting it together. Now I wonder if we need further debate about the priorities. Please don't believe because your wish is on the list that it will get done in the near future. There is tons of work here, and we have only so many programmer hours available. Does everyone generally agree with what is here now?

kubricc line bowl

Date :9/17/2002 2:09:48 PM Poster : Darek

Hi,
has anybody heard of "the kubricc line bowl" index or system?
Darek

Re: kubricc line bowl

Date :9/17/2002 3:53:42 PM Poster : Darek

Sorry, I was thinking about "the kubricc line bowl" indicator or system?
Darek

On 9/17/2002 2:09:48 PM Darek wrote:
Hi,
has anybody heard of "the kubricc line bowl" index or system?
Darek

Wish List Ranking Report September 17

Date :9/17/2002 5:51:21 PM Poster : Steve Kratochvil

Here is the latest list of priority votes. I have sent it up as RankingReportSep17.zip.
Now that the list is holding shape, it should be farther emphasized that this is a collection of desired changes and has no control over the project development at Ward Systems.

If you have not voted or need to update your votes, then post 5 votes for items on the Wish List with the first vote being the most important.

Thanks,

Steve

Re: Wish List Ranking Report September 17

Date :9/18/2002 11:18:28 AM Poster : Eric L. Hoyle, CFA

I would like to echo Steve Ward's thanks to Steve Kratochvil for taking the time to put this together. Nice job.

- Eric

On 9/17/2002 5:51:21 PM Steve Kratochvil wrote:
Here is the latest list of priority votes. I have sent it up as RankingReportSep17.zip.
Now that the list is holding shape, it should be farther emphasized that this is a collection of desired changes and has no control over the project development at Ward Systems.

If you have not voted or need to update your votes, then post 5 votes for items on the Wish List with the first vote being the most important.

Thanks,

Steve

Re: Wish List Ranking Report September 17

Date :9/19/2002 1:45:01 AM Poster : Michael J. Begley

My votes in priority order are:
21, 39, 13, 26
My fifth would be to optimize threshholds for stop-and-reverse algorithms. This was brought up by another TradeStation user. I can't figure out which, if any, of the entries on the list addresses this point.

Thanks.

Mike Begley

On 9/17/2002 5:51:21 PM Steve Kratochvil wrote:
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Now that the list is holding shape, it should be farther emphasized that this is a collection of desired changes and has no control over the project development at Ward Systems.

If you have not voted or need to update your votes, then post 5 votes for items on the Wish List with the first vote being the most important.

Thanks,

Steve

Re: Wish List Ranking Report September 17

Date :9/19/2002 8:20:14 PM Poster : Steve Kratochvil

You are looking for item #3. I will include your content for additional explanation.

Thanks,

Steve

On 9/19/2002 1:45:01 AM Michael J. Begley wrote:
My votes in priority order are:
21, 39, 13, 26
My fifth would be to optimize threshholds for stop-and-reverse algorithms. This was brought up by another TradeStation user. I can't figure out which, if any, of the entries on the list addresses this point.

Thanks.

Mike Begley

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Now that the list is holding shape, it should be farther emphasized that this is a collection of desired changes and has no control over the project development at Ward Systems.

If you have not voted or need to update your votes, then post 5 votes for items on the Wish List with the first vote being the most important.

Thanks,

Steve

One more addition to wish list
Date :9/27/2002 6:10:29 AM Poster : Olli

I may be a little late,
but I have one wish to become implemented into trading strategies.

I trade forex, and there you either accrue interest on longs, or pay interest of shorts, most typically on daily basis, based on the size of position. This is something which cannot be currently taken into consideration in trading strategy costs.

Olli

Sniper Trading
Date :9/19/2002 11:26:21 AM Poster : Maciej

Has anyone implemented any of the ideas from George Angell's "Sniper Trading"? I'd be intrested if anyone has manged to implement the time/price rules that he defines.

Jurik DMX, DMXPlus, DMXMinus
Date :9/21/2002 3:36:54 PM Poster : zawie

This only applies to people that own Jurik JMA, if you don't own this add-on
for Neuroshell, then DMX, DMXPlus and DMXMinus won't work.

DMX is a free add-on to owners of Jurik JMA, but the template pack
that comes for neuroshell from Jurik doesn't contain the templates for DMX.

I've written an encapsulating DLL for this including templates to implement
DMX, DMXPlus and DMXMinus.

Anybody who wants this, shout.

Regards
Mark Simpson
zawie

Re: Jurik DMX, DMXPlus, DMXMinus
Date :9/24/2002 9:46:52 AM Poster : Eric L. Hoyle, CFA

I'd be interested in seeing it. Have you had any luck with it?

On 9/21/2002 3:36:54 PM zawie wrote:
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Regards
Mark Simpson
zawie

Re: Jurik DMX, DMXPlus, DMXMinus
Date :9/26/2002 4:17:13 AM Poster : Maciej

I'm keen to see this encapsulating dll for my copy of the Jurik.

On 9/24/2002 9:46:52 AM Eric L. Hoyle, CFA wrote:
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On 9/21/2002 3:36:54 PM zawie wrote:
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zawie

Re: Jurik DMX, DMXPlus, DMXMinus
Date :9/26/2002 10:35:37 AM Poster : Webmaster@ward.net

We suspect many users will be interested. Please email your files to forum@ward.net and we will attach them to this thread so all users can download. We will appreciate your generous contribution.

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Regards
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Re: Jurik and other indicators
Date :9/26/2002 2:16:08 PM Poster : Mark Simpson, zawie

Actually, thinking about this, I've got loads of Jurik indicators, gimme a day or 2 and I'll get the help files written and the indicators uploaded.

Some others of interest that I'll include are:

* WAV and DDR. Jurikres say they don't work with Neuroshell.
I've got them to work. The reason they're not supposed to work is because they output multiple columns. I've got around this problem by calling the indicator multiple times. The interface is less than ideal because of this(after all they're not supposed to work), and it runs a little slower, but the usefulness of them far outweighs the extra hassle. It's no different (hassle wise) than say doing a wavelet transform in Neuroshell, and looking at 8 wavelets.

* AdaptiveVEL, AdaptiveRSX, AdaptiveJMA. Markets aren't linear, so it
doesn't make sense to model them with linear indicators. These indicators are
non-linear and work by feeding an additional Time Series (adaptiveLength) to the indicator. Recommended things to feed it would be "CFB(Jurik)", "CyclePeriod, Hilbert Transform (Ehler)", a "Volatility Calculation (my previously posted volatility indicators DLL)", or some other. These indicators can significantly reduce whipsawing.

* JMACD, JMACD2, Vel_Macd, RsxMacd, PGMacd - Various MACD functions based on Jurik stuff.

As you've probably guessed, I'm a Jurik Junky. If you haven't got Jurik, and you're serious about this, then buy it. It really does work as advertised. Sure it's not going to provide you with a trading system, but it does enable you to
build you're own, and get the edge. It's one of the few products out there that work like advertised. If you really don't want to buy it, then checkout TEMA and Ehler's Zero-Lag, they're free. Not as good as jurik, but certainly a step in the right direction.

I've also got some other indicators I'll post at a later date if there's interest.
TSI (Trend Strength Index), Hilbert Transform (InPhase, Quadrature, PhasorDistance, PhasorRotationDirection), Volatility Quality Index (VQI) and VQIOnBalance (similar idea to OBV), CPF_Pattern (candlestick combinatorial pattern detector), Balance of Power (BoP), CumlativeBoP.

I've coded most of the examples in TASC or Active Trader over the last few months and some past articles, but only where the article looks good and I haven't found it programmed elsewhere. So if you've seen something that peaks your interest, I may have coded it, just shout.

Also, I've built some Adaptive Resonance Theory Nets (ART) and I'm thinking of
building the Turing B-Type nets (adapted to deal with the problem inherent with
B-Types). Again if there's enough interest, I might release these too. However
I'd like to see more input to the forum before releasing these :-) I.E. If you have something and it's useful, send it on to the forum, most of us can benefit from the research others have done.

If you have something, but you're not a programmer, then post your ideas, if it's
interesting, I'll probably code it up and post it back.

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Mark Simpson
zawie

Re: Jurik and other indicators
Date :9/26/2002 11:30:16 PM Poster : Eric L. Hoyle, CFA

Mark,

I agree with you about Jurik. I only bought the indicators when someone else on the board strongly recommended them. I've just stated to work with them, but so far, they seem to be very good. I look forward to seeing what you've done with them. Thanks for sharing your work, I'll see if I can't do the same.

On 9/26/2002 2:16:08 PM Mark Simpson, zawie wrote:
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Regards
Mark Simpson
zawie

Re: Jurik DMX, DMXPlus, DMXMinus

Date :10/29/2002 3:44:30 PM Poster : Maciej

Mark,

I'd appreciate a copy of this DLL for Jurik's DMX.
Thanks in advance.

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Regards
Mark Simpson
zawie

Re: Jurik DMX, DMXPlus, DMXMinus

Date :10/31/2002 2:33:09 AM Poster : zawie

Sorry about the delay, I've been working pretty solidly recently on various other
projects.

It's "fit" for public consumption minus the help files, which I'm writing currently.
Then I'll put it into an install package and upload it (hopefully in the next few days,
work permitting).

Indicators contained will be:

Z CFB
Z JMA
Z RSX
Z VEL
Z DMX
Z DMX Minus
Z DMX Plus
Z WAV
Z DDR
Z Adaptive RSX
Z Adaptive VEL
Z Adaptive JMA
Z J Polarized Fractal Efficiency
Z Jurik MACD
Z Speedy MACD
Z RSX Delta
Z VEL Delta
Z VEL Delta Signal
Z Jurik BollingerBandHigh
Z Jurik BollingerBandLow

(The duplicated indicators JMA,RSX,VEL handle missing values as
normal neuroshell missing data, rather than 0, and will have help files, hence
putting those in too).

If there's any particular ones you want of that set now (and you don't mind not having a help file for it), just email me directly and I'll send you those through so
you can play with them.

Also, if there's a "Jurik'd" thing you find valuesble yourself and would like to
see in the package, just detail me the formula and name.

Also, none of the above indicators will work without already having the underlying
Jurik indicator (e.g. CFB/WAV) installed.

Mark Simpson
zawie

On 10/29/2002 3:44:30 PM Maciej wrote:
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Anybody who wants this, shout.

Regards
Mark Simpson
zawie

Re: Jurik DMX, DMXPlus, DMXMinus

Date :10/30/2002 3:50:32 PM Poster : Matt Schulz

Mark,

I'd like to try a copy of your encapsulating dll for these additional indicators. TIA.

Matt

On 9/21/2002 3:36:54 PM zawie wrote:
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Anybody who wants this, shout.

Regards
Mark Simpson
zawie

Prediction Wizard and prediction length

Date :9/23/2002 10:42:04 PM Poster : Gotwals

On the Prediction Wizard's first entry box the user specifies "how far into the future this indicator should be predicted:" Could someone describe the rationale for a particular entry? More specifically, I am investigating intraday trading of listed stocks by using 5-minute bars, and I would like to close out my position at the end of each day of trading.

So, I really have two questions. 1) Can intraday trading be done successfully with 5-minute bars, and 2) what would be a reasonable choice (and why) for the number of 5-min periods to predict into the future with the Change in Close indicator?

Re: Prediction Wizard and prediction length

Date :9/24/2002 8:13:54 AM Poster : Maxwell Craven

I usually am very successful with either 5 minute or 1 minute bars. The number to predict ahead seems to depend on how volatile the stock is and how many shares you are trading. Some futures work even better because they are more volatile. I usually do 5 to 60 minutes ahead. If you want to close out at the end of the day, you can put your prediction into a trading strategy with an time= exit rule added.

On 9/23/2002 10:42:04 PM Gotwals wrote:
On the Prediction Wizard's first entry box the user specifies "how far into the future this indicator should be predicted." Could someone describe the rationale for a particular entry? More specifically, I am investigating intraday trading of listed stocks by using 5-minute bars, and I would like to close out my position at the end of each day of trading.

So, I really have two questions. 1) Can intraday trading be done successfully with 5-minute bars, and 2) what would be a reasonable choice (and why) for the number of 5-min periods to predict into the future with the Change in Close indicator?

How to trade with optimized indicators

Date :9/25/2002 5:34:46 PM Poster : gotwals

I have used the Prediction Wizard to optimize several indicators. I now want to intraday trade with this set of indicators. I presume the next step is to convert these indicators into rules so that they can be used in the Trading Strategy Wizard. Is this correct, and if so, how is this done?

Suppose I am using the Volume, Acceleration(Close,4), and Stoch%K(High,Low,Close,2) indicators. The Prediction Wizard seems to indicate that these will be successful in the particular issue I have used to optimize against. I have tried to check the Help files but can't seem to figure out what to do next.

Re: How to trade with optimized indicators

Date :9/26/2002 10:16:15 AM Poster : Maxwell Craven

Usually the prediction wizard gives you a trading strategy straight away right from your indicators. It starts giving signals as new bars come in. So you can use that, but I suppose you could also plug those indicators into a trading strategy. Then you might want to optimize them again there to get the rules right.

On 9/25/2002 5:34:46 PM gotwals wrote:
I have used the Prediction Wizard to optimize several indicators. I now want to intraday trade with this set of indicators. I presume the next step is to convert these indicators into rules so that they can be used in the Trading Strategy Wizard. Is this correct, and if so, how is this done?

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Trading Strategy Parameters

Date :9/26/2002 10:51:57 AM Poster : Bill Carlson

Why is it that when I have optimized a small number (10) of stocks, the system will indicate a number of trades up to my last download on Aug 2,2002, but whan I enter a larger number (30 Dow Ind) only one stock will indicate opportunities in the year 2002.and the remainder will cut off recognition on June 1, 2001 or the last week of May 2001.

The date parameters were the same in both instances.

Bill

Re: Trading Strategy Parameters

Date :9/26/2002 1:32:12 PM Poster : Texas Bubba

Hey, that sound suspicisly like somthing that bit my a.. somtime back. Turns out I didnt download the new data and the program was leaving off where the history cd left off. Lookat that history cd and see if the date on the lable is June or May 2001. May real sure you really did download. Then check on your format dates.

On 9/26/2002 10:51:57 AM Bill Carlson wrote:
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The date parameters were the same in both instances.

Bill

Wanna save comissions?

Date :9/26/2002 2:28:55 PM Poster : Mark Simpson, zawie

Hi,

Just to let anyone know who doesn't already and who likes to not pay for
their brokers retirement. :-)

Check out: http://www.interactivebrokers.com/

They offer cheap, cheap commissions, 1cent per share on US equities, and
$1 per contract for US options. I've opened up an account with them recently and I'm very impressed so far. They'll also do foreign accounts for Canadian, UK and a few other countries with minimal setup trouble.

I was suspicious at first, as I couldn't figure out how I could be given such an
unbelievable deal. They cut the costs by having everything automated, documents sent via email. With the volume they generate they get paid for it from the floor, which is why they're so cheap.

If there is enough interest in automated trading and enough people have an IB
account, I'll be building a Neuroshell to Interactive Brokers automated trading interface which I will provide to the forum at a later date.

Mark Simpson
zawie

Re: Wanna save comissions?

Date :9/27/2002 8:16:28 AM Poster : Dave Hubbard@Midwest

That is who I trade through. My fills are quick and I am satisfied with them.

On 9/26/2002 2:28:55 PM Mark Simpson, zawie wrote:
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Mark Simpson
zawie

Re: Wanna save comissions?

Date :9/30/2002 8:20:03 PM Poster : Karl Bergerson

$2 r/t for futures is simply 25% of the cheapest rate I found previously.

On 9/27/2002 8:16:28 AM Dave Hubbard@Midwest wrote:
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Mark Simpson
zawie

Re: Wanna save comissions?

Date :11/25/2002 4:48:59 PM Poster : J Ferguson

Mark,

I would be _very_ interested in a link between IB's api and NST. I plan to eventually write one myself (c# + activeX), but if such a thing already exists, thats great.

InteractiveBrokers rocks. I've been with them for 1.5 years now, and am very very happy with their service.

regards

On 9/26/2002 2:28:55 PM Mark Simpson, zawie wrote:
Hi,

Just to let anyone know who doesn't already and who likes to not pay for
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unbelievable deal. They cut the costs by having everything automated, documents sent via email. With the volume they generate they get paid for it from the floor, which is why they're so cheap.

If there is enough interest in automated trading and enough people have an IB
account, I'll be building a Neuroshell to Interactive Brokers automated trading interface which I will provide to the forum at a later date.

Mark Simpson
zawie

Re: Wanna save comissions?

Date :11/26/2002 4:45:07 PM Poster : John Gotwals

Do you ever trade listed (NYSE) stocks through IB? How timely are their executions?
-- John

On 11/25/2002 4:48:59 PM J Ferguson wrote:
InteractiveBrokers rocks. I've been with them for 1.5 years now, and am very very happy with their service.

Re: Wanna save comissions?

Date :11/26/2002 5:41:27 PM Poster : J Ferguson

NYSE executions depend on the specialist, really. But the spreads on active stocks are often .01x.01, and lifting the offer or whacking the bid will get your shares quickly (I've never waited more than 3 seconds..)

I doubt you could get faster executions anywhere as a retail trader.

Regards,

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The reason I asked is because of my experience with CyberTrader. Starting August 16, CyberTrader listed trades were processed through SCHWB rather than N, and the execution times became quite lengthy. I complained several times, but it didn't seem to help. Currently I pay about $16 per NYSE trade, so it looks like IB is attractive for both execution times and execution fees. However, when I lose my communications link and want to close out in a hurry, CyberTrader always answers the phone promptly.
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Re: Wanna save comissions?

Date :12/5/2002 12:04:58 AM Poster : J Ferguson

It sounds like they're doing a good job of skinning their customers..

@IB, you can be filled against TMBR (Timberhill? LLP, the prop arm of IB). But this will always be faster than the specialist (i.e. they fill you directly if they can give you as good or better pricing than the specialist).

Of course, when I'm filled against TMBR instead of the specialist, it usually means I'm on the wrong side of the trade. ;)

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Multiple Time Frames

Date :9/26/2002 2:40:14 PM Poster : Mark Simpson

Anybody out there with any pointers on Multiple Time Frames? Anyone
using MTF in their systems? What methods are you using?

There seems to be a general lack of useful information on the web about it
with regards to Neural Nets.

I've had reasonable success by simulating 2-3 MTF's and Time Delay
Neural Networks (TDNN) using prediction wizard. Is anybody using a
different or better method?

Mark Simpson
zawie

Re: Multiple Time Frames, lags of nn output.

Date :12/22/2002 2:15:39 PM Poster : j ferguson

Mark,

I'm attempting to do the same thing (using datax) but it's slow going (I'm still building my debug toolset, etc, and learning c# at the same time..)

Basic strategy: I have a couple of nets that work pretty well through different intraday time frames (usually 1h-30min-15min, or 10m-5m-1m, around 60% correct-- tradeable but horrible commissions cost). The idea is to use the one timeframe's nets (or indicators, like tema9 > ma(13)) as a filter on shorter-timeframe trades.

Another thing I'm playing with: asymmetrical lagging of nn signals. I only have enough sample trades to be on the bare edge of statistical validity (30ish), but nearest neighbors are ok, and average return for the basket of equities nearly doubles.. I've also brought the out-of-sample data in-sample, but in the smallest way possible.. I'll let it walk forward for another 30-50 trades and let the forum know how it turns out.

Almost any net I build is 'early' on it's signals, and flip-flops. asymmetrical lags of the signal seem to limit this behavior . I'm manually searching through a small space (1-5, and 1-3 seems to be the reliable range for robust results).

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Mark Simpson
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Re: Multiple Time Frames, lags of nn output.

Date :1/12/2003 1:35:19 AM Poster : j ferguson

Lagging the NN signals didn't walk forward very well, but the NN itself proved to be more robust than I thought. Simple stuff-- 4 lags of tema9(close,close,close), but it seems to work (70% hit rate, 100% annualized, etc)

regards

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Re: Multiple Time Frames, lags of nn output.

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NN's are only miracle workers when the relationship between inputs and output are well defined, with stock data this isn't often the case. However by preprocessing you data to highlight the features you're looking for, and then designing a net to detect these, the model will generally function better.

You can implement TDNN by lagging inputs in prediction wizard, however, Adaptive Net Indicators add-on also does this more seamlessly with it's LagPredict and other indicators.

Also, bear in mind when you TDNN nets, you're also adding more Degrees of freedom (DOF) to the model, which is a bad thing. So you may want to look at reducing DOF by using DDR from Jurik Research (there's a ZJurik add-on on this forum that will allow you to use DDR with Neuroshell Trader).

Regards
Mark Simpson

Re: Multiple Time Frames, lags of nn output.

Date :1/13/2003 9:41:37 AM Poster : Steve in California

Another approach to setting the "context" of an indicator value is to provide the slope of the line formed by indicator values, (i.e., use the "Linear Time Regression: Coefficient of Regression (Slope)" indicator).

I have not done rigorous testing of these two approaches to setting the "context" of an indicator value (i.e., the "slope" approach noted above and the lagged value approach described below) to determine if one is better than the other or perhaps better in some contexts. It would be a good thing to know which worked better. Anyone done rigorous testing of this willing to share?

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Re: Multiple Time Frames, lags of nn output.

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Thanks for your comments..

I don't think I was necessarily clear enough (still getting the hang of the jargon)..

What's working for me right now is a TDNN of Steve K's tema9. TDNN's built with close work too, but not nearly as well, (and I'm pondering the purchase of the jurik indicators to get even smoother inputs). I'm using this on hourly bars, and the results have been suprising (without any optimization).

The idea of building a 'panel of expert TDNN's ' hadn't occured to me yet-- that's a great idea.

I don't understand your degrees of freedom comment, though. In the case of my simplest model, I'm only removing (max) fifteen degrees of freedom (current input and four lags thereof) out of a training set of >1000 bars. To me (even with 3 separate tdnn's) it seems like that is fewer degrees of freedom lost than even the simplest of moving average systems.

Right now I'm focused on building the simplest nets possible-- I was stuck in 'overfit purgatory' for way too long- starting over this way has led to considerable improvement.

So now the question is, what happens when I find 5 non-correlated inputs w/ ddr, build tdnn's out of all of them, and then a master-net with each of the tdnn's as inputs? Hmmmm.

Thanks for your comments! BTW, did you ever do any work on a data-X -> IB TWS interface?

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Re: Multiple Time Frames, lags of nn output.

Date :1/14/2003 5:39:17 PM Poster : zawie

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I"m sold on Jurik (as you've probably gathered :-)). It blows TEMA out of the water. Don't get me wrong, TEMA is good (and also Ehlers Zero-Lag (better than TEMA, not as good as Jurik)). If I was to put Jurik, Ehlers, TEMA, EMA and SMA on a scale of 1-10, I'd say: SMA=1, EMA=3, TEMA=6, Ehlers=8, Jurik=10.

However, I'd suggest trying at least 2 different lengths of whatever moving average you decide to use. Also, try some other indicators too, i.e. not just moving average type indicators.

>I don't understand your degrees of freedom comment, though. In the case of my simplest model, I'm only removing (max) fifteen degrees of freedom (current input and four lags thereof) out of a training set of 1000 bars. To me (even with 3 separate tdnn's) it seems like that is fewer degrees of freedom lost than even the simplest of moving average systems.

The problem is, that the more inputs you have to your model, the higher DOF, hence the less faith you should have in the model. I.E. If you have 2 models, backtesting is the same, but one has 15 inputs and one has 5. You'd pick the one with 5, because the inputs are more accurately specified and define the output better.

The problem with TDNN is that you're multiplying your number of indicators by the number of lags, hence you're using considerably more inputs to the net. The solutions is a) Ignore it or b) Try to remove highly correlated data within the inputs. I.E. You take 15 inputs, feed it to a decorrelator, and out pops 3 significant inputs. You feed those to the net.

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Regards
Mark Simpson

Re: Multiple Time Frames, lags of nn output.

Date :1/15/2003 9:41:47 AM Poster : Steve in California

One of the reasons I've been using Linear Regression Slope as a means of providing the "context" of an indicator value to the nn rather than multiple lags has to do with precisely this issue of keeping the degress of freedom down. As I said before, however, I haven't done rigorous testing to determine the value of the two approaches.

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Re: Multiple Time Frames, lags of nn output.

Date :1/15/2003 3:44:00 PM Poster : J Ferguson

Thanks for everyones comments.. Now I've got a lot of different directions to explore..

>So now the question is, what happens when I find 5 non-correlated inputs w/ ddr, build tdnn's out of all of them, and then a master-net with each of the tdnn's as inputs? Hmmmm.

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I'm still getting my c# base classes finished (finally got the datax dll working), but I should be able to play with that soon. Questions: when using MTF, aren't you using wayyyyy more degrees of freedom than a single-timeframe? How much do you worry about it? Have your results improved, either quantitatively or qualitatively?

Regards,

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Re: Multiple Time Frames, lags of nn output.

Date :1/15/2003 3:19:31 AM Poster : Daniel P Lyons

A degree of freedom is frequently associated with each free parameter in a simulated trade history. The central limit theorem requires you to have sufficient data to validate your system. Most statisticians would demand 30 decisions for each degree of freedom (DOF) in your solution. Therefore, you must not only take into account the DOF associated with each indicator you may be using, but you also need to account for each rule in your strategy. I think you may be surprised as to how many DOF even simple systems have. In this regard, it is most important that you have a sufficient number of buy/sell trading decisions for the dataset you are validating your solution with. Since there cannot be an exact solution to your problem, you can only emulate a solution while keeping DOF, total trades and trade frequency under control.

Daniel

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Trading Strategy Parameters

Date :9/28/2002 4:02:31 PM Poster : Bill Carlson

In a pevious post I had thought the problem was in the date selections in Trading Strategy Parameters.

I had been attempting optimization up to Aug, 2, 2002, now with the new download
to Sept. 28.2002, the chart is only recognizing data to the end of June 1 2001.

How do I get the chart to at least recogonize the new data, then maybe I can get current opportunities.

Bill

Re: Trading Strategy Parameters

Date :10/1/2002 1:04:44 PM Poster : Webmaster@ward.net

You should probably send your chart with the downloaded data to support@wardsystems.com. Then we can see what is going on.

On 9/28/2002 4:02:31 PM Bill Carlson wrote:
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Re: Trading Strategy Parameters

Date :10/3/2002 12:40:08 PM Poster : Bill Carlson

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Re: Trading Strategy Parameters

Date :10/3/2002 2:54:40 PM Poster : Texas Bubba

Just dont put them checks on last date loaded or displayed. Then you wont have to be reformatted.

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Am running a new backtest and will re-format after the next dowload.

Bill

On 10/1/2002 1:04:44 PM Webmaster@ward.net wrote:
You should probably send your chart with the downloaded data to support@wardsystems.com. Then we can see what is going on.

On 9/28/2002 4:02:31 PM Bill Carlson wrote:
In a pevious post I had thought the problem was in the date selections in Trading Strategy Parameters.

I had been attempting optimization up to Aug, 2, 2002, now with the new download
to Sept. 28.2002, the chart is only recognizing data to the end of June 1 2001.

How do I get the chart to at least recogonize the new data, then maybe I can get current opportunities.

Bill

WANTED - LIST. Long

Date :9/29/2002 3:12:57 AM Poster : Rudolf J. Skubella

A good number of improvements are needed.
The following list does not have an order of importance. All of them are important and truly will make the NeuroTrader a 600 SEL Mercedes, which finally would be fit to do a lot more of serious moneymaking research.
After all, excellent trading systems are possible, however they nearly always do require lots of work and the better the available tool box is, the easier it is to indulge in the immense pleasure of working with the NeuroShell Trader.

1.)
In addition to the 'Stop Optimization' and 'Abort Training' buttons a PAUSE button is needed to make long hours of testing more manageable and be able to perform other everyday tasks like letter writing etc., when necessary.
It must be possible to interrupt these activities and continue with optimization/ training at a later point in time, exactly at the formerly reached stage where I left off and WITHOUT result accumulation. Currently, the only choice "Start optimizing using the last optimal settings" starts a FURTHER, sort of ACCUMULATED optimization based on the formerly interrupted stage of optimization and therefore does get different results than one initial optimization in one go would have produced.

2.)
The software must allow to perform MONTE CARLO SIMULATIONS.
This very powerful and rather unique method is absolutely needed as an important addition to the usual walk-forward testing and out-of-sample testing !
A trading system that 'survives' a Monte Carlo Simulation, usually tends to be much more realistic and robust in actual trading. Whereas usual walk-forward testing has quite a number of possibilities to cheat yourself into believing how good a system is, when it actually is not more than money loosing trash.

3.)
One large VIRTUAL FILE CABINET /REGISTRY ARCHIVE must be built into the software in which each and every bit of each and every test/analysis that was ever performed can be accurately stored, archived, registered and will be accessible as one huge history LIBRARY that can be sorted, linked, scanned, cross referenced etc. A simple 'Print to Clipboard, File', as currently, is by far not sufficient.
Each and every catalogue entry in that library then also should have a HYPERLINK that pops up the CHART, including subcharts of predictions, trading strategy AND (see below) # 8, that belong to that catalogue entry !
Systematic working and learning from one's own work absolutely requires superior management of test results.
Entire test libraries could then even be sent by email to other users to perform further research in specific areas !
Much too much time is lost and too many inefficiencies are created (not just at important federal agencies that everybody knows...), just because the all important solution of a superior management system of acquired knowledge and information is not in place and instead the same research is done over and over again and thousands of results are stored in 'cellars' without anybody being able to find anything.

4.)
The following MEASUREMENTS, NUMBERS, tests must be computed and be displayed in the relevant results/statistics pages:
a) ANNUALIZED RISK-REWARD RATIO as such and compared to buy-and-hold
b) STUDENT t-TEST that would be able to compare and display the SIGNIFICANCE of the results of at least TWO trading systems
c) TIME TO RECOVERY: how long does it take the system to have large drawdowns/ the largest drawdown recovered
d) TIME IN THE MARKET: total bars in market compared to the total of tested/available bars

5.)
Each Input in the PREDICTION WINDOW should be displaying a NUMBER, the same number one finds in the test result window when looking up the 'Input Contribution' of every input after a test has finished. This makes it much easier to find which input is which in the Prediction Window, if I want to delete the zero contribution inputs, but have say 50 inputs in the box that stare at me, without a number.

6.)
Each CHART should display in its headline all particulars of the FULL PATH DESCRIPTION and not just its name 'Test.cht'. Methodical working often will require, particularly in absence of the above # 3.), that many subdirectories are available with sometimes the same chart name. Which then can not be clearly identified on the screen, next to each other, and unwanted modifications easily are made and stored in the wrong chart, strategy.

7.)
It must be possible to STORE EACH and every bit of a TRADING STRATEGY and separately of a PREDICTION in a library, which then would be part of the Library of above # 3.).
The AIM here however must be, that it must be possible to open that Library/Cabinet and just PULL PARTS OR the whole of a trading strategy or prediction, with the MOUSE into any chart AND also FROM chart TO chart that is/are currently open on my screen and have it all analyzed.
The functionality and flexibility of this goes far beyond the current rather simple 'templates' and far beyond the current 'add chart page'.

8.)
TOPOLOGICAL RELIEF MAPS and SCATTER DIAGRAMS
must be introduced to create excellent VISUALIZATIONS of TEST RESULTS.
This way, many things often become instantly clear and can shorten further development time of systems considerably.

9.)
When hours long analyzing is in progress, it would be extremely interesting for a variety of reasons, to have a colored DISPLAY BOX available, see above # 8.) that is ALIVE and actually shows each and every combination that is just analyzed at that point in time and further, strongly VISUALIZES how the OPTIMIZATION PROCESS is PROCEEDING.
This is comparable to a see-through, transparent actual model in a technical museum that shows all the inner workings of an automobile engine and that teaches viewers instantly how that 'thing' is functioning.

Rudolf J. Skubella

Problems importing intraday data

Date :9/30/2002 9:52:34 PM Poster : Rob Lenderman

I am having problems importing intraday data. Here is a sample of my file. It says it imports, but when I try to create a five minute chart I get an empty chart where is says no close information is available. I have tried everything I can think of. Can someone give me an idea of the problem.

"date","time","open","high","low","close"
04/01/96,09:35,654.10,654.10,653.40,653.60
04/01/96,09:40,653.70,653.90,653.40,653.85
04/01/96,09:45,653.80,653.90,653.25,653.45
04/01/96,09:50,653.50,653.90,653.25,653.90
04/01/96,09:55,653.85,654.00,653.75,653.85
04/01/96,10:00,653.90,654.00,653.65,653.70
04/01/96,10:05,653.80,654.50,653.20,653.75
04/01/96,10:10,653.80,653.85,653.30,653.35
04/01/96,10:15,653.30,654.40,653.30,654.25
04/01/96,10:20,654.20,654.25,653.40,653.60
04/01/96,10:25,653.55,653.80,653.30,653.30
04/01/96,10:30,653.25,653.25,652.80,653.25
04/01/96,10:35,653.30,653.50,653.00,653.50
04/01/96,10:40,653.45,653.75,653.40,653.65
04/01/96,10:45,653.60,653.85,653.05,653.10
04/01/96,10:50,653.15,653.50,653.00,653.10
04/01/96,10:55,653.05,653.20,652.60,652.60
04/01/96,11:00,652.65,653.05,652.60,652.80
04/01/96,11:05,652.85,653.20,652.80,653.00
04/01/96,11:10,653.05,653.45,652.95,653.40
04/01/96,11:15,653.35,653.80,653.35,653.60
04/01/96,11:20,653.55,654.00,653.40,653.60

Re: Problems importing intraday data

Date :10/1/2002 11:38:40 AM Poster : Webmaster@ward.net

Your data is fairly old, so you may need to set your chart format to go back that far. Go to the Edit menu, then Format Chart, then adjust the first and last dates loaded so that it covers the dates of your data.

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04/01/96,09:50,653.50,653.90,653.25,653.90
04/01/96,09:55,653.85,654.00,653.75,653.85
04/01/96,10:00,653.90,654.00,653.65,653.70
04/01/96,10:05,653.80,654.50,653.20,653.75
04/01/96,10:10,653.80,653.85,653.30,653.35
04/01/96,10:15,653.30,654.40,653.30,654.25
04/01/96,10:20,654.20,654.25,653.40,653.60
04/01/96,10:25,653.55,653.80,653.30,653.30
04/01/96,10:30,653.25,653.25,652.80,653.25
04/01/96,10:35,653.30,653.50,653.00,653.50
04/01/96,10:40,653.45,653.75,653.40,653.65
04/01/96,10:45,653.60,653.85,653.05,653.10
04/01/96,10:50,653.15,653.50,653.00,653.10
04/01/96,10:55,653.05,653.20,652.60,652.60
04/01/96,11:00,652.65,653.05,652.60,652.80
04/01/96,11:05,652.85,653.20,652.80,653.00
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using tradestation data

Date :10/1/2002 10:21:09 PM Poster : ed condon

Is it possible, or is ward working on using data feed from tradestation in NST? Am presently using TS. Is it possible to use TS so a client doesn't have to subscribe to quote.com also?

thank you

ed

Re: using tradestation data

Date :10/2/2002 1:30:27 PM Poster : Eric L. Hoyle, CFA

Ed,

I've brought this up also. NS Trader has in the past had the ability to use the Omega Global Server as a data source, although this was an unsupported feature due to problems with the Global Server. It is my understanding that Ward is currently working on interfacing with the new Tradestation, however, Tradestation has been slow in providing Ward with the necessary details.

A agree that it would be nice to have a Tradestation connection. I hate paying multiple exchange and data feed fees. The "Data Pump" add-on that Ward has also mentioned is another possible solution. As I understand it, this would allow users to program their own interfaces between NS Trader and outside data feeds. I would like to work on one for Bloomberg, to utilize their vast amount of data, when it becomes available.

There will definitely be more data solutions in the future, right now it's just a matter of time.

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Re: using tradestation data

Date :10/2/2002 3:26:24 PM Poster : Webmaster@ward.net

Here's the TradeStation story:

In TS4 and TS5, when Omega provided an API to get at their data, we could access it. That access is there now in NST. For daily bars it is supported; for intraday bars it is available only for TS5 and we do not support it. That non support is because Omega would not look into problems we found, probably due to the fact that they were heavily working on TS6. For some people with NST (Daytrader) it works, for others it does not. (We think success depends on how many tickers you try to load up - the crashes happened with users trying to load hundreds).

When TS6 came along TS took away the API open access and so far TS has not agreed to put it back. Maybe if enough TS users ask them, they'll open it again.

However, we have always had the ability to get TS data through Easy Language. All NST versions can export data streams from a TS chart to an NST chart, and import other data back. This works on TS4.5, and 6, but the disadvantage is you have to have both programs and both charts up at the same time. You'll need a big, fast computer probably. Also, up to NST3.7, you can only import and export daily bars. In NST4.0 (Daytrader), you'll be able to import/export intraday bars down to 1 minute.

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Re: using tradestation data

Date :10/8/2002 1:32:39 PM Poster : Bruno

Hi,

There is a way to get Quote data into TS2000i. I have tried to write a DataX Server DLL called from EasyLanguage to poll my charts, unfortunately without any success so far.

Has anyone tried this before?
Otherwise, I hope NSDT 4.0 will be released shortly...

Bruno

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Re: using tradestation data

Date :10/8/2002 4:34:12 PM Poster : Webmaster@ward.net

Release 4.0 may not be released shortly, but we may be able to let some long time advanced users (like Bruno) alpha test it shortly. Email us if you are interested.

On 10/8/2002 1:32:39 PM Bruno wrote:
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Mapping two parameters that differ by one

Date :10/6/2002 9:26:54 PM Poster : John Gotwals

I would like to create an indicator that returns the difference in Close for N and N+1 bars ago. I plan to use this indicator in the Prediction Wizard.

To create the indicator I started with the Subtract and Lag indicators, but I have a problem in figuring out how to end up with just one parameter for N. The indicator looks like this -
Subtract
Operand #1 = Lag(Close,1)
Operand #2 = Lag(Close,2)

It seems to me that during optimization, the Prediction Wizard will independently vary the second argument of both Lag indicators. How do I replace those two parameters with one parameter, while maintaining the difference of one between the two actual arguments?

Any advice and help will be greatly appreciated.

Re: Mapping two parameters that differ by one

Date :10/7/2002 10:11:12 AM Poster : Eric L. Hoyle, CFA

Try this. After you have created the indicator, hit the "Save Indicator" button from the indicator wizard. Hit the "Advance" button that appears in the lower right of the next box that appears, the "Save Template" box. From there, you can double click on any of the parameters (or highlight them and hit the "Modify" button) and map them to another parameter. Someone correct me if I'm wrong, but I believe, once two parameters have been mapped to the same variable, they will not change independently. I hope that helps.

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Re: Mapping two parameters that differ by one

Date :10/7/2002 11:00:49 AM Poster : Maxwell Craven

You can do it by subtracting as you have done, but when I do this, I just lag the momentum indicator, with the momentum parameter set to 1. Regarding the optimizer changing the parameters, you can tell it not to optimize certain parameters.

On 10/6/2002 9:26:54 PM John Gotwals wrote:
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Any advice and help will be greatly appreciated.

Redundant Haar

Date :10/7/2002 3:49:19 PM Poster : zawie

I've been researching into Redundant Haar Wavelets (they don't suffer from End Point Distortion). Looking at the thread back in 2000 where some examples were given, and a message by Steve Ward saying that he's seen some good nets with RedHaar I came to the conclusion they would produce something useful.

But currently I've had no real results with them. I tried Victor's recommendation of feeding scales 1-6 into a net and trying to predict scale 3.

Sure enough I got superb correlation (0.91) and an MSE of 0.050 and a lookahead of 5 bars on pretty much any stock/index. This made me suspicious. When I investigated futher, it turned out that the scale 3 was lagging by 5 bars anyhow, so though it was a good predictor of scale 3, it didn't seem much use because it wasn't predicting ahead.

Can anybody shed any light on the best way to use these indicators?

Regards
Mark Simpson

Removing a DLL

Date :10/8/2002 5:23:48 AM Poster : Tom Nunamaker

How do I uninstall a DLL after I have it installed with NST? I'm building a DLL in C++ and I'd like to remove my test DLL's as I write it's replacement. I can't find it in the help or on this forum. Any ideas?

Thanks

Tom

Re: Removing a DLL

Date :10/8/2002 9:23:59 AM Poster : Xprogrammer

It isn't installed at all. All you have to do is replace it, and NSTP will just load the new one as long as it has the same name. You might want to read how dlls are handled in release 3.7, because you have a choice as to how they are loaded. Read that in the section called Changes in Documentation.

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Re: Removing a DLL

Date :10/8/2002 3:02:18 PM Poster : Tom Nunamaker

I suppose the correct question would be how do I eliminate the DLL from the indicator list if I delete/move it?

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Date :10/8/2002 3:24:13 PM Poster : Webmaster@ward.net

Yes, that's a different question. That is replacing the custom indicator that calls the DLL. If you didn't change the name of the DLL or the calling parameters of the functions, Xprogrammer is right, you don't have to do anything but change the DLL.

If the DLL name or calling parameters change, then you can modify the indicator, then reconstruct the original, then resave it. Only problem is you will have to resave under a different indicator name, because the old one is still there.

Anytime you want to remove a custom indicator, you can manually delete the .tpl file for the custom indicator, which you will find in the template folder. Do it while the Trader is not running.

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Thanks

Tom

Re: Removing a DLL

Date :10/14/2002 2:53:42 PM Poster : Webmaster@ward.net

We should have mentioned that you can also delete a custom indicator .tpl by using the delete key once you select that indicator from the appropriate category in the indicator wizard, which is easier than erasing it.

On 10/8/2002 3:24:13 PM Webmaster@ward.net wrote:
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Stop and limit orders

Date :10/8/2002 10:36:53 PM Poster : Rob Lenderman

When a condition is met I want to set a stop order for a price slightly above the current price. It works fine if the next bar reaches my price, but how do I simulate my stop order being hit a few bars after I set it the way it would happen if a real broker had entered my order?

Rob Lenderman

Re: Stop and limit orders

Date :10/10/2002 10:49:55 AM Poster : chris wong

use the slippage parameter for that.

On 10/8/2002 10:36:53 PM Rob Lenderman wrote:
When a condition is met I want to set a stop order for a price slightly above the current price. It works fine if the next bar reaches my price, but how do I simulate my stop order being hit a few bars after I set it the way it would happen if a real broker had entered my order?

Rob Lenderman

Re: Stop and limit orders

Date :10/10/2002 8:36:12 PM Poster : Rob Lenderman

I think I am not explaining what I see happening very well. It appears that when I have a buy condition met and generate a buy order with a stop a few points from the current price that my stop order is only active for one bar. If I break the stop limit after two or more bars away it is never filled. The docs say that stop orders are active for one bar from when the buy signal was generated as a day order. This is fine if I am generating a buy order for the next day(next bar), but when trading intraday I want the order to last until I change it or it is met. That is what would happenn if I entered the order with my broker, but this only appears to have it last one bar. this is what the docs say.

"If you select a stop order, limit order or stop limit order be sure to enter the corresponding stop price and/or limit price. Note that the stop, limit and stop limit orders are day orders and are therefore canceled if not filled by the end of the next bar. If you want to trade from the open to the close of a single bar, use a market order to enter at the open of the next bar and a market close order with the same conditions to exit at the close."

Rob Lenderman

On 10/10/2002 10:49:55 AM chris wong wrote:
use the slippage parameter for that.

On 10/8/2002 10:36:53 PM Rob Lenderman wrote:
When a condition is met I want to set a stop order for a price slightly above the current price. It works fine if the next bar reaches my price, but how do I simulate my stop order being hit a few bars after I set it the way it would happen if a real broker had entered my order?

Rob Lenderman

Batch Runs

Date :10/9/2002 1:50:45 PM Poster : Maciej

Hi,
Have you any ideas how to run a batch of charts all Futures (ie Soybeans) but for differing contract periods / time frames - if 60min for SX2, SN2 .. then Daily SX2, SN2, ... note that the start and end dates for each contract month vary ie all SN2s end in July , all SX2s end n October etc. Obviously if the start/end dates are all the same then its easy for a given time frame.
Thanks in advance.

Re: Batch Runs

Date :10/10/2002 11:06:14 AM Poster : chris wong

i think you'll have to have a chart for each time period, but you can still start them all off running at once. just use several copies nst running at once. there's a tip about that somewhere i recall and i use it all the time to run several lots of different things.

On 10/9/2002 1:50:45 PM Maciej wrote:
Hi,
Have you any ideas how to run a batch of charts all Futures (ie Soybeans) but for differing contract periods / time frames - if 60min for SX2, SN2 .. then Daily SX2, SN2, ... note that the start and end dates for each contract month vary ie all SN2s end in July , all SX2s end n October etc. Obviously if the start/end dates are all the same then its easy for a given time frame.
Thanks in advance.

curve fitting

Date :10/12/2002 9:31:21 PM Poster : jk

It has been detailed in various ways that curve fitting solutions/systems are to be avoided (the system will not work on out of sample data). Much effort is spent on avoiding curve fitting (walk forward etc etc) which I will assume is obvious to this board and will not reiterate .
However, aren't we really being led down the same path with an iterated "out of sample" data series that is positive? By iterated I simply mean one simply just plugs and chugs until the "out of sample" looks nice with minimal draw down etc etc and that is a "workable" system. We are just curve fitting on different data.
I have seen this question posed in various places however, I have never really seen anyone who utilizes these techniques answer them directly. Saying that they "work" and that is good enough is not really what I am looking for (if that is your thought - read "FOOLED BY RANDOMNESS"....amazon.com <$20). Or if you read the book any thoughts on the book in the context of curve fitting would be very useful seeming to all who subscribe.

Any thoughts on this issue would be most welcome.
Thanks in advance-
jk

Re: curve fitting

Date :10/13/2002 8:43:21 AM Poster : Steve Ward

For my thoughts on this read the tip on this site called Major Modeling Caution.

On 10/12/2002 9:31:21 PM jk wrote:
It has been detailed in various ways that curve fitting solutions/systems are to be avoided (the system will not work on out of sample data). Much effort is spent on avoiding curve fitting (walk forward etc etc) which I will assume is obvious to this board and will not reiterate .
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Any thoughts on this issue would be most welcome.
Thanks in advance-
jk

Re: curve fitting

Date :10/13/2002 2:00:06 PM Poster : jk

Yep, I believe your thoughts are valid and well said. I was wondering if others on this board had any other ideas on the topic.

Secondly, there are other statistical methods to determine if an issue is "tradeable". An example would be "continuity" . Continuity being defined by quantifying (chi-squre) the price movements to see if they repeat. If they repeat to a chi square of X ....this would lead to a candidate for prediction. This provides me a black and white answer ...kinda nice in this fuzzy world.
The problem of finding a tradable issue has come up several times with various answers and varrying degrees of robustness. These techniques do not fit within the trader context as they take a different mental path toward features/upgrades (current mind set seems to be to add more depth to the current capability).
I wonder if some in the NS user community would like to see features that are more fundamental to "trading" than adding "nicities" ?

As Ward products have been (in my opinion) far more forward thinking (the problem of out of sample testing is taken head on-problems and all) than other products; I wonder if other users have similiar thoughts at looking at the problem from various perspectives as well. I wonder too if those ideas might be of better use of a programmers time than adding "nicities".

On 10/13/2002 8:43:21 AM Steve Ward wrote:
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Any thoughts on this issue would be most welcome.
Thanks in advance-
jk

Re: curve fitting

Date :10/14/2002 12:10:10 PM Poster : zawie

Yep, bear in mind Steve Wards comments on that one :-)

I always keep either an out-of-sample, out-of-sample, or I'll reset the model to start from an earlier date and see if I still get good results. (so all my training sets, change).

Then I'll check it on additional stocks.

No hard and fast rules on it, I eye-ball it. But be careful not to end up doing the
same thing all again. Theorectically you could go to inifinity.

It's is a major modelling concern, and you can never be too careful of this problem. I've seen a few people with models that they think work well, but when you investigate you find that the out-of-sample has been rendered in-sample.

Another common problem is feeding data that the net already knows about into the net such that the net is no longer predicting the future, as it already knows about it. The net has brilliant MSE and correlation values, and you make tons of money on paper. Those are the warning signs, and also you tend to get a glitch (sharp jump) where the Actual Signal on the net ends.

An example of this would be, trying to predict MACD 2 periods in advance. With open/high/low/close (or some function of) as inputs. This net would produce superb results. BUT. Macd is a lagging combination of a function on high/open/low/close. So the net learns to immitate the formula for MACD, pretty well and you get superb results. To be useful, you'd want to say predict it 10 periods in advance. But if you do this, you'll find those unbelievable results have disappeared.

What you're predicting is important. Percent change in open is safe, but anything else can be dangerous. To check, pull up the indicator you're predicting against the chart and see how much lag you have. You then want to predict ahead more periods than there are lag (to be totally safe, there are exceptions) to make sure you're getting a real solution.

Mark Simpson

On 10/13/2002 2:00:06 PM jk wrote:
Yep, I believe your thoughts are valid and well said. I was wondering if others on this board had any other ideas on the topic.

Curve Fitting, Out-of-Sample Testing, and Multiple Timeframes

Date :10/16/2002 11:38:09 AM Poster : Steve in California

Jk's note asking about other thoughts prompted this note.

It seems to me that questions centering around curve fitting, out-of-sample testing, and multiple timeframes are related in the following way. (I should state at the outset that the ideas I sketch below are based on a lot of multiple timeframe bar observation but NOT on a significant amount of testing of results acquired through work with NSDT.)

I believe that out of sample testing results are often different than in sample results for a single simple reason. The reason is that larger timeframe market contexts are ignored.

My hypothesis is that a momentum indicator signal sometimes succeeds and sometimes fails such that it is unreliable per se, because the state of the trends in multiple larger timeframes are different. The weight that one should assign to a momentum indicator buy signal needs to be different when multiple larger timeframe trends have just begun to turn up than when larger timeframe trends have just begun to turn down.

I believe that out of sample testing results are often different than in sample because the state of larger timeframe trends is different in sample and out of sample. A net that is in sample "curve fit" to trade well in a larger timeframe uptrend is much more likely to trade well in an out of sample period in which the larger timeframe trends are also up than when the larger timeframe trends are down.

My hypothesis is that "curve fitting" in itself is not necessarily a negative thing per se. It's a huge problem though if one ignores the larger timeframe market contexts for which a net has been trained. In this case, the out of sample results will be disasterous.

So, the practical question is how one might do filtering of signals generated from a single timeframe in NSDT based on the trend in multiple larger timeframes. (IMHO, one larger timeframe is not enough.)

An approach I've begun to experiment with is to use the NSDT Rule Indicator "if CONDITION #1 then =X elseif CONDITION #2 then =Y else =Z". The idea is to establish tradeable larger timeframe trend states in condition #1 and condition #2 such that X and Y can be used to establish solid in and out of sample single timeframe signals. Z, I'm thinking, is the default "no trade" state.

To tie this thought back to the note subject line: the idea here is to reduce the degree to which curve fitting is a problem (hence, out of sample results aren't good) by establishing solid market contexts in which signals may be trusted in conditions 1 and 2.

Any thoughts on this approach or an alternative are much appreciated.

From: jk
Date: October 13, 2002
Subject: Re: curve fitting

Yep, I believe your thoughts are valid and well said. I was wondering if others on this board had any other ideas on the topic.

Re: Curve Fitting, Out-of-Sample Testing, and Multiple Timeframes

Date :10/20/2002 7:21:40 AM Poster : Chris Alford

Steve,

If I understand your proposal there are two concerns:

(1) insufficient data is included in sample to adequately predict the current market state because of a lack of data for the higher timeframe, or
(2) the signals are possibly only accurate for some of the higher timeframes.

To deal with (1) you only take signals for higher timeframes that are well represented in the in-sample data set.

The simple solution would be to have sufficient data so that all higher timeframe market states are adequately represented. In this case higher timeframe values can be inputs to the model, and better if the inputs are continuous variables than discrete.

I had been thinking of a related problem recently.

I do forecasts for the next trading day. I classify the type of day (eg up, down etc) in my history data, and do a forecast for the next day of the probability of each type of day occuring. I also forecast trading ranges for the next day, and I was wanting to experiment and see if I could do meaningful intervals about these ranges depending on the type of day forecast to capture extreme days. The trading ranges have to be somewhat smoothed by the regression, and I don't get a feel for the range of the high or low forecast. For example if the open turns out to be the low for the day, then I want to know the likely high for an UP day. It would be rare for the forecast low to be at the open value.

I don't have the day type in the inputs, partly because it is a discrete variable, but also because it is implicit in some of the OHLC inputs I have. As an experiment, what I would like to do is have a filter so that only records for days that match the previous day type as used as input to the prediction. As a secondary filter I could only use those days that were up days for example in the insample.

In econometrics there are some ways of determining the forecast interval, a range for the point estimate, at some level of error. What I am trying to do here is put an interval around the trading range for the NST forecast. I'm not sure what the best approach might be, or even if any statistically meaningful result can be generated.

The problem I see with the Rule Indicator approach is that you do not automatically know whether you have any or enough data in the in sample data of the market state reflected in the out of sample data. If you knew beforehand that all the insample was from a larger timeframe uptrend, then predicting out of sample downtrend would be dubious.

In your case the larger timeframe might be the filter. I think I am asking for something different to your condition approach with the filter. Would be interested in your comments on my idea.

As an aside I would expect you would get a different buy signal for each of the higher time frames compared to that of the lowest. You could take the lowest timeframe buy after the buy in the highest timeframe is signalled, but by then half of the profit in the trend will have evapourated. Its like buying a dip in an established uptrend. Many of the buy signals in the lowest timeframe will be wrong, but if you get confirmation in the higher timeframe you stay with it and widen the stop from that of the lowest timeframe.

Re: Curve Fitting, Out-of-Sample Testing, and Multiple Timeframes

Date :10/22/2002 9:25:00 AM Poster : Steve in California

Thanks Chris for the feedback. You've raised many interesting points and questions so I thought I'd reply with comments within your note prefixed by '****'.

On 10/20/2002 7:21:40 AM Chris Alford wrote:

Steve,

If I understand your proposal there are two concerns:

(1) insufficient data is included in sample to adequately predict the current market state because of a lack of data for the higher timeframe, or
(2) the signals are possibly only accurate for some of the higher timeframes.

To deal with (1) you only take signals for higher timeframes that are well represented in the in-sample data set.

The simple solution would be to have sufficient data so that all higher timeframe market states are adequately represented. In this case higher timeframe values can be inputs to the model, and better if the inputs are continuous variables than discrete.

**** I think it's unnecessary and, in fact, impossible to represent all higher timeframe market states.

I had been thinking of a related problem recently.

I do forecasts for the next trading day, I classify the type of day (eg up, down etc) in my history data, and do a forecast for the next day of the probability of each type of day occuring. I also forecast trading ranges for the next day, and I was wanting to experiment and see if I could do meaningful intervals about these ranges depending on the type of day forecast to capture extreme days. The trading ranges have to be somewhat smoothed by the regression, and I don't get a feel for the range of the high or low forecast. For example if the open turns out to be the low for the day, then I want to know the likely high for an UP day. It would be rare for the forecast low to be at the open value.

**** John Clayburg has written an interesting book ("Four Steps to Trading Success") that includes interesting analysis of early in the day highs and lows…

I don't have the day type in the inputs, partly because it is a discrete variable, but also because it is implicit in some of the OHLC inputs I have. As an experiment, what I would like to do is have a filter so that only records for days that match the previous day type as used as input to the prediction. As a secondary filter I could only use those days that were up days for example in the insample.

**** It's not clear to me how one would create a "filter so that only records for days that match the previous day type" would be used.
**** Tony Crabel has written a book that is concerned entirely with Narrow Range Days and Opening Range Breakouts. It's entitled: "Day Trading with Short Term Price Patterns & Opening Range Breakout".

In econometrics there are some ways of determining the forecast interval, a range for the point estimate, at some level of error. What I am trying to do here is put an interval around the trading range for the NST forecast. I'm not sure what the best approach might be, or even if any statistically meaningful result can be generated.

The problem I see with the Rule Indicator approach is that you do not automatically know whether you have any or enough data in the in sample data of the market state reflected in the out of sample data. If you knew beforehand that all the insample was from a larger timeframe uptrend, then predicting out of sample downtrend would be dubious.
**** As you point out, ensuring that there is adequate representation of both up and down moves within the in sample set is clearly important. My thought is that this is less of a problem when working with intra-day bars rather than Daily/Weekly/Monthly bars.
**** Steve Ward has stated that somewhere between 3-5 years of daily bars is an adequate number of in sample bars for training. Practically speaking, this number of bars certainly contains a good number of different relationships among trends at the daily, weekly, and monthly timeframes.
**** I'm concerned with extremely small timeframes and index futures. For these timeframes, several thousand bars available in a week to 10 day of trading provide a range of relationships among different timeframe trends.
****In short, unless I'm missing something (which I often do) I don't see having enough representative in sample data as a problem that cannot be managed.

In your case the larger timeframe might be the filter. I think I am asking for something different to your condition approach with the filter. Would be interested in your comments on my idea.
**** Again, I'm not clear about how one would create such a filter other than to create a distinct net for each significant larger timeframe market context that one wants to classify. Is that what you have in mind?
**** I take it by the reference to "NST" that you are using daily data only. If this is true, I'm not certain about the probability of success. It seems to me that the use of large timeframe intra-day data would be helpful.

As an aside I would expect you would get a different buy signal for each of the higher time frames compared to that of the lowest. You could take the lowest timeframe buy after the buy in the highest timeframe is signalled, but by then half of the profit in the trend will have evapourated. Its like buying a dip in an established uptrend. Many of the buy signals in the lowest timeframe will be wrong, but if you get confirmation in the higher timeframe you stay with it and widen the stop from that of the lowest timeframe.
**** You're on target that a problem is that the strategy on the long side amounts to "buying the dips". Your comment has prompted a thought. In using the Rule Indicator as described in my initial note: Why not set up Condition1 as a net that establishes the larger timeframe trend as being in the same direction as the timeframe being traded (e.g., buy the dip) and then set up Condition2 to try to anticipate a reversal in the larger timeframe trend upon a change in the smaller timeframe (i.e., bottom fishing). I would expect that losses would be more frequent for Condition2 trades rather than Condition1 trades but Condition1 trades more profitable.

Re: Curve Fitting, Out-of-Sample Testing, and Multiple Timeframes

Date :11/4/2002 7:43:31 PM Poster : zawie

>I don't have the day type in the inputs, partly because it is a discrete variable, but
>also because it is implicit in some of the OHLC inputs I have. As an experiment,
>what I would like to do is have a filter so that only records for days that match the >
>previous day type as used as input to the prediction. As a secondary filter I could
>only use those days that were up days for example in the insample.
>
>**** It's not clear to me how one would create a "filter so that only records for days
>that match the previous day type" would be used.

There is another way you can do this. There's a special value called *
or 3.4E38 which you can enter into any neuroshell numeric field. This
will set that particular bar to nothing, nada, zip. By my understanding,
if the neural net doesn't have any data it can't calculate the value, so it
doesn't train on it, and doesn't make a prediction. You will see a gap in your data everytime you use this value. So just train it on a "Rule" based prediction, which sets "*" for the value where you don't want any prediction. Also, on a side note, as you now have less data, you'll might have less than the minimum required for your training sets etc, so increase the size if necessary. (You'll spot it easy enough in the prediction output).

Regarding Multiple Time Frames, I've been doing quite a bit of research on the
area. Neuroshell doesn't currently support multiple timeframes (though
I think it's in the works at some point), so currently you have to be a little
creative to use multiple timeframes with NST, and it's also beneficial if you can
write you're own DLL's.

Here are some of the ways I've either implemented, or could be used to implement Multiple Timeframes in NST:

1. Simple MTF's (not true), but adequate for most purposes, is to say pick
a 20,80,3200 day moving average. It really depends on the indicator whether
you can get away with this or not. An indicator that takes any other time series except the close, i.e. say something that used the high and low of a bar, probably not.

2. Bring up 3 charts at different timeframes, and use DataX Api (from Ward) and a custom app. Very clean on the chart/indicator end, but not too elegant
on the custom app end. It really depends on how many timeframes you're doing.

3. Program yourself an indicator, which divides down the timeframe. But,
if you want to use any other indicators, you'll probably end up coding them
to take the new timeframes, because the NST indicators will be expecting data
in the base timeframe format.

4. Program yourself an indicator, which deletes bars from the data, and
drops data out of the time series (using the 3.4E38 as above). Then realign
the data to the end of each time interval. This works well, and doesn't
upset the NST indicators. I use this method to do most of my MTF work.
At some point in the future, I'll release the indicator I've created to do this

None of these methods are ideal, they're just a fudge to get MTF's into
Neuroshell, until it's a feature. What makes NST such a good product is
the fact that you can interface to it, and do these weird and wacky things :-)

Other issues that need to be considered when producing MTF's are the following:

1. Scale. Conventional thinking is each timeframe being 4-6X the lower timeframe in length. I've also found that multiple mini timeframes, each one slightly longer than the first, when combined can be powerful. For instance, you might decide to combine 200 timeframes, each one only slightly bigger than the previous. (You'll need to custom program for that).

2. Quantity. Again conventional thinking suggests 3 timeframes, small, medium and large. You trade in the medium, look to the large for confirmation of the overall direction, and execute the trade entry in the small timeframe.

3. EPD (End Point Distortion). The problem with MTF's is that the bar at the

higher timeframe, may not be complete at a particular point in time. I.E. Say
you were trading intraday bars, and using a daily MTF. The daily MTF wouldn't
be complete till the end of the day, so if you were trading intraday, you'd be
using yesterdays bar for the daily and not todays. The futher you are away from this point, the more EPD you suffer. The method, I've investigated is picking a "day window" and rolling it forward at each intraday bar. Therefore at any point in time, you no longer have the EPD resulting from using a higher timeframe. (though obviously the data at that timeframe changes quicker now). The "daily" example here, is a bit of a bad example (as I can think of reasons why you would want to keep a day timeframe in it's correct timeslot), but it's a bit clearer to understand as an example.

4. Daily timeframe is special. Whilst we're on the day subject, the daily timeframe is a little bit special in terms of how it's traded. For instance timeframes which cross the day boundary (i.e. say you have 1hr, daily, weekly
timeframes) are crossing the boundrary between intraday trading and longer
term trading. Just be aware that the "Day" has some special properties as a
timeframe due to this. E.G.. Daily high/lows often serve as support/resistance, etc.

Mark Simpson
zawie

MESA Add-On

Date :10/18/2002 1:39:39 PM Poster : Maciej

Can anyone confirm that the Mesa addon has the trend/cycle indicators in the NST version. Presumably the price don't get coloured as in the stand-alone version but thats secondary, simply do they exist.
Thanks in advance

Re: MESA Add-On

Date :10/28/2002 2:40:51 PM Poster : Eric L. Hoyle, CFA

I bought the MESA indicators a while ago (a couple of years???). I don't know if they've been updated, but what I received was the following indicators: MeasDomCycle, MesaLeadSine, MesaMA, MesaPhase and MesaSine. I believe a number of those indicators are available for download from Ward's S&C tip section. I haven't done a comparison to see if they're exactly the same, although I do know that the MESA indicators I purchased allow you to have the Dominate Cycle input change, compared to the free version, where I believe that input is a constant. I hope that helps.

On 10/18/2002 1:39:39 PM Maciej wrote:
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Thanks in advance

Re: MESA Add-On

Date :10/28/2002 4:13:54 PM Poster : Maciej

Thanks for the info Eric.

I've bought the Mesa2002 add-on but at the moment it doesn't work with NSDT rel 3.7. Ward and Mesa are working to resolve the issue.

On 10/28/2002 2:40:51 PM Eric L. Hoyle, CFA wrote:
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Re: MESA Add-On

Date :10/29/2002 8:57:41 AM Poster : Webmaster@ward.net

In fact we have just yesterday found the problem and it is a bug in release 3.7. The bug affects many PowerBasic DLLs causing crashes. It is serious enough that we will be putting up a release 3.8 very shortly that corrects the problem. The bug did not exist in release 3.5. We apologize for introducing this error.

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Re: MESA Add-On

Date :11/4/2002 3:21:28 PM Poster : Webmaster@ward.net

We have now placed release 3.8 on this site for download. The MESA people tell us it works.

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Date :10/29/2002 9:32:45 AM Poster : Eric L. Hoyle, CFA

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Re: MESA Add-On

Date :10/29/2002 3:42:03 PM Poster : Maciej

Eric,

Will do but I'll need that new release of NSDT.

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Re: MESA Add-On

Date :11/8/2002 8:00:31 AM Poster : Maxwell Craven

Why is it not possible to apply a moving average?

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Re: MESA Add-On

Date :11/8/2002 12:41:24 PM Poster : Maciej

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Re: MESA Add-On

Date :11/8/2002 4:38:15 PM Poster : Webmaster@ward.net

In our Advanced Indicator Set 2 add-on we have a Variable Length Moving Average that does exactly what you want. The averaging period parameter can be a time series (e.g. another indicator).

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Re: MESA Add-On

Date :11/11/2002 11:34:33 AM Poster : Steve Kratochvil

Incase someone needed the EMA with a variable length, I have sent it up as EMAVariable.zip. It will build a new category of indicators called "Core Indicators" after you unzip the file into your TEMPLATE directory for NeuroShell.

The file referenced in this post can be downloaded using the following link:

EMAVariable.zip

Enjoy,

Steve

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Re: MESA Add-On

Date :11/8/2002 5:17:38 PM Poster : Eric L. Hoyle, CFA

Maciej,

Thanks for the info on MESA. It sounds like the indicators are similar to the ones I bought except for the last 2. I spoke to Ehlers and he said that the latest version was an evolution of the earlier indicators and offered me an upgrade for $175. FYI, to anyone else who owns them.

I never had a lot of luck with them, but I may go back and look at them again. They seemed interesting, I just never found a good way to apply them. It seemed a lot of art, which is hard to model... Thanks for the info and advice.

Sincerely,

Eric

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Re: MESA Add-On

Date :12/7/2002 2:12:00 AM Poster : Pishnu

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Hope this is useful to you.

Re: MESA Add-On

Date :12/9/2002 6:16:08 PM Poster : Maciej

Thanks for the info Pishnu, I've emailed Ehlers asking for the missing files.

On 12/7/2002 2:12:00 AM Pishnu wrote:

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Three Bar Net Line (Powertool Strategy)

Date :10/29/2002 3:40:48 PM Poster : Maciej

In the May 2002 Active Trader issue there is trading strategy that uses Joseph Stowell's Three bar Net Line. Has anyone coded it in NSDT? If so could you share it?
The tricky bit is that it looks back an unknown number of bars to find the (in the case of an up trend) the most recent high and then further back to find first a low that's lower then the recent high's low and then another low that's lower than the low of the first low. (For a down trend its reversed).
Any hints on how best to code such an indicator would be most welcome.

Re: Three Bar Net Line (Powertool Strategy)

Date :10/31/2002 2:21:32 AM Poster : zawie

Yes, I have it coded from a while back. Do you want Bull/Bear power from the
same article too? There are no help files written for it, though as you have
the original article it should be easy enough to figure.

Also, how do you prefer it, do you have Visual C++, and want the source?
Or would you prefer it in DLL form?

Mark Simpson
zawie

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Re: Three Bar Net Line (Powertool Strategy)

Date :10/31/2002 5:41:41 PM Poster : Maciej

Mark,

Just the dll would be fine - I tred to figure it out as a NSDT indicator but its not too evident. I don't use VB or C++ myself.
What were your experiences with the approach discussed in the article?

Thanks in advance.

On 10/31/2002 2:21:32 AM zawie wrote:
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Re: Three Bar Net Line (Powertool Strategy)

Date :11/3/2002 4:30:31 PM Poster : zawie

The file referenced in this post can be downloaded using the following link:

PowerTool.exe

Find attached "PowerTool.exe" which is a self installing exe file.
Everything should install in the correct places.

The important things contained are:
ThreeBarNet (As Support)
ThreeBarNet (As Resistance)
Bull Power
Bear Power
Powertool.cht
Powertool.dll

All the indicators will automatically install under the "Power Tool" category, and
the chart should be in "Charts".

ThreeBarNet has been implemented as Support/Resistance and with a
number of periods lookback. The reason for this is the article is
a little vague, i.e. "Current Upswing", so I've implemented it as a rolling
indicator. As you can't draw multiple lines on the graph, just mentally
extend the lines forward.

Bull/Bear Power are implemented as written.

For people who don't have the original article:

"Three-Bar Net", is a line drawn when prices have
been rising recently, you first find the highest high for the
current upswing. This becomes bar1. You then look for the
next previous bar and find the low which is lower than the low of
bar1, make this bar2. Do the same again, and make that bar 3.
The ThreeBar Net line is line extending from the low of bar 3.
This is called "Three-Bar Net" support in my implementation.
Conversely for "Three-Bar Net" resistance.

Bull/Bear power measures the control of the bull/bears over the price.
In sideways markets bull is normally above zero, bear is below.
In uptrending markets bull/bear are normally above zero. In downtrending,
bull/bear is below zero. I've noticed in researching it that there is a bias
(and difference) between
bull/bear in trending markets, which serves as a good indicator for trend
breakdown.

Using these indicators together builds the "Power Tool Strategy" as
described in the article.

The chart is the example from "Figure 8", Agilent Technologies (A).

The article is from "Active Trader", May 2002, Volume 3, No.5

My personal research notes show on the daily timeframe, bull/bear/ThreeBarNet
work quite well. Intraday timeframe (mainly my area of interest), bull/bear are
strong, but ThreeBarNet doesn't do as well.

I use Bull/Bear Power (and a jurik'd version of it), in a number of my models.

In the spirit of "Forum Particpation", I would appreciate it if, when you write the
"PowerTool" Trading Strategy using these indicators, you could post the resulting
chart to the forum for everybodies benefit.

As you can appreciate, it takes
time to get things like this into a package fit for public consumption, and I would
consider submitting a chart to everybody as an equal contribution to the group and incentive for me to continue submitting the indicators I have developed. :-)

By sharing research, we will all reach our goals faster.

Happy Trading.

Regards
Mark Simpson
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Re: Three Bar Net Line (Powertool Strategy)

Date :11/4/2002 2:24:18 PM Poster : Maciej

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bar1, make this bar2. Do the same again, and make that bar 3.
The ThreeBar Net line is line extending from the low of bar 3.
This is called "Three-Bar Net" support in my implementation.
Conversely for "Three-Bar Net" resistance.

Bull/Bear power measures the control of the bull/bears over the price.
In sideways markets bull is normally above zero, bear is below.
In uptrending markets bull/bear are normally above zero. In downtrending,
bull/bear is below zero. I've noticed in researching it that there is a bias
(and difference) between
bull/bear in trending markets, which serves as a good indicator for trend
breakdown.

Using these indicators together builds the "Power Tool Strategy" as
described in the article.

The chart is the example from "Figure 8", Agilent Technologies (A).

The article is from "Active Trader", May 2002, Volume 3, No.5

My personal research notes show on the daily timeframe, bull/bear/ThreeBarNet
work quite well. Intraday timeframe (mainly my area of interest), bull/bear are
strong, but ThreeBarNet doesn't do as well.

I use Bull/Bear Power (and a jurik'd version of it), in a number of my models.

In the spirit of "Forum Particpation", I would appreciate it if, when you write the
"PowerTool" Trading Strategy using these indicators, you could post the resulting
chart to the forum for everybodies benefit.

As you can appreciate, it takes
time to get things like this into a package fit for public consumption, and I would
consider submitting a chart to everybody as an equal contribution to the group and incentive for me to continue submitting the indicators I have developed. :-)

By sharing research, we will all reach our goals faster.

Happy Trading.

Regards
Mark Simpson
zawie

elliott wave

Date :11/3/2002 12:38:18 AM Poster : steve finn

I wonder if anyone has developed an algorithm for modeling elliot wave theory for the neuroshell trader series?

wishlist

Date :11/13/2002 6:19:16 AM Poster : Robert Wilcock

I would like to be able to use E-signal (requested 2 years ago), so that I can use Neuroshell to trade currencies

Re: wishlist

Date :11/24/2002 8:37:12 AM Poster : Steve Ward

See my reply today to Royce Vinson III. If you want to be an alpha tester and get Esignal early, send us an email to that effect. The downside - you'll have to put up with some bugs and spend some time and effort reporting them and helping us reproduce them.

On 11/13/2002 6:19:16 AM Robert Wilcock wrote:
I would like to be able to use E-signal (requested 2 years ago), so that I can use Neuroshell to trade currencies

Free Z Jurik Add-On Attached

Date :11/17/2002 2:30:55 AM Poster : zawie

As promised, here is the free Z Jurik Add-On.

The file referenced in this post can be downloaded from:

ZJurikV10.exe

This Add-On uses the Jurik indicators, so you will need at least one of the Jurik indicators, before this add-on will have any value to you. However if you want to see what's in this module before purchasing Jurik, then you can install and can browse the help file included (but the indicators won't work until you install Jurik).

This add-on contains 20 indicators, each one with it's own "help" and comes as a self installing executable. It also un-installs cleanly too (like all well behaving software should :-)).

Just a note about the indicators from Jurik Research. Their indicators are
extremely good, they really do perform like they say they do. The standard 4 indicators are: JMA, VEL, RSX and CFB. Typically they'll say DDR or WAV won't work with Neuroshell Trader, however this module implements templates (via a DLL and some special progamming) for them. So if you wish to buy these, you'll need to explain to them that the DLL version of WAV/DDR will work with this add-on if they query your purchase. DMX (also includes DMX Plus/Minus) is currently free from Jurik Research if you already own JMA.

Indicators In This Add-on

Jurik Replacements:

Z JMA / Z CFB / Z RSX / Z VEL: Implements the initial lead-in values correctly as missing data rather than 0. Has onboard help. If you still have the original Jurik templates, you can still use this Add-on, they won't interfere. If you wish to remove the original templates and use these instead, please remember to update any charts you are using them in.

Additional Jurik Indicators
(Allows usage of the following Jurik indicators in Neuroshell Trader):

Z DMX - DMI replacement
Z DMX Minus - DMI- replacement
Z DMX Plus - DMI+ replacement

Z DDR - Decorrelation and Dimension Reducer. Reduces many inputs into fewer inputs.

Z WAV - Compresses a data set into an efficient "time representation" of that data.

Example Indicators
(Examples coded from the Product Guide/Indicator Guides):

Z Adaptive VEL
Z Jurik MACD

Special Indicators
(These are indicators I've coded which use Jurik and that I've found to be useful):

Z Adaptive JMA - A dynamic length adjusting JMA.

Z Adaptive RSX - A dynamic length adjusting RSX.

Z Speedy MACD - A very fast Jurik'd MACD.

Z RSX Delta - RSX meets MACD in style.

Z VEL Delta - VEL meets MACD in style.

Z VEL Delta Signal - Signal line for the Z VEL Delta.

Z Jurik Bollinger Band High/Low - Highly responsive Bollinger Band replacements.

To install this self-extracting add-on, just click on the link in this message and
download the file to your machine. Then find the file in "My Computer" and double click on it and follow the instructions.

Have fun.

Regards
Mark Simpson
Bowfort Technologies Inc.

Re: Free Z Jurik Add-On Attached

Date :11/22/2002 11:49:33 AM Poster : zawie

I'd also like to add:

The add-on has been written for the most recent version of Jurik. I.E. These files should have the following dates:

\windows\system\JRS_32.DLL 11th April, 2002
\windows\system\JRS_FREE.DLL 11th May, 2002

If you're running an older version of Jurik, then I do have a workaround depending on how old your Jurik version is, just shout.

To be able to use any of the ZJurik Indicators with the word "Adaptive" in, or DDR, your Jurik must be capable of Real Time (the most recent version is).
You can tell this by looking for the functions "JMART, VELRT" in the pdf's you received with your Jurik purchase, if you have RealTime, you should find these functions in there.

Regards
Mark Simpson
Bowfort Technologies

Re: Free Z Jurik Add-On Attached

Date :12/6/2002 2:52:34 PM Poster : Webmaster@ward.net

We thank Mark Simpson for all of his helpful donations to this site. Now please notice that Bowfort Technologies is a NeuroShell add-on vendor - you'll find them in the addons section of www.neuroshell.com.

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Regards
Mark Simpson
Bowfort Technologies Inc.

Dear Ward Group:

Date :11/19/2002 4:03:29 PM Poster : Royce Vinson III

Is the functionality of linked optimization in the works???

Thanks Royce Vinson III, Chicago

Re: Dear Ward Group:

Date :11/24/2002 8:17:34 AM Poster : Steve Ward

Linked optimization is indeed in the works - it is something that is often requested. However, it is not in our coming big release - release 4.0 - which is already programmed. We need to get 4.0 out because it is already past the programming phase, so we cannot add to it now. We have been working on it over a year, but we are pretty close to user alpha testing now. It has the MOST requested feature of all, at least as measured by requests we've heard over the last 2 years - Esignal intraday and daily. After 4.0 gets out, we'll start adding features again. In the mean time, please read my comments in the thread here started 9/5/2002 called "Optimize one set of rules for both long/short entries".

On 11/19/2002 4:03:29 PM Royce Vinson III wrote:
Is the functionality of linked optimization in the works???

Thanks Royce Vinson III, Chicago

Exponential Averages

Date :11/20/2002 1:23:06 PM Poster : Rob Lenderman

Can someone tell me the exp smoothing factor used in the exponential moving average function?

Rob

Re: Exponential Averages

Date :11/20/2002 10:04:04 PM Poster : zawie

This should help you. There are a couple of ways of calculating the smoothing factor, both equiv, here's one. Smoothing factor is a constant, so only has to be calculated once. i is the index in the array. So you loop around incrementing i through the series (input data).

There's debate about how to start off an EMA. The generally excepted way is
to start off with an SMA of "periods" length.

By chance, I just happened to have this code up on my screen when I
saw your message, spooky :-)

Mark Simpson
Bowfort Technologies

```
a = 2 / (periods+1L); //Smoothing factor

last_value = (a * (series[i] - last_value))+ last_value;
output[i]=last_value;
```

On 11/20/2002 1:23:06 PM Rob Lenderman wrote:
Can someone tell me the exp smoothing factor used in the exponential moving average function?

Rob

Re: Exponential Averages

Date :11/21/2002 3:00:58 AM Poster : Marco Calzolari

The formula is:
SF=2/(1+n)

where SF=smoothing factor
n=length (number of bars)
e.g. a 10 days exponential moving average uses a smoothing factor = 0.0909
But if you have the possibility to input directly the smoothing factor instead of the length, you could experiment with any number between 0 and 1.

On 11/20/2002 1:23:06 PM Rob Lenderman wrote:
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Rob

Re: Exponential Averages

Date :11/21/2002 9:31:46 AM Poster : Steve Kratochvil

Calculation:

f * X + (1.0 - f) * Y

where
X = Time Series
Y = Exponential Moving Average one period ago (1st period Y is set to 1st period X)
f = 2 / (ExpAvg Periods + 1)

This is out of the NeuroShell help for the EMA and it is the formula that they are using.

Steve

On 11/20/2002 1:23:06 PM Rob Lenderman wrote:
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There's got to be an easier way.....

Date :12/3/2002 2:25:55 AM Poster : gretsch

I have just started using Neuroshell and hope my post is not too naive. Steve Ward says Neuroshell has no scan & filter feature akin to MetasStock's Explorer, because " We screen, but instead of screening for stocks that match a particular pattern, we screen for patterns that work best with your stock"

But if we have no pet stocks and just like to trawl from a whole Exchange, it would help if Neuroshell could narrow down the choice from hundreds to tens before we do individual predictions.

My question is: Can the fuzzy indicators be used to describe a pattern that is good for prediction (e.g. regular cycles, sufficient liquidity, reasonable volatility), and then we make a chart of several hundred charts to score and rank the output to see how close they are to this fuzzy pattern description?

Re: There's got to be an easier way.....

Date :12/3/2002 5:25:00 PM Poster : Maciej

Hi,

My solution is to use other software to do the pre-scanning, ie find those regular symbols(I work with futures) that seem to work best and then to use NSDT for it's neural engine as much as its set of idicators. To do it otherwise with NSDT would be a formidable task because of the varying multiplier factor for futures, ie x50 for grains, x 10 for cocoa etc as well as the problem of automating the changing contract months. Assuming I understand your question correctly I'd suggest that NSDT can be extremely useful when you already know where you're trying to head and wish to take advantage of the neural network capabilities.

In respect to your specific question, I'd suggest that its likely to be possible but I believe that this type of solution is not the most efficient approach to solving your problem.

Good trading!

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Re: There's got to be an easier way.....

Date :12/4/2002 10:41:01 PM Poster : gretsch

Yes, I have begun to use other software for scanning and filtering. But the problem again is, there are no indicators that can filter for stocks with regular cyclical characteristics and/or are presently in a cyclic mode-the type of stocks on which the NSTP works best. MESA is not able to scan either. Looks like we'll just have to eyeball a list of charts, unless someone has some other bright idea? Ideas anyone?

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Re: There's got to be an easier way.....

Date :12/11/2002 10:55:59 AM Poster : Dave Johnson

If one can limit the search to EOD data, the best scanning software that I have seen is from Quotes Plus. They provide an EOD data service, by which the entire market is downloaded to your local PC several hours after the close.

This is done via a compressed data download; the data transfer is relatively fast (I guess several hundreds of kb's), and is then followed by an "unpacking/update" function, which updates a database on the local drive. After that point, you have the entire market stored and available locally for 5 or 10 years of data (I am not sure of the exact amount, except to say that it has never been a limiting parameter; and for futures, there is clearly a limit to the length of time).

The program also provides a function to automatically create Metastock format files from the raw local data, which are then available to all other application software, such as Neuroshell (or Metastock, etc.). The Metastock files are then automatically updated as part of the download/update process.

This data service costs something like$25 a month (though I am not sure of the exact amount).

For scanning, the software includes a scanning functionality via a simple language. There is a large set of pre-defined scans available, either supplied with the software, or available from independent web sites. For instance, one can scan the entire stock market to look for those stocks that are within defined parameters of stochastics, daily volume, ATR, some define price range, dmi/dmi+/dmi-, etc. etc. etc. The scanning software generates a "list" (.lst file) which isa simple text file containing then stock symbols (or futures or mutual funds) and whatever other data you choose to write to that text record , as defined by the programming language. I have copied two simple scans below, which show how one can scan for changes in data, and another that shows the use of technical indicators. They also have fundamentals built in for scanning:

This one references a previously created list of stocks in the file "ptatr.lst", and then creates a new list in the file "possibbull.lst". The (0) and (-5) are time shifts of the data, with 0 being the latest, and -5 being 5 days back.

```
//input = "ptatr.lst
output = "possibbull.lst";
if close(0) < close(-5) * .9
and low(0) < low(-1)
and high(0) < high(-1)
and close(0) >= low(0) + ( range(0) / 2)
then
println symbol;
endif;
```

The next example is a simple indicator scan, looking for MACD crossovers, with some other filtering:

```
// MACD CROSSOVER
Set MACD=12,26,9;
output="macdcross.lst";
issuetype common;
DaysRequired=220;
DaysToLoad=500;
if MACD(0)>MACDSignal(0) and
MACD(-1)<MACDSignal(-1) and
Close(0)>EMovAvg(0,200,c) and
Vol(0)>250000 and
Close(0)>10 then
println symbol , "," , open(0) :8:3,",", high(0) :8:3,",", low(0) :8:3,",", close(0) :8:3,",", vol(0) :8;
else
if MACD(0)<MACDSignal(0) and
MACD(-1)>MACDSignal(-1) and
Close(0)<EMovAvg(0,50,c) and
AvgVol(0,-29)>500000 and
Close(0)>10 then
println symbol , "," , open(0) :8:3,",", high(0) :8:3,",", low(0) :8:3,",", close(0) :8:3,",", vol(0) :8;
endif;
endif;
```

I don't know the details of all these scans -- just pulled them off the program archive. The web site explains more.

This scanning functionality, combined with the complete local database, allows the scanning of a large set of symbols to look for specific patterns which then may (and I say MAY here) allow the pre-determination of potentially suitable equities for further Neuroshell analysis. This is, of course, a function of your ability to determine a set of indicators for scanning that will in turn filter for the best candidates for Neuroshell. It may be possible to find fairly liquid symbols that have cyclic characteristics, for example, using some combination of conventional indicators. Then add filtering filter for options availability, average daily volume, suitable price range, etc.

At the end, you have a list, which then must be used for creating the Neuroshell set of charts. That is a manual step, unless there is yet another clever way to automate that process....

I use Quotes Plus for data, and sometimes for scanning. I will never return to a more conventional data service for my basic daily data. Of course, for RT or intraday, one still needs qfeed or esignal or some equivalent. It is hard to imagine a similar scanning functionality for large sets of symbols for intraday data -- the problem is just too large.

Sorry about the length of this....

Dave Johnson

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Re: There's got to be an easier way.....

Date :12/5/2002 2:34:37 PM Poster : Steve Ward

Here are some that I current like to trade, and they all have single stock futures contracts too:

DELL, BNY, GENZ, MMM, and SBC

I actually decided upon them after I loaded all stocks with single stock futures contracts available. Then I ran a few models. These are the ones that held up, and you can see why by just looking at how the price fluctuates. I am sure there are other good stocks to examine, but right now I am concentrating on futures.

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Re: There's got to be an easier way.....

Date :12/6/2002 4:09:15 PM Poster : Steve Ward

Add KO, XOM and AMGN to the list.

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Re: There's got to be an easier way.....

Date :12/23/2002 2:35:23 AM Poster : j ferguson

I've also done well modeling JPM & AIG, plus the ones steve mentioned (GENZ in particular)

On 12/6/2002 4:09:15 PM Steve Ward wrote:
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Retraining

Date :12/11/2002 5:22:19 AM Poster : Nalin Pasricha

When one presses the 'Retrain' button in the prediction wizard one gets the following options:

"Choose Yes to train only a more recent net. With this option , your current out of sample predicted values and trading points will remain unchanged. This option is recommended if you are currently trading this prediction"

"Choose No to retrain/ optimize all your walkforwards and current net on the more recent data. Note that retraining with more recent data will cause the out of sample predicted values and trading points to change"

I have a prediction which I have back tested using 200 walk forward tests of 1 week each - this way I have an out of sample back test of about 4 years. The prediction requires that I always have a position in the issue – either long or short.

The results of this back test look quite good - so I am anxious that the training procedure I use once I start trading closely reflects the procedure used in the back test.

My question is - which of the following training procedures should I use once I start trading - so that my training procedure closesly reflects what NST did during the back test. Should I

1. Retrain my prediction once a week using the option "Choose Yes..", or
2. Retrain my prediction once a week using the option "Choose No…"

Re: Retraining

Date :12/11/2002 1:44:53 PM Poster : Steve Ward

Perhaps if I explain the history of this option, it will be easier to understand. In the beginning of NeuroShell there was no option and it only took the "no" path. Note that after the walkforward data ends, your real trading starts with new data, but the real trading picks up where the walkforward trading ended. In otherwords, if you ended walk forward data in a long, then you start in the same long in the new data.

Now if you later come along and retrain with newer data, everything moves forward a little. Retraining can cause the old trades to be different, and therefore, the current trade could be different too. You could retrain and find that the new model says you should be short instead of long. That bothered people who were ACTUALLY trading the old model, because they may have been long.

So we added the option to guarantee that if you were actually trading, old signals wouldn't change on you in midstream.

But you aren't actually trading now. Therefore, you could use either option safely, but I'd choose "no". Either way, you are going forward with a newly trained net.

But to REALLY make sure you are using the same net you saw the results from and to make sure you keep those good results you got earlier, see this tip on this site: "Going Forward On The Same Net You Evaluated".

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"Choose Yes to train only a more recent net. With this option , your current out of sample predicted values and trading points will remain unchanged. This option is recommended if you are currently trading this prediction"

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I have a prediction which I have back tested using 200 walk forward tests of 1 week each - this way I have an out of sample back test of about 4 years. The prediction requires that I always have a position in the issue – either long or short.

The results of this back test look quite good - so I am anxious that the training procedure I use once I start trading closely reflects the procedure used in the back test.

My question is - which of the following training procedures should I use once I start trading - so that my training procedure closesly reflects what NST did during the back test. Should I

1. Retrain my prediction once a week using the option "Choose Yes..", or
2. Retrain my prediction once a week using the option "Choose No…"

Re: Retraining

Date :12/26/2002 4:17:20 PM Poster : Peter Chen

The tips article Steve referred to, "Going Forward On The Same Net You Evaluated", states "This can sometimes be advantageous if you have optimized your nets, because the optimization does not usually take place on the current net."

I am surprised to see it states that the optimization does not usually take palce on the current net. I have thought the current net is always trained using the same parameters users have specified for training, including same parameter search and input selection optimizations users have asked NST to perform. Could you explain why and when the current net may not perform optimization ?

On 12/11/2002 1:44:53 PM Steve Ward wrote:
Perhaps if I explain the history of this option, it will be easier to understand. In the beginning of NeuroShell there was no option and it only took the "no" path. Note that after the walkforward data ends, your real trading starts with new data, but the real trading picks up where the walkforward trading ended. In otherwords, if you ended walk forward data in a long, then you start in the same long in the new data.

Now if you later come along and retrain with newer data, everything moves forward a little. Retraining can cause the old trades to be different, and therefore, the current trade could be different too. You could retrain and find that the new model says you should be short instead of long. That bothered people who were ACTUALLY trading the old model, because they may have been long.

So we added the option to guarantee that if you were actually trading, old signals wouldn't change on you in midstream.

But you aren't actually trading now. Therefore, you could use either option safely, but I'd choose "no". Either way, you are going forward with a newly trained net.

But to REALLY make sure you are using the same net you saw the results from and to make sure you keep those good results you got earlier, see this tip on this site: "Going Forward On The Same Net You Evaluated".

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Date :12/26/2002 5:14:51 PM Poster : Steve Ward

When you select "Optimize on training set", then optimization takes place on the oldest walk forward training set. If there are no walk forwards specified, then optimization takes place on the current net training set.

So let's say there are two walk forwards. Optimization repeatedly changes parameters in the inputs, retraining the oldest net (wf 2 net) with each change. Eventually it finds the parameters that result in the best training for WF2. Then those parameters are frozen, and they are used for training WF1 and the current net without further optimization.

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Trading Startegy Optimization using only part of a days data...

Date :12/11/2002 11:06:01 AM Poster : Dave Johnson

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For example, using clusters or neural indicators, look at the first hour of trading only, and optimize for the end of day change after the window period, from the pattern of the first hour. As an input data set, one could take 5 min. bars over the first hour, and only look at this daily window for several years of data.

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Therefore, following with this assumption, the scale parameter can be set to (for example) approximately 5400 for an optimization of 15 min bars, which in reality only has approximately 200 valid first-hour snapshot bars. Then the hope is that the optimization will only be applied to the bars that meet this condition, and no Neuroshell confusion will result from the limited number of valid bars.

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On 12/11/2002 11:06:01 AM Dave Johnson wrote:
I am struggling to find a way to use a finite window of intraday data for pattern analysis, and then optimize in some way over a set of hundreds of days, just looking at the data within that window.

For example, using clusters or neural indicators, look at the first hour of trading only, and optimize for the end of day change after the window period, from the pattern of the first hour. As an input data set, one could take 5 min. bars over the first hour, and only look at this daily window for several years of data.

The indicators want to look at sequential data in the time compression of the chart, not just jump from one day to the next, only using one finite window (and perhaps this windows could be optimized in both length and position within the day).

I was convinced that this was simple to do within Neuroshell, but now am struggling to find the way. Am I missing something basic or straightforward?

With clusters, the look back would be sequential in the same time compression that the chart is in (it must be the smallest time step, I assume). How could one force the cluster indicator to only consider bars within the window, and ignore others?

Dave Johnson

Free Indicator: Adaptive Mass index

Date :12/11/2002 6:16:37 PM Poster : zawie

This is an indicator I've found particularly effective and I'm making available
to the forum for free. The package is a self-installing executable and includes
onboard help for Neuroshell.

The file referenced above can be downloaded using the following link:

AdaptiveMassIndexV10.exe

Adaptive Mass Index calculates an Adaptive version of Donald Dorsey's Mass Index. It dynamically adapts the length of underlying Mass Index on a bar by bar basis. If you combine this with an "Adaptor" that indicates trend, then you have a very powerful indicator that can become less responsive during a trend (so that you stay in the trade), and become more responsive when the trend begins to fail.

The Mass Index was designed to detect trend reversals by examining the range between the high and low prices. A larger Mass Index means a bigger range and conversely for a smaller Mass Index. A larger range which begins to rollover, frequently indicates a possible reversal.

Dorsey defines this action as a reversal bulge, and is defined by the Mass Index increasing above 27, and then returning below 26.5 on a daily graph. To mimic Dorsey's original definition use, Smoothing=9 and LowLimit=HighLimit=25 (i.e. non-Adaptive).

Dorsey explains that monitoring the daily range in this fashion can forecast market reversals that other indicators can miss.

This adaptive version of the mass index has the effect of making the underlying Mass Index more defined and extreme, so it can be used to produce a clearer picture of reversals.

Regards
Mark Simpson
Bowfort Technologies Inc.

Numeric Parameter Optimization

Date :12/13/2002 2:09:58 PM Poster : Rick D

This is probably a trivial question and perhaps answered elsewhere, but can anyone help me? I wish to do a Parameter Optimization where a single parameter appears in a number of calculations, and is always the same value across the calculations. For instance, I might want to optimize the value of n in the following indicator: n day moving average / n day standard deviation. I want to find the optimum value of n for a given purpose, but always maintain the same number of days in the moving average as are used for the standard deviation. Is this doable, if so, how?

Thanks in advance,
Rick D

Re: Numeric Parameter Optimization

Date :12/13/2002 5:23:29 PM Poster : Webmaster@ward.net

Take a look at the tip on this web site called "Mapping Variables in Custom Indicators". That should be what you want.

On 12/13/2002 2:09:58 PM Rick D wrote:
This is probably a trivial question and perhaps answered elsewhere, but can anyone help me? I wish to do a Parameter Optimization where a single parameter appears in a number of calculations, and is always the same value across the calculations. For instance, I might want to optimize the value of n in the following indicator: n day moving average / n day standard deviation. I want to find the optimum value of n for a given purpose, but always maintain the same number of days in the moving average as are used for the standard deviation. Is this doable, if so, how?

Thanks in advance,
Rick D

Re: Numeric Parameter Optimization

Date :12/13/2002 5:54:12 PM Poster : Maciej

This is straightforward Rick - create the indicatior then you have the option of saving the indicator - the save indicator wizard allows you to modify the indicator by specifying which variables are the same ie in your case n1 is the same as n1. Should you need in the future to have a relationship betwen n1 and n2 say n1 Without saving the indicator I don't think you'll be able to achieve your result.

If you look at the "Wish List" thread in this forum you'll see what is not yet possible in NSDT and what we dream about such as ensuring that n is the same not only in your indicator for say the long side but that n will have the same value for the short side in a trading strategy.

On 12/13/2002 2:09:58 PM Rick D wrote:
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Thanks in advance,
Rick D

Sharpe Ratio

Date :12/17/2002 12:59:54 PM Poster : jk

Has anyone coded an indicator for trading system sharpe ratio ? Sharpe ratio really is for many traders (that I know) the defacto standard to discuss system performance. It is surprising it is not a standard feature in Nshell Trader.
Or if Sharpe Ratio is not widely used by Nshell traders to describe system performance what do most of you use ???

Thanks in advance-
jk

Re: Sharpe Ratio

Date :12/19/2002 7:13:01 AM Poster : chris wong

imo sharpe is a widely overrated and misunderstood statistic. it is not a litmus test for deciding to trade a trading strategy or not. it is a statistical measure used to compare two investment portfolios over a large number of periods. that begs several questions. is it valid to be used at all for a trading strategy for a single issue? if so, what investment portfolio should you compare to? a mutual fund? an index? another trading strategy? since it uses the standard deviation of differences between the funds, is it valid if your strategy is out of the market some of the time? what period should be used? how many periods should be used for statistical validity? should you rely on a single statistic to make your decision? what is a valid threshold to be applied given the sd question above?

On 12/17/2002 12:59:54 PM jk wrote:
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Thanks in advance-
jk

Re: Sharpe Ratio

Date :12/21/2002 12:27:23 PM Poster : jk

I agree with your points however, Sharpe can not be ignored in my opinion (system to system on the same issue) . It is one of a few system perf. measures I use to determine if a system is tradable (max dd is another) . I do not believe there is 1 measure that answers all the questions (hence, the reason there are so many ways to optimize a system) however, sharpe is respected as a key one. As for the other questions period/time in market/threshold are all questions one must have some understanding of the statistics involved. Blindly getting a number that is not understood is a recipe for disaster (I think that is your point and I agree). With all that said I still like to use it as comparitive pulse on systems.
Eg. I will look at a system over several years and obtain monthly data for sharpe. If I get a number over 4, I look at the other perf. measures. If those pass my tests.....I trade it. However, I still look at sharpe first.
Anyway, I have been exporting Nshell system data to excel and wrote a little macro do get sharpe . Cumbersome, but it works.

Good luck-
JK

On 12/19/2002 7:13:01 AM chris wong wrote:
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Thanks in advance-
jk

Re: Sharpe Ratio

Date :12/23/2002 8:07:43 AM Poster : chris wong

i can see comparing the same issue with two different systems as you describe. that will tell you which strategy is better. however, i don't see how such a comparison can tell you if one system or the other is tradable. imo you get a high reading if one is much better than the other even if both are bad. please elaborate if you think i am wrong.

On 12/21/2002 12:27:23 PM jk wrote:
I agree with your points however, Sharpe can not be ignored in my opinion (system to system on the same issue) . It is one of a few system perf. measures I use to determine if a system is tradable (max dd is another) . I do not believe there is 1 measure that answers all the questions (hence, the reason there are so many ways to optimize a system) however, sharpe is respected as a key one. As for the other questions period/time in market/threshold are all questions one must have some understanding of the statistics involved. Blindly getting a number that is not understood is a recipe for disaster (I think that is your point and I agree). With all that said I still like to use it as comparitive pulse on systems.
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Or if Sharpe Ratio is not widely used by Nshell traders to describe system performance what do most of you use ???

Thanks in advance-
jk

Re: Sharpe Ratio

Date :12/17/2002 1:19:47 PM Poster : Webmaster@ward.net

The Sharpe ratio is a standard feature of NeuroShell Professional as an objective function you can maximize on. It is not in the non-professional version, however, which may be why you do not see it.

On 12/17/2002 12:59:54 PM jk wrote:
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Or if Sharpe Ratio is not widely used by Nshell traders to describe system performance what do most of you use ???

Thanks in advance-
jk

Re: Sharpe Ratio

Date :12/17/2002 7:51:47 PM Poster : jk

Thanks for the prompt response.
However, while it is nice with the Pro version to maximize on Sharpe Ratio (as you detail) , I think it is still necessary to have an indicator (so one can change the period) detailing Sharpe ratio on ANY given system.

Simply stated- if a system is optimized for win-losers and one looks at the available performance statistics and thereafter optimized for roa and gets very similar performance statistics; one would assume the systems are pretty much equal. However, we both know they are surely NOT. Sharpe was created to help gauge this issue specifically.

Perhaps, some kind soul can just upload the indicator as it would be a pain to convert the Easylanguage Tradestation indicator.

Thanks thanks in advance.
JK

On 12/17/2002 1:19:47 PM Webmaster@ward.net wrote:
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Thanks in advance-
jk

Next day open prediction?

Date :12/18/2002 1:34:56 AM Poster : Darek

Hi,
NST has many possibilities to create solutions of different problems ect., but has anybody built trading system (or nets) to predict very well next day open(price, especially of future contracts)? Could anybody give me an answer what solutions are the best? What is a precision and errors? What kind of inputs do you use?
I reach a conclusion that it's very difficult to predict accurately next day open price.
I'll be grateful for your hints.
Darek

Re: Next day open prediction?

Date :12/20/2002 3:56:02 PM Poster : Maxwell Craven

I had a fair degree of luck predicting the next day's open for SPY last year, at least for a while. Actually I predicted whether the next day open was up or down using the adaptive indicator plugin. I don't recall now exactly what I used as inputs to the adaptive nets, but it had to do with trading in the last hour of the day using 1 or 2 minute bars. I tried 5 minute bars but didn't do as well. If I find that chart I'll tell you what I did.

On 12/18/2002 1:34:56 AM Darek wrote:
Hi,
NST has many possibilities to create solutions of different problems ect., but has anybody built trading system (or nets) to predict very well next day open(price, especially of future contracts)? Could anybody give me an answer what solutions are the best? What is a precision and errors? What kind of inputs do you use?
I reach a conclusion that it's very difficult to predict accurately next day open price.
I'll be grateful for your hints.
Darek

QFeed Symbol List

Date :12/18/2002 7:25:23 PM Poster : Dave Johnson

Below is a link to a compressed symbol list for qfeed.

It is not yet formatted for Neuroshell, but rather is of the format archived by Quote.com/Lycos.

The file is fairly large, and includes all symbol types (options, for example). I assume that this is a "maintained" file, which would be updated as symbols change. But I have not verified this with Quote.com/Lycos.

Dave Johnson

http://www.quote.com/qcdownload/ActiveSymbols.zip

Selecting Issues

Date :12/19/2002 9:22:20 AM Poster : Doug B

I am trying to decide which EOD data supplier offers the best package to compliment the capabilities of NST. In an earlier messages Steve Ward and others have reinforced the need to pick the right issues for further analysis in NST. Having the ability to scan for issues exhibiting good cyclical patterns seems critical to the development of successful systems.

My thought is to develop scans based on, but not limited to, price range windows and cycle amplitude and frequency. Suppliers I have considered include MetaStock, CSI, QuotesPlus and TC2000.

Before signing up with another data supplier any recommendations would be appreciated.

Thank you,

feature request: mae

Date :12/23/2002 3:03:16 AM Poster : j ferguson

In the trade-by-trade analysis, it would be very useful to see the max intra-trade drawdown and max intra-trade profit for each trade (i.e. maximum adverse excursion, and maximum beneficial excursion).

This info would help greatly in determining stops (both loss and profit).

Regards,
J Fergsuon

NST and TradeStation, Pyramiding Contracts

Date :12/23/2002 4:58:49 PM Poster : Alan Gillies

Hi,
Wonder if anyone can help I have two questions-am failry new to using NST so apologies if they are basic.

1/ Can you use startegies developed in NST within TS 6.0 i.e. apply NST strategies to T Station charts.I have seen a couple of posts re this but if someone could give an idiots guide to how to do this if it is possible that would be great.

2/ HAving backtested a strategy which will increase or decrease contracts traded based on a starting miimum account size how do you then use the startegy to start from say tomorrow.

I have an E-mini strategy that I want to use but currently becasue of the backtesting it is trading 60+ contracts.
How do I go about using the optimised strategy but start again from a future date so that I can get the info on how many contracts to trade starting from say 1 contract on a $10,000 account size.

Apologies if these are really absic questions but still finding my feet

Alan

Re: NST and TradeStation, Pyramiding Contracts

Date :12/27/2002 4:02:18 PM Poster : Webmaster@ward.net

We aren't sure what you mean by "apply". You can move data to a TS chart from a NST chart, like buy sell signals, predictions, etc.. There are videos on that - look under the help menu under videos and view the ones in the TradeStation sections.

Trading strategies automatically start giving signals when new data is entered. However, if you want to view the statistics for the new data, you have to duplicate the strategy and change the start date (and number of contracts and other things if you want to.) There's a tip on this site showing how to accomplish that: Adjusting the Start Date of a Trading Strategy.

On 12/23/2002 4:58:49 PM Alan Gillies wrote:
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Apologies if these are really absic questions but still finding my feet

Alan

Merry Christmas everyone.

Date :12/24/2002 5:50:18 PM Poster : Darek

Take care and good trading.

ToSteveWard: Suggestions for using PCA, Wavelets

Date :12/25/2002 9:50:41 PM Poster : Ng Tian Khean

Sometimes we just like to play around with NSTP and try all sorts of Indicators, prediction outputs, graphing and vizualization techniques etc
Steve, Principal Components Analysis and Wavelets are two of the Indicators in NSTP which look very interesting. How about you, or anybody here, posting suggestions on how we can make use of them.
I have a feeling if we can calculate these and Export and plot them in e.g. Matlab, we can gain great insight from the visualization of these multi-dimensional data sets.

Re: ToSteveWard: Suggestions for using PCA, Wavelets

Date :12/26/2002 5:29:30 PM Poster : Steve Ward

Well, those who don't have Matlab could also plot in Excel. I have never used any plotting other than that in NST, so by all means experiment and tell us what you find. PCA is a big subject and I might write a tip on the mathematical basis after the holidays are over. The wavelets I have had the most success with are the Redundant Haar wavelets in Advanced Indicator Set 2. The smoothed values look remarkably like Jurik adaptive moving averages (according to some of our users). But I use the Haar coeficient values in neural nets, usually neural indicators. However, my work in wavelets is limited so I'll let other users further respond. In any case, I think there is plenty of room for your research, because it is a vast field.

On 12/25/2002 9:50:41 PM Ng Tian Khean wrote:
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Re: ToSteveWard: Suggestions for using PCA, Wavelets

Date :1/2/2003 8:50:24 PM Poster : Tom Garmon

I have developed some very simple models that have done very well in sample and over the last year out of sample using the redundant haar coeffiecient. For SLB you might want to try this.

1. Create Indicator WSG Redundant Haar Coef (Close,1)
2. Use the Neural Outputs Indicator to create an Optimal 3 day Buy/Sell/Hold using the WSG Redundant HaarCoef (Close,1) instead of the default Close. (Line 1. Above)
3. Predict Target - 4 days ahead the Optimal 3 day Buy/Sell/Hold using the WSG Redundant HaarCoef (Close,1) Line 2. Above ...However Change the objective parameter to maximize the % Wins. Usually they will be about 73% correct in sample and out of sample.

Select the Input Selection Parameter to Optimize.

Inputs: 0-5 day lags of Line 1 Indicator and Line 2 Indicator

Training set used to build prediction model:
Maximum training set size = 5 Years
Minimum training set size = 3 Months

Walk-forward testing to evaluate past out of sample prediction performance:
Number of walk-forward tests = 1 walk-forward test
Size of the walk-forward tests = 1 Year
Number of optimal walk-forwards = Optimize on training set

Training objective used to select optimal network structure and optimal inputs/parameters:
Objective = Maximize % Correct Sign
Trading Positions = (No Trading Positions)
Training parameters
Maximum number of hidden neurons during training = 10

Optimization parameters
Number of hidden neurons during optimization = 10

Maximum number of inputs = 10

Then Apply the Out of sample results to the Trading Solution Using the following rules:

Long If Out of Sample>0, Short if Out of Sample <0

For SLB the Out of Sample Performance period 12/27/01 to 1/02/02 was 80.4%
84 Trades 56 Wins 27 Loosers.

It also works well on SPY Last year but only 23%, 72 Trades 45 Wins 26 Loosers

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Re: ToSteveWard: Suggestions for using PCA, Wavelets

Date :1/4/2003 10:51:19 AM Poster : Peter Chen

Thanks for the detailed description of your experience. However, there are only four trading days for your SLB out of sample performance period 12/27/01 to 1/02/02, and you had 84 trades. Did you mean 12/27/00 ?

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Re: ToSteveWard: Suggestions for using PCA, Wavelets

Date :1/4/2003 2:12:56 PM Poster : Tom gamon

Sorry for the misprint 12/27/01 to 01/02/03....early in the year!

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Wish List: prediction wizard training/evaluation set date ranges

Date :1/6/2003 12:37:03 AM Poster : Peter Chen

I am a new user and wonder if the following has been suggested or there are ways to work around this (or there are good reasons for not implementing it) ..

Currently the training set and the evaluation set for the prediction wizard can only be specified in terms of set sizes (e. g., numbers of years/months), not date ranges. This approach makes it necessary for a user to make sure the chart has the correct range of data loaded before he creates a new prediction. This is different from the trading strategy wizard which allows a user to specify any date ranges. I would like to have this date range flexibility for the prediction wizard too.

Tradestation 7 FYI

Date :1/6/2003 9:41:19 AM Poster : Eric L. Hoyle, CFA

In case anyone is interested, Tradestation is supposed to release info on the next version of their software, TS 7 today, January 6, 2003.

http://www.tradestationworld.com/

Hope everyone has a good year.

Neural Indicators vs. Cluster Indicators

Date :1/6/2003 11:19:58 AM Poster : John Gotwals

I have had moderate success with the cluster indicators, but zero success with the neural indicators. I am using these indicators with the strategy wizard set for 5 minute bars, and am modeling NYSE stocks. I use mostly momentum related indicators as inputs to the neural and cluster indicators, and normally optimize over 3-4 weeks worth of 5 min bars.

I would greatly appreciate any comments you might have about these two sets of indicators.
-- John

Re: Neural Indicators vs. Cluster Indicators

Date :1/9/2003 8:49:34 AM Poster : chris wong

did your ni fail to work during optimization or during backtest?

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Re: Neural Indicators vs. Cluster Indicators

Date :1/10/2003 1:05:29 PM Poster : John Gotwals

They failed the forward tests. Right now I am getting better luck by cutting the number of inputs to two. Previously, I was using four. Maybe that was my problem?

On 1/9/2003 8:49:34 AM chris wong wrote:
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Re: Neural Indicators vs. Cluster Indicators

Date :1/10/2003 4:02:16 PM Poster : chris wong

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Re: Neural Indicators vs. Cluster Indicators

Date :1/11/2003 4:31:17 PM Poster : John Gotwals

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Re: Neural Indicators vs. Cluster Indicators

Date :1/13/2003 2:00:46 PM Poster : chris wong

or maybe optimization period was too short.

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Filtering out crossings

Date :1/6/2003 1:25:26 PM Poster : Siasb

I would like to filter out crossings above and below between two indicators that are say N bars away from each other. Is there an easy way to describe that? Thanks in advance for any info on this.

Re: Filtering out crossings

Date :1/6/2003 4:33:09 PM Poster : Xprogrammer

Are you saying you want signals for the crossings except when the two indicators are within N bars of each other?

On 1/6/2003 1:25:26 PM Siasb wrote:
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Re: Filtering out crossings

Date :1/7/2003 10:24:13 PM Poster : Siasb

It would have been nice If we could have attached .jpg or .jif files to the messages to illustrate the point of discussion; However, I will give it a try :)

For example: Take MACD and MACD-signal (standard parameters) for any given symbol. The two could cross above or below each other through time. What I would like to filter out are times that these two cross each other back and forth in some segment of bars (When the crossing are to close to each other bar wise). One way to do that is to make one much slower than other, but it's not really what I want. I could consider the proximity of the indicators to each other and then go by that, and that's what I am currently trying. But as I am new to the NeuroShell, I have not found the right set of funcionalities. I also have the fuzzy indicator and might be able to use it as it provides relative measure, but not sure how yet I can use that either. Thanks in advance for any hints.

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Re: Filtering out crossings

Date :1/9/2003 9:12:15 AM Poster : Xprogrammer

You could use the selective sum indicator to add up the number of crossovers in the last N bars. However, it seems to me counting crossovers has a problem. You can't generate a signal if there were no crossovers in the last N bars, because there may be crossovers in the NEXT N bars. That is to say you may be at the beginning of a segment, and you won't find out until its too late to trade! So I think your own idea of measuring how far the crossover goes (proximity) is the right way to approach the problem.

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Any unwanted NS Trader Professional Keys ?

Date :1/6/2003 4:53:48 PM Poster : Rob Lenzie

I'm doing some analysis and getting some interesting results but would like to do more. Is there anyone out there with a NS Trader Professional key they would like to sell ?

Webmaster note - if anyone wants to sell to Rob send the offer in email to sales@wardsystems.com and we will forward to Rob.

Re: Any unwanted NS Trader Professional Keys ?

Date :1/6/2003 5:14:36 PM Poster : Webmaster@ward.net

Don't take any offers over $697.50, because we now discount second and subsequent copies at 50% to the same user!

On 1/6/2003 4:53:48 PM Rob Lenzie wrote:
I'm doing some analysis and getting some interesting results but would like to do more. Is there anyone out there with a NS Trader Professional key they would like to sell ?

Webmaster note - if anyone wants to sell to Rob send the offer in email to sales@wardsystems.com and we will forward to Rob.

Display Order of Custom Indicators

Date :1/9/2003 3:15:12 PM Poster : Rick D

Hopefully, a simple housekeeping question. I have created a large number of custom indicators. When I diplay a list of all the indicators I have created (Insert / New Indicator / MyCustomIndicators) they appear to be displayed in the order in which I created them. Is there any way for me to change the order in which they are displayed (alphabetical, logical groupings, etc.)?

Thanks in advance.

Re: Display Order of Custom Indicators

Date :1/9/2003 4:33:27 PM Poster : Maxwell Craven

As far as logical groups go, you don't have to store them all in "Custom Indicators" You can choose your own categories. I have quite a few categories. That may eliminate your problem right there.

On 1/9/2003 3:15:12 PM Rick D wrote:
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Thanks in advance.

Wish list and release 4.0

Date :1/10/2003 10:05:14 AM Poster : Steve Ward

We have started letting some alpha testers test 4.0. Some of the wish list features are in it and some are not. Since release 4.0 was already substantially programmed when the wish list started, we were not able to add more features without delaying this important release even more. So the wish list features that made it to 4.0 were those we already had programmed.

However, I want all of you who took the time to give us your thoughts to be assured that we will not just toss the wish list aside with 4.0. Many of your desires will make it into future releases, which hopefully will not be as long in coming as 4.0 was.

Re: Wish list and release 4.0

Date :2/6/2003 10:24:14 AM Poster : Marco Calzolari

Any more info about the release schedule and about the new features?
(by the way, I am longing to be able to trade European markets with E-Signal)
Will the price list remain unchanged? And will I still be entitled to a free upgrade if I buy a new Daytrader license now?

On 1/10/2003 10:05:14 AM Steve Ward wrote:
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Re: Wish list and release 4.0

Date :2/6/2003 1:11:49 PM Poster : Webmaster@ward.net

We have not set a release date yet. There are no plans for any price increases, so unless that changes you should be able to get a free upgrade. Now would be a great time for anyone to upgrade due to the Valentine sale - we rarely have discounts that big. Below is a partial list of new features, the ones we have made public so far:

1. An intraday interface to Esignal
2. A "data pump" which will allow you to feed intraday data NeuroShell programmatically
3. The ability to optimize one model for all chart pages (i.e., the same model for all issues in the chart)
4. A new charting interface with the ability to size subcharts
5. Menu item to email charts and data
6. The ability to minimize the Trader while processing
7. Autosaving of chart before optimizing or training (crash protection of chart)
8. Save prediction/strategies for use in other charts
9. The ability to retrieve overnight sessions from Quote.com
10. Trading Portfolio Status (i.e. open trades/filled trades/closing trades...)
11. Trade Prompting (i.e. Message box stating that you need to place an order for X shares of IBM)
12. Ability to create ticker symbols that are simple combinations of ticker prices and use the combination symbol as the primary data series. The optimizations and trading strategies will be based on the ticker symbol combination and results determined on the calculation, not a single ticker symbol. For instance a ticker symbol combination might be [5*YHOO - 2.5*INTC + 3*MSFT], which would result in a price stream on the chart that is 5*YHOO's price minus 2.5*INTC's price plus 3*MSFT's price.
13. Optimization timeout - timer in the Trader so that the Optimization process could be stopped after x minutes, instead of running until no better solution found.
14. Option to stop optimization/save results when out of sample results are best
15. TradeStation intraday chart data transfer

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Re: Wish list and release 4.0

Date :4/7/2003 1:22:43 AM Poster : mstigall

Please let me know if you'd like new people for the beta testing (after the alpha is done). I've done a lot of work with FDA and CFR certifications, and I'd love the chance to work with the tool.

You guys rock!

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Re: Wish list and release 4.0

Date :4/9/2003 4:12:27 PM Poster : Steve Ward

Yes, in the next day or so we're going from alpha to beta and we'd like to have more experienced users join in. Anyone interested please send an email to support@wardsystems.com.

On 4/7/2003 1:22:43 AM mstigall wrote:
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Predicting Market Indexes

Date :1/10/2003 8:47:39 PM Poster : Ng Tian Khean

Predicting Market Indexes seems an impossible task (otherwise we would all be billionaires). But are there ways using NSTP to at least gauge the strength of the market, or give some sort of indicator or probabilities. The reason I am asking is, if even if we cannot predict how much the market will go up/down, if we at least know it's probable direction or increase/decrease in volatility, we can select stocks based on their Beta.

I am a novie, and hope some people can suggest an approach to this task. Thanks

Re: Predicting Market Indexes

Date :1/13/2003 2:26:40 PM Poster : Xprogrammer

I asked Ward that very question a while back and they pointed me to the tip about confidence factors. Since then I've been using neural indicators for that purpose. Since I also own the NeuroShell Classifier, I use nets from that in NST as well. It gives really good probabilities.

On 1/10/2003 8:47:39 PM Ng Tian Khean wrote:
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Forcing exit at end-of-day

Date :1/11/2003 4:53:29 PM Poster : John Gotwals

There has been a fair amount of discussion in this forum, and several tips such as Reversal Trading Strategies and Forcing the Trader to Trade Only Once Per Day in an Intraday Chart about exit at EOD. Below I will describe what I want to do.

I would like to do reversal trading (going long to short and vice versa), and close my trading position just prior to the market close. In many days I would expect to have more than one trade, but the actual number is unknown and may be zero. I also would like to keep optimization times under control, and therefore I do not want to duplicate my exit conditions with the same set of controls I am using in the entry conditions.

Is there a solution to my problem which will not add greatly to optimization time?

Re: Forcing exit at end-of-day

Date :1/14/2003 4:50:47 PM Poster : Maxwell Craven

Did you try just putting time=3:45pm into your exit conditions?

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Re: Forcing exit at end-of-day

Date :1/14/2003 5:18:43 PM Poster : John Gotwals

The problem is that as soon as you put an entry in an exit conditon, then you can no longer use the "stay in the market" mode of operation.

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Re: Forcing exit at end-of-day

Date :1/21/2003 11:14:36 AM Poster : Webmaster@ward.net

The ability you seek does not exist in release 3.8. However, it IS in release 4.0.

On 1/14/2003 5:18:43 PM John Gotwals wrote:
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Long and short interest

Date :1/16/2003 9:37:34 AM Poster : Xprogrammer

Do any of you expert traders out there know where I can get statistics on the number of longs outstanding vs the number of shorts outstanding, either on an equity or a futures contract? It seems like that would be very good info to have.

Re: Long and short interest

Date :1/16/2003 10:10:15 AM Poster : Steve

For long and short interest on a futures contract, you can look at open interest. Remember, for every futures contract there has to be someone on each side. Every long has a short.

On 1/16/2003 9:37:34 AM Xprogrammer wrote:
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Re: Long and short interest

Date :1/16/2003 1:14:38 PM Poster : Xprogrammer

Steve and Marco thanks for educating me on this. I had thought there would be a difference on futures contracts between longs and shorts, but you have made me smarter.

On 1/16/2003 10:10:15 AM Steve wrote:
For long and short interest on a futures contract, you can look at open interest. Remember, for every futures contract there has to be someone on each side. Every long has a short.

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Re: Long and short interest

Date :1/16/2003 12:03:12 PM Poster : Marco Calzolari

You can find short interest numbers for US equities on Bloomberg, I do not know of cheaper sources (at least for historical data). The long interest for equities IMHO should be simply the number of shares outstanding.
About futures, long and short positions are both equal to the open interest number. It is more qualifying to know who is long and who is long, a good source is the weekly COT (Commitment of traders) that you can find several web sites using a good search engine. The data must be normalized because commercials/istitutionals are always short, having to hedge cash positions. A normalized COT chart is available for CSI-Unfair Advantage customers, I find it interesting (small traders are always short on market bottoms) but unfortunately the update is usually late 1 to 2 weeks.

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MetaStock

Date :1/23/2003 12:02:41 PM Poster : Elliot Turner

Are any other users of this forum using MetaStock Pro to pre-screen potential stocks that may be of value in Neuroshell Trader Pro?

Re: MetaStock

Date :1/24/2003 9:31:08 PM Poster : Ng Tian Khean

I used to use MetaStock. But there's a little-known software that abe to do filtering better for 'technicians' like us who want to control many parameters ourselves. Check out RTRSoftware's TechniFilter Plus.

On 1/23/2003 12:02:41 PM Elliot Turner wrote:
Are any other users of this forum using MetaStock Pro to pre-screen potential stocks that may be of value in Neuroshell Trader Pro?

Suitable hardware for NeuroShell DayTrader?

Date :1/24/2003 9:16:56 AM Poster : Rolf Edberg

Hi

I want to buy a new PC to run NeuroShell DayTrader on.

My question is what is the most important part? Or does it has to be everything?

Is it the frequency(3.0 or more)? Dual-CPU:s? The harddrive(SCSI)? Or else...?

Thanks

Rolf

Re: Suitable hardware for NeuroShell DayTrader?

Date :1/28/2003 10:19:13 AM Poster : John Gotwals

My answer is based on 6-months experience with NeuroShell DayTrader Professional. There are only two things that count. Processing power and memory.

In my case my existing machine just happened to have two processors, and that does allow me to get twice the throughput when I run at least two instances of NeuroShell. I would say that 500 MB of memory is more than enough. The problem with two processors is that the machines cost more than twice as much as single processor machines! Some of this may be related to the use of Intel's Xeon processor for two CPU systems. In my system each Xeon processor has 512 KB of level 2 cache, and probably the amount of level 2 cache is important too.

BTW, my system is at least three years old, the clock frequency is only 500 MHz, and the system bus frequency is only 100 MHz. I want to update soon, and I am still debating the dual-processor issue.

Re: Suitable hardware for NeuroShell DayTrader?

Date :1/29/2003 9:35:33 PM Poster : fhealy

Regarding the amount of memory needed, I would like to add that you may actually need more than 500 MB. When you find a trading strategy that you really like, you may want to add additional stocks to the strategy by adding chart pages. I have one trading strategy with twelve stock charts that uses 512 MB by itself to run. If you want to run more than one strategy at the same time, you can easily eat up close to 1 GB of memory, which is what I use on my system.

On 1/28/2003 10:19:13 AM John Gotwals wrote:
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Multiple time frame indicators

Date :1/27/2003 10:01:54 AM Poster : Steve Ward

For those of you who have been wishing NeuroShell Trader had the ability to do different size bars than the standard ones we offer, there is now a great solution. Steve Buss (who posts on this forum as Steve from California) has developed Multiple Time Frame Indicators, which let you have 3 minute bars, or 7 minute bars, etc. His company is Emmetropia. To read all about them go here:

http://www.neuroshell.com/addons.asp?mti

Re: Multiple time frame indicators

Date :2/6/2003 9:16:24 PM Poster : Jimmy Raineri

Since we have the Esignal feed in release 4, any chances of getting NSDTP the ability to use cummulative tick based charts and getting away from time based charts all together? There really is a significant edge to be gained using cummulative tick charts.

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Re: Multiple time frame indicators

Date :2/10/2003 11:02:07 AM Poster : Steve Ward

Certainly once 4.0 is out we'll be looking for what to do next. I wonder if there should be revoting on the wish list in view of some of it becoming available with 4.0? To refresh your memory, here are the major features of 4.0 that we have made public:

1. An intraday interface to Esignal
2. A "data pump" which will allow you to feed intraday data NeuroShell programmatically
3. The ability to optimize one model for all chart pages (i.e., the same model for all issues in the chart)
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12. Ability to create ticker symbols that are simple combinations of ticker prices and use the combination symbol as the primary data series. The optimizations and trading strategies will be based on the ticker symbol combination and results determined on the calculation, not a single ticker symbol. For instance a ticker symbol combination might be [5*YHOO - 2.5*INTC + 3*MSFT], which would result in a price stream on the chart that is 5*YHOO's price minus 2.5*INTC's price plus 3*MSFT's price.
13. Optimization timeout - timer in the Trader so that the Optimization process could be stopped after x minutes, instead of running until no better solution found.
14. Option to stop optimization/save results when out of sample results are best
15. TradeStation intraday chart data transfer

On 2/6/2003 9:16:24 PM Jimmy Raineri wrote:
Since we have the Esignal feed in release 4, any chances of getting NSDTP the ability to use cummulative tick based charts and getting away from time based charts all together? There really is a significant edge to be gained using cummulative tick charts.

On 1/27/2003 10:01:54 AM Steve Ward wrote:
For those of you who have been wishing NeuroShell Trader had the ability to do different size bars than the standard ones we offer, there is now a great solution. Steve Buss (who posts on this forum as Steve from California) has developed Multiple Time Frame Indicators, which let you have 3 minute bars, or 7 minute bars, etc. His company is Emmetropia. To read all about them go here:

http://www.neuroshell.com/addons.asp?mti

Reccomend!-> Multiple time frame indicators

Date :5/24/2003 7:25:18 PM Poster : John Ferguson

I've had the MTI addon for awhile now. It's very useful.. I've had luck with using higher-timeframe bollinger band (when in a trading range in that higher timeframe) violations in a lower chart.. e.g., 5-min bar reversals above the 1-hour bb upper band when the 1-hour bb-high and low are flat. (this can be a great way to 'cherry-pick' range-bound trading zones)

Another area I'm investigating is the intersection of indicators (bb%, rsi, etc) between timeframes, although there are so many possibilities its kind of overwhelming.

Has anyone else been using these?

Regards,

John F.

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RE: Suitable hardware

Date :1/31/2003 2:00:26 AM Poster : Sam Wheat

There are some great motherboard/processor reviews on www.extremetech.com. There are lots of configurations based on buget and preference but here are some good recomendations:

Pentium IV processor. 3 ghz is available but sweet spot on pricing seems to be about 2.5 ghz.

Gigabyte GA-8IHXP motherboard or similar based on Intel 845E chipset (see http://www.extremetech.com/article2/0,3973,508728,00.asp)

Sam

Reducing Whipsaws

Date :2/3/2003 8:35:23 PM Poster : John Leonard

I am a new user of NST Daytrader Professional and would greatly appreciate help with the following: I am trying to find a way to reduce the non-trending whipsaws when using Wilder's Parabolic. It seems to me that if I could add "X" to the buys and subtract "Y" from the sells to an extent that would miss most of the whipsaws but allow meaningful participation in the trends, my overall profit would improve significantly. I need help with the construction of a device that would accomplish this.

Trader or Daytrader?

Date :2/4/2003 4:26:11 PM Poster : Elliot Turner

I'm curious as to the percentage breakdown of Neuroshell users that are using the Daytrader software versus the Trader Pro package.

Have the users on this board had more success predicting stock behavior on an intra-day or EOD basis?

Regards

Re: Trader or Daytrader?

Date :2/5/2003 3:02:43 PM Poster : Webmaster@ward.net

We sell slightly more Trader Pros than DayTrader Pros. However, many of those upgrade within 6 months of purchase to DayTrader Pros. That leaves slightly more DayTrader Pro users, very roughly:

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Re: Trader or Daytrader?

Date :4/15/2003 2:49:00 PM Poster : Walter

Maxwell,

I'm curious on your success in trading longer term swings since I focus on mutual funds. My day job prevents me from being a daytrader type and I don't think I would want to be too attached to the computer.

What was your success rate predicting the longer term and what instruments did you predict for? Did you try the major indices? Do you use the day traders to improve your entry and exit of multiday trades?

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Date :4/19/2003 9:15:18 AM Poster : Maxwell Craven

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Re: Trader or Daytrader?

Date :4/30/2003 8:33:04 PM Poster : Walter

Maxwell,

Thank you for responding to my queries on Trader vs Daytrader. I have a couple of follow-on questions, if I may.

You mention you have a couple of 5 min. studies which produce signals valid over weeks. How "accurate" are they? Could you see the Trader Professional alone, working on End of Day data, capturing these signals? How sensitive do you think these signals are to the size of your time interval?

You mention only a "couple" of signals. Does this mean you have many more effective signals valid only for intraday?

You mention studies using less data will be more important to you longer term. Do you mean that over the long term, you plan to go back to using End of Day data only and not daytrade? Or using fewer data points to capture your long term signals? Because training time is reduced? Because the signals are more effective?

Thanks again, Maxwell, for putting up with my pestering questions, but your insights are greatly appreciated.

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Re: Trader or Daytrader?

Date :5/4/2003 11:46:13 AM Poster : Maxwell Craven

No, Walter, I don't plan on going back to trading on daily bars, even if I don't trade during the day. To me the daily bars just aren't capturing the movements that are going on, and you just don't get a picture of the market dynamics. For example, the daily change might show a 2 point gain. You think, well, slow day. Then you look at the 5 minute bars or the half hour bars and you see the market went shooting up all morning, then started dropping rapidly in the afternoon and sank just above open. Not a slow day at all. Daily bars are like a big filter that you might want for trading a couple of times a year, but not if you want to make trading decisions a couple of times a month. You miss out on all the cycles. In addition to that you tend to think about placing trades at the market open, which to me is the absolute worst time. When you get used to looking at intraday prices you start thinking about limit orders during the day, even if you are at work and not watching when it happens.

The other issue that I can't take credit for figuring out myself because Ward pointed it out is that I don't have to train nets or optimize on 2 to 4 years of data as I would with daily bars. I only need a couple of months, and even less with 5 minute bars. No, it isn't a training time issue, but a relevancy issue. Yes, the signals are more effective.

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Regards

Export Intraday predictions to TradeStation TS6

Date :2/4/2003 5:11:15 PM Poster : Rick D

Hi,

Perhaps this is answered elsewhere, but I can't seem to find it if it is. I would like to create an intraday prediction using NeuroShell Daytrader, and then export the prediction in real time at the end of each bar to TradeStation TS6 (and soon to be TS7). I would then use this prediciton in TradeStation Easy Language as part of an automated trading strategy. Can this be done, and if so, how?

Thanks in advance,
Rick

Re: Export Intraday predictions to TradeStation TS6

Date :2/21/2003 9:29:52 AM Poster : Webmaster@ward.net

The new release 4.0 will be able to do this for you. You can also go the other way - from TradeStation to NeuroShell.

On 2/4/2003 5:11:15 PM Rick D wrote:
Hi,

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Thanks in advance,
Rick

Portfolio Analysis
Date :2/10/2003 10:34:58 AM Poster : Alan Gillies

Is it possible to pull together a number of different strategies and commodities or stocks and anlayse the data for that group as a portfolio.I know you can analyse a number of different charts using the same strategy but not sure how to bundle together different strategies into a portfolio analysis- for example X and strategy A with Y andstrategy B with Z and strategy C etc.Is it possible to do this and get statistics on how the portfolio performed?

Thanks

Alan

Re: Portfolio Analysis
Date :2/21/2003 9:28:04 AM Poster : Webmaster@ward.net

You could probably program something like that if you own the Data Exchange addon. You could send all the information from each chart over to your Visual Basic program that could print a report for you.

On 2/10/2003 10:34:58 AM Alan Gillies wrote:
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Thanks

Alan

Set a cookie for logging in
Date :2/10/2003 1:56:39 PM Poster : Tom Nunamaker

Could you please set a cookie with our serial number and automatically fill that into the login form after we successfully login? It would make it so much easier to login. :)

Thanks

Re: Set a cookie for logging in
Date :2/11/2003 2:48:59 AM Poster : Maciej

I agree that we need to make the login easier.

On 2/10/2003 1:56:39 PM Tom Nunamaker wrote:
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Re: Set a cookie for logging in
Date :2/11/2003 11:12:27 AM Poster : Ward.Net Webmaster

Cookies are probably not the best idea as many users log in with numerous serial numbers for the different products they own. If the site was setup so that a login and password for each user granted them access to the areas of the product that they owned, then cookies would probably work.

A better suggestion would be to use the AutoComplete feature of Internet Explorer.

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Re: Set a cookie for logging in
Date :2/16/2003 3:25:17 AM Poster : Tom Nunamaker

Don't assume everyone is using IE or wants the autofill turned on.

What percent of people login with multiple serial numbers? Does that give them different access? If not, they why are they logging in with different serial numbers? Are you preventing adding this because of a few users? You COULD have a check box to disable that autofill in feature. I'm guessing the vast majority would use it. You could even track how many people are using it to see if it's something to change/modify.

This forum also needs an escape. One generally accepted standard for web pages is ALWAYS give the user a way to get out. How can I get back to the page you are directed to after you login? If you had a "home" link, it would be.

Also put your branding/contact information on EVERY page on your site.

I tried submitting this but it said I needed to login with a valid serial number. Good thing I copied this to the clipboard first. I'm guessing you're setting session variables that are timing out too fast (5 min)?

Tom

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Re: Set a cookie for logging in
Date :2/18/2003 10:12:47 AM Poster : Ward.Net Webmaster

>Don't assume everyone is using IE or wants the autofill turned on.

We don't assume that everyone is using IE or wants the autofill turned on. We were merely suggesting that if they are using IE, that the autofill feature would work nicely. Perhaps there are similar features in Netscape or another browser.

>What percent of people login with multiple serial numbers?

There is a large percentage of users who have multiple products (like yourself), giving them multiple serial numbers.

>Does that give them different access? If not, they why are they logging in with different serial numbers?

Yes, each product serial number gives different access. A Trader serial number only shows material related to the Trader, while a GeneHunter serial number only shows material related to GeneHunter.

>Are you preventing adding this because of a few users?

As we said before, there are a large percentage of ward.net users who have multiple products. Some users have all or almost all of the products that we own.

>You COULD have a check box to disable that autofill in feature. I'm guessing the vast majority would use it. You could even track how >many people are using it to see if it's something to change/modify.

The autofill feature is part of IE. We don't automatically enable/disable that, and in fact, we are not even sure if it is programatically possible via a web page.

>This forum also needs an escape. One generally accepted standard for web pages is ALWAYS give the user a way to get out. How can >I get back to the page you are directed to after you login? If you had a "home" link, it would be.

This is a good suggestion. We will try to implement it. In the meantime, you can always use the back button in your browser.

>Also put your branding/contact information on EVERY page on your site.

Again, a good suggestion.

>I tried submitting this but it said I needed to login with a valid serial number. Good thing I copied this to the clipboard first. I'm guessing >you're setting session variables that are timing out too fast (5 min)?

We will double check to see if it is too fast. About how long do you think your session was open?

We will be sure to pass your concerns on to our Internet Development team.

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Intraday NSDTP predictions and strategies

Date :2/10/2003 9:59:12 PM Poster : Ralph

My testing seems to be more productive using intraday bars in a 4 month time period rather than daily bars in various time periods. I still do not trust this whipsaw market enough to use real dollars to test myself but I like NSDTP. Marge and Steve are a class act.

DDE direct into NeuroShell DayTrader Pro?

Date :2/14/2003 8:57:44 AM Poster : Rolf Edberg

Is it possible to use a DDE-link that comes from my Quote-supplier into NeuroShell DayTrader Pro as a live Data source?

Or do I have M3?

Or is it possible to use Excel with a loop (then Excel sums the trades to 1-minutes quotes)?

Any suggestions?

Regards

Rolf Edberg

Re: DDE direct into NeuroShell DayTrader Pro?

Date :2/21/2003 9:24:18 AM Poster : Webmaster@ward.net

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Re: DDE direct into NeuroShell DayTrader Pro?

Date :2/26/2003 10:49:51 AM Poster : Webmaster@ward.net

The Alpha testing is officially closed for new participants. However, since few of those participants are actively testing the Data Pump, there is a real good chance we'd let you in anyway if you email us and tell us what you plan on doing with it! Send the email to support@wardsystems.com.

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Is it possible to use a DDE-link that comes from my Quote-supplier into NeuroShell DayTrader Pro as a live Data source?

Or do I have M3?

Or is it possible to use Excel with a loop (then Excel sums the trades to 1-minutes quotes)?

Any suggestions?

Regards

Rolf Edberg

Re: DDE direct into NeuroShell DayTrader Pro?

Date :2/28/2003 2:02:43 AM Poster : Ergo Mann

Sirs,

Regarding version 4.0 please tell me if it is possible to...

link one chart to another in real time using an imported indicator.

Many thanks

E.

On 2/26/2003 10:49:51 AM Webmaster@ward.net wrote:
The Alpha testing is officially closed for new participants. However, since few of those participants are actively testing the Data Pump, there is a real good chance we'd let you in anyway if you email us and tell us what you plan on doing with it! Send the email to support@wardsystems.com.

On 2/25/2003 4:49:12 PM Rolf Edberg wrote:
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On 2/21/2003 9:24:18 AM Webmaster@ward.net wrote:
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Any suggestions?

Regards

Rolf Edberg

Re: DDE direct into NeuroShell DayTrader Pro?

Date :2/28/2003 4:13:39 PM Poster : Webmaster@ward.net

You can link a TradeStation chart (even TS Pro and intraday) to a NeuroShell chart, but there is not yet linking between NeuroShell charts. However, we don't know what you mean by "imported" indicator.

On 2/28/2003 2:02:43 AM Ergo Mann wrote:
Sirs,

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Any suggestions?

Regards

Rolf Edberg

Indicator 1 Flag To Indicator 2 Value Intersection Indicator

Date :2/14/2003 10:57:23 AM Poster : Steve in California

Sometimes it's useful to be able to visually examine the intersection of "flag value" indicators overlaid on some other indicator. To do this requires lots of mouse pushing and clicks.

Here's a dll, a tpl file, and an illustrative chart for providing this kind of view more simply:

Indicator 1 Flag to Indicator 2 Value X.zip

I use it to show where pivots occur precisely on indicators like those found in the Price Momentum category.

Please note that, as I understand it, this indicator has NO usefulness in optimization processing. It just helps me to see and understand relationships across indicators better.

Jurik's CFB DLL

Date :2/19/2003 5:39:04 PM Poster : John Gotwals

I am interested in comments about Jurik's CFB indicator which purports to reveal the market's trending time frame. I have the CFB DLL module, and when I plot its output (using 5-minute bars) and compare it with the time series it is evaluating, I can not seem to make sense of CFB's output. I have experimented with different iSmooth and iSpanSize values and still conclude that the output does not seem to be correlated with the input.

Is anyone using CFB in a successful trading system?

Re: Jurik's CFB DLL

Date :2/21/2003 7:44:12 AM Poster : Greg Kramer

I use CFB. I find that it works as specified. Its output increases in value as the trend (either up or down) increases in duration. You can verify this by looking for peaks in CFB and then seeing if you can visually draw a trendline (either up or down) in the price data backwards in time from that peak. It can be used as a trend detection indicator, but I found others that are more useful for this purpose.

However, CFB's output really should be used as an input to another indicator, which you can not do in NST unless you write a DLL to do it. I recommend that you look at Bowfort Technologies' Z Jurik indicators (posted here in this forum). From their help file: "Z CFB is very useful as an adaptor in the adaptive indicators: Z Adaptive JMA, Z Adaptive RSX and Z Adaptive VEL."

On 2/19/2003 5:39:04 PM John Gotwals wrote:
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Is anyone using CFB in a successful trading system?

Re: Jurik's CFB DLL

Date :5/28/2003 10:16:03 AM Poster : Bertrand

That is the clue of CFB,

it is not highly correlated with the basic time series it is analyzing, therefore a very good input to a NN. You could use CFB as an adaptor to other indicators & for timely exits when a established trend breaks down. Still another use is position sizing & risk management (leverages,exposure).

Something more practical for realtime use: Trade when CFB is rising, this well help you in increased trade efficiency & average trade profit!

My best regards
Bertrand

On 2/19/2003 5:39:04 PM John Gotwals wrote:
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Re: Jurik's CFB DLL

Date :6/1/2003 1:18:40 AM Poster : John Ferguson

CFB does wonders for an MA crossover system.. Start by using the 40 period MA of cfb, and only taking ma crossover trades when cfb is above that average.

Then put bollinger bands around cfb, and see if a way to 'pile-on' or pyramid successfully doesn't jump out at you. All of the bollinger band phenomena (squeeze, relative 'w' bottoms and tops, etc) happen with cfb as well as price.

I've also found that %bandwidth can be a better filter for some stocks than%b or cfb's relation to its MA.

Anyway, I hope that's helpful.

Best Regards,

John Ferguson

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Is anyone using CFB in a successful trading system?

Normalizing Inputs for intermarket nets

Date :2/25/2003 1:18:26 PM Poster : Dave Hubbard at Midwest

I have run some nets using inputs that I know have an effect on what I am trying to predict. It seems that I sometimes run into a brick wall with respect as to how I should normalize the inputs. For instance, I will try using percent change in some stocks to predict the percent change in close of another stock or index. (This is just one example) It seems that I end up with something good only once in a while yet I know from my previous trading experience that these markets do have an effect on the market i am trying to predict. I have had similar problems with the neural indicators with respect to intermarket nets. I just wonder, might I be trying to predict the wrong output or might I need to normalize my inputs differently? Any hints or ideas would be appreciated!

Re: Normalizing Inputs for intermarket nets

Date :2/25/2003 4:26:09 PM Poster : Texas Bubba

Try usin the percent spread or releative strenth between them two stocks. Then I doubt ya have to do any normalizin.

On 2/25/2003 1:18:26 PM Dave Hubbard at Midwest wrote:
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Re: Normalizing Inputs for intermarket nets

Date :3/18/2003 1:57:20 PM Poster : Maciej

I too have found difficulties in normalizing data so that they give good results.

In my case I tried to make the neural network learn about and recognise two bar reversals. My idea of normalizing was to use ratios of all the rules so that for instance the rule "first bar opens near the the low" would be a ratio of open divided by the low and so on for all my other rules. The idea that I had was that the network would recognise the interesting combinations of the various ratios for each of my rules so that it could predict well and of course not be tied to one stock or in my case the Dow. This approach has been unsuccesful probably because I rendered the exercise too complex. I'm looking at clustering the ratios somehow as that may make the problem more solvable. Like you with your indicators, I know that these two bar reversals can work and when visually used these bars are useful. I seem to have read in this forum that nets are good on simple problems.

Perhaps the forum webmaster can point both of us in the right direction.

On 2/25/2003 1:18:26 PM Dave Hubbard at Midwest wrote:
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Re: Normalizing Inputs for intermarket nets

Date :7/4/2003 2:01:18 AM Poster : Martey Newman

Dave,

It seems to me that you are using an intermarket analysis approach. I suggest you try the following.

You may already own this book, but try to get hold of it if you can: Neural Networks for Financial Forecasting, By E Gately.

Try this masters solution I found on web:
DATASET DESCRIPTION
This study implements the model on the stock market indexes from 10 countries. The test dataset are daily forecasts of the closed indexes from 09/04/2000 to present. The training datasets consist of historical daily data from each of the individual market indexes. For the modeling, each single data variable will be provided as input to an individual GRNN model. The input variables used to forecast each index are included below:

· High of the index

· Low of the index

· Close of the index

· One-day lag of the closed index

· One-week lag of the closed index

· Closed/current index from the other 9 markets

The individual models are training on the aforementioned data for each of the following countries (and corresponding stock indexes):

Table 1: Countries with Stock Market Names and Time Zones

Country
Index Name
Time Zone

Australia All Ordinaries GMT+10:00
Brazil
Bovespa
GMT-03:00

Germany
DAX
GMT+01:00

Japan
Nikkei 225
GMT+09:00

USA
S&P 500
GMT-05:00

Singapore
Straits Times
GMT+08:00

Thailand
SET
GMT+07:00

Turkey
ISE National-100
GMT+02:00

UK
FTSE 100
GMT

S-Africa
Johannesburg All Share
GMT+02:00

For simplicity, the 10 markets in the study were grouped by time zone as follows:

Table 2: Countries Grouped by Time Zone

Group I
Group II
Group III

Australia

Japan

Singapore

Thailand
UK

Germany

Turkey

South Africa
USA

Brazil

Group I:

To forecast the indexes for day d in Group I, the input consists of:

· Indexes of all ten markets on day d-1

Group II:

To forecast the indexes for day d in Group II, the input consists of:

· Indexes of markets in Group II and III on day d-1

· Current indexes* of markets in Group I by the time the markets in Group II open on day d

Group III:

To forecast the indexes for day d in Group III, the input consists of:

· Indexes of markets in Group I on day d

· Current indexes* of markets in Group II by the time the markets in Group III open on day d

· Indexes of the markets in Group III on day d-1

*Note: in case of the unavailability of real-time data, the closed indexes on day d will be used.

For one country forecast, the neural network is trained with the time lagged historical data for 700 days of those aforementioned variables. The next day forecast is then made. For the next forecast the network will be re-trained using the time lagged historical data for the previous 700 days. The reason of using this data range results from the unavailability of data in some countries. The sliding window of days in the forecasting is shown in the figure 1.

Figure 1. Lagged Historical Data Used in the Forecasting

All market index data, used in this study, are downloaded from the http://finance.yahoo.com website in Excel Comma Separated Values (.csv) file formats. They are then preprocessed, arranged, and saved in Excel spreadsheet (.xls) format.

Dataset is the value of the stock market indexes. The simulations are designed to forecast the close of each index based on other index values that may or may not currently be closed. Therefore, due to the time zone difference, the variables are chosen based on the current time of each market. For example, to forecast the closed S&P 500 index on June 13th (Thursday), the 14 input variables will be:

1. S&P 500 high index on June 12

2. S&P 500 low index on June 12

3. S&P 500 closed index on June 12

4. S&P 500 closed index on June 11

5. S&P 500 closed index on June 6 (last Thursday)

6. Closed index from Australia on June 13

7. Closed index from Brazil on June 12

8. Current index from Germany on June 13 (by the time US market opens)

9. Closed index from Japan on June 13

10. Closed index from Singapore on June 13

11. Closed index from Thailand on June 13

12. Current index from Turkey on June 13 (by the time US market opens)

13. Current index from UK on June 13 (by the time US market open)

14. Current index from South Africa on June 13 (by the time US market opens)

Good luck

On 2/25/2003 1:18:26 PM Dave Hubbard at Midwest wrote:
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Is Xeon better than P4 for NST?
Date :2/25/2003 1:46:53 PM Poster : Rolf Edberg
Does NST use the extra stuff inside the Xeon-CPU or is it better to chose P4 with a higher freqency?

Re: Is Xeon better than P4 for NST?
Date :2/26/2003 10:51:25 AM Poster : Webmaster@ward.net
Some of the Xeon improvements wouldn't be applicable, like the integer arithmetic and I/O improvements. Others like hyperthreading might be if you had multiple processors. However, NeuroShell does not presently contain any special coding for these new processing capabilities. The newest P4s have hyperthreading too, we have heard, so they might be a good bet for the future, even though we don't think hyperthreading would do much for a CPU bound number crunching application like our optimization unless you had multiple processors.

On 2/25/2003 1:46:53 PM Rolf Edberg wrote:
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Broker, data and software to use with NST?
Date :2/26/2003 8:14:04 PM Poster : Dan Lucas
I am moving towards experimenting with using NST Day Trader with intra-day data and am looking at a various combinations of broker/trader, software and data feed. What confuses me is how NST fits in with all these different elements.

I know NST can take an intraday feed from Quote.com, so I suppose that whatever I do have to use something that is compatible with Quote.com's feed. So far I have been looking at the following.

---For my executions I was thinking of MB Trading, which has a good reputation and seems to have competitive pricing.

---MB Trading offers the MBT Navigator, which seems to be fully featured and nicely customisable. It also offers QCharts software using MB Trading's account, execution and order management software.

---For intra-day data, MB Trading supports eSignal, QCharts, DTN and Cron.

Any comments (however brief) on other users' setups, suggestions on how to approach this and so on would be gratefully received.

Dan

Re: Broker, data and software to use with NST?
Date :2/28/2003 8:03:52 AM Poster : Dave Hubbard at Midwest
Have you looked at Interactive Brokers?

On 2/26/2003 8:14:04 PM Dan Lucas wrote:
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Dan

Re: Broker, data and software to use with NST?
Date :2/28/2003 4:18:14 PM Poster : Steve Ward
I recently switched to Interactive Brokers and I like them too. www.interactivebrokers.com.

In the upcoming release 4.0 there are other choices besides Quote.com. You will be able to use Esignal or TradeStation or program your own interface. However, Quote.com does not have the problems it did a couple of years ago, in my opinion.

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Dan

Re: Broker, data and software to use with NST?
Date :3/3/2003 12:50:42 AM Poster : Dan Lucas

Thanks Dave and Steve. Are you willing to disclose from which service(s) you switched to Interactive Brokers?

Dan

On 2/28/2003 4:18:14 PM Steve Ward wrote:
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Dan

Re: Broker, data and software to use with NST?
Date :5/22/2003 2:57:48 PM Poster : Michael Stigall

I use Quote.com for the data feed, and PreferredTrade as my options broker. Quote.com is one of the few vendors which provide history of pricing data on option prices too.

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Dan

Re: Broker, data and software to use with NST?
Date :5/23/2003 12:13:38 AM Poster : zawie

The number of answers to the brokerage question are probably as varied as there are people :-) My suggestion is to check out Interactive Brokers. Their executions and quotes are very timely. If something goes wrong with the order routing/exchange, they actually tell you live with a popup message(interesting concept) :-)

Comissions are $0.01 per share (<500), $0.005 per share (>500)
Options are $1 per contract.
Futures are $2.40 per contract.
SSF's are $1 per contract.

If you want good executions with a discount broker with low comissions, IB are
hard to beat.

http://www.interactivebrokers.com/

Regards
Mark Simpson
Bowfort Technologies Inc.

On 5/22/2003 2:57:48 PM Michael Stigall wrote:
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Dan

Kirshenbaum Bands
Date :3/4/2003 4:56:51 PM Poster : Maciej

Has anyone coded Kirshenbaum bands? If so what were you experiences with them? I'm interested in futures mainly.

Regards,

Re: Kirshenbaum Bands
Date :3/6/2003 1:03:20 PM Poster : Daniel P Lyons

generally the rule of thumb is:
use Kirshenbaum bands to measure volatility around a trend, and Bollinger Bands to measure changes in trend. KBs tend to yield very good volatility bands,

regards,

Daniel

On 3/4/2003 4:56:51 PM Maciej wrote:
Has anyone coded Kirshenbaum bands? If so what were you experiences with them? I'm interested in futures mainly.

Regards,

Re: Kirshenbaum Bands
Date :4/7/2003 8:35:39 AM Poster : chachi

Has anyone coded Kirshenbaum bands? If so what were you experiences with them? I'm interested in futures mainly.

Working them up in an excelsheet at the moment to test/prove it versus sample output gleaned from an italian site.

Completely unable to find any other reference to them at all though unfortunately.

Re: Kirshenbaum Bands
Date :4/8/2003 5:31:57 PM Poster : fhealy

try this website for info on construction of kirshenbaum bands.
http://www.suntrade.it/Systems/KBAC_Kirshenbaum_Bands.htm

On 4/7/2003 8:35:39 AM chachi wrote:
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Completely unable to find any other reference to them at all though unfortunately.

Re: Kirshenbaum Bands
Date :4/9/2003 1:15:45 AM Poster : zawie

I've seen a couple of requests on the forum recently about Kirshenbaum Bands, so I decided to code them tonight for everyones benefit.

Please find attached a self-installing executable, complete with built in Neuroshell help, and fully working deinstall option. (The indicators are all coded in C for speed). The executable can be downloaded using the following link:

KirshenbaumBandsV10.exe

4 Indicators are included:

Kirshenbaum Band Upper - Upper K-Band
Kirshenbaum Band Lower - Lower K-Band
Kirshenbaum Band Center - Center K-Band
Kirshenbaum Band Width - Half the width between the upper and lower bands.

From some initial tests I've run, I have indeed found them to be better than Bollinger Bands.

A quickly put together trading strategy I built with it returned 22.7% PA, with 30 trades over 5 years (27 winners, 2 losers). Long Percent Profitable Trades (81.3% - 13/2), Short Percent Profitable Trades (100% - 14/0). Average Winning Trade Profit $0.89, Average Losing Trade Loss $0.09. Maximum consecutive losers: 1. Based on daily bars. And "No Optimization", i.e. results are not a curve fit anomoly. The strategy was nothing fancy, just K-Bands, and a profit target, with the strategy always in the market.

However personally I'd get bored waiting an average of 2 months for a trade :-)

Given the above results it would be worth looking at using K-Bands intraday and with more active trading strategies.

If there's enough interest around the K-Band subject on this forum (i.e. people submitting charts etc.), then I'll submit an "Adaptive K-Band" and "Jurik'd K-Band" to the forum too.

Regards
Mark Simpson

Bowfort Technologies Inc

On 4/7/2003 8:35:39 AM chachi wrote:
Has anyone coded Kirshenbaum bands? If so what were you experiences with them? I'm interested in futures mainly.

Working them up in an excelsheet at the moment to test/prove it versus sample output gleaned from an italian site.

Completely unable to find any other reference to them at all though unfortunately.

Re: Kirshenbaum Bands

Date :4/9/2003 4:06:33 PM Poster : Steve Ward

Thank you, Mark. As usual, you have been extremely helpful and generous with your time.

On 4/9/2003 1:15:45 AM zawie wrote:
I've seen a couple of requests on the forum recently about Kirshenbaum Bands, so I decided to code them tonight for everyones benefit.

Please find attached a self-installing executable, complete with built in Neuroshell help, and fully working deinstall option. (The indicators are all coded in C for speed). The executable can be downloaded using the following link:

KirshenbaumBandsV10.exe

4 Indicators are included:

Kirshenbaum Band Upper - Upper K-Band
Kirshenbaum Band Lower - Lower K-Band
Kirshenbaum Band Center - Center K-Band
Kirshenbaum Band Width - Half the width between the upper and lower bands.

From some initial tests I've run, I have indeed found them to be better than Bollinger Bands.

A quickly put together trading strategy I built with it returned 22.7% PA, with 30 trades over 5 years (27 winners, 2 losers). Long Percent Profitable Trades (81.3% - 13/2), Short Percent Profitable Trades (100% - 14/0). Average Winning Trade Profit $0.89, Average Losing Trade Loss $0.09. Maximum consecutive losers: 1. Based on daily bars. And "No Optimization", i.e. results are not a curve fit anomoly. The strategy was nothing fancy, just K-Bands, and a profit target, with the strategy always in the market.

However personally I'd get bored waiting an average of 2 months for a trade :-)

Given the above results it would be worth looking at using K-Bands intraday and with more active trading strategies.

If there's enough interest around the K-Band subject on this forum (i.e. people submitting charts etc.), then I'll submit an "Adaptive K-Band" and "Jurik'd K-Band" to the forum too.

Regards
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Bowfort Technologies Inc

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Re: Kirshenbaum Bands

Date :4/13/2003 12:41:08 AM Poster : Walter

Mark,

I would like to second Steve's words of acknowledgement and appreciation. Your making available useful indicators is greatly appreciated. In fact, I plan to send Bowfort Technologies a cheque equal to the earnings of my first profitable trade using your indicators. (But don't quit your day job and don't hold your breath. I haven't committed any real money yet to trading. I'm still getting over the steep learning curve here and the twin humps of confidence and consistency in out of sample results.)

I'd like to outline my experience with K Bands and the simple trading strategy I used. I used Crossover conditions, as outlined in the videos, to generate buys and sells using the conditions below. This is based on a simple strategy, like Mark's, and the description of K Bands found in the site referred to by FHealy. The strategy there suggested a buy when the price pierced the lower band and the close was above the lower band. (I wasn't too careful about the Close in the conditions below.) The Sell is the inverse.

BUY LONG CONDITIONS:
CrossAbove(Kirshenbaum Band Lower(Close,5,10,1.75),Low)

SELL LONG CONDITIONS:
CrossBelow(Kirshenbaum Band Upper(Close,5,10,1.75),High)

I set the buys and sells to get end-of-day prices because I focus mainly on mutual funds and that's the best I can get. I used the NASDAQ Composite and S&P500 over the period Jan.1, 1996 to present.

Using these conditions "out of the box" with no optimization, my results were worse than buy and hold according to the stats. When I optimized over the same period, selecting optimal parameters, my results were an acceptable 20% or so per annum, with positive trades about 65% of the time.

I then tried a 9 month out of sample to present with one year of optimization before that. I also let the optimizer select between Low, High, and Close prices. My results were pleasing in a sense, getting a 12.9% annualized on the NASDAQ and 21.3% on the S&P, while buy and hold was negative for each. There were 3 winning trades and no losers over the 9 month walkforward.

Yet, I still don't have confidence to extrapolate these results into a real trading system because statistically, a sample of 3 seems too small. I've had many more cases of good optimizatiions follwed by poor out of sample. Also, when you eyeball the locations of the buys and sells here, they're embarrassingly far from optimal. Is this typical of a successful system or is this a fluke? Should good numbers be accompanied with visually pleasing signals. I would appreciate any comments along these lines and suggestions on how to improve this trading system.

Also, Mark, your idea of Adaptive indicators would have merit here. I noticed that K Bands adapt too slowly going from narrow to wide trading swings. As a result, high amplitude trading days can get you in and out far too early and we've had quite a few of these recently.

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Re: Kirshenbaum Bands

Date :4/18/2003 8:54:28 PM Poster : zawie

One thing I've learnt is that Genetic Optimization is a double edged sword.

Genetic optimization works extremely well, and can produce fanastic results
on virtually any data provided to it (if it doesn't the underlying model is very poor).

The problem comes with the underlying model that's created by the trader.
I.E.

Model: Good
Optimzation: Good
Out Of Sample: Better

Model: Poor
Optimization: Good
Out Of Sample: Poor

I.E. The optimizer will tend to curve fit to the data. (This isn't a bug with the
optimizer, that's what you've asked the optimizer to do).

The optimizer needs to be constrained by using a good model. So it's important to use a good out of sample. But then you come across another problem, in that if you optimize over too long a period, unless the stock has been very similiar over the last 6 years, a 1 year recent optimization is likely to be more representative of what's happening now.

So it's important before you trade, that you test thoroughly to make sure you have a good model.

How to determine a good model? I've found the best way to do this is to look for stability. If a model is good, it will be stable when parameters are changed slightly. If slight changes result in large losses or gains, then I tend to suspect the underlying model.

However, that said, if you don't have a clue about the parameters to a system, then the Optimizer will find those for you. But most of the time you will have
(or should have) a rough idea of the parameters.

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Re: Kirshenbaum Bands

Date :4/19/2003 2:07:59 PM Poster : Larry

Mark
Thanks for all the work you post for free. Excellent Stuff. The Zjurik, Kirshenbaum Bands work well. For some reason I can not get Neuroshell to see the Adaptive, Volatility or Power Tools. Once installed these items show up in the indicator list but it appears the associated DLL can not be seen even though it is in the template folder. Any thoughts on how I can fix this problem.
Cheers
Larry

Re: Kirshenbaum Bands

Date :4/30/2003 10:12:09 PM Poster : Walter

Mark,

Thanks for the tips on building better models.

Your suggestions to start with good models and to tighten the parameter search for the optimizer were quite effective.

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Re: Kirshenbaum Bands

Date :4/23/2003 10:20:21 AM Poster : chachi

If there's enough interest around the K-Band subject on this forum (i.e. people submitting charts etc.), then I'll submit an "Adaptive K-Band" and "Jurik'd K-Band" to the forum too.

Would be greatly appreciated - here are wrappers for KB %B and KB %Width

Kirshenbaum.exe

Rel 4 and Stops

Date :3/4/2003 5:03:05 PM Poster : Maciej

Does anyone know whether the upcominhg release of NSDT will maintain the same method of handling stops as at present. That is, it is not possible to get stopped out on the same bar as you go in (in on the open, and out on the close of the same bar or stopped out also on the same bar as entry).
This is particularly irritating on a daily periodicity where in the case of volatile movements (in my case futures) I have a high chance of either achieving my target or being stopped out.
Currently the only solution that I see is to break the day down into smaller periods.
Thanks in advance for any feedback

Re: Rel 4 and Stops

Date :3/5/2003 3:39:44 PM Poster : Webmaster@ward.net

Actually you CAN get stopped out on the same bar as entry. You just can't get stopped out on the same bar as entry if your stop condition relies on knowing the entry price (i.e most of the built in trailing stops). As an example, a stop of MovAvg(Close,5) will get out on the same bar as entry if the price gets down (or up) to the MovAvg. Release 4.0 has no changes in this area.

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Re: Rel 4 and Stops

Date :3/6/2003 3:30:48 PM Poster : Maciej

Can I sugest that this be considered for the next release.
In the case of daily bars, and entry on Open, this means that one cannot get stopped out until the open of the following day. I would imagine this means that tests in those conditions, ie not using stops on the day of the entry, renders any results less accurate than they could be. In the case of 5/10min bars the problem is less crucial in so far as the likihood of a stop being triggered in the first bar suggests that the stop was unrealistic anyway. But in a daily bar! If implemented I'd suggest that a worse case scenario be adopted so that if a profit target and a stop loss were both triggered then the stop loss should prevail.
The only other way currently is to use say 30 min bars whilst treating all calculations as daily ie multiple ti,e frames.

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Selective Sum

Date :3/5/2003 3:38:43 PM Poster : Rick D

Hi. I'm hoping someone can help me out. I am currently using DayTrader Pro with hourly bars. I would like to create an indicator which is a Selective Sum, where the condition for including a past bar in the sum is that the time of the past bar equals the time of the current bar, whatever time that may be. I don't know how to create a condition in a Selective Sum where the time of some past bar is always being compared to the time of the current bar. Can anyone help?

Thanks,
Rick

Re: Selective Sum

Date :3/11/2003 3:11:37 PM Poster : Webmaster@ward.net

We don't think that can be done in the indicator wizard; you may have to program that in C or PowerBasic. As a matter of fact, we already have coded one for our own trading purposes, and we'll put it in the Tips section of this website in a day or so. Ours computes the average of x previous prices at the same time, but you can just multiply by x to get the sum. For those interested in doing your own programming, we'll include the source code.

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Thanks,
Rick

Parameter equality restrictions

Date :3/7/2003 7:19:51 PM Poster : Yngvi Hardarson

Anyone know if/how I can restrict trading strategy optimized parameter values for long and short trades? I've come to the conclusions myself that this isn't possible in the current version.

Yngvi Hardarson

Re: Parameter equality restrictions

Date :3/9/2003 6:44:34 AM Poster : Xprogrammer

Look for the + where the rules are displayed. Click on it and you will see where you can restrict the parameters in the rule.

On 3/7/2003 7:19:51 PM Yngvi Hardarson wrote:
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Yngvi Hardarson

Re: Parameter equality restrictions

Date :3/11/2003 5:12:17 AM Poster : Yngvi Hardarson

Thanks.

I know I can fix parameter values and restrict their ranges.

I now realize that I didn't pose my question clearly enough. What I have in mind is say restricting the optimization process in such a way that e.g. the length of moving averages crossovers is equal for the long and short sides of a trading strategy but have their length optimized given that restraint. This could also apply for indicators being created using the Wizard where you want to fix the same period in many places but still optimize that single value. That latter problem can of course be achieved by employing indicators programmed outside NTSP.

Yngvi

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Re: Parameter equality restrictions

Date :3/11/2003 5:59:09 AM Poster : Yngvi Hardarson

In continuation of my previous response then I just realized that in my question only seems relevant as far as placing equality restrictions on trading strategy parameters. The ability to Map Variables in Custom indicators is there. However I don't see how I could apply the same technique for a Trading Strategy.

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Re: Parameter equality restrictions

Date :3/11/2003 1:49:38 PM Poster : Maciej

Your right its impossible to constrain a parameter in an identical manner for both the long and short sides of a trading strategy at the present time. The optimiser will find one for the long side and another perhaps the same but that's not certain for the short side. We have requested the ability to have variables in a wish list in this forum.

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Displaying Rule Values in Optimised Trading Strategy

Date :3/10/2003 3:20:20 PM Poster : Maciej

Hi,
Anyone one knows how to display the values of the rules/indicators that have been optimised in a trading strategy? If the indicators are not saved and renamed then the optimised values appear. If I save the indicator and name it then after optimisation the values do not appear. I'm using Jurik's JMA as part of the rule but I wouldn't have thought that should make a difference.
Thanks in advance for any feedback.

Exit same day as entry

Date :3/10/2003 8:04:39 PM Poster : John J

I have been trying to find a way to set up a trading strategy in NSTP such that a long exit will be automatic on the same day as an entry at the open. Can anyone explain how it can be done? Or is it impossible?

Thanks

Re: Exit same day as entry

Date :3/11/2003 1:44:49 PM Poster : Maciej

Depends on the periodicity. If you use daily data then a 1=1 in the exit strategy will suffice, details exist in the tips etc on this web site.
If you are using other frequencies then then there a couple of techniques that I use: a) the most obvious one is to use the Time indicators where you put in an indicator such as TIME>16:00:00 or whatever time you want to insure that you get out on the last bar. The inconvenience of this is that it does not take into account of special days when the exchange closes earlier ie @ 12:30:00 unles you create a holiday indicator - quite easy to do but tedious to maintain. b) the one I use for testing but its not really for actual trading is to use the LEAD indicator and compare the time to that of the next bar, if the time of the next bar is less than the current bar's time then it must be another day so out we go.
Both techniques are quite straightforward but if you want the code for the latter then let me know. The beauty with NSDT is that you can usually create want you but it doesn't always have the things that traders would assume as obvious.
Regards

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Re: Exit same day as entry

Date :3/11/2003 2:36:50 PM Poster : John Gotwals

Inside your Trading Strategy Wizard, select the Long Exit tab. Then click the Add Condition(s) button and then the Indicator button. This brings you to the Indicator Wizard where you can use an indicator from the Time Flags catagory. Finally, select the Time >= X indicator and insert a time of (say) 3:50 PM.

You may want to use a Time <= X indicator in your long entry so that you don't immediately open a new long entry after closing your original long.

I hope this helps.

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Optimization rule request

Date :3/11/2003 10:25:21 AM Poster : Tom Nunamaker

It would be nice to allow rules for optimizations that include more logic such as a rule that parameter X is always less than parameter Y, where X and Y could either be in the same indicator or different indicators. Another useful rule would be to tie an optimized parameter to multiple locations simultaneously. For instance, if I'm optimizing BUY and SELL strategies and I want to use the same values for an indicator for both sides, I would want the optimizer to always use the same number in both situations. Occasionally ratios or adding constants would be nice too. For instance, if I have two parameters in an indicator X and Y. If I want to use X from 1 to 10 and Y from 2 to 20, but Y is always double X. Or, Y is X+ N where N is what needs to be optimized.

I don't think these are possible currently so consider it a request for a future release. If this is possible to do now, I'd love to know how to do it.

Re: Optimization rule request

Date :3/11/2003 1:55:23 PM Poster : Maciej

Tom,
Part of what you want is possible. If you require that parameter X is dependant on the value of Y then that's feasible, essential you create a custom indicator which allows you to link your variables and then you use a boolean for instance: and (crossabove(movavg, movavg2),movavg1length1<movavg2length2)
Hope that helps.

On 3/11/2003 10:25:21 AM Tom Nunamaker wrote:
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Re: Optimization rule request

Date :3/13/2003 4:15:48 AM Poster : Maciej

Taken to extremes I've even managed to stop the optimiser from finding an optimal solution. The method was simply to add more boolean constraints, in my case insisting that the variables in a movavg formula were only Fib values say from 3 to 55: the optimzer coldn't find an optimal solution. It seems that it would be best to have NSDT provide the facilities of variables rather than get us coding these

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I don't think these are possible currently so consider it a request for a future release. If this is possible to do now, I'd love to know how to do it.

Re: Optimization rule request

Date :3/13/2003 1:15:08 PM Poster : Tom Nunamaker

Maciej,
I'm not clear exactly how you achieve this. Suppose I have an indicator that has two variables where Y = 2 X. I would create an indicator called "DoubleX" for the sake of discussion. Suppose I'm trying to calculate a MACD and I want:

ExpAvg2 Periods = 2 * ExpAvg1 Periods

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Thanks

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Re: Optimization rule request

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IfThenElse(A=B(A=Mul2(2,B),MACD(Close,B,A),0)

If you save the indicator you'll be able to link A variables as one, the B variable as one, hide the 2 variable and hide the 0 variable).

This will force NSDT to display a MACD when your condition is true. The optimiser should go through the possibilities and give a MACD that is optimised whilst maintaining your condition.

Sorry the boolean approach is perhaps not appropriate in your instance even if the IF does much the same job as the AND.

I can pass you a tpl but someone will have to tell me how to transmit it.

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Re: Optimization rule request

Date :3/14/2003 8:08:32 AM Poster : Webmaster@ward.net

> I can pass you a tpl but someone will have to tell me how to transmit it.

Just attach your tpl files to an email to forum@ward.net and we will post your files on this thread.

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Re: Optimization rule request

Date :3/17/2003 10:42:24 AM Poster : Ward.net Webmaster

The file referenced in this post can be downloaded using the following link:

MACDTwoTimes.exe

The file is a self extracting EXE containing two files.

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Two Bar Reversals

Date :3/13/2003 4:23:20 AM Poster : Maciej

Hi,
Has anyone had a stab at coding two-bar reversals (p49, fig 1 of March 2003 Active Trader)?
Its how best to code the implied fuzziness that intrigues me. i.e. how to set up indicators that correspond to "closes near the high", "sharp rally" etc. Visually recognizig such patterns is easy; but how best to get NSDT to understand these concepts. I don't think that the Fuzzy and Adapt 1 addons have the solution.
Alternatively will the "Tips From Active Trader and Other Sources" be updated to include this challenge?

Re: Two Bar Reversals

Date :3/13/2003 11:23:46 AM Poster : Xprogrammer

It seems like you should be able to make rules to implement that strategy. For the trend before the bars you could use a regression line, or a series of higher closes. I agree it wouldn't be fuzzy, but the amount of variation might be due to what issue is being traded, no?

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Re: Two Bar Reversals

Date :3/13/2003 3:20:17 PM Poster : Maciej

Thanks for the rules advice. I'll try that by defining the rules in NSDT and then normalizing them so that they could be used by a net.

On 3/13/2003 11:23:46 AM Xprogrammer wrote:
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Linking Parameters

Date :3/13/2003 4:54:07 PM Poster : Steve Ward

One of the highest priority requests on the wish list you guys voted on and Steve Kratochvil put together was the ability to link parameters so that they optimize to the same value in buy and sell rules. Furthermore, I keep seeing this come up over and over in this forum and in our tech support requests. Therefore we're going to break our long standing policy of not adding new things to already programmed releases, and we are going to try to get that feature into the upcoming release 4.0.

Re: Linking Parameters

Date :3/13/2003 5:49:30 PM Poster : Maciej

That will be great!

On 3/13/2003 4:54:07 PM Steve Ward wrote:
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Re: Linking Parameters

Date :3/20/2003 6:29:40 AM Poster : Greg Kramer

Great!!!! I wasn't going to upgrade to 4.0; now I will. This should increase your sales.

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> ***Re: Linking Parameters***
>
> Date :3/20/2003 10:02:53 AM Poster : Steve Ward
>
> As a matter of fact, linking is already now in the latest alpha our alpha testers are testing. Don't expect better models "in sample" - they'll not be as good as when the optimizer is allowed to roam freely. However, as someone pointed out on the forum a while ago, there is a possibility that linking will cause less overfitting and might produce better "out of sample" results. In any case, a lot of you will feel much better about having the symmetry.
>
> The feature I REALLY like best about release 4.0 is that you can tell it exactly how long to optimize. For those that think it is too long, now you can shorten it. For those (like me) that think it isn't long enough, you can let it run all night if you want without having to "re-optimize".
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Data CD File format

Date :3/20/2003 8:34:10 PM Poster : Bill Mitchell

I would love to be able to place the data from the Data CD into a database. It would give me the ability to search it with complex SQL queries to locate volitile cyclic equities that would work well in NeuroShell trader. My problem is I am not familier with the file format for a *.WSG file and have not been successful in my attempts to import it into an RBase, Access or VB format. A Java library file for reading .wsg in Java or Java Swing would be cool too.

So far I have been using the standard but lame "stock locator internet sites" that narrow the search down to just hundred and hundreds of stocks that I then filter through some standard trading strategies to locate the few "diamonds in the rough". There has to be a better way.

Does anyone have any sugestions?

> ***Re: Data CD File format***
>
> Date :3/21/2003 10:36:12 AM Poster : Ergo Mann
>
> Bill,
>
> The file format is binary, as it would take too long to read a CSV file of periods less than 60 minutes.
>
> It is possible to get VB to read the file structure with relative ease. However you will need to be able to see/review the file structure for which a tool such as 'Dosshell' which came with DOS versions up until version 5 can be used.
>
> 'Dosshell' works with Windows 95 and presumably all Win 9x derivatives.
>
> Once you have the ability to see the structure, the binary instructions in VB, put/get etc., are what you need to read and write WSG formats.
>
> Good luck.
>
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DLL's

Date :3/21/2003 10:15:49 PM Poster : John J

NSTP allows selection of only one optimization criteria. It seems that it would be much better if one or more additional criteria could be optimized simultaneously. For example, along with "Max Net Profit", a limit on % drawdown could be specified. Then all parameter sets producing a greater drawdown would be rejected during optimization. Could this be accomplished with a DLL?

Thanks, John J

> ***Re: DLL's***
>
> Date :3/24/2003 5:33:20 PM Poster : Steve Ward
>
> Currently you cannot craft your own objective functions. However try using the one called Maximize ratio net profit/maxdrawdown. That should accomplish at least the example task you are after, maximizing profit while simultaneously minimizing drawdown. It does not accomplish the flat rejection of drawdowns over a preset limit, but for technical reasons, GAs work better when fitness functions provide a sliding scale of goodness rather than restrictions in binary form. Crafting your own objective functions may come in the future, but generally if a model does poorly with one objective function, it will do pretty poorly with many of the others as well, and vice versa.
>
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> Thanks, John J

Selective Optimization

Date :3/22/2003 12:55:31 PM Poster : Maciej

When using the Full optimization option of testing a trading strategy it would be very useful if only certain indicators where optimized and not others. The logic being that some indicators are actual triggers for say an entry whilst others are simply there as a representation/constraint of the real world say a rule that insists on exiting at EOD regardless of the result. So say a series of various moving averages could be optimised by rule selection (the parameter optimization is not the issue) whilst the exit rules remnained in place.
Has anyone figured on doing this with the current release or is this something for a future release? My current approach is to optimize without my "real world" constraints and once I've something promising then to add the non-optimizable rules. That's sort of cheating and I'm not sure if an optimal result can be so obtained.

> ***Re: Selective Optimization***
>
> Date :3/24/2003 11:25:07 AM Poster : Eric L. Hoyle, CFA
>
> Maciej,
>
> I'm not sure if this would work without seeing the actual problem, and it's not easy to use, but couldn't you create combination of rules using the AND indicator that, regardless of the optimization path, would contain the rule(s) you wanted in the end?
>
> So if you wanted RULE 1 and RULE 2 to be exit signals, but wanted to use full optimization, you could create a single exit rule that was AND(RULE 1, RULE 2). Would that work?
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>
> > ***Re: Selective Optimization***
> >
> > Date :3/24/2003 1:21:39 PM Poster : Maciej
> >
> > Thanks Eric.
> >
> > That should work. The only inconvenience is the the small one of enveloping all the rules in the Boolean. One can live with that.
> >
> > On 3/24/2003 11:25:07 AM Eric L. Hoyle, CFA wrote:
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printout of trading strategy -- lacks conditional trigger

Date :3/25/2003 8:40:59 AM Poster : chachi

When printing everything for a trading strategy, when dumping the rules, the printout shows everything one could wish to see EXCEPT how the rules interact/trigger (eg must be 1, 2, 3, ALL rules)...

How about adding the "1,2,3,4,5,6,ALL" dropdown setting to the printed output ?

> ***Re: printout of trading strategy -- lacks conditional trigger***
>
> Date :3/26/2003 8:34:23 AM Poster : Ward.net Webmaster
>
> That's a good idea and it will be in release 4.0.
>
> On 3/25/2003 8:40:59 AM chachi wrote:
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Wish List Addition

Date :3/25/2003 11:53:09 AM Poster : Maciej

I'm not sure if this wasn't already requested but it would be very useful if in the trading strategy wizard when setting the parameter ranges for various variables one could see the non-optimized (default) value that has been set. The wizard has a way of hiding the original value and proposing extremes in most cases reasonable but that doesn't make it easy if one just wants a particular variable not to be optimised. Perhaps a more elegant improvement would be to allow parameter optimization selectively. Currently the only way round this is to save the indicator and hide the parameter and then use it in a trading strategy.

The Moving Trend

Date :3/28/2003 6:18:01 AM Poster : Ergo Mann

I had previously used both Ehler's Zero-Lag Data Smoother and Ehler's Smoothed Price, however, the Moving Trend mentioned in January's Stock & Commodities magazine has proved of significant benefit.

Thanks Marge.

Carolan's concepts (cycle or windows) and Fisher's theory

Date :3/29/2003 12:09:23 PM Poster : Darek

Has anyone implemented a Carolan's concepts (cycle or windows) and Fisher's theory of capital and investment into NST trading strategy?
I have heard that the best results we can get if we fit both theory together.
Thanks, Darek

> ***Re: Carolan's concepts (cycle or windows) and Fisher's theory***
>
> Date :5/28/2003 10:04:35 AM Poster : Bertrand

Hi Darek,

sounds interesting, but I have never heard of these two concepts. Any background material you could recommend?

Regards
Bertrand

On 3/29/2003 12:09:23 PM Darek wrote:
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Wish List addition

Date :3/29/2003 5:01:53 PM Poster : Walter

These wishes concern the interface of NT and would make the interface more consistent and user friendly..

1. On the Prediction or Trading Wizard Dialogue boxes (there may be other boxes as well). let double clicks select the instrument and bring up the Analysis screens.

I find myself going to the Prediction Analysis or Detailed Analysis quite frequently. Now you have to select the Instrument and then move the mouse to the Analysis button and click again. Why not have double clicking the instrument bring up the Analysis Screens directly, saving some mouse stroking?
This would be consistent with other double clicking in NT, like for example selecting an Indicator on a chart?

2. Have NT remeber your last tab selection.

Many times I revisit the same tab making adjustments on the criteria. Sometime it's to adjust the dates to check results over different time periods. When in this mode I revisit the same place many times. This would save time going to the desired tab over and over again.

These aren't what you would call "must haves" but they would incrementally improve the usability of an already excellent interface, for me and possibly others operating in "parameter adjustment" mode. They also don't seem like a lot of work for the programmers.

Re: Wish List addition

Date :4/1/2003 11:20:08 AM Poster : Maciej

Good idea.

Another thing that would be useful would be the ability to use in indicators "system" information of the nature: periodicity, chart name etc - a bit like Trading Strategy: System Information but related to the chart. Information such as periodicity would be useful in creating generalized indicators.

On 3/29/2003 5:01:53 PM Walter wrote:
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Re: Wish List addition

Date :4/2/2003 4:33:41 PM Poster : Walter

Another function for the user interface that would be useful to me (and others I think) is to allow you to easily display the OPTIMAL Rules on the chart, as described under the Trading Rules tab of the ..... Detailed Analysis, after you've completed an optimization. The only way I know of doing this is to reconstruct the Indicators using the optimal parameters. Sometimes the Indicators you build have many parameters, some of them non-integer; so it's very tedious, time consuming and error prone to reconstruct from scratch. especially if you go through a lot of optimizations.

I would like to do this so that I can eyeball the signals generated against the time series, both in the optimization run and in the walk forwards.

If there's already some easy way of doing this that I'm not aware of would someone be kind enough to show me how this is done or point me to the documentation?

Thanks for reading

On 4/1/2003 11:20:08 AM Maciej wrote:
Good idea.

Another thing that would be useful would be the ability to use in indicators "system" information of the nature: periodicity, chart name etc - a bit like Trading Strategy: System Information but related to the chart. Information such as periodicity would be useful in creating generalized indicators.

On 3/29/2003 5:01:53 PM Walter wrote:
These wishes concern the interface of NT and would make the interface more consistent and user friendly..

1. On the Prediction or Trading Wizard Dialogue boxes (there may be other boxes as well). let double clicks select the instrument and bring up the Analysis screens.

I find myself going to the Prediction Analysis or Detailed Analysis quite frequently. Now you have to select the Instrument and then move the mouse to the Analysis button and click again. Why not have double clicking the instrument bring up the Analysis Screens directly, saving some mouse stroking?
This would be consistent with other double clicking in NT, like for example selecting an Indicator on a chart?

2. Have NT remeber your last tab selection.

Many times I revisit the same tab making adjustments on the criteria. Sometime it's to adjust the dates to check results over different time periods. When in this mode I revisit the same place many times. This would save time going to the desired tab over and over again.

These aren't what you would call "must haves" but they would incrementally improve the usability of an already excellent interface, for me and possibly others operating in "parameter adjustment" mode. They also don't seem like a lot of work for the programmers.

Re: Wish List addition

Date :4/4/2003 5:27:44 PM Poster : Ward.net Webmaster

We think your #1 will be in the release 4.0 beta, so it should then be in release 4.0.

On 3/29/2003 5:01:53 PM Walter wrote:
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Getting a Net to think like a trader

Date :4/2/2003 5:46:24 PM Poster : Dave Hubbard at Midwest

I have developed a trading strategy that works across a variety of markets. I tried putting the same indicators from this strategy into a net. The net found something totally different and it didn't always work out of sample (due to overfitting). How can I get a net to think like a trend-following system (strategy) and possibly improve my existing system if not at least trade similar to the strategy itself?

I am wondering would it be a good idea to throw in binary system rules? The turbo prop is not supposed to work well with binary rules so I don't know if I could trust any good results that I may get from this idea. I also have the neural indicators add on. Which nets in the neural indicators might be better suited to this idea?

Does anyone have experience in taking an existing trading system and getting a neural net to trade like the system?

This could be an interesting thread and any feedback would be helpful.

Re: Getting a Net to think like a trader

Date :4/3/2003 12:39:39 PM Poster : Maciej

I've run into "problems" when I've optimised indicators together with stops and exits all together in one trading strategy. My solution has been to separate the entry triggers/indicators (using nets or not) from the the actual "production" trading strategy where I have my trader's constraints ie $ stops and such like. This seems to give better results as the nets/genetic algorithms are not contaminated by the real world constraints so the signals are purer. Once I've worked out my entries I then set my stops/exits to my pain threshold. Perhaps you could try to separate some your components so that a part concentrates on say optimising your net and another part handles the trader component.

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Re: Getting a Net to think like a trader

Date :4/4/2003 10:42:35 AM Poster : Dave Hubbard at Midwest

Thank you for your suggestions. I do have one more question for anyone who wishes to answer. How do I take a traditional trading system (such as those found in Trade Station, Metastock, or the templates in the Trading Strategy Wizard) and use a net to improve the system? Any ideas?

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Re: Getting a Net to think like a trader

Date :4/6/2003 6:01:33 PM Poster : Maciej

Two phrases keep croping up here as regards to nets: normalize (data) and pattern recognition. There are examples on how best to normalize your data/signals/indicators to ranges of values more easily understandable by nets - essentially that means keeping the ranges under control (there was an excellent article on nets and horse racing that Ward systems made availble that showed the beneficial effects of normalizing data). As regards pattern recognition I myself find that the usual A>B for a standard indicator is less satsifactory than say a and b as separate inputs or the ratio of a over b. But there is a lot experimentation required. Another way to create a pattern is to use lagged values of one indicator; as an example: the lag of the slope of the price - just provide the values of the slope of say the five previous bars and hopefully the net has a pattern.

On 4/4/2003 10:42:35 AM Dave Hubbard at Midwest wrote:
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Re: Getting a Net to think like a trader

Date :5/28/2003 10:11:14 AM Poster : Bertrand

Dave,

I have also played with the stratgy of advancing binary trading signals through a NN, with a BackProp product for Excel. Of course you then need to introduce trading thresholds to the concept, cause net output function will never exactly produce the original binary thresholds. I then optimized the tresholds, which certainly increased net profit. But since TurboProp does not seem to work so well with binary, you need another solution:

Have you tried predicting your basic indicators you use in the trading strategy? This could also be done using some self retraining indicators like the Adaptive Turboprop2 set (which is very effective when combined with the GA in NSDTP).

One more hint: Try several experts with different prediction horizons (like 1-2-5-10 bars in the future). Finally you put the different experts into one trading strategy & let the GA find the best setup.

Maybe you could post your findings here :-)

Regards
Bertrand

On 4/2/2003 5:46:24 PM Dave Hubbard at Midwest wrote:
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Does anyone have experience in taking an existing trading system and getting a neural net to trade like the system?

This could be an interesting thread and any feedback would be helpful.

Addition to Wish List

Date :4/6/2003 10:54:24 AM Poster : Stewart Robinson

I don't know if this has been requested before, but it would be great if the functionality of Neuroshell Trader and derivatives were exposed as an OLE Automation Object. This would make the entire Neuroshell Trader environment scriptable via Visual Basic for Applications, or other languages that allow interaction with Automation Objects.

I am currently working on unattended operation using Microsoft's Windows Script 5.6. This is a little more difficult than it needs to be.

Thanks,

Stewart

Re: Addition to Wish List

Date :4/16/2003 5:18:02 PM Poster : Rob Lenzie

To deal with this NS Trader shortcoming I've made a lot of use of Macro Express - www.wintools.com - $38 - without doubt the best $38 I've ever spent. Its a mature well thought out product and has all of the funcionality you need to drive Trader 24 x 7 - If Then Else Logic, ability to read files, ability start and terminate programs, ability to tell when a window has got and has lost focus, ability to record and edit mouse movements, excellent help system and very good technical support etc etc. However it takes some time to get the hang of driving a windows program from the outside and dealing with the inevitable execution problems that arise.

On 4/6/2003 10:54:24 AM Stewart Robinson wrote:
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Thanks,

Stewart

Turning Points

Date :4/11/2003 11:42:41 AM Poster : Mark Simpson

I'd just like to say, I've been using the new "Turning Points Add-On", and I've found them to be very good. Particularly "Example 4".

The Peakprob/ValleyProb indicators are very impressive.

Regards
Mark Simpson

Re: Turning Points

Date :5/22/2003 2:53:36 PM Poster : Michael Stigall

I have found the turning point indicators very useful also. Are you using them exactly as example 4 did (buy/sell for a strategy) or in combination with other tools (clustering, neural prediction)?

On 4/11/2003 11:42:41 AM Mark Simpson wrote:
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Regards
Mark Simpson

Re: Turning Points

Date :5/23/2003 12:21:28 AM Poster : zawie

That was a long time ago, I think (from memory), it was based very closely on example 4. Try a TDNN'd Peakprob/Valleyprob as inputs to a net predicting somewhere in the range 3-10 bars ahead. See how well that works, then see if a short term stochastic (again TDNN'd) helps improve it. (Ideally a DiNapoli stochastic, but the regular stochastic won't be far off).

Regards
Mark Simpson
Bowfort Technologies Inc.

On 5/22/2003 2:53:36 PM Michael Stigall wrote:
I have found the turning point indicators very useful also. Are you using them exactly as example 4 did (buy/sell for a strategy) or in combination with other tools (clustering, neural prediction)?

On 4/11/2003 11:42:41 AM Mark Simpson wrote:
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The Peakprob/ValleyProb indicators are very impressive.

Regards
Mark Simpson

Automated trading and Interactive Brokers

Date :4/15/2003 8:10:01 PM Poster : Andy Bower

I've been playing with the Turning Points add-on and have come up with a promising strategy that I'd like to trade on 15 min bars. I want to be able to submit these orders automatically using the Interactive Brokers API. I thought of several ways I might do this; do you think any of these is viable:

1) Ideally the Neuroshell Runtime Server or Engine would be available and allow me to embed the net as an ActiveX component into my trading software. I could feed the Quote.com data to it and receive trade triggers back. From what I read about these two products, they are not available for NeuroShell DayTrader Pro nets; is that right?

2) Alternatively, I could embed an external DLL call into my NSDT trading strategy. I'd want to call the DLL as each trade is fired and then write the DLL to pass the signals to my trading app. Is this approach possible and, if so, how?

3) Finally, I could do this. I notice that there is an add-on (called TradeBolt) for TradeStation that will forward trade signals to Interactive Brokers.

http://www.investlabs.com

I "think" this uses a product called WinBatch (www.winbatch.com) to pickup on the pop-up alerts that TS issues for each trade and then interprets the contents of these alerts and passes the info onto TradeBolt and then to IB. At a push I suppose I could do something similar with the alerts that are issued from NSDT, I don't fancy this much since there is really too much to go wrong (not good for any trading system).

Does anyone have any comments on the above suggestions, or any better ideas?

TIA

Re: Automated trading and Interactive Brokers

Date :4/18/2003 7:47:46 AM Poster : bruno

Hi,

If you don't mind programming a little, you can relatively easily write an interface to IB using their TWSAPI interface. They do provide code samples in VB and VC++
Please note that you would also need the DataX add-on for NeuroShell Trader. The only 'annoying' issue I came across was dealing with correction quotes from Quote.com.

Best regards,
Bruno

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Re: Automated trading and Interactive Brokers

Date :4/18/2003 10:30:14 AM Poster : Andy Bower

Bruno,

Thanks, that seems *exactly* what I need. I hadn't seen the DataX API add-on information before. I've already written several Smalltalk apps that talk to the TWSAPI so it shouldn't be too had to integrate NSDT using the DataX stuff as you suggest.

Best regards

Andy Bower

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Turning Points Trader Add-On

Date :4/17/2003 8:54:48 PM Poster : John Gotwals

Two forum participants have given favorable comments about the Turning Points add-on. I can't seem to find any information about this product on the Ward Systems web site other than the price. Is this new product so good that it doesn't need any publicity other than word-of-mouth? :-)

> ***Re: Turning Points Trader Add-On***
>
> Date :4/18/2003 11:19:31 AM Poster : Ward.net Webmaster
>
> Perhaps you didn't receive our April newsletter sent out last week. It was sent to the last email address we have on file for you, so if you have changed it let us know your new one please.
>
> On 4/17/2003 8:54:48 PM John Gotwals wrote:
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>
> > ***Re: Turning Points Trader Add-On***
> >
> > Date :4/18/2003 4:52:44 PM Poster : John Gotwals
> >
> > I checked my Inbox, and the April issue was stored there. Thanks for bringing this to my attention, as I had replaced my old computer with a Dell Precision 650 and there is a lot of work in reinstalling the software.
> >
> > On 4/18/2003 11:19:31 AM Ward.net Webmaster wrote:
> > Perhaps you didn't receive our April newsletter sent out last week. It was sent to the last email address we have on file for you, so if you have changed it let us know your new one please.
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Consistency with walkforward results

Date :4/24/2003 8:15:16 AM Poster : Andy Bower

I've been experimenting with training some predictions with multiple walkforwards and have come across some results that I don't understand. I'm using 30 min bars with 2 years data loaded.

Let's say I train a net with 2 six month walkforwards and a 1 year training period. I beleive this results in the following evaluations:

<1 year training> <6m WF2> < xxxxxxx > | today
< xxxxx > <1 year training > < 6m WF1 > | today

The out of sample results I get for the walkforwards are:
WF1=31.4%, WF2=99.5%

Now, I would expect that if I reduce the number of walkforwards to 1 and keep the training period the same then I should have this situation:

< 1 year training > < 6m WF1 > | today

To me this seems like the same situation for WF1 in the original test and I would expect identical (or comparable) results. However, for this situation I get the following actual result:
WF1=0.1%

Can anyone explain why this is the case. Am I not understanding the walkforward testing correctly?

> ***Re: Consistency with walkforward results***
>
> Date :4/24/2003 5:59:54 PM Poster : chris wong
>
> were you optimizing, including optimizing thresholds?
>
> On 4/24/2003 8:15:16 AM Andy Bower wrote:
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Trailing stops based on ATR

Date :5/6/2003 4:55:12 PM Poster : William

I am new to the Trader Pro , and looking for a way to test a trailing stop based on Average True Range multiples . Anyone know how I can program one ?

> ***Re: Trailing stops based on ATR***
>
> Date :5/7/2003 10:48:46 AM Poster : Ward.net Webmaster
>
> The True Range Indicator is in Advanced Indicator Set 1. However, if you don't want to buy that add-on just for one indicator, the True Range is also available from the tip on this site called:
>
> True Range Indicator from Ruggiero Articles (3/8/1999)
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> > ***Re: Trailing stops based on ATR***
> >
> > Date :5/13/2003 8:21:07 AM Poster : William
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> > Now that I have added the True Range Indicator , how do I implement it and multiples of it as a trailing stop ?
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> > > ***Re: Trailing stops based on ATR***
> > >
> > > Date :5/13/2003 2:02:22 PM Poster : Ward.net Webmaster
> > >
> > > The way trailing stops work, is you insert an indicator where it says "Price level" in the trailing stops tab. Although we don't know what theory you are trying to implement, we suppose you could place a trailing stop of N times the True Range below the current close for a long. So say N is 3, you'd make the following indicators:
> > >
> > > Close - 3 * True Range (for a long)
> > > Close + 3 * True Range (for a short)
> > >
> > > Then on the trailing stops tab of the Trading Strategy, you'd insert those new indicators where it says "Price level"
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> > > If that isn't the theory you are trying to implement, please explain what the theory is.
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> > > > ***Re: Trailing stops based on ATR - New Question***
> > > >
> > > > Date :5/14/2003 3:10:33 PM Poster : Greg
> > > >
> > > > Along the same lines, how could I insert a stop that is not trailing? I would like to develop a Trading Strategy where I use an indicator which for an Entry Condition places a stop below (or above) the entry price, and the stop price will remain at that level until either an Exit or Stop is triggered. ex. I want to put a stop in of 2N(my indicator) when my entry is triggered. 2N currently is 4 points, stock is at 50, I want a stop placed at 46 and to stay at 46 until I'm stopped out or exited.
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> > > >
> > > > > ***Re: Trailing stops based on ATR - New Question***
> > > > >
> > > > > Date :5/16/2003 8:51:45 AM Poster : Maxwell Craven
> > > > >
> > > > > Ward calls them trailing stops but they don't have to be trailing. You can use any price. Check out the category called protective stops, I believe. There are some in there that stay a fixed distance from entry price. There's also one somewhere called value when entry activated that you could use to capture the value of your 2n when the entry is triggered.
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> > > > > The way trailing stops work, is you insert an indicator where it says "Price level" in the trailing stops tab. Although we don't know what theory you are trying to implement, we suppose you could place a trailing stop of N times the True Range below the current close for a long. So say N is 3, you'd make the following indicators:
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> > > > > Close - 3 * True Range (for a long)

Close + 3 * True Range (for a short)

Then on the trailing stops tab of the Trading Strategy, you'd insert those new indicators where it says "Price level"

If that isn't the theory you are trying to implement, please explain what the theory is.

On 5/13/2003 8:21:07 AM William wrote:
Now that I have added the True Range Indicator , how do I implement it and multiples of it as a trailing stop ?

On 5/7/2003 10:48:46 AM Ward.net Webmaster wrote:
The True Range Indicator is in Advanced Indicator Set 1. However, if you don't want to buy that add-on just for one indicator, the True Range is also available from the tip on this site called:

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On 5/6/2003 4:55:12 PM William wrote:
I am new to the Trader Pro , and looking for a way to test a trailing stop based on Average True Range multiples . Anyone know how I can program one ?

Re: Trailing stops based on ATR

Date :5/23/2003 9:03:57 AM Poster : William

If the market were to go slowly down day by day [say minus 1 ATR each day] , would my 3*ATR stop be triggered on the third day ? I want my stop to get tighter but never looser . When inserting a new indicator on the trailing stops tab , does the programmed stop automatically trail at the highest price [for a long trade] that the 3*ATR multiple below the close reached [while never receding] ? And what if I DID want the stop to be based only on the last day's close , and tighten or loosen accordingly [I am still experimenting as to my preference , though I am leaning toward the inital theory] ? On a related point , I would like to explore using ATR multiples as price targets . I am thinking that I would then use something very similar to the trailing stop indicator I have been discussing , except of course I would enter it in the price target [or exit signals ?] tab instead . Such as : Close + 3 * True Range [for a long] , and : Close - 3 * True Range [for a short] . This would of course depend on the answer to the above question regarding a stop pepetually tightening without loosening , because I would similarly wish a price target to perpetually tighten without loosening . And , also as above what if I DID wish the stop to tighten or loosen day to day ? Forgive me if these are "simple" questions , and I have therefore been too thorough in my explanations [or "complex" questions , and I am therefore potentially taking alot of someones time in order for them to answer !] . I thank the forum members for there patience and earnestly hope that I am not the only one gaining by this thread !

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Re: Trailing stops based on ATR

Date :5/27/2003 1:09:08 PM Poster : Ward.net Webmaster

> Does the programmed stop automatically trail at the highest price?

Many of we ones we provided do trail, but we can't automatically make your custom ones do that. Yours use only the last value and will therefore tighten and loosen according to your formula. However, we've provided indicators so you can make your indicator trail. Just use the MaximumValueSinceEntryActivated or MinimumValueSinceEntryActivated indicators in your formula (Max for long position stops and Min for short position stops).

> I would like to explore using ATR multiples as price targets

Just remember that unlike training stop indicators, exit signals must be true/false and therefore your price target should be something like Close >= Close+3*TrueRange. You should also use the MaxSinceEntry/MinSinceEntry indicators described above if you want the price target to always tighten without loosening.

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The Alpha in stocks

Date :5/6/2003 10:54:37 PM Poster : Khean

1.In stock technical analysis, we often hear about the Beta, but less so about the Alpha (the point on the Y-coordinate).

2. Unlike Beta, for which we know what it means when say, the Beta is 0.8, we don;t know what the Alpha value means.

3. Does anyone know how to intepret Alpha quantitatively? What time period is suitable for a good Alpha Indicator?

Thanks

Re: The Alpha in stocks

Date :5/7/2003 10:18:34 AM Poster : Marco Calzolari

It is the result of a linear regression between a stock and the index, calculated on their daily or weekly percent changes. The Beta is the slope, the Alpha is the intercept, or in other terms, it a (daily or weekly) percent change in the stock that is not explained by market movements. Positive Alphas are positive for the stock. Suitable time period: same as Beta. Academics would say at least 5 years based on weekly changes, I would say at least 5 days ;-)
It is anyway an indicator of what happened in the past. If you use Alpha in a trading system, why not search the best time period with the genetic optimizer?

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Re: The Alpha in stocks

Date :5/7/2003 10:51:59 PM Poster : Khean

Thanks Marco. Can I ask addiitionally:
(1)Does it mean a stock with an Alpha of 3 is stronger and has more potential than one with an Alpha of 2?
(2)What about stocks with negative Alphas?
(3) Or is a change in Alpha more relevant than its absolute value for purpose of analysis?

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Re: The Alpha in stocks

Date :5/8/2003 11:07:03 AM Poster : Marco Calzolari

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Re: The Alpha in stocks

Date :5/8/2003 1:19:22 PM Poster : Ward.net Webmaster

We should add, in case people haven't noticed it, we have a tip on this site with alpha and beta calculations in a chart.

On 5/8/2003 11:07:03 AM Marco Calzolari wrote:
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Thanks

Longer term nets

Date :5/8/2003 8:33:02 AM Poster : Dave Hubbard at Midwest

It seems like the only good nets that I can develop have an average trade span of 5 bars or less. Has anyone been able to develop a decent neural net that might only trade once a month? If so, what steps have you taken to develop a net like this? I am just curious as to what other users experiences might have been. I have had some mixed successes and failures in changing the average trade span settings.

Re: Longer term nets

Date :5/9/2003 8:44:43 AM Poster : Xprogrammer

I have two ideas on that. One is try weekly bars and the other is try increasing costs (commissions and slippage). Tell me how those ideas worked.

On 5/8/2003 8:33:02 AM Dave Hubbard at Midwest wrote:
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Re: Longer term nets

Date :6/12/2003 8:10:05 AM Poster : Doug B

For mutual funds using weekly bars and the Neural Net add-on I have generated excellent longer term signals.
On 5/8/2003 8:33:02 AM Dave Hubbard at Midwest wrote:
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Threshold optimization

Date :5/8/2003 9:51:21 AM Poster : Dave Hubbard at Midwest

I have recently made some decent nets using the full optimization in the prediction wizard. Since I was optimizing for both inputs and parameters, I left the entry and exit thresholds at zero. Upon looking at this net, my boss brought up a good point. He said he would like the net much better if the entry and exit threshold were different to avoid excessive whipsaw when the prediction curve is too close to zero.

My experience with threshold optimization has been that it many times will find values that cause the net to always be in the market. Without changing the net to an optimal buy sell hold style net, I was thinking this problem could be solved from 2 angles:

1. I could look at the prediction curve after the net was created and manually put in my own values.

2. I could preset the values and recreate the net and hope that it finds a curve that trades around those values.

I am wondering some other user's might think about either of the two ideas.

Thank you,

Dave

Re: Threshold optimization

Date :5/13/2003 8:30:05 AM Poster : Ward.net Webmaster

You have reasonable ideas. Our suggestion - try both and see what works best.

On 5/8/2003 9:51:21 AM Dave Hubbard at Midwest wrote:
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Thank you,

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Complete DLL example

Date :5/10/2003 11:05:20 AM Poster : Larry Burford

I'm finally geting around to learning to use DLLs after several unexpected distractions. I've been looking over some of the example code you provide (MovAvg.bas) and it seems to me that it is not complete: only the export routines are shown.

There is no code in this example that will allow the PB compiler to know that it should make a DLL instead of a regular EXE. I have an example file from PB that shows about a page of code to do this. It starts with a few compiler directives and finishes with the LIBMAIN function. The export routines then follow.

I consider myself an expert programmer - I speak Basic, C, Java and Pascal and I've been using DLLs (mostly from the WinAPI) for many years. But this will be my first attempt to "WRITE" a DLL. I look at the example from PB and the example from WSG and realize that, to a first approximation all I need to do is insert the page of DLL "header" material from PB in front of your export functions and I'll have a "complete", ready to compile into a DLL, source file.

But, the PB example "header" is very generic in nature, and contains some items that might be optional.

And, the LIBMAIN function in their example comprises a simple CASE structure that tests for four different conditions. Instead of code following each of these CASEs it has comments like "DLL is being loaded by another process - insert code to initialize your global data here" and "DLL is being unloaded by the calling process - insert code to clean up resources here".

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Even if your export function "MovAvg" has no need for initialization or cleanup, you can't compile to a DLL without the compiler directives and at least an empty LIBMAIN function that returns a "1" to tell Windows it is OK to continue.

Do you have additional help material/examples that show a complete, ready to compile DLL source file? Or am I just looking right at the answer and not seeing it?

Regards,
LB

Re: Complete DLL example

Date :5/13/2003 8:26:44 AM Poster : WEbmaster@ward.net

Our code was complete for the PB/DLL compiler at the time it was written. Only just recently PowerBasic has changed their compiler, perhaps to combine the DLL capabilities with the EXE capabilities (we haven't examined their new compiler yet). Those examples may now need to be changed.

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Regards,
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Re: Complete DLL example

Date :5/14/2003 12:02:40 PM Poster : Larry Burford

Fair enough. For the benefit of anyone else that may be worrying about this, I added the compiler directives and the empty LIBMAIN function to the MovAvg example and it does work.

Regards,
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On 5/13/2003 8:26:44 AM WEbmaster@ward.net wrote:
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Re: Complete DLL example

Date :5/19/2003 1:56:17 PM Poster : Michael Begley

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I thank you in advance for attending to this when you can.

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Re: Complete DLL example

Date :5/19/2003 4:17:21 PM Poster : Ward.net Webmaster

You are right that we need to update our example to their new compiler, and also right that we are very busy trying to get release 4.0 out in early June. However, perhaps in the mean time Larry Burford will send us the modified example he made and we'll post it here? Larry if you are willing send to forum@ward.net.

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Re: Complete DLL example

Date :5/23/2003 12:06:00 PM Poster : Larry Burford

Yes - I should be able to get to it some time this weekend.

LB

On 5/19/2003 4:17:21 PM Ward.net Webmaster wrote:
You are right that we need to update our example to their new compiler, and also right that we are very busy trying to get release 4.0 out in early June. However, perhaps in the mean time Larry Burford will send us the modified example he made and we'll post it here? Larry if you are willing send to forum@ward.net.

On 5/19/2003 1:56:17 PM Michael Begley wrote:
I know you guys at Ward must be very busy trying to get the next release out but if you could update the Power Basic DLL examples sometime it would be very useful. I am going to purchase Power Basic today after Steve Ward's ecouragement in the AI College course I took last fall. I have written a lot of Tradestation algorithms over the last 5 years and used other procedural languages in the very distant past, but I far away from a proficient programmer in modern languages. I expect to be able to logically lay out my first DLL program and implement it (I already have done it and traded it in Tradestation) but my usual hangup is ENVIRONMENT type isses such as Larry Burford raises. The DLL creation option looks very powerful and I am going to have to become competent doing this for myself.

I thank you in advance for attending to this when you can.

Mike Begley

On 5/13/2003 8:26:44 AM WEbmaster@ward.net wrote:
Our code was complete for the PB/DLL compiler at the time it was written. Only just recently PowerBasic has changed their compiler, perhaps to combine the DLL capabilities with the EXE capabilities (we haven't examined their new compiler yet). Those examples may now need to be changed.

On 5/10/2003 11:05:20 AM Larry Burford wrote:
I'm finally geting around to learning to use DLLs after several unexpected distractions. I've been looking over some of the example code you provide (MovAvg.bas) and it seems to me that it is not complete: only the export routines are shown.

There is no code in this example that will allow the PB compiler to know that it should make a DLL instead of a regular EXE. I have an example file from PB that shows about a page of code to do this. It starts with a few compiler directives and finishes with the LIBMAIN function. The export routines then follow.

I consider myself an expert programmer - I speak Basic, C, Java and Pascal and I've been using DLLs (mostly from the WinAPI) for many years. But this will be my first attempt to *WRITE* a DLL. I look at the example from PB and the example from WSG and realize that, to a first approximation all I need to do is insert the page of DLL "header" material from PB in front of your export functions and I'll have a "complete", ready to compile into a DLL, source file.

But, the PB example "header" is very generic in nature, and contains some items that might be optional.

And, the LIBMAIN function in their example comprises a simple CASE structure that tests for four different conditions. Instead of code following each of these CASEs it has comments like "DLL is being loaded by another process - insert code to initialize your global data here" and "DLL is being unloaded by the calling process - insert code to clean up resources here".

==========

Even if your export function "MovAvg" has no need for initialization or cleanup, you can't compile to a DLL without the compiler directives and at least an empty LIBMAIN function that returns a "1" to tell Windows it is OK to continue.

Do you have additional help material/examples that show a complete, ready to compile DLL source file? Or am I just looking right at the answer and not seeing it?

Regards,
LB

Re: Complete DLL example

Date :5/29/2003 3:54:52 PM Poster : Ward.Net Webmaster

The modified example can be downloaded from the following link:

TestDLL4.exe

On 5/23/2003 12:06:00 PM Larry Burford wrote:
Yes - I should be able to get to it some time this weekend.

LB

On 5/19/2003 4:17:21 PM Ward.net Webmaster wrote:
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Regards,
LB

Logging back on after timeout

Date :5/10/2003 12:25:01 PM Poster : Larry Burford

After a period of inactivity a user's login expires. The next attempt to do something scolds the user for trying to do something without being logged in.

Why not present the login prompts along with the scold?

LB

Wavelets and Fast Fourier Transforms

Date :5/13/2003 1:35:48 PM Poster : Dave Hubbard at Midwest

Are there any websites or books where I might find information on these classes of indicators as to what they mean and what the parameters mean explained in a simplified manner? These indicators look like they have potential but I want to understand what they are doing first before I start putting them into nets. Any refrences or explanations would be appreciated!

Thanks,

Dave

> ***Re: Wavelets and Fast Fourier Transforms***
>
> Date :5/13/2003 1:48:27 PM Poster : Ward.net Webmaster
>
> The help file for the wavelet indicators gives the reference we used in coding the indicators. For FFT, you'll have to go to an engineering textbook - it is a very complicated subject.
>
> On 5/13/2003 1:35:48 PM Dave Hubbard at Midwest wrote:
> Are there any websites or books where I might find information on these classes of indicators as to what they mean and what the parameters mean explained in a simplified manner? These indicators look like they have potential but I want to understand what they are doing first before I start putting them into nets. Any refrences or explanations would be appreciated!
>
> Thanks,
>
> Dave
>
> > ***Re: Wavelets and Fast Fourier Transforms***
> >
> > Date :5/13/2003 11:16:26 PM Poster : Mark Simpson
> >
> > I've found limited use to FFT's, mainly because to remove the high frequency noise which is created by the disjoin between the 2 ends of the sample length, people normally apply "bell-type" curves (usually a Hanning window). This causes the ends of the sample to be zero.
> >
> > Unfortunately, one of those zero points is "Now". I.E. Exactly the point you're trying to model with accuracy, you've just wiped out by the constraints of the analysis. This introduces a form of End Point Distortion. I've seen some articles which attempt to predict with FFT's, but skirt around the EPD problem, which, to me, seems a pretty darned big issue.
> >
> > I do have a suggestion that may help (I haven't tried it myself yet though). When you scan a document, you may not get the page square to the scanner, but most scanning software will rotate the page for you, so that everything lines up. Think of an fft the same way. I.E. Take the beginning of the sample (lets say it's $95), and the end of the sample ($106), and calculate the slope of the line between them. Then rotate price by that slope, so that the beginning and end are the same price. Then subtract the offset
> > (constant) from price so that it starts and ends at zero. Then you can
> > dispense with the hanning window altogether.
> >
> > The rotation would introduce some low frequency noise, but the advantage of doing this verses the EPD problem from the hanning window, would likely be preferrable.
> >
> > Regards
> > Mark Simpson
> > Bowfort Technologies Inc
> >
> > On 5/13/2003 1:35:48 PM Dave Hubbard at Midwest wrote:
> > Are there any websites or books where I might find information on these classes of indicators as to what they mean and what the parameters mean explained in a simplified manner? These indicators look like they have potential but I want to understand what they are doing first before I start putting them into nets. Any refrences or explanations would be appreciated!
> >
> > Thanks,
> >
> > Dave
> >
> > > ***Re: Wavelets and Fast Fourier Transforms***
> > >
> > > Date :11/22/2003 2:00:23 AM Poster : Eric Hansen
> > >
> > > I'm a new purchaser, trialing the product and just reading the forums, picking up on the cool topics.
> > >
> > > Really an academic question on the FFT. Seems like I remember thinking the cosine/sine transforms would be better due to more flexible boundary conditions when I was studying applied partial diff. Instead of symmetric requirements on both ends you have restrictions on the derivative which you could possibly fake out by modifying the data point that is at the end of the data set, rather than the messing with the most recent data point or modifying all of the data points.
> > >
> > > Just a thought, would be pretty easy to implement.
> > >
> > > Thanks,
> > > Eric
> > >
> > > > ***Re: Wavelets and Fast Fourier Transforms***
> > > >
> > > > Date :11/24/2003 10:45:42 AM Poster : Maxwell Craven
> > > >
> > > > I don't know anything about FFT, but the redundant haar wavelet that is in the Ward plugin is asymmetric so that there is no problem with the right edge. However, if you decide to implement your FFT idea I'm sure if you post it here many of us will try it and give you feedback.
> > > >
> > > > On 11/22/2003 2:00:23 AM Eric Hansen wrote:
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> > > >
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> > > >
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> > > >
> > > > Thanks,
> > > > Eric
>
> ***Re: Wavelets and Fast Fourier Transforms***
>
> Date :5/20/2003 4:57:53 AM Poster : bruno
>
> Hi,
>
> I can recommend this tutorial :http://engineering.rowan.edu/~polikar/WAVELETS/WTtutorial.html, which describes why Fourier transforms are not generally suitable to financial times series, simply because data is non-stationary. Wavelets do overcome some FT limitations, but most often also suffer from End Point Distortion.
>
> Regards
> Bruno
>
> On 5/13/2003 1:35:48 PM Dave Hubbard at Midwest wrote:
> Are there any websites or books where I might find information on these classes of indicators as to what they mean and what the parameters mean explained in a simplified manner? These indicators look like they have potential but I want to understand what they are doing first before I start putting them into nets. Any refrences or explanations would be appreciated!
>
> Thanks,
>
> Dave

Thank you...

Date :5/16/2003 1:39:27 PM Poster : Stewart

Steve-

I just wanted to thank you for your great product. I have been dreaming about doing this (trading for a living) for 12 years. I bought some of your original neural net components (Neuroshell 1.0), and realized back then that the system integration was beyond me (I was already a full time programmer). It was the Neuroshell Trader product that finally enabled me to do what I do. Tradestation is a piece of brown stuff compared to your product.

I am now deriving a living from trading a small futures account (absolutely amazing).

Thank you and please don't got out of business.

Stewart

> ***Re: Thank you...***
>
> Date :5/19/2003 8:03:34 AM Poster : Steve Ward
>
> I thank you for the nice words. Of course there are a lot of people here who have worked hard to make the product what it is, not just me. We don't plan on going out of business, but the best way to assure we don't is to tell people about us. Companies like ours always need NEW business to keep us bringing older customers support and updates. All of our advertising and all of our sales pitches aren't nearly as important to your friends as a recommendation from you.
>
> On 5/16/2003 1:39:27 PM Stewart wrote:
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>
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> I am now deriving a living from trading a small futures account (absolutely amazing).
>
> Thank you and please don't got out of business.
>
> Stewart

True strength index

Date :5/21/2003 1:29:06 PM Poster : steve S

Have any of you programmed the true strength indicator into NST?

> ***Re: True strength index***
>
> Date :5/28/2003 5:38:07 AM Poster : Bertrand
>
> Hi,
>
> yes, you can build it in the Trader with the Indicator Builder. To speak about its usefulness: it is better than standard macd (if that is any useful), but Juriks MACD far outperforms TSI. But not that bad anyway...
>
> What is really very good as an input to all kinds of nets/strategies is a n bar momentum smoothed with 2-3 different EMAs/WMAs. Smoothing length should be set in a way to remove the short term cycles in data.
>
> Hope this helps...
>
> Good trading,
> Bertrand
>
> On 5/21/2003 1:29:06 PM steve S wrote:
> Have any of you programmed the true strength indicator into NST?

NN Prediction dates

Date :5/22/2003 3:05:22 PM Poster : Michael Stigall

I can remember (showing my age/experience with Ward's tools) when the default value for the number of days to predict with the neural network was 10 days out. Recently I've seen 5 days used. The new examples with the Turning Points indicator uses 2 days.

Is this due to changing market conditions, or testing of the indicators for best predication range of stocks? Just conservative estimates?

Overseas Markets...

Date :5/22/2003 10:11:23 PM Poster : Stewart

My system involved trading index futures like the Nasdaq 100, S&P 500 and the DJIA. I am interested in extending this system to other markets, perhaps europe and asia. Does anyone have any pointers on how I can get this data into Neuroshell Trader? I need to collect data on the components of the index. For instance, my strategy on the nasdaq 100 requires that I collect data on the top 30 stocks of the nasdaq 100.

Thanks for the info,

Stewart

> ***Re: Overseas Markets...***
>
> Date :5/23/2003 8:44:42 AM Poster : chris wong
>
> esignal has overseas markets and nst4 reads esignal
>
> On 5/22/2003 10:11:23 PM Stewart wrote:
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Thanks for the info,

Stewart

Re: Overseas Markets...

Date :6/2/2003 4:24:44 AM Poster : Ng Tian Khean

End-of-day data is available in the more developed markets of Asia e.g. Hong Kong, China, Singapore, Malaysia, Australia. You can use such data for NeuroShell. I have a hobby web site on Shanghai, Shenzhen and Hong Kong stocks and Index using Neuroshell as part of the system. See www.fu-lu-shou.com

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Thanks for the info,

Stewart

Re: Overseas Markets...

Date :6/17/2003 3:57:41 PM Poster : Maciej

ESignal may be a good bet with the forthcomming new release as it covers European markets.

On 6/2/2003 4:24:44 AM Ng Tian Khean wrote:
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Thanks for the info,

Stewart

MESA2002

Date :5/31/2003 12:25:54 PM Poster : Richard Nowak

What do you get with MESA2002?
1) I'm assuming you get one or more DLLs. What are they?
2) I'm assuming you get template files. What are they? Are they password protected?
3) What documentation do you get with it?
4) Has anyone tried to implement any of the coded examples from the book "MESA and Trading Market Cycles?" which makes calls to the DLLs? I plan on converting the EL code to PB for use in NSDTP.
5) Do I need to specify anything other than its targeted use is NST when ordering?
6) Any other information about it is appreciated.

Since the software is not returnable, I want to get a greater understanding of it than what is provided on the website.

TIA,

Rich

Re: MESA2002

Date :5/31/2003 2:55:50 PM Poster : Michael Begley

I would also be interested in hearing if any NST users found MESA indicators useful in any of their profitable production systems.

I also have TradeStation code for one of Ehlers' earlier books and planned to check out its usefulness in that environment before purchasing anything additional or doing any DLL coding for the NST envoronment.

Thanks.

Mike Begley

On 5/31/2003 12:25:54 PM Richard Nowak wrote:
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Rich

Re: MESA2002

Date :5/31/2003 6:55:23 PM Poster : Richard Nowak

What I've learned: MESA2002 is a collection of indicators based on the MESA measurement of the Dominant Cycle. There are seven indicators. Each has a TPL file, and the TPL files are open (no password). There is a DLL associated with each TPL. Reading the TPL files gives you the means to see how the DLLs are declared and called. The indicators are: Dominant Cycle, Kalman Filter, Instanteous Trendline, Sine, LeadSine, Phase, and Market Mode. No programming documentation is provided and John does not have the resources to provide programming support. However, his book "MESA and Trading Market Cycles" should be sufficient. Anybody have any recent experiences with these indicators? Rich

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Rich

Re: MESA2002

Date :6/17/2003 3:55:04 PM Poster : Maciej

Iff you are using ESignal then you could try Mesa as part of Esignal before you commit.

I've bought and tried Messa2002 for NSDT but have been unable to use it to benefit me in my futures trading.

In answer to your questions:

Yes there dlls and also tpls for calling the indicators from NSDT.. The security system employed by Mesa has not been an issue. The Mesa software is a series of indicators as explained in the documentation provided with the the software. This documentation explains how the indicators work together. The doc is based on the stand alone Mesa product (functionally the same, graphically more explicit).

My lack of success is perhaps due to the fact that I did not use the book relying only on the doc provided with the software: frankly an error on my part.

When ordering make sure that you get the latest release as I've gone through one upgrade.

I'm not sure about using the supplied dlls other than with NSDT - you should check with the supplier as to the possibility.

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TIA,

Rich

Re: MESA2002

Date :6/24/2003 1:07:02 PM Poster : Kermit

My first post here, so we'll see how it works.

I have had MESA for several years now, and haven't bothered to try it in the Trader. It still has problems even reading some of the data contracts I build. My opinion only, but I think it is a much hyped software that has very marginal usefullness. I have used cycle analysis for about twenty years now, and I think that this software has very imited value.

If anyone is interested in cycles, I would suggest reading James Gleik's book CHAOS. It is not specifically about markets, but there is a section in there that shows how cycles work, and why they are so difficult to use - especially to actually quantify.

Again, I haven't actually tried the MESA indicators in the Trader, and if someone does, I would be interested if they are indeed useful.

Re: MESA2002

Date :6/25/2003 11:20:35 AM Poster : Russ Koester

I do not have the experience that Kermit has but I also have not been able to use MESA.

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Re: MESA2002

Date :6/27/2003 3:25:21 AM Poster : Nalin Pasricha

I've had it for about a year, and it hasn't worked for me either. However, I feel I must be missing something, because R-MESA 3 has been on the top 10 list of Futures Truth for quite a while.

One way of using MESA which seems to have promise, doesn't seem possible to implement on NST. That is, using the length of the dominant cycle (or a fraction thereof) as the parameter for another indicator. If anyone knows how to do this in NST i'd be interested to know.

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Re: MESA2002

Date :6/27/2003 3:25:00 PM Poster : zawie

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Adaptive indicators will achieve this task, you can use the length of the dominant cycle as an adaptor to adapt the underlying indicator.

Ward Systems have "Advanced Indicators Set 2" which contains an adaptive indicator called "Variable Length Moving Average".

You can download an adaptive version of the Mass Index for free on this forum, or buy a separate adaptive pack (Bowfort Adaptive Indicators 1) from me if you need more indicators.

In the indicators I've written, you don't have to worry about a fraction of the dominant cycle, as scaling is taken account of automatically.

Regards
Mark Simpson
Bowfort Technologies

Re: MESA2002

Date :6/30/2003 10:44:13 PM Poster : Ng Tian Khean

I have tried out MESA even in it's stand-alone form. In my view, it is too simplistic. Even dominant cycles are hard to identify and measure because of non-linearities in the cycle process, and the Chaotic nature of cycles.The results of MESA look pretty, but don't bet your buck on them. Ehler's mathematical prowess is undeniable, but here we are trying to quantify things which cannot be quantified yet even with today's computer power.

On 6/27/2003 3:25:00 PM zawie wrote:
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Regards
Mark Simpson
Bowfort Technologies

Stochastic crossover

Date :6/4/2003 5:35:40 PM Poster : William

How to I program a trading strategy and/or prediction that goes long on a stochastic crossover from below 20 , and short on a stochastic crossover from above 80 ?

Re: Stochastic crossover

Date :6/5/2003 11:00:48 AM Poster : chris wong

i'd just use example 1 as a guide and change the average crossovers to plain crossover above and crossover below. one time series is the stochastic and the other is either 20 or 80.

On 6/4/2003 5:35:40 PM William wrote:
How to I program a trading strategy and/or prediction that goes long on a stochastic crossover from below 20 , and short on a stochastic crossover from above 80 ?

Re: Stochastic crossover

Date :6/7/2003 4:35:51 AM Poster : William

But it does not seem correct to enter stochastic extremes as a time series . Am I missing something ? Did you understand that I mean 20 and 80 as stochastic extreme levels and not as periods ? No offense , thank-you for your assistance but I don't get it .

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Re: Stochastic crossover

Date :6/10/2003 8:56:16 PM Poster : chris wong

yes i understood and it should work. nst allows constants in those time series params. you need to just try it.

On 6/7/2003 4:35:51 AM William wrote:
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trading the equity curve

Date :6/7/2003 1:39:37 PM Poster : sylvain gauthier

It is logical that if we trade the long or short equity curve that is go long is the equity curve is growing (equity greater than moving average of equity or else) that we should get much better returns than not doing it. The perfect system should only trade valid prefiltered signals based on the past and current profitability of each subsystems.

Try an experiment :

1- build two simple trading systems : one for trending markets and the other for oscillating markets

2- Compute the long and short equity curves for each systems

3- Use the trading strategy wizard to go long if the long equity is growing and go short if the short equity curve is growing

4- Weird but you will get lower returns. Is it a bug or bad programming

5- Is there any other way to compute the filtered equity curves

6- Note that if you use the conditional cumulative sum you can get higher retruns but not with the trading strategy wizard. The cumulative sum will not comute the returns from the beginning of trading

7- Note also that the fuzzy indicators dont allow for a variable max. Real life that max is variable

I am expecting comments and suggestions before I consider that it is totally illogical to get lower returns when you avoid the biggest part of a drawdown.

8- It is possible to minimize the probabilty of ruin with NST and the optimal positions

Re: trading the equity curve

Date :6/11/2003 11:02:08 AM Poster : Bertrand

Hi Sylvain,

I intend to know what your are talking about. I was fascinated by the the same idea some time ago: use smart systems that automatically switch rules according to their own efficiency. I tried this out to the core programming a theoretically equity in TradeStation & also did this graphically to increase the confidence in the results.

But to my suprise it is really not working that good, because of the following: In order to lower drawdown through equity curve filtering the system should have a low serial correlation of trades. For a good, not curve fitted system that runs on more than one specific market and/or timeframe this should be the case.

With such an approach you get lower returns, because the system itself it not predicting a switch in rules, but is lagging in changing its behaviour. This means if market suddenly changes to another state, you will get a the high drawdown from the original rules until switching AND you will probrably miss the a big move until your system switches again (this is more important for a system that is designed to be completely inactive in DD phases).

I guess you could simply build a prediction to predict a moving average of the trading system equity curve & incorporate that as a filter into a second trading system (just make sure you have optimized the system before you take this step).

All the best
Bertrand

On 6/7/2003 1:39:37 PM sylvain gauthier wrote:
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number of neurons used in hidden layer

Date :6/22/2003 11:06:45 PM Poster : Ren Yu

I wanna test and compare the predicted accuracy of using different number of neurons in the hidden layer. However, when I use the prediction wizard, it automatically optimizes the number for me. What should I do? When I open the 'add prediction' window, after choosing 'No optimization', what should i choose in the 'Training criteria -- Advanced -- Training parameters'? If I choose the 'Maximum number of hidden neurons during training' to be 20, does it mean that the training result is the result of using only 20 neurons in the layer? Anyone can help me? Thanks a lot!

about interest rate

Date :6/23/2003 8:09:12 AM Poster : Ren Yu

I wanna include the interest rate as an input in my prediction. However, I do not know where to get the interest rate for the last ten years. Is it included in the CD-ROM with the software? Anyone can help me?
Also, for the exchange rate, I am not familiar with the abbreviations. In what way I could know which abbreviation corresponding to which exchange rate?
Thanks a lot!

Regards
Ren Yu

Re: about interest rate

Date :6/24/2003 9:46:20 AM Poster : Maxwell Craven

There are all kinds of interest rates. There are treasury bills, treasury bonds, prime interest rate, federal funds rate, certificate of deposit rates, etc. All the ones I just mentioned are loaded on the hard drive in the indexes category. Plus every country has their own central bank rates, but they may not be distributed by Ward - I don't know that for sure.

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Regards
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Using one trading strategy as input to another

Date :6/23/2003 5:10:56 PM Poster : Maciej

Has anyone tried using the entry signals generated by one trading strategy as input into a second strategy, ie "trading strategy Long Entry Order#1" as the indicator in trading strategy #2?

I use this to separate the entries from my stops, the first trading strategy generates all the entries, whilst the second optimizes only the stops. Its my way of avoiding the entries being influenced by the the stops during optimization.
Would you agree that the number of entries should be identical in both trading strategies and only the exits would differ?
Perhaps there is another way of doing this ie having stops that won't influence the optimiser:- if anyone can advise?

Re: Using one trading strategy as input to another

Date :6/24/2003 9:27:16 AM Poster : Maxwell Craven

I don't think I'd agree that the entries would be identical. If the exits differ, then the next entries could differ too. If you don't really want to optimize stops I guess you could set your min max values tight for the stop indicators so they don't optimize.

On 6/23/2003 5:10:56 PM Maciej wrote:
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change the prediction objective

Date :6/28/2003 5:17:33 AM Poster : Ren Yu

I run some experiments to compare the prediction ability of traditional backpropagation neural network and NeuroShell Trader network. I could change the prediction goal for example, I could set the training goal is MES = 0.05. However, for NeuroShell Trader, I could not do the same thing. I could only set my prediction object to 'minimize MSE', however, the prediction result shows that the training error is 0.8. What should I do if I wanna get a smaller value for this 'training error'? Can I set it somewhere? Does it mean that this is the smallest MSE value I could get by using the Trader?
Thanks!

Re: change the prediction objective

Date :7/2/2003 8:52:20 AM Poster : Ward.net Webmaster

The best way to reduce prediction error is to make sure the number of hidden neurons is set to the maximum of 80, buth for training and optimization. However, the best prediction error doesn't always result in the best generalizing nets. If you overfit the training, the net won't predict well into the future unless you have darn relevant inputs, something pretty hard to find for financial market prediction. For that reason, NeuroShell Trader (unlike our other software) is not set up internally to make the absolute tightest fits possible, even with 80 hidden neurons. It is set up to generalize well internally. It is always a mistake to judge nets by training error, in scientific models.

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Interface of NST 4.0 to Trade Station

Date :6/30/2003 2:42:38 PM Poster : Rick D

I am looking forward to using NST 4.0. I have a few questions regarding using
NST4.0 with Trade Station 7:

1) Can I feed indicators generated intraday in TS7 to NST4.0?
2) Can I do the reverse of the above?
3) Can I use the TradeStation data feed as a data feed to NST4.0?

Thanks,
Rick D.

Re: Interface of NST 4.0 to Trade Station

Date :6/30/2003 3:10:05 PM Poster : Ward.net Webmaster

Here are the answers to your questions:

1. Yes, the datastreams generated by your indicators can be sent to NeuroShell as long as they are not somehow locked in TradeStation. Of course you can't optimize them with parameter search in NeuroShell, since only the indicator outputs are coming over.

2. Yes, you can send datastreams back over, but you will get to them in TS as functions.

3. Yes, if you build a 1 minute chart in TS, then use our export indicators, your NeuroShell chart will be updated in real time. That is because open, high, low, close, and volume come over automatically as well as any of your indicators. So you should not need another data feed. BUT we have to emphasize that not everyone should consider using TS instead of another real time feed, because you have to run one TS chart and insert the export indicator into it for each NeuroShell chart you bring up. That will be a real pain if you want to trade more than say a dozen issues, not to mention the added overhead of having both TS and NeuroShell up at once on the same machine. Better to take a look at a lower priced feed now supported - Prophet.net.

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Thanks,
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NS 4.0 Import/Export compatible with DataXApi?

Date :6/30/2003 4:34:36 PM Poster : Mark Skiba

Couple Data API questions:
1) Are the import/export indicators in NS 4.0 the same as the older DataXApi?
2) Are applications using the older DataXApi compatible with NS 4.0?

Re: NS 4.0 Import/Export compatible with DataXApi?

Date :6/30/2003 5:20:33 PM Poster : Ward.net Webmaster

Mark,

1. If you mean the import/export indicators for TradeStation, they were not done with DataX. Neither was the new DataPump. So no, they aren't the same.
2. We did not change the DataX interface, so as far as we know nothing has changed. None of the beta testers reported any problem here.

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Re: NS 4.0 Import/Export compatible with DataXApi?

Date :7/7/2003 9:03:07 PM Poster : Mark Skiba

Can the new DataPump interface export data? Can this interface be used as a functional replacement for the older API?

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Re: NS 4.0 Import/Export compatible with DataXApi?

Date :7/10/2003 11:37:54 AM Poster : Ward.net Webmaster

No, the data pump does not replace Data Exchange addon. It does NOT export anything, and the DataX does not import very well because it was mainly designed to export. The DataPump is only for implementing you own data feed in case you don't want Quote.com, eSignal, or Prophet.net. DataX was designed mainly for sending trades to your broker.

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Trade Station-7 and NS-4.0

Date :7/2/2003 12:17:54 AM Poster : Tom Fox

What is the best method for live time and end of day, both programs on one computer or network two computers? Thank you.

Tom

Re: Trade Station-7 and NS-4.0

Date :7/2/2003 8:39:41 AM Poster : Ward.net Webmaster

It would be great if NeuroShell would "talk" to TradeStation on a different computer through a network, but unfortunately that isn't an option in 4.0. We had a hard enough time getting TS just to talk at all, because it wasn't set up for that. You'll need to run both systems on the same computer, so it should be a fairly big and fast one. Of course if you are really only interested in end of day, you could just export data from TS in a text file and then move it to another computer for NeuroShell to read, but that isn't a viable option for intraday.

On 7/2/2003 12:17:54 AM Tom Fox wrote:
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NS 3.8 add on indicators

Date :7/7/2003 4:45:49 PM Poster : Tom Fox

I have put NS 4.0 on the same computer as TS 7 This is not the same computer as NS3.8, may I use the add on indicators I bought for 3.8 with NS 4.0, and if yes how do I install in NS 4.0 ? Thank you.

Tom

Re: NS 3.8 add on indicators

Date :7/10/2003 11:34:39 AM Poster : Ward.net webmaster

Yes, you can install the add-on indicators into 4.0. Remember that 3.8 and below was stored in a folder called "NeuroShell Trader". The default for 4.0 is called "NeuroShell Trader 4.0". So you have to make sure the addons install folder is NeuroShell Trader 4.0. The install wizard lets you change that install folder.

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Predictions based on multiple time frames

Date :7/7/2003 9:08:29 PM Poster : Mark Skiba

There had been some discussion about the possibility of allowing input from multiple time frames. For example, a predictor at a daily chart level as input to buy in an intraday chart. Did this make it into 4.0?

Re: Predictions based on multiple time frames

Date :7/9/2003 5:21:35 PM Poster : Steven Buss

I have developed an add-on for NeuroShell Trader and NeuroShell Day Trader which provides this capability. Among other things, the add-on provides for optimizing the "bar size" of larger timeframes for more than 300 indicators.

NST-MTI major features and the NST-MTI User Guide can be viewed at http://www.emmetropia.com/products/.

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Re: Predictions based on multiple time frames

Date :7/30/2003 11:58:22 PM Poster : sylvain gauthier

There is add-on that does that work. Still I believe that it should come free of charge with NST Real time. There is a way around, just think about it.

There are major improvements that should be done to NST and I think I am extremely good in conceiving them.

NST is unable to do money management and position sizing. It should be able to compute the optimal capital to risk, the size of positions and optimize in real time.
It is well know that 90% of a good trading system is based on money management and position sizing. If we follow the big guys, guys who made a real lot of money like the Turtle Traders and the ideas developped by Tharp we reach the conclusion that position sizing is paramount. A Trading strartegy is non linear function like in the probability of ruin theorem (an objective that should be minimized in NST) of capital at risk, average win to average loss ratio and precision. NST should be able to find the optimal objective function and that could explain why development time can be so long.

When we track a missile we dont have to know where it was 10 minutes ago: we need to know where it will be in 5 nanosecond. Quote.com provide the tick by tick data still NST does load the tick data , the trades, the bid ask data so important for a real trader. I simply cannot understand. Nothing is perfect but the pro needs that info

It is also impossible to attribute a weight based on profitability to sets of specific strategies or indicators. There is no direct and automated connection with brokerage firms and no email alerts.

NST should be able to switch automatically gradually or rapidly from one strategy to another and recognize in real time what should be the optimal strategy, combination of strategies or indicators to trade with real time and continuous optimization. We have powerful machines and that is not a problem anymore.

In theory the wavelets indicators and fuzzy indicators should give the best results. Still we dont have any examples and the fuzzy indicators are limited by a fixed maximum non adaptive constraint.

Steve Ward did a beautiful job when he optimized the strategy using a balancing constraint. That should be done with neural nets. It has been proven again and gain that we should use the same number of observations by bins to get an accurate prediction or classification. Still NST destroy the sample by chopping it. Therefore the few real inportant big swings or rare cases will not be detected. There are destroyed in the training set

I am still a strong believer.

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Desired new NST features including Position Sizing

Date :8/1/2003 11:27:37 PM Poster : Steve in California

I thought Silvain's thoughts below were interesting in several ways and thought I'd respond with thoughts about two points.

He wrote:

"There are major improvements that should be done to NST and I think I am extremely good in conceiving them." He then goes on to list several improvements, almost all also I think would be great.

The problem with these desires, of course, is money… I use Tradestation as well as NSDT. And, as some of you may know, in the last couple years, this leading vendor of trading platforms changed it's approach to licensing of it's product. Earlier, it had made a sale to a customer and then the customer received updates from that point forward for free. Now, I get a monthly credit card charge for use of it's product.

Ward Systems Group operates on the basis of that 1 time charge policy. All of us have the opportunity to upgrade to Release 4 without charge. So, how does WSG finance new features for the product? Well, it must continually sell to new customers. So, economic necessity dictates that new product features must focus on features that might be significant to new customers and not to folks who have been using the product for awhile.

But then we're all upset (including me) that WSG doesn't make the improvements we want fast enough.

My pet peeve (that I've posted about before) is that NST doesn't provide for user programming of the objective function which the product optimizes against.

The caveat on taking my view of these matters seriously is, of course, that I'm the developer of the NST Multiple Timeframe Indicator add-on.

Here's the gem in my note…

With regard to improvements for money management and position sizing: Like I said, I have Tradestation and it certainly has more flexibility than does NSDT related to these issues.

But the truth is, it STILL doesn't have features which are good enough…
Specifically, it doesn't support rigorous Monte Carlo simulation using multiple trading strategies. To get that you have to purchase other products.

The most terrific tool for position sizing that I've ever seen can also be made to work with NST and only costs $37. Take a good look at "Prosizer" at http://unicorn.us.com/trading/prosizer.html. After having used Prosizer, I'll never write code again to optimize the size of a position within a tool like NST or Tradestation. I've got Prosizer now.

And by the way, the developer of Prosizer is a fan of Tharp in a couple different ways and provides support in Prosizer for the position sizing strategies argued for by Tharp in addition to the usual suspects (i.e., fixed fractional and fixed ratio).

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Re: Desired new NST features including Position Sizing

Date :8/2/2003 4:24:48 PM Poster : Maciej

Interesting thoughts from both Steve and Sylvain. I for one would really welcome variables as inputs to functions in a future release. I use CFB and Mesa and indicators such as CFB or Dominant cycles cannopt be used as inputs to other NSDT indicators - a real pity as that complicates life unnecessarily ("limited by a fixed maximum non adaptive constraint").

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Date :8/9/2003 8:43:22 AM Poster : Chachi

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Date :9/26/2003 9:10:29 PM Poster : John Ferguson

On 8/7/2003 4:34:23 PM Chachi wrote:

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I'm not an expert, but it seems like retail FIX access is slowly percolating down, as more individuals go the automated trading route. I know that @ IB, with $1500 in commissions a month (300+ ES/YM round trips) you qualify for a leased line and FIX access. I'm not sure I can imagine needing it, but it definitely seems 'safer' to plug in on a standards basis opposed to proprietary api.

I know there are a couple of NSDTP-> IB TWS interfaces out there, but only one of them seems to be for sale (source only) and it's written in VB.

Maybe Steve Ward can give you a better idea about the institutional user base of NS, and how marketable a FIX solution would be.

Regards,
John Ferguson

es #f (Emini SP continous contracts - Esignal)

Date :7/10/2003 7:31:03 PM Poster : JLF

I cannot get es #f to load anylonger via Esignal. Anyone have any suggestions?

Re: es #f (Emini SP continous contracts - Esignal)

Date :7/11/2003 9:05:24 AM Poster : Ward.net Webmaster

We loaded it this morning with no problem. Try ES #F instead of es #f. Although we loaded without CME being checked you can try checking it if you didn't already. By the way, in our trading we always use ES #F=2 which omits overnight in case anyone else wants to use a continuous emini without overnight, which ES #F includes.

On 7/10/2003 7:31:03 PM JLF wrote:
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Initial Comments about NeuroShell Trader Professional 4.0

Date :7/11/2003 6:57:20 PM Poster : Rob

I received the software yesterday and I'd like to share my experience with everyone.

1. I was very surprised that the product does not ship with a printed manual. For $1400 I expected that. Sure I can print the manual out, but who wants to spend all afternoon doing that?

2. Most of the sample charts do not load on my system. I get an error informing me that the data cannot be found. Every chart I tried had this problem. I am running Windows 2000 professional (SP4). The specs are an Athlon 1.4 with 512 MB RAM.

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Rob

Re: Initial Comments about NeuroShell Trader Professional 4.0

Date :7/12/2003 2:28:18 PM Poster : Ward.net Webmaster

We do not recommend testing neural net inputs one at a time. A single input will not build a good model. On the other hand, dozens of inputs will build an unrealistically good model, because you will inevitably "overfit". It is best to use only a handful at a time. Indicators applied to the raw data (including intermarket) are almost always preferable to using the raw data itself. You can use the contribution factors to decide which are best, and later you will probably be using the optimizer.

Regarding the example charts, the program ships with the example directories mapped and ready to go. We suspect that the autoscan problem or your efforts to map directories have caused the example directory to become unmapped. In any case, you should contact technical support if you really want to get help with the autoscan problem - that is an individual problem that can't be investigated on the forum.

Regarding the videos, you received our new release 4.0 in the first week of shipment, and yes, we just found out that some TradeStation videos won't play. With any new release there are bound to be some problems, and frankly we are thankful that the missing videos are really among the worst problems found so far. We'll see that you get the videos if they aren't on the CD or a way to play them if they are in some other folder.

We realize there are some like you who much prefer manuals than videos or calling for support, but to keep bringing you the latest software, the documentation has to be electronic. For years we printed manuals, spending many thousands reprinting with each new release and throwing away manuals from the last release. Of course, only about 5% of users read the manuals - the rest just called technical support. So we beefed up our technical support capability and went to the videos and the help file reference instead. We note that we aren't alone with respect to manuals - we can't remember the last time we got a manual with even a Microsoft product. In order to get timely updates out, printed manuals for software are going the way of attendants cleaning your windshield when you fill up with gas, we are sad to say.

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Re: Initial Comments about NeuroShell Trader Professional 4.0

Date :7/13/2003 6:51:36 AM Poster : chris wong

rob probably tried to autoscan his whole c disk. My c disk autoscans without a problem but then i don't have a huge one. i suggest autoscan only for individual folders. i am one who prefers the help file and strong tech support because if what you want isnt in the index you cant search a book for keywords. i admit i never read your ns2 manual.

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Re: Initial Comments about NeuroShell Trader Professional 4.0

Date :7/14/2003 9:26:04 PM Poster : Rob

Thanks for the comments. I can understand your issue with printing a complete manual. But may I suggest a QuickStart guide with one or two good examples. Something that focuses the newbie and helps overcome the initial learning curve.

I am becoming more familiar with the process, mainly because I bought the book "Neural Networks for Financial Forecasting" by Edward Gately. I also bought Jurik's book on Neural Networks. They are helping.

Thanks

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Going into production...

Date :7/12/2003 3:40:03 PM Poster : JLF

How do you know you are ready to go with a model?

Re: Going into production...

Date :7/14/2003 1:49:34 AM Poster : Nalin Pasricha

I usually run two kinds of tests before putting a model into production.

The first is to run the model on a different period of time than the one used to develop the model. For instance if I have developed a model using the time period July 2001 to June 2003 as the out of sample period then i'd also test it on, say, July 1999 to June 2000. This is because while developing a system, many of us do repeated runs on the same out of sample period with small changes to the system --inadvertently turning our 'out of sample' period into an 'in sample' period.

The other test is to see whether the model runs on issues besides the one for which the model was developed. For instance, if the model has been developed for the S&P 500, I'd also check to see if it worked on the Nikkei (without further optimization).

On 7/12/2003 3:40:03 PM JLF wrote:
How do you know you are ready to go with a model?

Re: Going into production...

Date :7/14/2003 2:22:42 PM Poster : XProgrammer

I just follow the advice I got from Steve Ward, it may have been from the advanced class, I don't rememeber. He said look for buy signs near valleys and sell signs near peaks and then go trade. That seems to work for me, except I'd add make sure the trading frequency looks appropriate for what you like.

On 7/12/2003 3:40:03 PM JLF wrote:
How do you know you are ready to go with a model?

are Jurik Indicators working in NSDTP 4.0?

Date :7/13/2003 4:53:24 PM Poster : Steve K

I just noticed that my Jurik indicators aren't working here -- JMA plots but it isn't smoothed, RSX & VEL are flat lines, CFB gives an error message

I recently built a new machine and upgraded to XP-PRO so I received a new installation code from Jurik and installed it to the template directory without any problems however the indicators don't work

I'm not sure if this is a bug in NSDTP 4.0 or if Jurik has some problems installing & activating on XP-PRO machines -- Bowfort's jurik based indicators won't plot either

Anyone else have this problem? or know how to resolve it?

BTW, I think Ward did a great job on this release -- I especially like the variable linking -- very well done guys!!

thx, Steve

Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/14/2003 9:07:40 AM Poster : Maciej

I had the same problem but it now works- in my case it was due to an upgraded bios that necessitated a new Jurik code.

On 7/13/2003 4:53:24 PM Steve K wrote:
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Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/14/2003 10:22:52 AM Poster : zawie

Hi Steve,

I can't answer to the other ones, but I can answer to mine.

When upgrading from NST 3.8 to NST 4.0 (and this applies to any of the software from Bowfort. Deinstall the add-on (from the control panel / Add/Remove Programs. Now reinstall the add-on, but when prompted during installation,
change the:

X:\Neuroshell Trader

to

X:\Neuroshell Trader 4

Where "X" is the letter for the drive that you installed Neuroshell on. (normally C).

You need to do this, because the folder name for Neuroshell has changed with the release of 4.0 (so you can still run the old version).

If it doesn't plot after that, it's highly likely that the Jurik DLL's themselves aren't properly installed or licensed on your machine. If you move machines, upgrade bios (and maybe if you upgrade the OS), Jurik's DLL's will need a new license key from Jurik Research.

I run the Jurik DLL's under XP Pro and NST 4.0 with the Bowfort ZJurik add-on, and haven't encountered any problems, so I don't think your licensing problem
is due to XP-Pro.

We support all our products (free included). So if you're still having problems after speaking to Jurik about the licensing, please contact me via the website.:

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Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/15/2003 12:38:27 AM Poster : Steve K

Hi Zawie,

I uninstalled your indicators then reinstalled them, I also reinstalled Jurik and it looks like everything is working once again

thx for your help!!

Steve

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Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/15/2003 11:32:53 AM Poster : MFK

An additional question about third-party add-ons and the upgrade to NST 4.0:

I use a number of third-party add-ons (Jurik, Bowfort, Cornice). While taking part in the beta test of 4.0, I also kept NST 3.5 running to keep track of working nets. During this period, I had no problem running the third-party add-ons on 4.0. Now, with the release version 4.0 installed, I was about to uninstall 3.5. Will doing that cause the third-party add-ons to stop working in 4.0? Or have their operating instructions somehow "migrated" to 4.0 during the months of successful use during the beta test?

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Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/15/2003 2:23:04 PM Poster : Ward.net Webmaster

If you loaded into 4.0 a 3.8 chart with custom indicators in it, the .tpl files will get stored in the 4.0 template folder. This is the only "migration" that will occur we believe. BUT, there may be DLLs somewhere that are needed. We store our addon DLLs in the template folder too, but Jurik probably doesn't. So our DLLs would

have to be moved to 4.0, but Juriks probably not. In the end, the safest thing to do is uninstall any addon and reinstall it again in the 4.0 folder (assuming it asks for the NeuroShell folder as our addons do - we can't speak for the addons from others).

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Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/16/2003 9:58:52 AM Poster : Ward.net Webmaster

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Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/16/2003 10:25:32 AM Poster : John Gotwals

On my system the Jurik DLL is a file with the name JRS_32.DLL, and it is stored in the d:\WINDOWS\system32 folder (On your machine the volume d: may be different). So, when you install a new version of NSTrader you do not need to move the Jurik DLL file.

However, there are template files such as CFB.tpl, JMA.tpl, RSX.tpl, VEL.tpl, etc., which you will need in your 4.0 Template folder. On my system it appears that during installation of NST 4.0 all my existing templates which were in use with NST 3.X were renamed with an extension of v30 and replaced with newer templates.

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Date :7/17/2003 8:45:09 AM Poster : Russ Koester

Mr. Begley's advice on "Update Maintenance 101" is excellent.

Also consider keeping a diary of ALL software installations. Using a Word document or other writing tool, keep a serial list by date of each new software install including upgrades.

In this diary, describe the details of the installation -- where your source files are, whether you need to uninstall or whether the program automatically uninstalls, serial numbers and any unusual selection procedures during the install process. Make note of any quirky things that occur.

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Then when you change computers every 2 to 4 years, or you need to reinstall software or you need a serial number quick or you want to install your software on a new laptop, you will have a comprehensive set of instructions for installation and you will feel confident that you have your original systems.

Follow this method for each computer.

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Bowfort Technologies Inc.
http://www.neuroshell.bowfort.com/

On 7/13/2003 4:53:24 PM Steve K wrote:
I just noticed that my Jurik indicators aren't working here -- JMA plots but it isn't smoothed, RSX & VEL are flat lines, CFB gives an error message

I recently built a new machine and upgraded to XP-PRO so I received a new installation code from Jurik and installed it to the template directory without any problems however the indicators don't work

I'm not sure if this is a bug in NSDTP 4.0 or if Jurik has some problems installing & activating on XP-PRO machines -- Bowfort's jurik based indicators won't plot either

Anyone else have this problem? or know how to resolve it?

BTW, I think Ward did a great job on this release -- I especially like the variable linking -- very well done guys!!

thx, Steve

Re: are Jurik Indicators working in NSDTP 4.0?

Date :7/31/2003 10:28:45 AM Poster : Maciej

I running Jurik with Rel 4.0. and it works fine but with 4.1 I'm now getting run time error 13 when I get the alert window up. Difficult to say for sure that its related to Jurik but I don't seem to have the same problem when using non-Jurik charts.

On 7/17/2003 8:45:09 AM Russ Koester wrote:
Mr. Begley's advice on "Update Maintenance 101" is excellent.

Also consider keeping a diary of ALL software installations. Using a Word document or other writing tool, keep a serial list by date of each new software install including upgrades.

In this diary, describe the details of the installation -- where your source files are, whether you need to uninstall or whether the program automatically uninstalls, serial numbers and any unusual selection procedures during the install process. Make note of any quirky things that occur.

Keep this diary in a set of folders with all your other source files and important data files. Back up this set of folders on a regular basis.

Then when you change computers every 2 to 4 years, or you need to reinstall software or you need a serial number quick or you want to install your software on a new laptop, you will have a comprehensive set of instructions for installation and you will feel confident that you have your original systems.

Follow this method for each computer.

Russ

On 7/15/2003 6:51:37 PM Michael Begley wrote:
A program uninstalls into the bit bucket. You will need the original distribution files to reinstall the program.

Update Maintenance 101 - the very basics

I have been in your position in the past and reinstalling each piece of software becomes its own research project if you did not keep track of all of the pieces. I had to become very disciplined about keeping detailed records of software purchases. Here are some suggestions for the future:

Every Software Application / Add On gets a physical file folder. Software CD's or disks, purchase receipts, password codes, installation instructions, etc go into the folder.

If the software is downloaded, I try not to just download and install in one operation. First I download the file to its own hard disk folder such as C:/downloads/wardsystems/NSDTP40. Then I will install the program from this location. To be safe, you should back this up on a CD for your physical file folder. Any emails from the vendor I print and put in the physical file folder.

Then when it comes time to reinstall things, you will have everything. I purchased a new desktop and notebook this spring and using this process, I was able to reinstall everything. It takes a little extra time up front, but if you are depending on your trading applications to make money, I believe it is worth it.

Good luck.

Mike Begley

On 7/15/2003 4:43:34 PM MFK wrote:
Ah, you make it sound so simple! But if you're not a real computer person (a category in which I place myself) all this uninstall/reinstall business is a little confusing. The uninstall part I understand . . . Start, Settings, etc. But--and here I reveal my ignorance--where does the add-on program uninstall to? And how will I know where to locate these add-ons when I go to reinstall them in 4.0? The original setup files? Some are on disks; those I can find. But some were downloaded off the web. Somewhere in the digital bowels of my computer those original setup files must exist, acting as beneficial bacteria as it were. But, wow, finding them? Maybe you can help me with a little Update Maintenance 101 guidelines.

Thanks.

On 7/15/2003 2:23:04 PM Ward.net Webmaster wrote:
If you loaded into 4.0 a 3.8 chart with custom indicators in it, the .tpl files will get stored in the 4.0 template folder. This is the only "migration" that will occur we believe. BUT, there may be DLLs somewhere that are needed. We store our addon DLLs in the template folder too, but Jurik probably doesn't. So our DLLs would have to be moved to 4.0, but Juriks probably not. In the end, the safest thing to do is uninstall any addon and reinstall it again in the 4.0 folder (assuming it asks for the NeuroShell folder as our addons do - we can't speak for the addons from others).

On 7/15/2003 11:32:53 AM MFK wrote:
An additional question about third-party add-ons and the upgrade to NST 4.0:

I use a number of third-party add-ons (Jurik, Bowfort, Cornice). While taking part in the beta test of 4.0, I also kept NST 3.5 running to keep track of working nets. During this period, I had no problem running the third-party add-ons on 4.0. Now, with the release version 4.0 installed, I was about to uninstall 3.5. Will doing that cause the third-party add-ons to stop working in 4.0? Or have their operating instructions somehow "migrated" to 4.0 during the months of successful use during the beta test?

Thanks.

On 7/14/2003 10:22:52 AM zawie wrote:
Hi Steve,

I can't answer to the other ones, but I can answer to mine.

When upgrading from NST 3.8 to NST 4.0 (and this applies to any of the software from Bowfort. Deinstall the add-on (from the control panel / Add/Remove Programs. Now reinstall the add-on, but when prompted during installation, change the:

X:\Neuroshell Trader

to

X:\Neuroshell Trader 4

Where "X" is the letter for the drive that you installed Neuroshell on. (normally C).

You need to do this, because the folder name for Neuroshell has changed with the release of 4.0 (so you can still run the old version).

If it doesn't plot after that, it's highly likely that the Jurik DLL's themselves aren't properly installed or licensed on your machine. If you move machines, upgrade bios (and maybe if you upgrade the OS), Jurik's DLL's will need a new license key from Jurik Research.

I run the Jurik DLL's under XP Pro and NST 4.0 with the Bowfort ZJurik add-on, and haven't encountered any problems, so I don't think your licensing problem is due to XP-Pro.

We support all our products (free included). So if you're still having problems after speaking to Jurik about the licensing, please contact me via the website.:

Regards
Mark Simpson
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BTW, I think Ward did a great job on this release -- I especially like the variable linking -- very well done guys!!

thx, Steve

NST4.0
Date :7/14/2003 9:02:59 PM Poster : tew
When is NST 4.0 going to be available for download?

Re: NST4.0
Date :7/15/2003 8:04:21 AM Poster : Ward.net Webmaster
If you (or anyone else) never received our newsletter announcing 4.0 then you should send us an email and make sure we have your current email address on file. We'll send it to you. It contains complete instructions on understanding 4.0 as well as how to put in a free order for downloading instructions.

If you have already put in your order, please be aware that we are very backlogged on this process, because we need to get our new database up to date for each person who will download 4.0. That means searching and comparing to the old database. There are thousands of you wanting to update, and it will take several more weeks before we get to everyone. If you have ordered and paid for a new CD, or if you were a beta tester, you will get some priority, but we can't otherwise shorten the process. Even though we put on some extra staff this summer to help with the conversion, it is still a very time consuming effort because for getting rid of the hardware security device we needed a big new database to allow you to still be able to install on several computers.

On 7/14/2003 9:02:59 PM tew wrote:
When is NST 4.0 going to be available for download?

SMA
Date :7/16/2003 2:13:19 PM Poster : Greg
Easy question which would really help. If my charts periodicity is say 5 min, and I want a SMA of the last 10 DAILY closes, how would I do that. I can't seem to find a way to separate the periodicity.

Thanks.

Re: SMA
Date :7/16/2003 4:08:26 PM Poster : Maciej
There are probably at least two ways that this can be achieved:

a) There is an add on that allows multiple periods.

b) Use the Intraday Basic category of indicators to pick up the close of each of the 10 days and then average them through use of say the average indicators in the arthimetic category or code the sum of the daily closes and divide by 10. Its a bit crude but should do the job.

If the only thing you need tis your SMA then solution b will suiffice if it gets more complicated then you may have to opt for something like solution a.
If anyone knows of another method I certainly would be interested.

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Re: SMA
Date :8/31/2003 10:16:07 AM Poster : Kermit
I have been wondering about something like this for some time also, as I use a lot of fundamental data in weekly form for my predictions, and I would like to try to include this data in nets using daily price closes. Is there an add on that would allow me to do this?

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Re: SMA
Date :9/2/2003 11:30:43 AM Poster : Maciej
If your weely data is apart from the HLC data then a probably you'll have to go via an API like DataX (not for the faint hearted), otherwise if the weekly data is extracble from the daily data (it doesn't sound as if it is) you could use the add-on with the multiple periodicity feature.

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Thanks.

Re: SMA
Date :9/3/2003 12:26:39 PM Poster : Kermit

Thanks for the reply. Yes, my data is in spreadsheet form and weekly, and my daily data is CSI. I suppose what I might try to do is to convert the weekly csv file to a daily with the Friday values filled in for the following Monday through Thursday. Would this be difficult in your view?

Thanks again.

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Re: SMA

Date :9/3/2003 1:19:00 PM Poster : Ward.net Webmaster

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Thanks.

Re: SMA

Date :9/5/2003 9:38:55 AM Poster : Kermit

Thanks - I had not tried this for some time and did not realize that it was added. On my "wish list" would be that the indicators on this weekly data (when pulled into a daily net" would be calculated on a weekly basis. They would show up as step functions just like the weekly data does. Currently if, say, a moving average is run on the weekly data, the current value is worked into the indicator over the next five trading days. If the parameters for an indicator were in the time frame of the data, the full value of the data on a Friday would be in the indicator immediately on that Friday, and it would carry over through the next Thursday without changing.

I know that this is not a priority thing, but thought I would mention it (g). Thanks for making the weekly data importable into daily charts. You are putting out some great products, especially the Trader.

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Thanks.

NSDT 4.0 - Copying Alerts and Orders Windows

Date :7/16/2003 4:31:16 PM Poster : Maciej

Hi,
Is it possible to copy the alerts / orders windows into a spreadsheet in NSDT 4.0?
The information is very useful but it would be even more useful if I could copy the data.
Thanks in advance.

NST 4.1 and spread trading

Date :7/17/2003 10:03:09 AM Poster : Marco Calzolari

Is it possible to combine tickers which do not come from Esignal or Dial Data? That is, I am using European Stocks end-of-day data in Metastock format from another supplier, how could I trade a spread with NST 4?

Re: NST 4.1 and spread trading

Date :7/24/2003 7:32:12 AM Poster : ben venue

On 7/17/2003 10:03:09 AM Marco Calzolari wrote:
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Hi Marco you might be interseted in this recent press release from deal-4-free. Unfortunately I don't think any of the spread betting companies have a facilitry for downloading real time data into other systems.Its something I have been pressing for. If others have different information I would be very inteested to hear about it.
ben
As part of CMC's commitment to global expansion, we are pleased to announce the launch of our latest branch in New York.

The branch is based in Manhattan and will support our FX product. CMC Forex, the trading name of the US FX operation will continue CMC's commitment to offering the tightest dealing spreads, and the widest range of currency instruments. CMC's re-entry into the American market has been greeted with enthusiasm, with CMC being recognised as the company that introduced online FX trading to the market back in 1996.

CMC is now a registered member of the NFA, which means that CMC is regulated in three jurisdictions around the world. Our presence in America, Australia and the UK means that we have offices in 3 time zones, further helping us to support our 24-hour trading facility.

Re: NST 4.1 and spread trading

Date :7/24/2003 5:59:32 PM Poster : Maciej

You're correct that there is no facility for incorporating directly the prices from CMC, however the way I work round that is to take the quote.com prices during exchange hours and set up NSDT to handle the spreads as commisions for entry exit, ie for the DJIA a $5 entry and another $5 for exit for each 1 $USd bet (GBP if you're dealing in the UK). CMC claim only $5 (buy/sell) is needed but I find that their bid/offer prices can get quite skewed when the markets are really motoring. I find that because of these highish costs its not so suitable for day trading rather for position trading. The CMC trading platform is superb!

If I understand Marco's original question , it is possible to set up a spread symbol using the new features of 4.0.

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Re: NST 4.1 and spread trading

Date :8/4/2003 10:00:18 AM Poster : Marco Calzolari

Thank you Maciej and Ben Venue for your replies, but my question was more down-to-earth. Subscribing another supplier or a real time supplier is out of question for me at the moment. I have stock daily data downloaded from a local supplier in Metastock format, I would simply like to try spread trading with NST, that is, long one stock and short another one, or even better, long stock and short index future. It is not a brokers or a commissions matter, it's a matter of finding good trades on a daily time frame. I have already done a fairly good work based on statistics using Excel with the proper stock couples, I guess I could do still much better with NST!
I hope Steve Ward is reading and let us know if he is taking this feature into consideration (for us poor position traders :-))

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selecting profitable output variables

Date :7/18/2003 12:05:05 PM Poster : MFK

Lots of discussion at the forum about inputs, parameters, etc. I'd like to get a discussion started on what experience tells me is a far more important topic: output variables.

Here's my experience: I'm pretty good at developing nets with high forecast accuracy—excellent stats for average error, % correct sign, etc. For my own amusement, I've even tracked two nets over time using 95% confidence bands, looking five days out. The forecasts walk those statistical paths with uncanny prowess.

But none of that means the nets are going to be profitable. In this context, I define profitable nets as those that meets three requirements:

1. The net makes money after allowing for commissions, slippage, etc.
2. The money made exceeds that of a simple buy-and-hold strategy.
3. That excess gain fairly compensates me for the time spent developing nets and their accompanying trading strategies.

The first two requirements are a challenge in themselves. But requirement three is often a real enthusiasm killer. Let's say, for example, I've developed a reliable net for forecasting a 10-day percent change in the open. It makes money, satisfying requirements 1 and 2. So far, so good.

Then I go back and calculate what I would have made if I just traded the 10-day percent change without a forecast. The results seem to be random: sometime the net does better, sometimes worse, sometimes there's no advantage either way. When the net does better, it's usually because it got me into a trade before a breakout. But even then, the added profit from being in a trade early may not be particularly significant. Maybe I make a couple of extra percentage points. And that's when I ask myself that poignant line from what I think was an old Peggy Lee ballad: Is that all there is?

So my net fails me on requirement three. Am I the only one wrestling with the problem? I'd like to hear from others on how they go about developing—or selecting—output variables that can give net builders a meaningful trading edge.

Re: selecting profitable output variables

Date :7/18/2003 4:21:29 PM Poster : chris wong

try using neural indicators then you don't have to worry about output variable because there aren't any. the whole worry becomes a non issue.

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Re: selecting profitable output variables

Date :7/18/2003 5:20:38 PM Poster : Maxwell Craven

I agree with Chris Wong, the neural indicators are great and solve many problems. However if you don't own them have you considered using those optimal outputs?

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So my net fails me on requirement three. Am I the only one wrestling with the problem? I'd like to hear from others on how they go about developing—or selecting—output variables that can give net builders a meaningful trading edge.

Re: selecting profitable output variables

Date :7/18/2003 5:59:21 PM Poster : Maciej

You are not the only one MFK.

I too seem to be able to develop great looking nets but they don't necessarily stand the test of time and ceratinly it is a time consumming process. Even with all the automation that one has in NSDT, it still can take a lot of time and its not the processing that I'm complaining about - its seemingly minor issues as whether its better to select 1 or n walk forwards, which indicators to reject based on the predictions input %, how far back should one test. I've used neural nets succesfully in other fields but in trading it is a real challenge.
It would be interesting to know how many users use NSDT's neural features for actual trading compared to many of us who I suspect use the product as a straight forward technical analysis package.

7/18/2003 5:20:38 PM Maxwell Craven wrote:
I agree with Chris Wong, the neural indicators are great and solve many problems. However if you don't own them have you considered using those optimal outputs?

On 7/18/2003 12:05:05 PM MFK wrote:
Lots of discussion at the forum about inputs, parameters, etc. I'd like to get a discussion started on what experience tells me is a far more important topic: output variables.

Here's my experience: I'm pretty good at developing nets with high forecast accuracy—excellent stats for average error, % correct sign, etc. For my own amusement, I've even tracked two nets over time using 95% confidence bands, looking five days out. The forecasts walk those statistical paths with uncanny prowess.

But none of that means the nets are going to be profitable. In this context, I define profitable nets as those that meets three requirements:

1. The net makes money after allowing for commissions, slippage, etc.
2. The money made exceeds that of a simple buy-and-hold strategy.
3. That excess gain fairly compensates me for the time spent developing nets and their accompanying trading strategies.

The first two requirements are a challenge in themselves. But requirement three is often a real enthusiasm killer. Let's say, for example, I've developed a reliable net for forecasting a 10-day percent change in the open. It makes money, satisfying requirements 1 and 2. So far, so good.

Then I go back and calculate what I would have made if I just traded the 10-day percent change without a forecast. The results seem to be random: sometime the net does better, sometimes worse, sometimes there's no advantage either way. When the net does better, it's usually because it got me into a trade before a breakout. But even then, the added profit from being in a trade early may not be particularly significant. Maybe I make a couple of extra percentage points. And that's when I ask myself that poignant line from what I think was an old Peggy Lee ballad: Is that all there is?

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Re: selecting profitable output variables

Date :7/20/2003 3:00:24 AM Poster : mstigall

I've used TradeStation and several other high-end technical analysis tools. They don't hold a candle to the optimization tools available in NeuroShell Pro (NSP). IMHO NeuroShell Pro beats them on just the technical analysis + optimization alone. I've programmed several TradeStation optimization studies that could drag on for days! The same studies in NSP take less than 1/4 of the time for equivalent results.

My recommendation is to fine-tune your input selection using the neural network predictions and the weighting factors to find out which inputs are best for the present market conditions. Then use the resulting neural network's prediction as the input to a trading system.

I've had some excellent results using the clustering add-in on several different technical indicators without neural prediction, too. I still use the neural nework weight method to eliminate bad vs good inputs, and then move to clustering.

Bottom line - you have to spend some time doing the homework before your systems pay out. No one gets a great system out of the box without some sweat equity involved. When I was starting out, both Steve Ward and Marge were excellent resources for getting around a problem or issue.

Best of luck on your quest!

Re: selecting profitable output variables

Date :7/21/2003 10:41:50 AM Poster : MFK

Some responses to the problem of selecting a profitable output variable, but so far no real revelations, no "aha" insights, no specific directions to follow. A summary to date:

1. Chris Wong and Maxwell Craven suggest avoiding the issue completely, opting to go on "auto pilot" as it were, using the Neural Indicators add-on to select indicators and parameters for a more or less "black boxed" output.

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1. I own and use Neural Indicators. Overall, I've had mixed results: Outstanding trades with good returns, low drawdowns, excellent profit to loss ratios; unfortunately, these trades are usually followed by a series of whipsaw trades that give a lot of the profits back. So Neural Indicators seem to be good for trend following, but a disaster in a trading range. (I can change the results, of course, by tinkering with the indicators and their parameters, but then I've committed one of Steve Ward's cardinal sins of neural net development, turning my out of sample data into in sample, while pretending that it never happened.)

One way I have had some success with Neural Indicators is by incorporating the results of a previously developed TurboProp 2 net. If the net has reasonably good accuracy results, I will use it plus several momentum derivatives of the net as a Trading Strategy input. That often makes a major differences in profit results.

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What I find more interesting in Mstigall's post is that he still uses neural networks to create or identify the indicators he'll ultimately use in clustering. That's not too unlike my use of nets to develop Neural Indicator inputs. In short, he and I still rely initially on the creation of a profitable--or near profitable--output variable.

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Re: selecting profitable output variables

Date :7/21/2003 5:59:17 PM Poster : Steve Ward

I don't agree that Turboprop 2 isn't going to give satisfactory results most of the time. I've built some very good models with it, and it is technically far superior. But as you point out, there are a lot more choices regarding what output to use, maybe an infinite number. NI lets you concentrate on inputs only. NI also has some disadvantages, the biggest of which is that it is very slow, and gets even slower with more inputs. Not so with Turboprop2. A more advanced NI may someday be in the Prediction Wizard, but for the time being can't we make a little extra money selling addons, like car companies sell chrome wheels and leather seats? The nice thing for us is that we can use other programmers to build addons without putting a burden on the NeuroShell Trader programmers, who have much bigger fish to fry than addons. In fact most of our addons were built because I wanted something new to use in my own trading, and I figured why not sell to others what I built for myself?

I just use one NI in a buy rule and another in a sell rule. Usually the only other rules I use might be time rules (get out at 3pm, for example). I don't use any exit rules because that's too many weights to find. I feed in standard indicators, or turning points. NI constrain their own inputs, because they don't allow many. I use release 4.0 and let training go several hours. NI have such an inefficient training mechanism that it takes that long to train sometimes, and there is less danger of overfitting for the same reason.

But in the end, NI aren't a magic bullet either, because there aren't any. That's why we have a toolkit with lots of options. Our website tells people that if you want a turnkey moneymaker, buy software from someone else. You'll be much happier with realistic expectations.

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Date :7/21/2003 5:54:16 PM Poster : Maciej

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3. Maciej finds himself in the same bind I do: satisfactory nets, less that satisfactory profits for all the effort. He further suggests that a lot of us aren't even bothering with neural net predictions; instead we're using the power of NST to do better at traditional technical analysis.

My responses:

1. I own and use Neural Indicators. Overall, I've had mixed results: Outstanding trades with good returns, low drawdowns, excellent profit to loss ratios; unfortunately, these trades are usually followed by a series of whipsaw trades that give a lot of the profits back. So Neural Indicators seem to be good for trend following, but a disaster in a trading range. (I can change the results, of course, by tinkering with the indicators and their parameters, but then I've committed one of Steve Ward's cardinal sins of neural net development, turning my out of sample data into in sample, while pretending that it never happened.)

One way I have had some success with Neural Indicators is by incorporating the results of a previously developed TurboProp 2 net. If the net has reasonably good accuracy results, I will use it plus several momentum derivatives of the net as a Trading Strategy input. That often makes a major differences in profit results.

2. I have the Clustering add-on also, but that's not a tool I'm quick to pull out of the tool box. My experiences suggests it would be excellent given a specific trading style and the patience to develop a dozen or so clusters, each one looking for specific entry/exit conditions. In my use, I've gotten some great entry and exit signals; by the same token I've also missed some great trades because I didn't have the clusters in place to recognize other profitable conditions.

What I find more interesting in Mstigall's post is that he still uses neural networks to create or identify the indicators he'll ultimately use in clustering. That's not too unlike my use of nets to develop Neural Indicator inputs. In short, he and I still rely initially on the creation of a profitable--or near profitable--output variable.

3. Is Maciej right? Are great numbers of us using NST as an next generation technical analysis program and ignoring the entire process of developing neural nets? It would be interesting to hear from some of you. I think Maciej is on the mark; my initial post in this topic raises the possibility that this might be the more effective way to use NST.

But I don't want to give up on what I feel is the real potential of neural net forecasting. So any more thoughts on that critical first step: How--what process would you follow or do you follow--to develop robust, reliable and profitable output variable?

Re: selecting profitable output variables

Date :8/16/2003 12:18:36 PM Poster : mstigall

Just to clarify or "expound" a bit more. I'm very comfortable with several schools of technical analysis, and fond of Bollinger Bands and MACD. I can use those two tools in a plain Excel spreadsheet to trade profitably. My chemical engineering background used statistcial process control charts (very similar to BBAND).

My emphasis now is bioinformatics, and we use clustering quite a bit to find group similar protein families together, etc.

The point is that knowledge of the underlying systems (BB, MACD and clustering; strengths and weaknesses) still helps you create a profitable system. I'm comfortable using the tools because of long exposure to their methods; applying the methods to the stock market works too.

How are you selecting the stocks to run the NN on?

Since I love the BB, I find stocks that provide a good profit with a non-optimized BB system. Consider the stock selection to be the first step in a filter process, where you try to end up with reliable inputs and outputs.

Re: selecting profitable output variables

Date :8/16/2003 12:35:04 PM Poster : mstigall

Reading your third point - we differ there quite a bit. I'm a middle-aged over-analytical professional computer nerd .

When I started this little path to knowlege over twelve years ago, I mapped out the terrain. Start with stocks, moving into stock options; finally commodities and futures. The path was based on the amount of experience and knowledge I thought each additional market would require. It took me quite a while to get to the point that I felt extremely confident with the stock market and began to tackle the option learning curve.

Each year, I start out with $5K of "mad money" for my training. At the end of the year, I put profits into long term "buy and hold" investments and start the next year with $5K seed money. I set a goal for average returns per month (after broker fees) and strive for it during the year.

Some day I may be able to just do this for a living, but in the meantime I view the process as "training for my retirement". If I make mistakes now, I can recover easily because I have a full-time job. In fact, if I lost the whole 5K, it wouldn't affect my daily lifestyle at all (just my ego).

So you talk about how criteria #3 is never satisfied. Your time is never reimbursed. What if you found out that it took ten years of homework and training (your time) to end up with a reliable and profitable system that lasted the next fifty years of your life? And for the fifty years the market won't remain static - your methods will need to adapt and change in different market conditions.

Take a longer term view. Most forms of career training (college, etc) take years to complete. Why should home-based trading be any different?

Trading Systems for the COMP and DJIAA.

Date :7/21/2003 12:45:00 PM Poster : Bob

Hello Everyone

I retired last year and am working to keep my retirement afloat.

My retirement is closely linked to the COMP and DJIAA.

I am trying to develop a Trading System for the Comp and Djiaa with my NeuroShell Professional.

I have not been very successful up to the present time. Do you have any suggestions or can lend some help?

Thanks
Bob Swihart

Re: Trading Systems for the COMP and DJIAA.

Date :7/21/2003 5:09:30 PM Poster : Steve Ward

Since you own Neural Indicators and Turning points with Trader Pro, I would build a trading strategy with Recur4. I would feed it the following indicators:

1. Peak probability (% change) - Valley probability (% change)
2. Peak probability (bars) - Valley probability (bars)
3. Close-open
4. Close-lag(1,close)

If that doesn't work well, try adding two more similar indicators and use Recur6. Give the Neural Indicators a good long time to optimize using release 4.0, maybe 3 hours or so.

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Re: Trading Systems for the COMP and DJIAA.

Date :7/31/2003 9:56:16 AM Poster : Maciej

Steve,

I wonder how you'd agvise handling the situation when running the back testing up to the close of the previous session, ie for 31st, back testing goes all the way to 30th and the back test gives you a trade say just before the close of 30th. Do you advise taking that trade on market open or just ignoring it and waiting for the next signal. I assume that by setting the "end paper trading by date" to 30th one can avoid that, but is that the best way of handling such a situation with a neural system? For something such as trading the DJIA that could be acceptable as one would expect a signal fairly often but for other symbols one could be waiting on a signal for some time.

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Re: Trading Systems for the COMP and DJIAA.

Date :8/1/2003 9:40:21 AM Poster : Steve Ward

The closeout trade is new with release 4.0 since that is the first release where we actually show the trading signals during the training period. It is not a real exit signal, we just close out the trade so that trading can start fresh with the new data coming in after training. So really, you could do either of the two things you mentioned. I would tend towards waiting for the next signal, however, because if you started trading on an old one, you might miss a big move before you get in.

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Re: Trading Systems for the COMP and DJIAA.

Date :8/7/2003 3:21:30 PM Poster : Maciej

Bob - how have you been getting on with your modelling of the DJ - I'm interestred to know because its an index with which I had very little success.

On 8/1/2003 9:40:21 AM Steve Ward wrote:
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mangled CHT file ?

Date :7/22/2003 11:50:14 AM Poster : Chachi

Still running version 3.8 for the purposes of this query (v4.1 not yet rolled out here)

Is there any further detail behind possible causes of a "-2147417848 (80010108) Runtime error in GraphWin zzz_Graph_UpdateData" , or is there anything to recover/etc a 'dead/unloadable' CHT file?

Background:

Am in the midst of creating some new charts based upon a custom DLL I wrote in PowerBasic 7.02 last month. Out of about sixteen new charts so far, three now refuse to load (which loaded just fine last week) at all, causing the above error.

The charts appear to complete their calculations/etc and are in the midst of updating the graph when the offending msgbox/errorbox pops up.

Re: mangled CHT file ?

Date :7/22/2003 1:55:45 PM Poster : Ward.net Webmaster

If the cht files have become corrupted in some way (which seems likely since they loaded just last week, assuming you didn't change them in any way) they may never load again. One thing that could have happened is that some operating system function has regressed to an older version due to you installing some program in the last week that overwrote a newer function with their own older one (some installs do that). So you might see if they load on other computers. If that fails, send one of them to support@wardsystems.com and we'll see if we can load it here and try to determine if anything else could be at play besides corruption.

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Re: mangled CHT file ?

Date :7/22/2003 3:08:59 PM Poster : Chachi

Are any values/seeds/indicator outputs/etc saved within the CHT file itself?

Could some sort of DLL glitch we somehow did not catch in weeks and weeks of testing last month suddenly raise its head? I can't think how honestly but curious.

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I have rebuilt the chart/strategy from scratch, saved it, closed, reopened, played around, resaved, no problems. Somehow the chart/dll will shoot itself in the head after some indeterminate period of time between the next few days and two weeks and get to a state of being unable to load.

Is there still a mem leakage issue with PowerBasic 7 ?

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Re: mangled CHT file ?

Date :7/24/2003 8:52:16 AM Poster : Chachi

Solved for the time being .... had to add an ERASE of a string array, which to my understanding of PB's methods _should_ be unneeded.

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Recur 4 inputs.

Date :7/22/2003 2:32:34 PM Poster : Jerry Clark

To Steve Ward,

This is a question about your reply to Bob on July 21 in relation to the Recur 4 indicator inputs.
I have the NI and TP addons and was wondering if you could tell me how to build the following.
!. Peak probability (% change)-Valley probability (% change)
That's the # 1 input to the Recur 4 that you suggested. If you could explain how that is built, the remainder of the inputs should follow.
Thanks, Jerry

Re: Recur 4 inputs.

Date :7/22/2003 3:12:54 PM Poster : Steve Ward

Use the Indicator Wizard and insert the indicator Subtract from the Arithmetic category. Set Operand1 to Peakprob and set Operand2 to ValleyProb, both of which you will find in the Turning Points Category.

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Re: Recur 4 inputs.

Date :7/23/2003 5:04:23 PM Poster : Maciej

Jerry,

For the DJIA I force an exit to ensure that I'm out of all trades by market close and on some models I will allow only one trade per day (an indicator is available called onetrade on this web site).
Once you get your model working you may want to control the period of the day in which you wish to trade, the index is known for having a big surge at open and a dull period around lunch time. Some of us like to avoid those difficult periods.

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Re: Recur 4 inputs.

Date :8/8/2003 12:16:14 PM Poster : Bertrand

I guess you simply build a cumulative probability indicator by using the Subtract in the indicator wizard.

Best Long signals should come when peak prob. is high in relation to valley prob. This is what Steve is trying to achieve in my opinion.

All the best,
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Re: Recur 4 inputs.

Date :8/13/2003 3:18:43 AM Poster : Bertrand

Sorry,
but what I have written is not true.

It was meant to be like this:
Best Long signals should occur when valley prob is high in relation peak prob. The reverse is the case for shorts. By substracting you combine both measurements into one input for the net.

Hope it is clearer now...

Bertrand

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4.1 patch won't install

Date :7/22/2003 10:46:16 PM Poster : Steve K

Over the past 4 days I have tried several times to install the 4.1 patch from the website and always get the same error.

The installer can't find the installation package "NeuroShell Trader 4 Web.msi". I've done a search of my hard drive and this file doesn't exist, so I assume it can't locate the file on the installation web site.

I sent a jpg of the error message to support but haven't received a response yet.

thx, Steve

Re: 4.1 patch won't install

Date :7/23/2003 9:37:48 AM Poster : Ward.net Webmaster

There have been about 3 or 4 users with this problem. As yet we don't know why, because the file is there and others can install the patch. We suspect some sort of registry problem. Since this problem involves the commercial install package we use, it could take us a few days to find out what is wrong. In the mean time, if you have this problem, you'll have to download the full 4.1 release. Dig up the email you received for downloading 4.0. Follow the directions again and you'll find 4.1 there.

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I sent a jpg of the error message to support but haven't received a response yet.

thx, Steve

Re: 4.1 patch won't install

Date :7/23/2003 5:35:16 PM Poster : Steve K

The full install from the original download link worked fine

thx, Steve

On 7/23/2003 9:37:48 AM Ward.net Webmaster wrote:
There have been about 3 or 4 users with this problem. As yet we don't know why, because the file is there and others can install the patch. We suspect some sort of registry problem. Since this problem involves the commercial install package we use, it could take us a few days to find out what is wrong. In the mean time, if you have this problem, you'll have to download the full 4.1 release. Dig up the email you received for downloading 4.0. Follow the directions again and you'll find 4.1 there.

On 7/22/2003 10:46:16 PM Steve K wrote:
Over the past 4 days I have tried several times to install the 4.1 patch from the website and always get the same error.

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Re: 4.1 patch won't install

Date :7/23/2003 10:36:48 AM Poster : John Gotwals

I have had the same problem with the last two patches. Here's how I fixed it. Copy the patch to the NeuroShell Trader 4 folder. Open a command prompt window within this folder, and enter the following command:
msiexec /p "NeuroShell Trader 4 Web.msp"

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Re: 4.1 patch won't install

Date :7/23/2003 1:48:50 PM Poster : Steve Ward

It's a good thing we have some smart users!

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thx, Steve

Re: 4.1 patch won't install

Date :7/23/2003 4:57:38 PM Poster : Maciej

I've just tried the solution proposed by John but it doesn't fix my version of the issue. I'll do a full install instead. Please note that the same issue came up during the alpha testing/upgrades.

On 7/23/2003 1:48:50 PM Steve Ward wrote:
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thx, Steve

TURNING POINTS ADD ON

Date :7/26/2003 11:05:20 AM Poster : Steve S

I am interested in purchasing the Turning points add on for the NST and was looking for some opinions.

Re: TURNING POINTS ADD ON

Date :8/3/2003 9:02:33 AM Poster : Xprogrammer

I use the TP a lot and find it quite good. I'll caution that you have to either experiment or use the optimizer to find the appropriate cycles in your particular stocks. The TP isn't made for just one cycle period and it can find many. I use it two ways. The first is optimized in a trading system. The second is an indicator to confirm trading situations I have already built. In the second mode I simply watch the probability it is giving. If my regular system gives off a trading signal I verify that the TP probability of a turning point is high for confirmation.

On 7/26/2003 11:05:20 AM Steve S wrote:
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Re: TURNING POINTS ADD ON

Date :12/12/2003 11:33:34 AM Poster : jack shuman

well worth purchase

On 7/26/2003 11:05:20 AM Steve S wrote:
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Re: TURNING POINTS ADD ON

Date :12/12/2003 7:11:11 PM Poster : Maciej

I've found it useful but not a magic bullet. For me the tricky part is how best to define the shape of the peaks which is a parameter and ideally it should be an adaptive type of parameter as the actual shapes that these turning points make does vary.

On 12/12/2003 11:33:34 AM jack shuman wrote:
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NST 4.0 and Internet Connerction

Date :7/29/2003 10:35:01 AM Poster : Greg Kramer

Re: "One of the first things to know about the new release is that it uses software protection rather than the hardware security device. You can install NeuroShell Trader on multiple computers, but you "authorize" it to work on one computer at a time via the Internet." [from "Announcing NeuroShell Trader - Your Way!" page].

Does this mean that anytime (after the initial installation and authorization) if want you run NST 4.0 then you MUST be connected to the internet? Or is this a one-time requirement. I use NST on a single computer (a laptop) and many times develop strategies "off-line" in locations where I have no internet connection.

Re: NST 4.0 and Internet Connerction

Date :7/29/2003 7:30:09 PM Poster : Ward.net Webmaster

No, you do not have to be connected to the Internet to run. However, if you want to move operations to another computer, you have to make that switch via the Internet. You use the Internet connection to deactivate on the one computer, and then use the Internet connection to reactivate on another. But after activation no Internet connection is required until you want to move again. So for example, if you want to go on vacation with your laptop, deactivate your desktop copy, and activate the laptop, both actions requiring the Internet connection. Then use the laptop on the plane, on the beach, wherever you want without worring about connecting again until you come home.

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Re: NST 4.0 and Internet Connerction

Date :8/18/2003 6:52:23 AM Poster : chachi

May need a rethink for non-US customers with unforgiving corporate LANs.

I had to ring in and manually activate v4 at work as our corporate LAN blocks whatever method you are using to connect & activate/validate the product.

When I asked what method (eg HTTP, TCP, etc) of connection was being used, to perhaps investigate with my firewall people, the response was 'no idea' ...

Since no one is available at your helpdesk to assist with manual reactivation until after 2pm London time, this means I cannot use my copy at home, deactivate it when I leave, and then come into the office and use v4 until most of the day is over.

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Re: NST 4.0 and Internet Connerction

Date :12/6/2004 4:17:16 AM Poster : Marco Calzolari

I have the same problem, I have to disconnect my LAN cable and connect to Internet with a phone line if I want to authorize/deactivate NST from my office (everytime it requires rebooting the PC twice).
I am not a LAN expert, but why not trying to program the next NST release to use the standard port 80, like the Prophet data feed. I have checked that my LAN proxy server actually uses this port.

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fixed fractional position size

Date :7/30/2003 11:53:10 AM Poster : Steve Fowler

having just updated to 4.1 and not having used the program for a while I am having some difficulty with my trading strategy. First, is it possible to use multiple position exit signals where one of the signals is a market order, the other is a stop (but not a trailing stop). Also, is it possible to have the position size traded be derived from a formula rather than a fixed number of shares, of a fixed dollar amount? For example, can I risk 5% of total capital on a trade and then knowing that dollar amount enter that into a calculation to arrive at the number of shares to trade?

Re: fixed fractional position size

Date :7/30/2003 12:49:39 PM Poster : Ward.net Webmaster

See the tip on this site called "Adding to a position".

On 7/30/2003 11:53:10 AM Steve Fowler wrote:
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Tradestation Program for Exporting Data

Date :8/5/2003 10:13:13 PM Poster : Steve in California

For those using Tradestation as a data feed:

It's useful sometimes in training nets to be able to quickly create flat file versions of data sets rather than use the TS interface.

What follows below is code that will export data from Tradestation in a way that can be used by NST without modification.

```
{**************************************************************************
Tradestation data export script for NST - Steve in California, 8/2003
**************************************************************************}
Inputs:
DirectoryName("c:\temp\"), NumberOfDataStreams(9);

Variables: Year2000Year(2001), i(0), FileName("");

If BarNumber = 1 Then Begin
For i = 1 To NumberOfDataStreams Begin
FileDelete(DirectoryName+GetSymbolName of Data(i)+".csv");
FileAppend(DirectoryName+GetSymbolName of Data(i)+".csv",GetSymbolName of Data(i)+ NewLine);
FileAppend(DirectoryName+GetSymbolName of Data(i)+".csv",GetSymbolName of Data(i)+" 1 Minute"+ NewLine);
FileAppend(DirectoryName+GetSymbolName of Data(i)+".csv","Date,Time,Open,High,Low,Close,Volume"+ NewLine);
end;
End;

If BarNumber >= 1 Then Begin
For i = 1 To NumberOfDataStreams Begin

If NumToStr(Year(Date),0) = "103" Then Year2000Year = 2003
Else If NumToStr(Year(Date),0) = "102" Then Year2000Year = 2002
Else If NumToStr(Year(Date),0) = "101" Then Year2000Year = 2001
Else If NumToStr(Year(Date),0) = "100" Then Year2000Year = 2000
Else Year2000Year = 1900 + Year(Date);

FileAppend(DirectoryName+GetSymbolName of data(i)+".csv",
NumToStr(Month(Date),0)+"/"+
NumToStr(DayOfMonth(Date),0)+"/"+
NumToStr(Year2000Year,0)+","+
LeftStr(RightStr("000"+NumToStr(Time,0),4),2)+":"+
RightStr("000"+NumToStr(Time,0),2)+","+
NumToStr(Open of data(i),2)+","+
NumToStr(High of data(i),2)+","+
NumToStr(Low of data(i),2)+","+
NumToStr(Close of data(i),2)+","+
NumToStr(Volume of data(i),0)+ NewLine);
End;
End;

Plot1 ( 1, "1=Done" );
```

Automatic search for BestNet

Date :8/8/2003 12:21:35 PM Poster : Bertrand

Ward Systems,

what I really miss is a search for best net / system for two data sets. I would like to run the training on one set & have the Trader evaluate that on true out of sample data, the second set. The user will then set the weighting function (data set 1 weight 0.3 / data set two (out of sample) weight 0.7) & the Trader comes up with the Net that performes best on both sets.

I would be nice if you could include this option in future releases as an alternative to walk forward testing. I guess it would shorten trial & error processes to reach a stable model.

Best regards
Bertrand

ForeTrade.com GPF for the Trader

Date :8/8/2003 12:24:13 PM Poster : Bertrand

Hi,

I do not seem to get a response from ForeTrade.

Is anyone using their generic pattern finder for the Trader & would like to share some opinions on the product? Some daytrading with only one GPF input had good results on their site.

If someone would like to sell his license for GPF Pro please contact me.

Regards & good trading,
Bertrand

Re: ForeTrade.com GPF for the Trader

Date :8/9/2003 5:59:53 AM Poster : bruno

Hi,

The example on the ForeTrade web site is probably a little over-optimistic as a pattern seems to have performed very well during that training period, but imho, the GPF is still worth a try. It is generally recommended to rather use the GPF to detect a panel of short and long patterns with the objective of improving an existing trading model.

Version 1.6 is currently being beta tested, and should be released shortly.

Regards,
Bruno
www.foretrade.com/gpf.htm

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Regards & good trading,
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User forcing Trader to use max. system power?

Date :8/11/2003 12:49:08 PM Poster : Bertrand

Ward Systems:

I am testing out a new machine in combination with the NeuroShell Trader.

Somehow the Trader uses only 25% of the max. power of the system.

Is that unusual? Can I force the Trader to use max. power during learning when no other trading application is run (through the night for example)?

All the best&
good trading,

Bertrand

Re: User forcing Trader to use max. system power?

Date :8/11/2003 1:06:59 PM Poster : Ward.net Webmaster

We don't understand that either unless your new machine has 4 processors in it. If you optimize then you should use almost the entire processor you are on. For overnight running read the tip on this site called "Speeding up overnight optimization".

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All the best&
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Re: User forcing Trader to use max. system power?

Date :8/11/2003 10:52:58 PM Poster : John Goltwals

Actually, if you have a dual-processor machine and hyper-threading is enabled, the Task Manager will indeed show four processors and your cpu consumption will only be 25%. As Steve was alluding to, you can use 100% of your cpu by running four instances of NeuroShell. Even as I type this message, I am optimizing four nets simultaneously and the Task Manager cpu meter is pegged.
-- John

On 8/11/2003 1:06:59 PM Ward.net Webmaster wrote:
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Date :8/12/2003 5:27:35 PM Poster : Maciej

Multi-processor capabilities didn't make it into rel 4 will they make an appearance in a forthcoming release or is it not planned at all?

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Re: User forcing Trader to use max. system power?

Date :8/13/2003 9:27:10 AM Poster : Ward.net Webmaster

Multiple processor support is definitely on our list. In the mean time everyone should note what John Gotwals said. You can run multiple copies of NeuroShell just by making more copies of the .exe with different names.

On 8/12/2003 5:27:35 PM Maciej wrote:
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On 8/11/2003 10:52:58 PM John Gotwals wrote:
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My Top Release 4.1 Feature Request

Date :8/13/2003 10:24:41 AM Poster : Steve in California

I understand that it'll be necessary for 4.0 to be digested for awhile. Nevertheless, I see 4.1 new feature requests seeping into the discussion.

So, I thought I'd see if I can't get my top new feature choice toward the top of the queue by gettin' it in early...

I think it's clear that choice of Objection Function DOES make a difference in the result of training. I understand that there are some folks with opinions that matter who believe otherwise. 8-) Nevertheless, I've got lots of examples that demonstrate that this is the case.

===>>> It would be terrific to be able to write our own Objective Functions. I've written about this before and included additional details on current Objection Functions and what they're looking at.

Thank you for automatic backup feature

Date :8/15/2003 3:55:59 PM Poster : Dave Hubbard

I just wanted to say thanks for the new automatic chart backup feature in 4.1. When the power outage hit, I thought I had lost a net that had taken 2 hours to optimize. Because of the automatic backup feature, 2 hours of work was saved!

intraday PriceTarget% trigger

Date :8/18/2003 7:01:34 AM Poster : chachi

Am revisiting a model which has performed reasonably well but which needs some tailoring in its exit/take profit strategy.

Have noticed times where the PriceTarget% level is violated intraday but not on the close, hence the system plods onward (invariably never returning to the level on a closing basis) rather than exiting at or near the high/low of the day.

I cannot for the life of me figure out how to get NSDTP to accept the effective PriceTarget% level to be considered/used as the exit price except on a " PriceTarget% vs Closing Price" basis, never "PriceTarget% vas High Price" basis.

How does one implement an intraday 'take level' in addition to end-of-day reversal or exit logic on a daily chart?

Re: intraday PriceTarget% trigger

Date :8/18/2003 5:29:14 PM Poster : Ward.net Webmaster

We are a little confused here - we aren't sure we understand why you aren't using intraday charts with your DayTrader to accomplish your "take level". Since you probably could accomplish your pricetarget with a 1 minute chart, is it perhaps because you are building daily indicators that you can't accomplish on an intraday chart?

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Re: intraday PriceTarget% trigger

Date :8/19/2003 4:41:36 AM Poster : chachi

In this instance the model and underlying data are a 20yr daily stream ...

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Re: intraday PriceTarget% trigger

Date :8/21/2003 4:32:24 AM Poster : Bertrand

Perhaps you mail Emmetropia with your question, they provide a multiple time frame addon for the NeuroShell Trader - this should provide plenty of room for customization of time frames in entry/exit strategies.

Which workstation do you use to model such a long data stream? I don't know how "big" your model is, but optimization time could possibly swell...

All the best,
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Re: intraday PriceTarget% trigger

Date :8/21/2003 9:40:18 AM Poster : chachi

This particular model does not utilise a net or adaptive indicators so optimisation is not an issue, but FWIW our 'Ward' PCs are dual p4 2.6 boxes with 2gb of ram ...

On a daily chart, just as one can have a stop level which is aware of high/low levels and will trigger off them, one should be able to have a 'take profit level' which can also trigger off the high or low and reference either as the traded/exiting price.

I may drop a note to Emmetropia, but I cannot see how their addon can help in since it is the hardcoded logic within NSDTP that is my problem not the timeframe.

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Re: intraday PriceTarget% trigger

Date :8/21/2003 3:55:39 PM Poster : Ward.net Webmaster

Our programmers have written the following tip (soon to appear on this site) in order to explain why the Trader does what it does and how you can accomplish what you want:

Creating Price Target exits

A price target is an exit which gets you out of a position with a prespecified profit. A price target exit can be created in the NeuroShell Trader in one of two ways:

1) Use one of the built-in Price Target indicators as your exit condition in conjunction with a market order. This method will get you out at the open of the next bar once the CLOSING price reaches your price target.

2) Use an exit condition that is always true [for example A=B(Volume,Volume)] in conjunction with a limit order at a price of Add2(EntryPrice(Trading Strategy,0), X) where X is your price target. This method will get you out if future price movement (LOW or HIGH) reaches your price target. Note that for a short exit, the price target should be below the entry price and therefore you should use the Subtract indicator instead of the Add2 indicator.

The difference between #1 and #2 is that #1 reacts to past information using a market order, whereas #2 places a limit order to exit on future price movement before the price movement occurs.

Why you might ask, don't the Price Target indicators take into consideration the high and low prices? The Trader does not evaluate indicators while a price bar is happening (i.e. tick by tick). It only evaluates indicators when a price bar is complete and all the price bar's data has been collected (Open, High, Low, Close and Volume). Because of this, the Price Target indicator only evaluates at the end of each price bar and bases its logic on the Closing price. It does not base its logic on High or Low because these prices are past history and realistically you can only now get out at the closing price (actually the open of the next bar, but that information is not yet available when the price target indicators evaluate). Therefore to actually be able to get our near your price target at the end of a full bar, the closing price is looked at instead of the high or low price.

On 8/21/2003 9:40:18 AM chachi wrote:
This particular model does not utilise a net or adaptive indicators so optimisation is not an issue, but FWIW our 'Ward' PCs are dual p4 2.6 boxes with 2gb of ram ...

On a daily chart, just as one can have a stop level which is aware of high/low levels and will trigger off them, one should be able to have a 'take profit level' which can also trigger off the high or low and reference either as the traded/exiting price.

I may drop a note to Emmetropia, but I cannot see how their addon can help in since it is the hardcoded logic within NSDTP that is my problem not the timeframe.

On 8/21/2003 4:32:24 AM Bertrand wrote:
Perhaps you mail Emmetropia with your question, they provide a multiple time frame addon for the NeuroShell Trader - this should provide plenty of room for customization of time frames in entry/exit strategies.

Which workstation do you use to model such a long data stream? I don't know how "big" your model is, but optimization time could possibly swell...

On 8/19/2003 4:41:36 AM chachi wrote:
In this instance the model and underlying data are a 20yr daily stream ...

On 8/18/2003 5:29:14 PM Ward.net Webmaster wrote:
We are a little confused here - we aren't sure we understand why you aren't using intraday charts with your DayTrader to accomplish your "take level". Since you probably could accomplish your pricetarget with a 1 minute chart, is it perhaps because you are building daily indicators that you can't accomplish on an intraday chart?

On 8/18/2003 7:01:34 AM chachi wrote:
Am revisiting a model which has performed reasonably well but which needs some tailoring in its exit/take profit strategy.

Have noticed times where the PriceTarget% level is violated intraday but not on the close, hence the system plods onward (invariably never returning to the level on a closing basis) rather than exiting at or near the high/low of the day.

I cannot for the life of me figure out how to get NSDTP to accept the effective PriceTarget% level to be considered/used as the exit price except on a " PriceTarget% vs Closing Price" basis, never "PriceTarget% vas High Price" basis.

How does one implement an intraday 'take level' in addition to end-of-day reversal or exit logic on a daily chart?

Advanced Indicator Packages

Date :8/19/2003 9:13:19 AM Poster : Dave Hubbard

I was looking at some of the advanced indicator packages including the turning points add on. I am very interested in any experiences with the indicators in the chaos and fractal category and the flag category. I am also interested in any feedback in regards to confirming net signals with a trend following indicator in the trading system.

Dave

Are nets only good at entries?

Date :8/19/2003 2:22:39 PM Poster : Dave Hubbard

This is mostly a philosophical question. It seems that the nets I have been able to develop so far are very good at picking points to enter the market but are terrible at exiting the market when they are wrong. I am wondering if this is a similar experience for others. I am also wondering what others have done to alleviate this. I know there are those from the purist camp which say to just trade the net signals on several different stocks. This will reduce your risk by way of diversification. This is a very good idea. There is also another way to approach this problem and that is to look at it like a system trader and apply a trade management strategy around the net entry signal. I would just like to hear some opinions, ideas, or experiences in regards to this.

Re: Are nets only good at entries?

Date :9/7/2003 2:31:17 AM Poster : Alan RHodes

I am very surpised to read your post. I am still waiting for the delivery of the software, but one of the things that attracted me to NeuroShell is that it had built-in exit rules that could be used in the models.

I have played around with a very crude genetic algorithm. What I am seeing is that it merely needs supplemental exits due to getting burnt on huge one day moves. This program maybe has 0.1% of the capability of NeuroShell.

Post me if you still feel this way about the software, and maybe that is one of the things I can work on after about a month when I know maybe 5% of what this software can do.

Re: Are nets only good at entries?

Date :9/8/2003 3:25:00 PM Poster : Maciej

I sometimes use neural networks for the exits as well as the entries but there seem to be two issues with doing that:

a) the back testing gets a lot longer.

b) the "exit network" is generally a near copy of the entry network where one relies on a negative value to exit. I haven't figured out how to encapsulate the exit indicators (ie trailing stops etc) into a network.

If anyone has I'd be keen to know how its done.

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Re: Are nets only good at entries?

Date :9/9/2003 6:34:45 AM Poster : Ward.net Webmaster

We have just put up a new tip on this site that may help you use trailing stops with your nets. It is called "Putting nets into Trading Strategies".

On 9/8/2003 3:25:00 PM Maciej wrote:
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Re: Are nets only good at entries?

Date :9/9/2003 12:42:49 PM Poster : Maciej

The tip is sound advice but that is not what I'm trying to get to. My point is that it would be useful to know if anyone has used neural nets with indicators inside the nets such as "Open position profit/loss" as well as other indicators such as momentum to get the neural network to make a judgement if conditions favour hanging in a trade or getting out. I can enter with a net but can I get the net to ascertain the most opportune moment to get out based on my current situation? To give an example should I get out on close of day or are conditions favourable to hold overnight because my current loss/gain does not warrant getting out. If I use only normal indicators and no trading system/position information then any net used for exits is in effect working like an entry net and that's not what is really needed.

On 9/9/2003 6:34:45 AM Ward.net Webmaster wrote:
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Number of periods ago an event occurred?

Date :8/22/2003 12:52:07 PM Poster : Rick D

I hope this is an easy one. Let us assume I am interested in knowing how many periods ago a certain event occurred. For instance, I would like to know how many periods ago that the price was less then 0.9 x Current Price.

I've considered using Selective Lag to determine this, but it seems to me that to go this way means I would need a time series which numbers each period consecutively, which is not a time series that I have, or even know how to create in NST (although easy to create in excell). Anyway, can anyone help me out?

Thanks,
Rick

Re: Number of periods ago an event occurred?

Date :8/24/2003 10:44:20 PM Poster : Steve in California

Advanced Indicator Set 2 contains an indicator called "Bars Since Condition" where Condition is a Boolean Expression.

On 8/22/2003 12:52:07 PM Rick D wrote:
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Thanks,
Rick

Re: Number of periods ago an event occurred?

Date :8/26/2003 10:46:12 AM Poster : Xprogrammer

I think there might be a problem getting the condition to refer to the current close. As I understand how NST works, "close" will always refer to the price of the bar being looked at, not the most recent one. Maybe somebody can correct me if I am wrong about that.

On 8/24/2003 10:44:20 PM Steve in California wrote:
Advanced Indicator Set 2 contains an indicator called "Bars Since Condition" where Condition is a Boolean Expression.

On 8/22/2003 12:52:07 PM Rick D wrote:
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Thanks,
Rick

position sizing

Date :8/25/2003 3:12:03 PM Poster : Sylvain Gauthier

I am doing a kind of market survey here. If there is a serious interest in a money management and position sizing add-on, it can develop pretty soon. It is essential that I get replies to this message.

NST is extremely powerful and actually I am making money with it in real time using very simple techniques but the returns could be boosted with position sizing and Monte Carlo simulation.

The Multiple Time Frame add-on is also very powerful and useful.

Re: position sizing

Date :8/25/2003 9:18:47 PM Poster : fhealy

I agree that a position sizing and money management add on would be a great addition to NST. I would like to suggest that the add on take into effect the fact that we may be trading multiple stocks with one trading stradegy, so that based on available capital we may not be able to take all trades NST projects due to the fact that we are in the market with a prior trade on a different stock the stradegy is following. Designing the add on so that it takes into effect a trading strategy with multiple stocks instead of one stock would complicate the task, but I think it would be a great addition to the program. Also, providing various analytics on a portfolio basis, depending on how extensive you wanted to make it, would be very nice.

On 8/25/2003 3:12:03 PM Sylvain Gauthier wrote:
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The Multiple Time Frame add-on is also very powerful and useful.

Re: position sizing

Date :8/26/2003 3:36:16 AM Poster : Bertrand

Hi Sylvain,

yes, sure there is. Go ahead...

I am also amazed at the power of NST. Especially when the cluster indicators & Adaptive Turboprop 2 are concerned...

Sure the returns could be boosted with incorporated money management, but the main point seems to better risk/reward ratio. If anyone wants to dive further into this topic I can only recommend Ryan Jones book about this, the title may be a bit misleading, but it covers the basics indepth.

I guess it would be great if NST could take care of MM rules even during optimization of strategies...

Good trading,
Bertrand

On 8/25/2003 3:12:03 PM Sylvain Gauthier wrote:
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Re: position sizing
Date :9/2/2003 3:16:02 PM Poster : JimU

Sylvain,
I also would find an MM add-on to be quite useful.
For instance, Dr. Van Tharp considers MM to be the
most important part of system design, followed in
importance by exits. Jim

On 8/25/2003 3:12:03 PM Sylvain Gauthier wrote:
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Re: position sizing
Date :3/8/2004 7:41:14 PM Poster : Jay Mount

Yes I would be very interested in monte carlo for this application not only for postion sizing but also for testing the robustness of the systems, etc...

I would be very interested in seeing at least these features brought over to NeuroShell.

I would be interested in discussing this with you further and I would definately be interesting in purchasing a product like this.

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Re: position sizing
Date :3/11/2004 11:29:10 AM Poster : fhealy

I too would be very interested in a money management and position sizing add on and would be a purchaser of the product. To the extent that the add on could also take into consideration the situation where a trading strategy may be applied to more than one stock at the same time would enhance the add on's value.

On 3/8/2004 7:41:14 PM Jay Mount wrote:
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Custom Indicator Help Files
Date :8/29/2003 4:15:30 PM Poster : usgvince

How do you create a help file for a custom indicator? Of course I check the box and I can browse in the right directory, but what file do I write my text in. I've tried "Notepad" to write a help file. I also don't understand the, "file indicator" below the check box to create a help file. I hope I'm calling it by the right name.

How do you delete a custom indicator?

Thanks

Re: Custom Indicator Help Files
Date :8/31/2003 10:19:02 PM Poster : Rick D

Don't know about creating help files for Custom Indicators, but I am very interested in knowing the answers to your questions as well. Regarding deleting a Custom Indicator, go to "Insert", "New Indicator". Highlight the custom indicator you wish to delete, and then press the "Del" key on the keyboard. I would have thought that they would have designed things so that you would highlight the indicator, and then right click for a menu that included "delete" as one of the choices, but apparently this is not the case.

Regards, Rick

On 8/29/2003 4:15:30 PM usgvince wrote:
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Re: Custom Indicator Help Files
Date :9/1/2003 7:34:51 AM Poster : Xprogrammer

Help files in neuralshell are real windows help files. There are a number of softwre programs out there which will make them (probably even freeware), but you can't make them with the notepad, at least I don't think so. I don't know if Word will make them though. I do know you can make them with Microsoft Visual Studio.

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How do you delete a custom indicator?

Thanks

Re: Custom Indicator Help Files
Date :9/2/2003 10:53:31 AM Poster : Ward.net Webmaster

There is indeed something called a Help Compiler in Visual Studio, and we use it. Most compilers of any kind should have one. We also use software called RoboHelp, but it is pretty expensive for casual help file building. We don't think Microsoft Word builds help files, but we agree with Xprogrammer that there are many less expensive alternatives to build Windows help files. Do an Internet search and see if you can find some shareware, and please post back here if you find something good.

On 9/1/2003 7:34:51 AM Xprogrammer wrote:
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Intraday Data for NS Day Trader
Date :9/7/2003 11:13:55 AM Poster : Mal G

I need help in choosing an intraday data feed for NS Day Trader Pro. Can anyone help please? Qcharts and eSignal appear to cost roughly the same. Does it matter which one I choose?

Re: Intraday Data for NS Day Trader
Date :9/7/2003 1:22:42 PM Poster : Maxwell Craven

There is also Prophet.net which now works with NSDTP and costs much less than either of those two.

On 9/7/2003 11:13:55 AM Mal G wrote:
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Re: Intraday Data for NS Day Trader
Date :9/8/2003 1:28:57 PM Poster : Ward.net Webmaster

Here in our view are the unique features of each as of this writing -

Prophet.net - great low prices less than half the cost of the others ($29.95 - $39.95 + fees). You should have at least release 4.2 to use Prophet.

eSignal - has many world exchanges and continuous intraday futures we don't think the others have. Unless you trade US and Canadian exchanges this would be your choice.

Quote.com - has much more than the 60 trading days (about 3 months) of historical data the others are limited to in case you feel that much data is necessary (we just loaded over 5 years of 5 minute bars of AOL and it showed no sign of stopping there)

Both prophet and eSignal have special prices for our customers if you go through our link:

http://www.neuroshell.com/links.asp

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Re: Intraday Data for NS Day Trader
Date :9/9/2003 12:52:24 AM Poster : Alan Rhodes

I plan on trying Prophet, but I switched from Quote.com to Esignal becasue Esignal is so much more reliable. I started off with Esignal, switched to Quote.com for the extra data, then switched back when my MEtaStock software stopped working near when I was planning on entering the market on a major trade. Equis blamed Quote.com, which I believe. I just hope I can rite the indicators I wrote into MetaStock into Prophets graphing software.

But the lack of real time data really bugs me.

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Re: Intraday Data for NS Day Trader
Date :11/17/2003 2:58:53 PM Poster : Sylvain Desmarteaux

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I am using Q chart for my data feed and I am very pleased with them . Esignal is more expensive >

Re: Intraday Data for NS Day Trader

Date :11/18/2003 6:40:26 PM Poster : Maciej

Depends whether its stocks or futures - you'll find suggestions already on this site. I believe that the bottom line on cost between Esignal and Quote.com is that Esignal will tend to work out more expensive - although for futures its a superior service to that offered by Quote.com with the proviso that currently there is only 60 days worth of intra day data available per symbol for Esignal but it has continous futures which quote.com does not. As to workability with NSDT - I myself have found both to be equally good.

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Re: Intraday Data for NS Day Trader

Date :11/19/2003 1:23:52 PM Poster : Bertrand Wibbing

Hi,

I can only confirm what Maciej just wrote - ESignal runs perfect with the Trader, I have not tested both, but I am feeding several programs with the ESignal Turbo Feed & never had any major problems.

So go ahead & be sure offer a prepay, maybe they got a decent dicount in store...
:-)

Best
Bertrand

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Re: Intraday Data for NS Day Trader

Date :11/19/2003 3:04:50 PM Poster : Matt Jarvis

There is some kind of discount offer if you go through the ward web site to get to them. Here is what it says: Special: Subscribe to eSignal Equities Basic for as low as $49/mo or save $100 ($50 off for 2 months) on your subscription to eSignal (Real-Time) or eSignal Premier. (Offer good through 1/31/2004 and available to new eSignal subscribers only.)

Matt

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Internal format of dates passed to DLLs?

Date :9/8/2003 9:02:04 PM Poster : denizen2

I can't find any info on the internal data format for dates that are passed to a DLL.

I believe that a Single float is the date type. Is that true? How is the date represented? Is it a 'Julian' date, and if so exactly what date is defined as the 'zero' date? How is the fractional part of the number interpreted? for Time? If so, how exactly represented.

Thanks,
Craig

Re: Internal format of dates passed to DLLs?

Date :9/9/2003 6:37:08 AM Poster : Xprogrammer

Dates are double float where the whole part is the date and the fractional part is the time.

On 9/8/2003 9:02:04 PM denizen2 wrote:
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Re: Internal format of dates passed to DLLs?

Date :9/9/2003 12:49:35 PM Poster : Xprogrammer

Oh, and the Julian date is where 1 is January 1, 1900 (that according to Ward's SDK). The time is just fraction of a day so 1/24 = 1 hour, 1/1440 = 1 minute, etc. (the SDK just says the time is the fraction, but it was easy to figure out for a salty old programmer that the fraction was just the fractional part of the day).

On 9/9/2003 6:37:08 AM Xprogrammer wrote:
Dates are double float where the whole part is the date and the fractional part is the time.

On 9/8/2003 9:02:04 PM denizen2 wrote:
I can't find any info on the internal data format for dates that are passed to a DLL.

I believe that a Single float is the date type. Is that true? How is the date represented? Is it a 'Julian' date, and if so exactly what date is defined as the 'zero' date? How is the fractional part of the number interpreted? for Time? If so, how exactly represented.

Thanks,
Craig

Need fast broker

Date :9/11/2003 11:50:52 AM Poster : Kevin Donahue

It has taken me almost 3 months, but I finally am getting really profitable signals out of NSDTP. However, I am getting 2-4 signals a day, so I need an online broker that excutes fast. Anybody care to share their recommendation? I am trading NASDAQ equities.

Re: Need fast broker

Date :9/11/2003 5:17:20 PM Poster : kinobi

www.interactivebrokers.com

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Re: Need fast broker

Date :9/15/2003 4:33:33 PM Poster : Kevin Donahue

Thanks, I'll check them out.

On 9/11/2003 5:17:20 PM kinobi wrote:
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Re: Need fast broker

Date :9/18/2003 12:05:53 PM Poster : Zeus

Try Cyber Trader (owned by Schwab)... They offer many execution options, a stable execution platform and reasonable commissions.

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Re: Need fast broker

Date :9/19/2003 3:38:36 PM Poster : John Gotwals

On 9/18/2003 12:05:53 PM Zeus wrote:
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I am using Cyber Trader Pro 4.0, and am pleased with the trading platform and customer support. However, note that for trading listed securities in lots of 1,000 shares on the NYSE, the commission (including SEC fees) works out to about $16.50 per trade (buy or sell). In addition, if you do not have at least 50 trades per month, you will be billed a data communications fee of $250.

Re: Need fast broker

Date :12/5/2003 11:53:18 AM Poster : Michael Stigall

I'll second the vote for CyberTrader. They have excellent support and good executions. The fact that they're Texans only helps .

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Date :12/5/2003 3:14:27 PM Poster : Sylvain Desmarteaux

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Principal componants analysis

Date :9/11/2003 8:34:48 PM Poster : Sam Wheat

Steve or anyone who has mastered the art, please post an example and brief commentary on how to use the PCA indicators.

Thanks,

Sam

Re: Principal componants analysis

Date :9/12/2003 9:48:35 AM Poster : Bertrand Wibbing

Hi Sam,

one use that would come to mind is to use PCA inside the Trader to build better inputs with higher significance (better content so to speak). In my opinion it can be used as a great tool to decorrelate any type of indicator data. When applying PCA it will give you a sort of ranking the most important features of the data. The first vector has the highest variance to speak more technically. You could then decide to remove the vectors with lower variance to reduce the final number of inputs to your neural net & thus make it more predictable & finally more stable when useen data comes along... :-))

Sorry to make this short, but I am far behind work... :-)

Bertrand

On 9/11/2003 8:34:48 PM Sam Wheat wrote:
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Thanks,

Sam

Walk Forward testing with retraining

Date :9/13/2003 1:53:45 AM Poster : Alan Rhodes

I am curious as to whether you can actually test the results of retraining the nets on ones predictions. With walk forward testing, it seems to me it would be easy to implement the following feature:
1. You build a prediction model, and you want to see how well it does in real life.
2. Optional - You incorporate the predcition model into a trading model.
3. You specify an out of sample testing period. In this case, lets assume 180 days.
4. A periodic training is specified. This can be every day, every week, etc. Lets assume every day.
5. A model is built up until the 180 days ago. Signals are recorded.
6. A days data is downloaded. Since daily retraining is specified, the model is rereun.
7. Any signal changes are recorded.
8. Steps 6&7 are repreated until all 180 days are done.

There would need to be a few rules, like when the model changes it's mind back to previous days, such as 3 days ago, the change is recorded on the next day.

Re: Walk Forward testing with retraining

Date :9/15/2003 4:37:57 PM Poster : Maxwell Craven

I may not be fully understanding you, but it seems to me that you have described exactly what walk forward testing does, except that I don't understand what you mean by the model changing its mind back to previous days.

On 9/13/2003 1:53:45 AM Alan Rhodes wrote:
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Re: Walk Forward testing with retraining

Date :9/18/2003 11:11:11 PM Poster : Alan Rhodes

The first time I read about walk forward testing, I thought the software did what I listed. The second time I read it I interpreted as saying it did not do a true test. I called technical support for clarification and was told it did not do a true walk forward test. I reread the documentation one more time, changed my mind again, and figured I would post here and find out for sure.

I have only only used Neuroshell Trader for 1.5 weeks, so I am not an expert.

As far as changing it's mind: Let's assume I am currently long. When I tried cruder genetic algortithm software, I would reoptimize and it would go short three days earlier. What I am saying those three days do not count towards results.

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Re: Walk Forward testing with retraining

Date :9/22/2003 10:13:13 AM Poster : Ward.net Webmaster

We think you may be confusing the Prediction Wizard (which does walk forward testing) with the Trading Strategy Wizard (which only walks forward once.) The Prediction Wizard has an option we call carry forward training that will keep old signals intact when you reoptimize the training. You'll be asked if you want to allow old signals to change or not.

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Feature Request

Date :9/17/2003 12:43:54 PM Poster : Jon Bebeau

Hi, I'm new to NeuroShell Trader so if there is a way to do this let me know.

Would be nice to display 2 issues on the same Chart. I often compare a stock to an index. I can display the index (the second issue) in a SubGraph but it would be nice to overlay the second chart on the "main" chart (SubGrraph #1). You could use the left side Y-axis for the values and a scale different for the right axis would be necessary. I think this would provide a better compare the seperate sub-graphs.

Jon

Inputs for PCA indicators

Date :9/23/2003 12:59:59 PM Poster : Bertrand Wibbing

Hi,

one interesting thing I came across today:

It is very important for sucessful modelling with the PCA indicators in the NeuroShell Day(Trader) Prof. to normalize inputs with respect to mean & variance.
For a optimum they should have a zero mean & unit variance. Not normalizing inputs could destroy some aspects of PCA analysis.

Good trading to all,
Bertrand

"Best" objective function

Date :9/27/2003 1:27:50 PM Poster : John Gotwals

Does anyone have any comments about choice of optimization objective while optimizing a neural net? To the casual observer, Maximize Return on Account would seem the best choice. But, NeuroShell lists Maximize #Winners - #Losers as the "most recommended objective." Might the choice depend upon the bar frequency, i.e., 5-minute bars versus daily bars?

Re: "Best" objective function

Date :9/28/2003 4:53:23 AM Poster : Bertrand Wibbing

John,

seems like there is no golden rule for this...mostly depends on what your neural net is trying to achive - better should achieve. I have also found the max return on account to be the most universal objective function the Trader offers, but you might simply try them all for your needs. Also it seems reasonable to me to combine at least three nets with different objective functions, once you have found your best inputs with the GA, try to build a metanet with these inputs, but different objectives.

Would be nice if one could "design" a customizable objec. function inside the Trader, so the Trader gets finally a ratio/index which to maximize for best performance.

Best
Bertrand

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Re: "Best" objective function

Date :9/29/2003 4:37:27 PM Poster : Maciej

I have found in my futures trading the winners-losers* profit tends to give useful results though you have to be careful as even a negative value can be positive. The other useful one for me has been the Sharpe one. Overall they seem to be too simple if used on their own, ie one objective will never be sufficient, as an example the maximixe return on acount could give you just one trade over the whole period which may not be what you're looking for. If one could combine the objectives then that would be a great improvement.

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Re: "Best" objective function

Date :9/30/2003 1:45:03 AM Poster : Bertrand Wibbing

Hi Maciej

& thanks for your answer!

Yes, building custom objectives inside the Trader would certainly be highly desirable. In my opinion the GA/TP2 do work indeed great, but sometimes you just don't know how to "communicate" your ideas more effectively with the Trader :-)

One more thing on my big wishlist :-) are some restrictions for the GA - I should define my learning target in points/percent & time spent in the marktet, so that the Trader always catches the right price/time vector... :-)

But nonetheless the Trader does what its supposed to & to experiment with it is fun & a very profitable thing to do...

Good trades,
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Hello Bertrand,

Its good to see that you enjoy NSDT as I obviously do.

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Re: "Best" objective function

Date :10/1/2003 5:29:26 AM Poster : Bertrand Wibbing

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Re: "Best" objective function

Date :10/2/2003 9:08:22 AM Poster : Maxwell Craven

I agree with everything you said, except that I haven't tried PCA yet - sounds like a pretty good idea. I use the NI plugin as well with very good results. I use 5 minute bars and with rarely over 2 or 3 months of training data.

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Re: "Best" objective function

Date :10/2/2003 10:47:18 AM Poster : Bertrand Wibbing

Hey Maxwell,

thanks for your interesting comments.

PCA is very nice stuff, especially in connection with various wavelets & filter banks. :-)

Great that you have got good results even on five minute bars, I often use 60mins. Less noise, but also 700-800 bars learning. How often do you retrain? My big net runs every morning while I am at breakfast & smaller ones every hour with ATP2.

I hope you could give me some comments on how you work with NIs, regretfully I have not found the time yet to dive into these...

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Re: "Best" objective function

Date :10/2/2003 4:14:45 PM Poster : Maciej

For myself working with NI is probably easier than with the other nets in so far as the objective is sort of predefined so you don't have to worry about that. Apparently there is a bigger danger of overfitting with these nets but nevertheless I get good results on 5/10 min bars retraining every 2 weeks in most cases. My results have been better with NI than with the other nets . A useful item is the Jurik JMA indicator which does a useful job in smoothing (normalising?) data.

On 10/2/2003 10:47:18 AM Bertrand Wibbing wrote:
Hey Maxwell,

thanks for your interesting comments.

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Re: "Best" objective function

Date :10/3/2003 9:36:49 AM Poster : Maxwell Craven

I previously retrained my NI (which really means reoptimizing) about every week. However, I noticed that since mid August the signals I've been getting have been so good I decided "If it ain't broke don't fix it" as they say. So I haven't retrained since then, and my trading equity has been climbing nicely. I asked Steve Ward why he thought that suddenly my NI didn't need retraining any longer, and his feeling was that the last training period I used from about mid June to mid August was perfect in terms of there being no clear trend in the market, so the training set contained a diversity of both bull and bear patterns.

I really recommend you take your dive into NI because I've had very good results from them. I tend to use the recurrent ones.

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Re: "Best" objective function

Date :10/5/2003 8:45:57 AM Poster : Maxwell Craven

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Re: "Best" objective function

Date :10/8/2003 3:04:48 PM Poster : Bertrand Wibbing

Hi again Maxwell,

here is some background info I recently found on the net:

"PCA is a geometrical ordination method which is used to compress a set of variables into a smaller number of derived variables or components. It is used to pick out patterns in the relationships between the variables in such a way that most of the original information can be represented by a reduced number of new variables. A useful metaphor is think about a photograph. This is a 2-dimensional representation of a 3-dimensional object. As long as an appropriate camera angle is chosen little information about the subject will be lost. Thus, the original 3 dimensions can be compressed into 2 dimensions with little information loss.

As with all statistical techniques there are assumptions about the data. The main one is that the derived components are normally distributed and uncorrelated (orthogonal). If PCA is being used to test statistical hypotheses the assumptions should be valid. The assumptions are less important when PCA is used as a descriptive and exploratory tool. In practice, if the principal components are normally distributed the assumptions may be considered valid."

Interpreting the above statement for use with the Trader you can use the PCA indicaotrs to "compress" your data/indicators, feed them different inputs & use the vectors with the highest variance (most information content to model with) as inputs to your net. It does need some experimentation as all modelling issues in the Trader. If you are serious about modelling with these tools, make sure you normalize the inputs before the modelling stage. This refers to the last statement in the citation above. Use Z-Score to achieve zero mean & unit variance.

Best & good modelling,

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Automatic Trading

Date :10/13/2003 1:45:45 PM Poster : Rick D

I am intersted in using the signals generated by my neural net in NST to automatically trade (hands off) futures contracts. I believe this can be done by exporting data from NST to TradeStation7, and then using their automation system. Can anyone share any other methods (or software packages) they have used to automatically trade NST signals?

Thanks,
Rick

Re: Automatic Trading

Date :10/16/2003 10:32:17 AM Poster : Michael I

Rick,

you can use NSTrdImport function that comes with NST. Inside your TS strategy you can obtain value of any datastream present in NST chart, including out-of-sample predicted value, compare them with thresholds, etc. and make trading decisions inside TS strategy. The trouble is, NSTrdImport now (since release 4.3) is not officially supported. I works reasonably well in my limited experience, but I wonder if I would feel comfortable doing real trading with something that vendor says is unreliable and unsupported. The best I could come up with so far is using TS alert facilities (unlike NST, there you can use paging and emails) to let me know when signal gets generated. Of course, if you consider trading smth like 3min bars, this could very well be a problem. I think we should ask Ward Systems to look deeper into NSTrdImport problems and not to withdraw support.

Cheers!

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Re: Automatic Trading

Date :10/16/2003 1:20:38 PM Poster : Ward.net Webmaster

We really wish we could support the import. It worked fine with TS6 when we first introduced it. However, it no longer works reliably for us after the latest TS7. We think TS introduced a new multi-module architecture in TS7 that no longer permits reliable import from Trader, which is of course another competing module. We left the function in for those who can use it without problems, but after many hours we have still been unable to get TS7 to use the data all the time, even though we know it is getting there all the time. It appears to be a timing issue. The export from TS7 to NeuroShell still works fine.

The data exchange addon was actually built primarily for exporting trading signals to a program. There is an example written in Visual Basic that accepts those signals. All one would have to add to the program is a way to send the trade to your broker. We know that Bowfort Technologies has built similar programs for users:

http://www.neuroshell.com/addons.asp?bowfortcustom

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Neural indicators and bar frequency

Date :10/21/2003 6:03:46 PM Poster : John Gotwals

Can anyone offer any rough generalizations about neural indicators and optimum bar frequency. A week or two ago on this forum, someone mentioned, in passing, that he was using 60-minute bars to reduce the amount of noise.

I am wondering if the trading volume affects the usable bar frequency, i.e., if you are trading a high volume stock like IBM would there be less "noise" at a given bar frequency than for the case of a lightly traded stock? Similarily, would exchange traded funds such as Spiders and Diamonds have less noise, at a given bar frequency, because of their composite makup and (in many cases) heavier trading volume?

Any comments would be greatly appreciated.

Re: Neural indicators and bar frequency

Date :10/22/2003 4:16:35 PM Poster : Maciej

Whatever the frequency bar you may wish to try to normalize the data in order to minimize the effect of noise. One such techique that I use is the average of high/low and close (there are other pouplar variants) or else I use something such as JMA to try to filter out any noise. The JMA method is quite useful. As for which instruments to use then avoid non-liquid ones unless you like surprises. The ones you mention should be quite reasonable for NI use. I use 10min for some liquid commodities and for the DJ (diamonds) 05min bars but then I'm looking for short term action. If you like being glued to a screen that sort of frequency is fine.

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Re: Neural indicators and bar frequency

Date :10/30/2003 10:16:42 PM Poster : Greg Kramer

Re: neural indicators and optimum bar frequency

I don't think that your issue is related to neural indicators, but rather to the nature of price fluctuation. Increased volume in a stock generally means that the volatility has also increased. For example, the opening timeframe typically has the highest volume of the day and is also one the most volatile periods of the day. Latter in day when volume dries up prices barely move.

Many of the systems that I have develop perform better at longer time resolutions (e.g., 15-30 min) when compared to shorter resolutions (e.g., 1-5 min). For me this is a fact of life. You look at the realtime fluctuations of a tick chart compared to a 30 min charts you will see that the relative changes are far greater on the tick chart than the longer time frame chart over the same timeframe. If one uses the standard deviation of price data to measure the "noise" or volatility, then you will find that it increases at approximately the square root of the time resolution (i.e., 30-min data it is about sqrt(30) times larger than what it is at 1min). I think this has something to do with it (i.e., volatility is only sqrt(30) larger not 30 times larger).

For myself I find that profitable short timeframe strategies (1-5 min) can only be achieved by thinking out of the box. Try using counter-intuitive strategies; take partial profits quickly; look at using limit orders to eliminate slippage, etc.

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I am wondering if the trading volume affects the usable bar frequency, i.e., if you are trading a high volume stock like IBM would there be less "noise" at a given bar frequency than for the case of a lightly traded stock? Similarily, would exchange traded funds such as Spiders and Diamonds have less noise, at a given bar frequency, because of their composite makup and (in many cases) heavier trading volume?

Any comments would be greatly appreciated.

Trading not as good as training results

Date :10/28/2003 2:05:39 PM Poster : Matt Jarvis

I have a developed a neuronal net that I have been trading now for about 2 months. During those 2 months my return on the dollar has been only about 8.5% after commissions (about 51% on an annualized basis), but I got much better returns when I trained this net, more like 120%. Can anyone give me some tips on what I might be able to do to get the returns more like what they were during the training portion? Why doesn't it stay at the same level?

Re: Trading not as good as training results

Date :10/29/2003 6:23:30 AM Poster : Bertrand

Hi Matt,

here are some things the come to mind, but I guess what you have just written is in a way normal for trading with NNs. These are issues you have to deal with...

1. Try to reduce & also smooth your inputs (5-10 max.). This may reduce noise in the system, which is most often good for better generalizing of the net.

2. Try reducing the number of hidden neurons of the network model, extensive use of hiddens combined with a high noise level will certainly lead to less tradable results. I'll always try to keep as much hiddens as inputs in my net. Sometimes (in some indicator predictions for example) even a linear model or a net with just one hidden will deliver the best overall results.

3. Try to change your target function & also your objective function. Do the target & trading functions reflect your trading style for the net?

Hope that all goes well & maybe you'd like to post your progress & findings!

Best
Bertrand

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Re: Trading not as good as training results

Date :10/30/2003 9:42:34 PM Poster : Greg Kramer

1. Be sure that when you train you are using the same commission and slippage that you actually experience in real trading. Slippage can drastically reduce your actual profits.

2. Two month of actual trading is a very short time; what you are experiencing may just be sample variation. I like to train with years of data covering various types of market conditions. If you look at the monthly returns of systems over a period of years you will notice that they are in general not constant month to month.

3. Finally, analyze how you system traded over the same two months compared to your trading results. If your system is getting same returns as you achieved in real trading, then it has failed an out-of-sample test and you have to go back to the drawing board.

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Re: Trading not as good as training results

Date :11/9/2003 5:00:54 AM Poster : Darek

Hi there,
i don't know what type of trader you are (day trader, position trader etc.) and what type of data have been used (i mean dayly, intraday data). However, in my opinion your trading strategy (system) is quite good if your return on the dollar has been 51% on an annualized basis (after commissions) in real trading.

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Steve Ward's Trading Method

Date :10/30/2003 2:01:16 PM Poster : John Gotwals

I would like to thank Steve Ward for posting information about his trading methodology in the Tips and Techniques section. I found his presentation very interesting and it has given me several new ideas which I plan to investigate for my own use.

If I read his posting correctly, it looks like Steve makes one round trade a day beginning shortly after 10 AM and ending at 11 AM. I can understand the use of the 10 AM entry to avoid the opening gap effects, but why the exit at 11 AM?

Re: Steve Ward's Trading Method

Date :10/31/2003 10:31:31 AM Poster : Steve Ward

You are welcome. I do usually trade only once per day because of the demands of this job (even though our company policy allows personal trading during work hours if NeuroShell is utilized!). Also I believe you can get more accurate models if the nets are allowed to concentrate only what to do at a specific time. However, those times were only examples. I use and have built models for many time periods. I have also in the past allowed the optimizer to tell me what time is best.

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Re: Steve Ward's Trading Method

Date :11/2/2003 1:14:50 PM Poster : John Hegarty

A key issue for me is how to move from essentially random trial and error models, based on reuse of examples and tips, plus emotional stock selections to some structured and systematic approach to both model development and trading instrument selection.

My experience tends to one of frustration - model optimises with normally good historic results but mediocre paper trading, generating 'so what shall I try next'. Ideally I would like to learn move from one model to the next based on something more than just random subsitution.

Clearly my stock selection could be optimised around some rule based screening - this in itself might make an interesting add-on product opportunity.

So my question (finally) is how do people structure their use of NST to systematically build profitable trading models?

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Re: Steve Ward's Trading Method

Date :11/5/2003 7:51:04 AM Poster : Greg Kramer

Re: "So my question (finally) is how do people structure their use of NST to systematically build profitable trading models?"

Here's my process that I previously posted at another site. I develop my strategies in both NST and TradeStation, so what follows applies to both:

My strategy development process is best described as evolutionary (i.e., each major version incrementally improves upon the previous version). I use many tools (e.g., Excel, MathCad, NST, Genetic Algorithms, TradeStation, analysis programs, compilers, etc) In the development of a strategy. Additionally, I have developed standardized data sets that represent different types of market conditions (e.g., bullish, bearish, choppy, etc.) I have different data sets for development (optimization) and validation (out-of-sample).

This requires that I maintain configuration control over these data and analysis results. I do this by labeling each major strategy with a code name (e.g., Downhill) that I use as the title for its "master" folder, that is kept in a separate directory. Each major version adds an extension to the code name (e.g., DownhillSkier) and a subfolder of the same name to the strategy's folder. All charts, functions, indicators and signals specific to a project/version start with the code name and are kept in the NST and/or TradeStation directory.

For myself the "Best Practices" for strategy development consists of the following phases.

1. Requirements Definition

2. Analysis

3. Design

4. Coding

5. Test and Validation

For me these are iterative, I make several passes through them for a given strategy.

REQUIREMENTS DEFINITION. This is a key step. Some of these are obvious, but it is important to document them. Some of the things to be defined include:

Strategy Context:
What market is to be traded? Is only one security (e.g., QQQ) or several to be traded?
Is the system for intraday or EOD?
Specific Timeframes: First hour only, last two hours only, first/last three days of month, etc.
Will positions be held overnight?
What is the Time in Market (always in or percent of time in)?
How frequently shall it trade?
Will the system be used for mechanical trading or as a decision aid for discretionary trading?
If mechanical, will orders be entered manually or automatically?
Will the system include Money Management, position sizing, etc?

Define Acceptance Requirements:
Equity Curve shape (linear, from Lower Left to Upper Right). (For NST I copy the trades to the clipboard and then paste them into Excel to create an equity curve chart and for additional analysis).
Maximum allowable drawdown (%).
ROA (%)
Percent Win
Ave Profit/Trade
Etc.

Define Test Conditions:
In-Sample and Out-of-Sample Data Sets
Commission rate
Slippage
Trading Size

ANALYSIS. Outside of test and validation, this the most critical step. For me this is where most of the work is. This step defines what type of system you are going to develop (Breakout, Trend Following, Reversal/Retracement at support/resistance, hybrid, etc). It is here that one defines the setup, entry, exit, and stop conditions of the strategy. The end of result of this stage is a detailed functional description of the strategy. Admittedly, a lot of this effort resembles a random walk. I've found it crucial to keep good notes of what works and doesn't and in what timeframes and market conditions.

Review Existing Strategies. Review strategies in books, journals, and on the net. Walk through the code to understand the strategies. Test with you test conditions and data set. Document the results.

Chart Reading. In this step one reviews the chart of the Data Set at various time resolution, with and without canned indicators (e.g., CCI, Keltner Channels, Stochastics, etc). Step through the data looking for patterns. Are there obvious entry/exit conditions? Don't kiss this effort off. I have found it instructive to step though years of 5-min data by right clicking the arrow key, exposing one bar at a time. Try different indicator parameters. Document your observations. I have found that capturing screen shots and pasting them in to a word document with my annotations is useful.

Data Mining. In this step one attempts to identify relationships that can be used to develop setup, trading rules and strategies. One attempts to find relationships and patterns between bar data (O, H, L, C, V) at different time resolutions with other data streams, and with processed (e.g., indicator) data. This analysis uses TradeStation processed data as well as other analysis tools such are Excel, MathCad, statistical, Genetic Algorithms (including GeneHunter and home grown), clustering analysis, and other exotic analysis software. See Chap 8 of Pruitt & Hill (Building Winning Trading Systems) and Chap 5 of Stridsman I (Trading Systems that Work) for some techniques and ideas. Draw conclusion as to what works and document it.

Prototypes. Development of a prototype of a strategy component with an attached instrumentation package is a productive effort. This is a good way to test ideas developed above.

Trade-Offs. Use the prototype and analysis tools to trade-off various strategy options (i.e., use of stops, profit targets, etc.

Functional Specification. Formally document exactly what the strategy is to do with all the parameters and logic that is to used. Identify what parameters may be optimized, these are the inputs to the strategy.

DESIGN. In the design phase one defines what functions, indicators and signals are to be used or developed. This is an iterative process.

Functional Decomposition. Identify specific functional areas within the strategy. E.g., Initialization, OpeningSignal, BreakoutSignal, ReversalSignal, EntryMgmt, ExitMgmt, SizeMgmt, Instrumentation, etc.

Use Analysis. Determine which functional areas depend upon each other. Draw a hierarchical chart showing the dependencies and data flowing between them

Reuse Analysis. Identify if a specific functional area can be satisfied by using existing functions. Also determine if any of your original functional area are candidates for reuse in other indicators or strategies.

Identify Functional Modules. Identify which functional area will be implemented as functions or DLLs.

Function Variables. Identify inputs, constants, internal variables, global variables and arrays.

Trace Requirements. Trace each Functional Requirement into one or more functional modules.

Pseudo Code. Write pseudo code (in EasyLanguage, if using TradeStation) for each function, indicator and signal to be developed. Identify all inputs and outputs and outline logic flow using comments. Paste functional requirements in as comments. One can cut and paste code from your prototypes or other existing strategies as necessary.

CODING. Complete the code based upon the Pseudo Code and verify. Apply your coding standards. Each function shall be independently tested and debugged.

TEST AND VALIDATION.

Test. Test the completed strategy with the specified in-sample Data Set.

Optimize Parameters. (If required). Step through optimization results and compare with the Acceptance Criteria established in the Requirements Definition. Document which parameter sets are acceptable. Capture Screen shots of the Equity Curve and Performance Summary and save in documentation. Identify one or more Best-of-Breed candidates for validation.

Validate. Validate strategy with out-of-sample data set. Compare results with the Acceptance Criteria. Capture Screen shots of the Equity Curve and Performance Summary and save in documentation. Down select to Best-of-Breed.

Post-mortem. Identify where the equity curve needs improvement, and from that the specific trades. Use the instrumentation to analyze what your indicators where doing at that time. Document your observations and go back to the Analysis Phase.

Paper Trade. When your strategy has met you acceptance criteria, paper trade it in realtime as a second validation.

Final Release. When satisfied, remove instrumentation, rename as required, and verify code.

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Re: Steve Ward's Trading Method

Date :11/3/2003 7:38:23 PM Poster : John Gotwals

You have mentioned that two of your favorite indicators are the spreads of the Turning Points addon
PeakProp - ValleyProb
PeakProbB - ValleyProbB

When you optimize these sets of indicators, do you link the corresponding parameters in each pair?

Re: Steve Ward's Trading Method

Date :11/4/2003 10:45:25 AM Poster : Steve Ward

No, I've never done that. Try it and see if it helps.

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Position trading

Date :10/31/2003 9:35:18 AM Poster : strategist

It seems that this forum is going to be a "Daytrader forum". Is there anybody still using the end-of-day Trader with good results?

Re: Position trading

Date :11/1/2003 11:10:10 AM Poster : Matt Jarvis

I own the NS Day Trader Professional but I've been using daily frequency, so I assume that's the same as using the end-of-day trader. Just a couple of days ago I posted my results with my net. Do you think they are good results or not?

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Re: Position trading

Date :11/2/2003 3:23:03 PM Poster : strategist

Your result are surely good, but I would like to know if you are trading stocks or futures. I have got even better results using futures, but only on paper until now. That's because with futures you calculate performances as % on margin+ drawdown, and you've got to be very sure of the stability of the trading system before pouring money into it, otherwise you are going to be wiped out.
I hope someone else will reply too, I am just wondering how many people have been able to reach a good reward/risk ratio without going into intraday trading (because I would have to live my regular job in order to daytrade!).

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Re: Position trading

Date :11/6/2003 5:44:12 PM Poster : Maciej

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Re: Position trading

Date :11/10/2003 6:08:36 PM Poster : Maciej

NSDT will confirm Larry's ideas. That doesn't mean that you can't make money with tight stops - only less! However seeing some of the drawdowns on futures with looser stops is tough to trade without squirming. Larry was in any case generally discussing trades over several days and tempered these ideas with a) no stops on the day of the entry [I believe on account of the sofware he was using for testing] and b) he used a so called "bail out" technique which got him out fairly quickly.

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In reply to strategist, I'd suggest that there should be no problem in avoiding the need to day trade but that you have to bear in mind how NSDTP (and it seems a lot of the other software as well) works. Namely stops and such like do not normally react in the entry bar so if you're using daily bars then there are effectively no stops on that day - risky and in my case for futures not acceptable. What I do with my testing is to use say hourly bars but treat my system as if were a system based on daily bars. That way I can minimise this first bar issue. I personally find that such an approach is more realistic. The alternative would be to accept stops on the first bar that I personally could never afford to take.

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Your result are surely good, but I would like to know if you are trading stocks or futures. I have got even better results using futures, but only on paper until now. That's because with futures you calculate performances as % on margin+ drawdown, and you've got to be very sure of the stability of the trading system before pouring money into it, otherwise you are going to be wiped out.
I hope someone else will reply too, I am just wondering how many people have been able to reach a good reward/risk ratio without going into intraday trading (because I would have to live my regular job in order to daytrade!).

On 11/1/2003 11:10:10 AM Matt Jarvis wrote:
I own the NS Day Trader Professional but I've been using daily frequency, so I assume that's the same as using the end-of-day trader. Just a couple of days ago I posted my results with my net. Do you think they are good results or not?

On 10/31/2003 9:35:18 AM strategist wrote:
It seems that this forum is going to be a "Daytrader forum". Is there anybody still using the end-of-day Trader with good results?

Re: Position trading

Date :11/13/2003 9:36:37 AM Poster : Ward.net Webmaster

That is partially true. That IS true for The trailing stop indicators that
rely on the entry price in their calculation. However, this is NOT true for
indicators like Min(Low,5) which do not need the entry price. The
indicators like Min(Low,5) when used as stops WILL be in effect on the entry
bar when a Market Order entry is used.

On 11/11/2003 7:13:47 PM Maciej wrote:
In reply to strategist, I'd suggest that there should be no problem in avoiding the need to day trade but that you have to bear in mind how NSDTP (and it seems a lot of the other software as well) works. Namely stops and such like do not normally react in the entry bar so if you're using daily bars then there are effectively no stops on that day - risky and in my case for futures not acceptable. What I do with my testing is to use say hourly bars but treat my system as if were a system based on daily bars. That way I can minimise this first bar issue. I personally find that such an approach is more realistic. The alternative would be to accept stops on the first bar that I personally could never afford to take.

On 11/7/2003 10:43:04 AM Matt Jarvis wrote:
Yes I'm trading stocks. I don't know much about futures and I've only been trading stocks since I purchased NSDTP. I'm pretty much a beginner.

On 11/6/2003 5:44:12 PM Maciej wrote:
I would guess that Matt's results are stocks - if you take Steve Wards method for the ES as an example you should be able to achive an annual return of 758% in training with 59% win ratio. I seem to have no great trouble in getting good results with optimization - the tricky bit is as you are finding out making sure that that training is relevant in the immediate future: that's tough! I'd suugest that you try putting in some stops if you haven't done so to see if you can improve matters.

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On 10/31/2003 9:35:18 AM strategist wrote:
It seems that this forum is going to be a "Daytrader forum". Is there anybody still using the end-of-day Trader with good results?

Re: Position trading

Date :12/5/2003 2:39:15 PM Poster : Brad Stern

sure... as a CTA, you have to be a position trader or you'll never run serious money. I am in the process of translating tradestation strategies to the "trader". I have many systems with good results. What do you consider good?

On 10/31/2003 9:35:18 AM strategist wrote:
It seems that this forum is going to be a "Daytrader forum". Is there anybody still using the end-of-day Trader with good results?

Re: Position trading

Date :12/8/2003 1:15:42 PM Poster : strategist

May be from a CTA point of view a good performance is anything with a Sharpe ratio better than the market's, that is, anything that performs better than SP500 with equal volatility, or performs as SP500 with less volatility. But from the point of view of a futures trader like me, "good" means a system that can yield at least 100% per year on margin/+drawdown, with an acceptable volatility. Most important of all are a smooth equity curve and maximum reliability as time goes by. The last point is not only a matter of statistics: past performance does not assure future performance.

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On 10/31/2003 9:35:18 AM strategist wrote:
It seems that this forum is going to be a "Daytrader forum". Is there anybody still using the end-of-day Trader with good results?

Re: Position trading

Date :12/11/2003 3:15:08 PM Poster : Michael Stigall

I still work with NST charts which use end-of-day data for generating entry signals. The exit signals may be either end-of-day or intraday, depending on the underlying equity. I have several friends that bombed out as day traders over the last four years, and I never want to be glued to a day-trading screen.

On 10/31/2003 9:35:18 AM strategist wrote:
It seems that this forum is going to be a "Daytrader forum". Is there anybody still using the end-of-day Trader with good results?

DDE Server?

Date :11/2/2003 3:37:57 AM Poster : Rolf Edberg

Under the headline "Changes in documentation" there is a document about DDE server. My data-server is not in the DDE Server-list so I have to set up my own data-server. The instructions to do this is: "Nr 1.Select in the DDE server list."

My problem is that I do not have that option.

I have version NSDT 4.3 and I have copied the Dynamic Data Server.exe over the old file.

What shall I do?

Re: DDE Server?

Date :11/3/2003 10:25:43 AM Poster : Ward.net Webmaster

We think you are ok if the date of the Dynamic Data Exchange Server.exe is 10/13/2003. The one on our web site is actually more current than the one distributed with 4.3 (which doesn't work), so it was correct for you to move it.

The next thing you have to understand, and our documentation didn't mention it at all, is that you run this program from the Windows Explorer, not from NeuroShell. Use the Windows Explorer and find the c:\NeuroShell Trader 4\Servers directory. Double click on the file named Data Exchange Server.exe to begin running the server. Click on the Setup button and look for your server on the list box beside DDE Server. If it is not there (which it probably isn't), you'll have to build it. Follow the rest of the instructions in the help on this site for that, including how to add symbols. If the instructions are less than clear to you, let us know, because we are going to try to make them more clear. However, every feed will have a different set of settings, so we can't really lay out exactly what to do for a feed with which we are unfamiliar.

Once you are ready to test, that is the time to select the DDE Server in NeuroShell. First bring up your data feed – it has to be running in advance, and it has to be set up for DDE (whatever that involves with your feed). Go to the Tools Menu, Data Sources, Server tab and select Dynamic Data Exchange Server. The NeuroShell Trader will then use the Dynamic Data Exchange Server as a data source using the settings you have provided.

On 11/2/2003 3:37:57 AM Rolf Edberg wrote:
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What shall I do?

NSTP built-in indicators in a DLL

Date :11/5/2003 9:58:42 AM Poster : lsmo

Is there a way to use NSTP indicators like RSI, MACD... in a DLL?

Re: NSTP built-in indicators in a DLL

Date :11/5/2003 2:03:56 PM Poster : Ward.net Webmaster

Yes you can use them if your pass their data streams in as parameters of your DLL. You can pass any datastream in NeuroShell to a DLL. You can't call them directly from your DLL code, however.

On 11/5/2003 9:58:42 AM lsmo wrote:
Is there a way to use NSTP indicators like RSI, MACD... in a DLL?

PowerBasic Indicators Based on Multiple Instrument Data

Date :11/20/2003 5:57:35 PM Poster : Yngvi Hardarson

Has anyone here programmed DLL indicators based on multiple instrument data using Power Basic?

Re: PowerBasic Indicators Based on Multiple Instrument Data

Date :11/21/2003 9:34:07 AM Poster : strategist

I have not yet programmed such indicator really, but knowing how it works I can say that it's not so difficult. You have just to program the proper number of inputs in the DLL, and then setting consequently the external DLL call in the Trader, e.g. assigning to input number x the close (or anything else) of another instrument of your choice. It's the same as using an indicator as an input.

On 11/20/2003 5:57:35 PM Yngvi Hardarson wrote:
Has anyone here programmed DLL indicators based on multiple instrument data using Power Basic?

Rel 4.3 - To updat or Not?

Date :11/21/2003 3:57:15 PM Poster : Maciej

The new release (4.3) deals with a fix to the TradeStation interface. Does anyone know if that means that it concerns only those types of users or are there some bug fixes applicable to all?

Re: Rel 4.3 - To updat or Not?

Date :12/3/2003 8:08:43 AM Poster : Ward.net Webmaster

It contains only fixes for TradeStation export. Other 4.2 users may want to wait for 4.4 to update.

On 11/21/2003 3:57:15 PM Maciej wrote:
The new release (4.3) deals with a fix to the TradeStation interface. Does anyone know if that means that it concerns only those types of users or are there some bug fixes applicable to all?

How to determine price entry points and how to determine stop-loss prices.

Date :12/9/2003 3:37:41 PM Poster : Bob Swihart

Hello

I am wanting to learn how to improve my skills at 1)determining price entry points and 2)determining stop-loss prices.

Any of your thoughts would be appreciated.
Bob Swihart

Clarification seeked on "Evaluation" and "Out of Sample" periods

Date :12/12/2003 4:11:13 PM Poster : Michael Imas

I have a question regarding training and out of sample periods.

One task I perform is analysis of how well predictions hold up out of sample.

For that, I use "Evaluation Set" data.

Let's say I train predictions using X days of training data and then evaluate them on the subsequent Y days which are out-of-sample. Moreover, I attempt to predict output 10 days into the future.

That means there is a 10 day period between "Input End Date" of training set and "Output Start Date" of evaluation set. While data from that 10-day period is not used for inputs of training set, you still need that data to create this prediction (simply because training of neural net requires "answer" from that period to calculate error or other objective).

Since the data for that 10 day period is required to create the prediction, you can only create the prediction only once that 10 day period is over. Yet, if you look at "Trade by trade" tab of "Walk Forward" period, NST makes trades within that 10 day period and considers them out-of-sample.

In real life trading you simply would not be able to obtain that prediction until this 10-day period is over. As such, these trades cannot be, in my humble opinion, considered out of range.

Please let me know what I am missing.

Thank you very much.

Michael Imas

Re: Clarification seeked on "Evaluation" and "Out of Sample" periods

Date :12/14/2003 8:29:37 AM Poster : Matt Jarvis

My understanding is as long as you have inputs you can make a prediction. You only need the output to train those bars. So as long as it wasn't trained on those bars it is out-of-sample. At least that's what I think I learned in graduate school.

On 12/12/2003 4:11:13 PM Michael Imas wrote:
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For that, I use "Evaluation Set" data.

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Please let me know what I am missing.

Thank you very much.

Michael Imas

Help Files for Custom Indicators

Date :12/26/2003 12:59:02 PM Poster : Greg

I have created a bunch of custom indicators and now have trouble remembering exactly what each indicator does. How can I create a help file for a custom indicator? I'd like to follow the same format as the help files for the standard ward indicators.

Thanks,
greg

Re: Help Files for Custom Indicators

Date :12/29/2003 1:01:23 PM Poster : Maxwell Craven

There is a thread back in September on custom indicator help files that will probably help you.

On 12/26/2003 12:59:02 PM Greg wrote:
I have created a bunch of custom indicators and now have trouble remembering exactly what each indicator does. How can I create a help file for a custom indicator? I'd like to follow the same format as the help files for the standard ward indicators.

Thanks,
greg

Re: Help Files for Custom Indicators

Date :12/30/2003 2:55:58 PM Poster : Greg

Thanks alot. Plain as English. Sorry about that.

On 12/29/2003 1:01:23 PM Maxwell Craven wrote:
There is a thread back in September on custom indicator help files that will probably help you.

On 12/26/2003 12:59:02 PM Greg wrote:
I have created a bunch of custom indicators and now have trouble remembering exactly what each indicator does. How can I create a help file for a custom indicator? I'd like to follow the same format as the help files for the standard ward indicators.

Thanks,
greg

Predictions unstable in real-time

Date :12/31/2003 6:01:12 PM Poster : Michael Imas

I wonder if anybody encountered the following bizarre behavior in applying previously trained predictions to real-time data (sourced from TradeStation via NsTrdExport indicator).

I start Tradestation and Neuroshell Trader, then open a previously trained prediction. The prediction chart is updated with the latest data in real time. I was expecting trading signals to be generated on the last bar as soon as it was completed. To my surprise, signals often appeared or disappeared on much older bars (10-40 5 minute bars ago). For example at 1pm I get a signal to reverse from long to short position. I reverse. Then at 1:30pm I notice that the 1pm signal has disappeared from the chart, and the prediction is still in "long" position. I immediately reverse again to be in sync with the prediction. Then at 2pm I notice that a reversal signals has appeared on the chart at 1:15pm. At 1:15pm, however, the signal was not there - it just appeared later. To say the least, such behavior is extremely disconcerting. It looks as if Neuroshell continues to optimize the prediction using the real-time data (I don't explicitly re-train predictions in the middle of a day).

It has been suggested to me that Tradestation changes data on the past bars (e.g. it could change "Close" for 1:05 pm bar at 2:05 pm). While this actually does occurs in rare cases, this was not the case today (I started saving data in files at various times through the day, then compared the data sets; historical bars did not change). So this does not explain the above. Also, the instability is rather extreme, the prediction changes its recent historical trades 4-8 times a day and thus is impossible to follow. Small changes in past data should not trigger that.

Regarding the prediction, it uses 5-min data streams for SPY and QQQ's, and uses linear regression, lagged linear regression, etc. - nothing fancy. I don't use "Lead" indicator or Peak/Valley indicators, I know those can change after the fact. I predict % Change in Open of SPY.

Did anybody experience something similar? Predictions look good in Walk-Forwards, but this instability makes it impossible to trade.

Thanks a lot!

Re: Predictions unstable in real-time

Date :1/2/2004 9:30:14 AM Poster : John Gotwals

I have been having a somewhat similar problem, but far less severe. I have observed, and reported, a situation where I am using recursive neural nets with turning point indicators and using time flags to force one trade per day. On occasion, perhaps every 2nd or 3rd day, I will observe a buy or sell which had occurred on an early bar, such as the 2nd or 3rd bar, to suddenly reverse later in the day. To catch these situations during paper trading, I always write down the initial order so that I can rule out the case of failing memory on my part. This problem has occurred when I have been using 5-minute bars.

I have not pressed Ward Systems about this matter, other than the initial report, because the problem is sporodic and probably difficult to duplicate.

Re: Predictions unstable in real-time

Date :1/2/2004 12:53:34 PM Poster : Ward.net Webmaster

Actually, Turning Points is another of those indicators which sometimes DO change with new data, as we have noted in our documentation (although the note was probably added a month or two later than your copy - we'll send you a new help file, which was all that changed in May 2003). We'll have to get Michael Imas' chart to see what is happening there with TradeStation.

On 1/2/2004 9:30:14 AM John Gotwals wrote:
I have been having a somewhat similar problem, but far less severe. I have observed, and reported, a situation where I am using recursive neural nets with turning point indicators and using time flags to force one trade per day. On occasion, perhaps every 2nd or 3rd day, I will observe a buy or sell which had occurred on an early bar, such as the 2nd or 3rd bar, to suddenly reverse later in the day. To catch these situations during paper trading, I always write down the initial order so that I can rule out the case of failing memory on my part. This problem has occurred when I have been using 5-minute bars.

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Re: Predictions unstable in real-time

Date :1/2/2004 2:03:42 PM Poster : John Gotwals

I went back and read the Overview portion of the Help file for the Turning Points indicator, and with chagrin I have to acknowledge that the statement you are referring to is present and indeed is quite explicit about this fact. The Help file states:

"New data can change the location of the most recent turning point. For example, suppose the last turning point is a peak. Then suppose as more data arrives, and a new higher peak is found before a valley is found. In that case, the last turning point will be readjusted higher. If you have built a trading strategy based on any of our indicators in which the location or value of the most recent turning point is involved, it is possible that a signal already on the chart will move or even change."

I thank you for your help on this matter.

On 1/2/2004 12:53:34 PM Ward.net Webmaster wrote:
Actually, Turning Points is another of those indicators which sometimes DO change with new data, as we have noted in our documentation (although the note was probably added a month or two later than your copy - we'll send you a new help file, which was all that changed in May 2003). We'll have to get Michael Imas' chart to see what is happening there with TradeStation.

Re: Predictions unstable in real-time

Date :1/14/2004 11:18:21 PM Poster : Greg Kramer

I once had a DLL that I had written which did the exact same thing, except that I only used it as a indicator or in a strategy, never in a Prediction. I concluded that some how the DLL was "looking ahead" (i.e., Leading). I sat down and walked through the code until I found the line of code that "looking ahead" of the current bar. For the current bars it was using "noise" somewhere in memory. But after a few bars, the calculation was only using real data; and if it affected the Buy/Sell thresholds, the strategy would change after the fact.

Based upon this, I would conclude that your Prediction is somehow using Leading data. It could be in:

1. Any of the inputs you developed.
2. The built-in indicators that your are using
3. The Predictor code itself
4. Your data source is changing previous bars.

Since, others haven't experience the problem, items 2 and 3 are improbable; unless you are using a infrequently used built-in indicator.

TURNING POINT ADD ON

Date :1/12/2004 3:36:47 PM Poster : TURNING POINT ADD ON

Does anyone use the TP support and resistance for breakouts? I am looking into this but struggling a little. It seems to make sense.

Re: TURNING POINT ADD ON

Date :1/15/2004 8:51:28 AM Poster : chris wong

it sounds like a very good idea to me. i would think you need imaginary probability channels. if the price breaks above a high probability of a peak without turning, then you have an upward breakout. if it drops below a high probability of a valley without turning, then you are breaking out below. you could use optimizer to decide probabilities but i would guess probabilities would make themselves obvious by inspection.

On 1/12/2004 3:36:47 PM TURNING POINT ADD ON wrote:
Does anyone use the TP support and resistance for breakouts? I am looking into this but struggling a little. It seems to make sense.

Re: TURNING POINT ADD ON

Date :2/11/2004 6:47:23 PM Poster : Scott Douglass

I'm using it. What's up?

On 1/12/2004 3:36:47 PM TURNING POINT ADD ON wrote:
Does anyone use the TP support and resistance for breakouts? I am looking into this but struggling a little. It seems to make sense.

Re: TURNING POINT ADD ON

Date :2/12/2004 8:49:05 AM Poster : Ward.net Webmaster

For what it is worth, there is a new comment about filtering TP as a Feb 2004 update to one of our Real Traders: Retired investment advisor trades full-time with the Trader. We doubt it has anything to do with breakouts, however.

On 1/12/2004 3:36:47 PM TURNING POINT ADD ON wrote:
Does anyone use the TP support and resistance for breakouts? I am looking into this but struggling a little. It seems to make sense.

Re: TURNING POINT ADD ON

Date :2/12/2004 5:21:42 PM Poster : Maciej

Trying using a logic of going long when crossing above support and getting out when the PeakProbability Bars is close to 1. Reverse this process (using resistance and ValleyProbability Bars) for going short. Should give you interesing results. It amounts to a channel approach but it seems mathematically superior. I further smooth the price to reduce the trades.

On 2/12/2004 8:49:05 AM Ward.net Webmaster wrote:
For what it is worth, there is a new comment about filtering TP as a Feb 2004 update to one of our Real Traders: Retired investment advisor trades full-time with the Trader. We doubt it has anything to do with breakouts, however.

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Jurik Warning

Date :1/30/2004 5:55:35 AM Poster : Maciej

Those that have the Jurik package know that a software key is required for each and every machine on which the software is to be run on. What may be less known is that this key seems to be based on the BIOS of the machine with the obvious inconveience that everytime the BIOS is updated one has to go cap in hand and request a new key (they email response suggests that this key request is processed once a day).

To make matters more complicated if you decide to upgrade your machine then Jurik insist on seeing the invoices for the new machine (they haven't as yet asked for proof of the destruction of the old one- no doubt that will come)!

As in our case the NSDT key is literally the key that allows us to run the Jurik addon then it would be helpful for Ward Systems to work with Jurk to find another more pactical manner of protecting their legitimate intrests.

Note that in my experience this method employed by Jurik is the most inconvenient one that I have come across!

Re: Jurik Warning

Date :1/30/2004 10:50:47 AM Poster : MFK

Maciej: Wow, your experience is exactly the opposite of mine. I just upgraded my computer, called Jurik for a new key, emailed the information they requested (serial or registration number of some sort, easily found in program) and got new key by return email. Couldn't have taken more than an hour, start to finish. Can't believe they've changed their policy in last two weeks. Try again. Maybe you just talked with the wrong person. Good luck.

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Re: Jurik Warning

Date :1/30/2004 5:20:19 PM Poster : Maciej

Well MFK the email I received is "When you replace a computer and require a replacement password (at no additional charge), you will have to document the purchase of the new computer to us by faxing us or e-mailing a scanned a copy of the invoice. Our fax number is 323-258-0598. Regards, Norman Smith"

On 1/30/2004 10:50:47 AM MFK wrote:
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Note that in my experience this method employed by Jurik is the most inconvenient one that I have come across!

Re: Jurik Warning

Date :1/31/2004 12:38:18 PM Poster : MFK

Egads, Maciej, there has been some appalling change in policy since I requested my passwords. Norman Smith is the person who was so helpful and prompt in handling my request. And so I concur: I think your original email--Jurik Warning--deserves some attention from Ward Systems. (Although I can't understand why Jurik Research would make it so difficult for registered owners to use their products. Perhaps they don't realize forum postings such as these leave potential customers a bit hesitant about making purchases.)

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Re: Jurik Warning

Date :1/31/2004 3:46:25 PM Poster : John Gotwals

I have had the same experience twice with Jurik. The first time I bought a new machine and Norman Smith gave me a replacement key, but he told me in the future I must FAX him the invoice for the new machine.

My second incident was when I updated the BIOS and called Jurik for a replacement key. I was nonplussed when Mr. Smith rehtorically asked me "Why would you want to update your BIOS?" In both cases, even though I had phoned in a key request, the replacement passwords were e-mailed to me after several hours had lapsed.

While I would never even think of doing such a thing, treatment like this might encourage some customers to reverse engineer the software and remove the BIOS check!

Enhanced Fund Switching from TASC

Date :2/2/2004 2:00:55 PM Poster : Bill VanDyke

Hello,

I downloaded the Enhanced Fund Switching tip from TASC (Oct 2000). It creates 2 indicators called RetraceBuy and RetraceSell. The webpage where it's described says: " (i.e., put both indicators in a trading strategy, one for buy and one for sell)."

My question is....to put them into a Trading Strategy, does one use the condition of A=B and make RetraceBuy = RetraceBuy for the Buy condition? For the Sell, should one do the same but use RetraceSell?

I don't know whether to use A=B or some other condition (such as RetraceBuy > Close), for example, as there was no Trading Strategy with the tip. I've just upgraded to the Professional version & learning a lot...and any help will be appreciated. Thanks in advance.

Bill

Our newsletters

Date :2/3/2004 4:44:15 PM Poster : Ward.net Webmaster

Last Friday Jan 30, we sent out our January newsletter. We were astounded to see how many were bounced back to us as undeliverable, either because of unknown address or because spam filters didn't like it. So if you didn't get our newsletter, think if you've changed your email address since you purchased our software and didn't tell us about the change.

Also check out how sensitive your spam detection is. Good spam detectors should keep the filtered spam somewhere so you can check it. Maybe you'll find our newsletter there. The joke around here is that if we were to put extra letters randomly in all our words, the newsletters would probably easily get through the spam filters!

Generalize on optimal walk forwards

Date :2/4/2004 4:14:56 PM Poster : MFK

In the Tips and Techniques titled "using generalize on optimal walk forwards," you make the suggestion to "select no walk forwards, but select optimal walk forwards instead." Do you have any recommendations concerning the number of optimal walk forwards to use and the number of periods those walk forwards should include? If we're trying to find the walk forward "that worked best later on," is it better to have a larger sample to select from?

Re: Generalize on optimal walk forwards

Date :2/5/2004 6:31:07 AM Poster : Maciej

I use 6 of 1 month and this tends to give me good results in futures. To be fair I've arrived at that figure more by luck than real judgement. My feeling is that you are right in believing that a larger sample is better ie 6 of 1 month should be better than 2 of three months..

On 2/4/2004 4:14:56 PM MFK wrote:
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Re: Generalize on optimal walk forwards

Date :2/5/2004 9:04:04 AM Poster : Steve Ward

I'm not sure I should call this is a recommendation, but I only use one walk forward in my personal trading, and I set the length to something I think is appropriate, like 3-6 months for daily bars, 1 to 3 weeks for 5 minute bars.

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Re: Generalize on optimal walk forwards

Date :2/5/2004 1:49:40 PM Poster : Maciej

My approach has been based on the expected duration of a trade. I expect my trades to last a maximum of 5 days so if I use one month and am aimimg for a 60-70% hit rate I should be able to get 2-3 succesful trades in a period of 1 month.

On 2/5/2004 9:04:04 AM Steve Ward wrote:
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Global Variables

Date :2/5/2004 6:38:06 AM Poster : Maciej

One of the most useful features in rel 4 for me has been the ability of setting named variables.

However I would like to see these variables extended so that one could use the same variable throughout the chart ie in a prediction, in several trading strategies.

The reason for this is to make the creation of systems eaven simpler and above all more reliable. I find myself making errors by not setting a variable correctly. By using such global variables one would be able to reduce the risk of erroneous parameter settings.

preventing over optimization

Date :2/5/2004 11:35:31 AM Poster : MFK

In Steve Ward's recent tips and techniques post, he suggests trying "to get an equal amount of 'bull' as 'bear' in your training and optimization period." Does anyone have any evidence/experience that using the "Adjust training set for trending markets . . ." function (on Training tab of Prediction Parameters menu) can produce this sort of bull/bear data splitting?

about R-Square

Date :2/19/2004 11:28:41 AM Poster : Li Chuan-Lien

hello:

Any body know ?
I use the NeuroShell Trader Professional to prediction Taiwan's Stock.
But why my training data that show's R-Square is very low?
My R-Square is about 0.00XXX.
What about your's R-Square?

Re: about R-Square

Date :2/19/2004 4:48:29 PM Poster : Bertrand Wibbing

Hi Li,

what do you try to predict?

In other words: what is your desired output & how many bars ahead?

Generelly I do not put too much weight on statistical measurements, but judge outcomes of the Trader in terms of practical "tradability", if it has merit, I'll go for it...

Best to you & your trading,

Bertrand

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Re: about R-Square

Date :2/20/2004 10:14:25 AM Poster : Maxwell Craven

I have to agree with Bertrand 100%!

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Re: about R-Square

Date :2/23/2004 8:32:57 AM Poster : Energy

Thank Mr.Bertrand and Maxwell

I want to predict the taiwan's stock. (taiwan's listed securities)

Because I want to analysis the taiwan's stock use the NST that maybe can give some good trades for me.

My output is "Optimal Percent Change in Open", "3 trading days into the future from the next open".

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Can you explain again for me, please?!

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Re: about R-Square

Date :2/27/2004 4:55:11 AM Poster : Bertrand Wibbing

Hi Enery :-))

Mr. is absolutly not necessary :-)

So, here are some tips that came to mind while reading your post:

1. First smooth the Open, then try to predict it, percent change is a good start, maybe you also like some indicator, oscillator -> try also predicting it a half cycle ahead.

2. Do you only want to trade your portfolio of stocks on that prediction? Add some more confirming indicators & let the nets be one tool of your box, I know many people search for the holy grail buy/sell out there, but I am happy being now of that way...I think you can use the Trader much better for pattern classification. Just my opinion, because this approach may be much more stable & relaxt from a practical trading perpective.

3. With bars ahead, I simply meant the prediction horizon you enter in the prediction wizard or directly in the addons...

4. To get a much better feel for what your nets & predictions are "realtime worth" chart the net directly over the desired output (in your example: optimal percent change in open), not shifted ahead x bars. A % percent error or some R Squared are valid measurements, but as they are somewhat dependent on the correct probability distribution to make clearcut statements I would not put to much weight on them.

All my best & if questions pop up, let us know...this forum has gotten a bit "sleepy" for my taste :-))

Bertrand

On 2/23/2004 8:32:57 AM Energy wrote:
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Re: about R-Square

Date :3/1/2004 11:13:08 AM Poster : Tree

Hi, Energy:

I am from Taiwan. It's an honor for me to meet you. I want to make a suggestion. When you have time. We can discuss something about NST. Thanks.

Tree

On 2/23/2004 8:32:57 AM Energy wrote:
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C code generation for predictions

Date :2/21/2004 6:52:28 PM Poster : Rick A

I'm a new customer using NST Professional and first off would like to say hello and thanks to the folks at Ward Systems for producing such a fine software product!

I've been working working with University software, which allows you to create/train/examine/experiment neural networks. One nice feature of the package: it exports a trained network as a "C" language program. The exported program implements the network, feeding a set of inputs through the hidden and output units by way of the activation functions and biases arrived at through training.

Is there a way to export such a program or its equivalent from NST?

Re: C code generation for predictions

Date :2/22/2004 7:12:14 AM Poster : Ward.net Webmaster

Thanks, and welcome aboard. In addition to NeuroShell Trader, we sell 3 business and science neural network software packages: NeuroShell Predictor, NeuroShell Classifier, and NeuroShell 2. Nets from all of these can be fired from NeuroShell Trader Professional or DayTrader Professional (see the indicator category called External program and library calls). NeuroShell Predictor and Classifier allow nets to be "exported" by DLL or OCX call, and NeuroShell 2 (which is now aimed primarily to students, professors, and universities) does export neural nets in C and Basic source code as well as DLL. However, NeuroShell Trader Pro itself does not export any source code, although you could get weights manually from the Neural Indicators addon if you wanted to.

On 2/21/2004 6:52:28 PM Rick A wrote:
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Is there a way to export such a program or its equivalent from NST?

Re: C code generation for predictions

Date :3/4/2004 6:47:30 PM Poster : Rick A

Thanks for your reply to my question!

So to summarize, the weights can be obtained presently by purchasing more Ward Systems products. Would you consider extending the product I've already purchased (NST Pro) to export the weights?

E-Mail Alerts

Date :3/3/2004 10:28:45 AM Poster : Chris Goodwin

Is there a way to generate an e-mail alert from NDT 4? Often times I'm away from my desk, and I need an easy way to have a trade signal send an e-mail to my cellphone so that I can execute a trade.

Re: E-Mail Alerts

Date :3/3/2004 4:58:13 PM Poster : Ward.net Webmaster

There's nothing in NeuroShell in the current release to do that. You could program one if you were so inclined using the Data Exchange add-on. We are working on a broker interface for a future release.

On 3/3/2004 10:28:45 AM Chris Goodwin wrote:
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Re: E-Mail Alerts

Date :3/4/2004 10:29:33 AM Poster : Bertrand Wibbing

Chris,

until that is possible in NST directly you could export your signal genereation maybe to TradeStation & install pager / email features there...just a thought, but do not know if that is suited for your type of signal in NST.

Best to you,
Bertrand

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Re: E-Mail Alerts

Date :3/7/2004 12:42:30 PM Poster : Michael Stigall

I'd be interested in the email interface also. It would also be useful if the email could include or attach a "report". The report would be the export/print of the name of the chart, ticker, graph, alert text, etc.

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Steve Wards Trading Method

Date :3/11/2004 4:29:35 AM Poster : Robert J Van Eyden

Hi,

After many years, I'm trying to get back in swing of things and I appreciate articles such as Steve's on his trading method. I do have one question, which is probably as vital as the inputs in designing a net, what is the output he is trying to predict? All I could gather from the article is that he is trying to predict the overnight gap of the S&P eminis, do I understand correctly that he is predicting the change of the previous days close and today's open or have I totally lost the plot. Any insights will be appreciated.

Regards Robert

Re: Steve Wards Trading Method

Date :3/11/2004 10:29:22 AM Poster : Steve Ward

I suppose I should clarify that in some detail. The Neural Indicators are not trained in the usual way neural nets are trained. That is, they don't have actual outputs to learn from. They aren't taught to predict the percent change in price, or any future value of any kind. Since the internal weights of these nets, embedded as they are in indicators, are modified by the genetic algorithm optimizer, they can simply be taught to produce signals that make money without training on some actual output. (That's one reason I like them so much, and as far as I know, we were the first to ever use this technique).

So they aren't trained with any output, but they do produce an output - a signal from -1 to 1. The higher the signal the higher the probability that you should buy (if the indicator is used as a buy condition) or sell (if used as a sell condition).

When I said in that tip that I sometimes predict the overnight gap, I was referring to how I set up the entry and exit times. To predict the overnight gap, you make sure entry occurs around 4PM EST, and exit occurs first thing the next morning. You do this by putting time flags in as entry and conditions as follows:

Buy long when all of the following are true:

The long entry neural indicator is > x
The time is = 3:55 PM

Sell long when all of the following are true:

Time = 9:35 am

Sell short when all of the following are true:

The short entry neural indicator is > x
The time is = 3:55 PM

Cover short when all of the following are true:

Time = 9:35 am

What the strategy above does is make a decision every day at 3:55 whether to go long, or short, or do nothing. Using the times in this manner allows the neural net to narrow the amount it has to learn. It only has to learn to make decisions about one time of the day, not all day long. Instead of predicting the overnight gap, you could just as easily make a model to predit between 10 and 10:30, or between 12 and 1, etc. You can have several models that specialize on different parts of the day.

No, it is not a mistake above that both long and short entries use A>B. Neural indicators are very symmetric, and they will train to produce appropriate signals whether you use A>B or A<B in long or short conditions. So once I insert A>B as a long condition, I can insert the same rule again as a short condition or as exit conditions without having to retype it all in again.

I think Neural Indicators combined with specific time frames are such an advance in trading that it is worth it to me that everybody understand them. So I invite more questions on this thread on the subject.

On 3/11/2004 4:29:35 AM Robert J Van Eyden wrote:
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Re: Steve Wards Trading Method

Date :3/12/2004 8:37:38 AM Poster : John Gotwals

I notice that you are not using the conditional versions of the neural networks. Since the conditional versions are easier to add (one less if statement), and they do not add another degree of freedom to the model, why would they not always be used?

On 3/11/2004 10:29:22 AM Steve Ward wrote:
I suppose I should clarify that in some detail. The Neural Indicators are not trained...

Re: Steve Wards Trading Method

Date :3/13/2004 7:02:02 AM Poster : Steve Ward

That's a really good question. Probably just habit, but maybe in the back of my mind I wonder if they might work a little better if that threshold (the B in the hidden A>B) is allowed to vary too, in spite of the extra free variable. Anyway, I have no solid reason why I do not use the conditonal versions.

On 3/12/2004 8:37:38 AM John Gotwals wrote:
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Add-ons

Date :3/11/2004 10:44:38 AM Poster : Steve Ward

Since my advanced AI College course does not cover add-ons, and since so many of you who own them do not fully understand their use, I now invite questions about our add-ons on this forum. The following add-ons were either programmed or designed by me because I wanted advanced techniques for my own trading: Adaptive Net Indicators (ANI), Adaptive Turboprop2 (AT2), Neural Indicators (NI), Cluster Indicators (CI), Turning Points (TP), and the Fuzzy Pattern Recognizer (Fuzzy). They are advanced concepts, and so you should not be shy about asking about them. To begin the discussion, I want to point out that many users of addons do not know that each add-on has its own help file, and that all except Advanced Indicator Sets 1 (AIS1) and 2 (AIS2) have examples. The help files describe how to view the examples.

Re: Add-ons

Date :3/11/2004 4:17:00 PM Poster : Maciej

Steve,
Concerning the TP Addon: Is it possible to create an indicator that says Close > line joining TP 4 and 2? I can get a support / resistance line from the TP Addon for Turning Point no 2 but can I slant it according to the previous support / resistance line?

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Re: Add-ons

Date :3/11/2004 4:51:29 PM Poster : Steve Ward

Well maybe. First I assume by TP4 you mean the 4th turning point back. There's an old tip called Trendlines that tells how to calculate lines between two price points. You know the x values using the TPBars indicator. You know the Y values using the support and resistance level indicators. See if you can combine all those things to get at least close to what you want. I haven't tried it, but it sounds feasible.

On 3/11/2004 4:17:00 PM Maciej wrote:
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Re: Add-ons

Date :3/16/2004 2:29:13 PM Poster : Bill Van Dyke

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But i'm a bit fuzzy as to how to include AT2 as an Input to a Neural Net prediction and how to be sure AT2 is not engaging in any forward leak or something else it shouldn't do, in such a case, for example. Thanks a lot.

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Re: Add-ons

Date :3/17/2004 5:31:00 PM Poster : Maciej

Is it a good idea to use a neural net within another net?

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Re: Add-ons

Date :3/18/2004 8:15:16 AM Poster : Steve Ward

In spite of the fact that we mentioned feeding AT2 indicators into the Prediction Wizard in the help file, it does seem a little like overkill to me. I supposed you could call such use a supervisory net evaluating a panel of other nets. Nevertheless, the only reason I would ever use AT2 nets in the PW is so that I could have one net for all entries and exits as explained in the tip on this site called "Speeding up the add-ons". AT2 was really built to replace the Prediction Wizard in the sense that nets could be optimized with other indicators in the Trading Strategy Wizard, and so that training parameters and output indicators could be optimized at the same time.

On 3/17/2004 5:31:00 PM Maciej wrote:
Is it a good idea to use a neural net within another net?

On 3/16/2004 2:29:13 PM Bill Van Dyke wrote:
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Re: Add-ons

Date :3/18/2004 1:43:41 PM Poster : Bill Van Dyke

Steve,
Thanks for the input. Feeding AT2 into the Prediction Wizard was mentioned as you say in the Help File and that's why i asked the question; but i tend to agree with you i'ts probably best not to do so. Thanks for the reply.

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Re: Add-ons

Date :3/19/2004 6:45:42 AM Poster : Bertrand Wibbing

Hi Bill & Steve,

I think it totally depends on what you try to achieve in the PW...

Oftentimes I find myself using the addons to "polish" my inputs further before feeding them into the final neural net used for trading...though I think it pays off to seriously limit parameter ranges...unless you have a Cray working on it :-))

Best & nice weekend,

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Re: Add-ons

Date :3/19/2004 11:10:19 AM Poster : MFK

Steve:

In the tips and techniques article on your trading method, you say you let the NI add-on train from three to six hours. That time, you suggest, is needed to optimize the three to five indicators used, plus the up to 18 weights used in, say, a recurrent 5 NI. That prompts several questions:

1. Is there some rule of thumb you use to estimate how much time the net will require to adequately explore the parameter field? Or is it just one of the "hunches" you have based on your years working with Ward products?

2. If there is some rule of thumb, would it also apply to the other Ward add-ons, such as Adaptive Nets, Adaptive Turboprop 2, etc.?

3. With a three to six-hour training time, how often do you retrain your NI strategies? Not surprisingly, I've found that my NIs are strongly influenced by the patterns they're trained on, to the point that those trained on data from last year are having a difficult time in this year's strong up move. (I'm not getting bad signals; it's more of a matter of missing signals.)

4. Which leads to a final question: What are the chances that NI (and other) add-ons might include a "retrain" function similiar to that on Adaptive Turboprop 2?

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Re: Add-ons

Date :3/19/2004 3:26:39 PM Poster : Steve Ward

I'll answer your questions by number:

1. The only rules of thumb I have are (a) NI take a long time, and (b) the recurrent types take much longer because they are building a "lookback". Beyond that it just depends on training set size, number of inputs, whether you have 2 NI in buy/sell rules or 4 because you included exits, how predictable your issue is, speed of your computer, and probably more. No science here.

2. If I had less fuzzy rules, they probably would not apply to the others, because NI are the slowest, being trained by the optimizer as they are.

3. I usually retrain/reoptimize once a week on the weekend.

4. The retrain option for NI isn't practical because it is really reoptimizing each time. Nobody would want the NI to start reoptimizing in the middle of a daytrading session! But note that ANI already have an automatic retrain every bar.

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Re: Add-ons

Date :3/18/2004 8:16:13 AM Poster : Steve Ward

You just select one of the AT2 indicators as a Prediction Wizard input exactly the same way you select any other indicator as a Prediction Wizard input. Of course the AT2 indicators have parameters that need to be set, like any other indicator has parameters that need to be set. Since the AT2 indicators are themselves nets, their parameters include THEIR inputs.

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Exits: both on open and MOC

Date :3/11/2004 6:24:16 PM Poster : Maciej

Has anyone tried to have two types of exit ie on open and MOC in a trading strategy? It would seem that the only way to have two different times to exit a trade in a trading strategy is to use a second strategy that uses the first strategy as input.

add-ons

Date :3/19/2004 2:37:25 PM Poster : Al Martin

As I own a number of your add-ons I am aware that I am not getting as much out of them as I could. For me it seems that there is not enough discussion about their use with enough examples to highlight the fine points. I have not seem a good discussion of the various parameters such as "neighborhood", "window" etc. Also, it would be good to discuss the interactions that can occur between add-ons. For example is a good idea to use Lag inputs in Adaptive Turboprop2 and also use recurrent inputs for neural indicators? Have you considered creating an add-on educational CD which could focus on in depth use of specific add-ons?
I know I would be willing to pay for that type of help.
From reading the notes in the forum, I can tell that Neuroshell users have many different skill levels. I am sure that for the more technically advanced additional explanations may not be necessary. But, I would think that you have a considerable number of users who would be interested in greater detail. I also suspect that greater detail contributes to greater sales.

Re: add-ons

Date :3/19/2004 3:43:30 PM Poster : Steve Ward

Well that's exactly why I started these threads - to promote more discussion and education about the addons. There are so many ways the add-ons could interact and be used I could not possibly think of them and document them all in advance in an educational CD, even if I knew answers to questions such as yours below. But frankly I find most users don't even assimilate the infomation in the respective help files, which is another reason I'm willing to help here - I know the add-on technologies are complicated.

Your specific questions have to be answered "Try and see." There are no absolutes in using many of the multitude of tools we provide, and often it depends on what you are predicting, what your inputs are, what the market is like recently, etc. The lag versions of ANI and the recurrent NI were built, however, so that history could play a bigger role in each decision. On the other hand, many inputs and indicators already lookback.

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Add-ons

Date :3/19/2004 2:46:12 PM Poster : Al martin

In a previous note I meant to identify Adaptive Net Indicators and not Adaptive TurboProp2. I was concerned about the interaction with a great number of recurrent inputs.

eSignal 7.6
Date :3/24/2004 10:37:56 AM Poster : Bertrand Wibbing

Hi,

for all eSignal users this may be of interest: after also having some realtime problems as soon as 7.6 came out, I now found out that the newest built seems to work smoothly again in connection with the Trader...no issues with live & historical ticks so far...

Good trading to all :-)

Bertrand

> ***Re: eSignal 7.6***
> Date :3/28/2004 8:14:02 AM Poster : Ward.net Webmaster
>
> As far as we can tell right now, any 7.6 fails with NeuroShell for most people just starting out with eSignal. If you had 7.5 installed before, most people have no problems, but there have been some like Bertrand who had 7.5 and 7.6 failed. If you switch to 7.6 be ready to go back to 7.5 until we get this worked out with eSignal. If you want to start out new with eSignal, take a look at the article on this site called "Run Time 339 When Using eSignal" under Bugs, Fixes, and Warnings. It has a link where you can download 7.5.
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A good FOREX broker?
Date :3/26/2004 3:08:07 PM Poster : Matt Jarvis

I'm thinking of trying my hand at Forex, so I am wondering if anyone can recommend a good interactive broker for someone who will probably only trading one lot at a time. I've heard there are no commissions but I still seem to find differences in fees in the ones I've looked at. I suspect that some are cheaper than others if you are trading small potatoes?

> ***Re: A good FOREX broker?***
> Date :3/27/2004 6:22:41 AM Poster : Bertrand Wibbing
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> Hi Matt,
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> Depeding on your style it may be a lot cheaper to trade the currency futures at CME. All these forex offers sound to good to be true when you hear "no comissions", but hopefully you'll do the math before committing yourself to an offer, there's a lot to find out...
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> Have a good weekend :),
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> > ***Re: A good FOREX broker?***
> > Date :3/28/2004 8:09:44 AM Poster : Matt Jarvis
> >
> > Thanks Bertrand. Yes, I'm a little suspicious too. I checked out Xpresstrade and their system puts you down about 5 pips on every entry from the start. The way I calculate that, its about a $50 loss the minute you get in. If you consider that as a percent of the margin ($1000) then you start out every trade down 5%. That's why I'm wondering if Xpresstrade has normal prices, or is that high for 1 lot?
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> > > ***Re: A good FOREX broker?***
> > > Date :1/26/2005 2:13:43 PM Poster : Maciej
> > >
> > > An interesting broker for FX seems to be
> > >
> > > http://fxtrade.oanda.com/
> > >
> > > They may be a bit tricky to simulate in NSDT because they charge/pay interest on any monies used at all times on a second by second basis.
> > > I haven't used them myself.
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> ***Re: A good FOREX broker?***
> Date :3/30/2004 9:26:05 AM Poster : Matt Jarvis
>
> I checked out Interactivebrokers.com and they seem to charge a commission of $2.95 both ways per lot, but I have no way of knowing if there is a spread hit as well. Does anyone out there trade forex with IB? Anybody who trades forex care to mention how your broker charges?
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> > Date :3/31/2004 5:34:11 AM Poster : Bertrand Wibbing
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> > Hi again Matt,
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> > sure there's also a spread when trading CME currency futures through IB, normally this should be 12,50$ like the minis...if you then consider "costs on capital", you'll see that this is the better daytrading vehicle than spot forex...though guaranteed stops make spot forex trading very attractive, especially if you plan (& who does that not at some point :)) to do size...
> >
> > You may also want take a closer look at Refco's Velocitetrader, they offer a very good platform (Express & Pro) & very competitive commissions...
> >
> > All my best & if you daytrade spot forex sometime please comment here on handling! :)
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Re: A good FOREX broker?
Date :6/7/2004 4:50:00 PM Poster : Maciej

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"We Now Offer 3-Pip Spreads on EUR/USD! As you might imagine, EUR/USD is the most actively traded currency pair and accounts for over 60% of all forex trading volume at XPRESSTRADE. As a result of this volume, we can command the best possible pricing, which we are passing along to you. Starting Sunday, June 6, we will be lowering the spread on the EUR/USD pair by 1 pip (from 4 to 3).

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Hope that helps.

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Re: A good FOREX broker?

Date :6/8/2004 9:52:18 PM Poster : Steve Eberbach

Tradestation securities offers the 3-pip spread also, but I do not know if they fail to execute your trades if they think you will win! Then again, notice that they say they will execute the prices SHOWN on Xpresstrade's platform..... maybe they are delayed a few seconds, or they drift away from the true interbank quotes a pip here and there....when their Neuroshell Trader system says to adjust the quotes up or down a pip. Really, according to my limited reading, the true interbank spreads are 2 or even 1 pip on EUR/USD, as well as the Japanese Yen versus USD. That means the bid and ask that you SEE are proprietary to Xpresstrade or Tradestation Securities, or whoever your broker...

Also, it is my opinion that a broker who offers outrageous leverage thinks it is dealing with suckers. Again, according to my limited study, the optimum leverage which experienced FOREX traders consider useful while properly managing risk is less than 100 to 1. With higher leverage, you should be placing a smaller percentage of your available capital in each trade, and be collecting interest on the available purchasing power of your margin account. Also, you should collect interest proportional to the differential in the two currency interest rates, if the broker is really offering good service. I know Tradestation does not offer interest. Don't know about Xpresstrade. I also have seen warnings on the internet against signing up with offshore FOREX brokers. You have been warned. I got a letter from a government worker in Nigeria who needs a volunteer to give them access to a bank account.....

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Re: A good FOREX broker?

Date :6/9/2004 7:34:03 PM Poster : Maciej

Steve, the only way to prove matters is to trade and see how it works out in practice. I use Xpresstrade for futures and their prices and the prices I get compare favourably to my data feed prices from Quote.com or lately ESignal and when things don't work out the rules/explanations are clearcut. These brokers need to make money so I doubt if you ever will get true Interbank rates but then you are unlikely to be dealing on the same scale. I could get great rates going with a bank on certain currencies but at a $million as the minimum size and that's not for me. At the end of the day your broker wants you to make money as that's the best way for the broker to make money better than churning accounts.
As for Nigerians - they are the king of scams in the UK.

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McAfee Virus Scan & NST

Date :3/27/2004 5:54:57 AM Poster : Bill Van Dyke

Hello,

I'm using McAfee Virus Scan. After the latest update to it yesterday on 3/26/04....later when i tried to open NST, i get a message that there is a "suspicious script" in the NSTrader.exe file.

I've scanned the Computer for Viruses, trojans, etc. and it finds none.

I'm just wondering if the latest McAfee update interprets something as a "suspicious script" when trying to start NST, and if any other users have experienced this. As i said, the latest McAfee dat file was created on 3/26/04. Much thanks for any feedback.

Bill

Re: McAfee Virus Scan & NST

Date :3/28/2004 8:05:25 AM Poster : Maxwell Craven

I don't have McAfee but Norton AV doesn't have any problem with NST, and I'm up to date on that.

On 3/27/2004 5:54:57 AM Bill Van Dyke wrote:
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Re: McAfee Virus Scan & NST

Date :3/28/2004 9:53:12 PM Poster : Russ Koester

I use Norton AntiVirus as I have since 1995.

I have never had any good experiences with McAfee.

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Bill

Re: McAfee Virus Scan & NST

Date :3/29/2004 6:41:48 PM Poster : Bill Van Dyke

Russ & Maxwell,

Thank you both for your comments. I sent Steve a Pic of the Message that comes up most of the time when opening NST, and it's a normal script that NST excecutes that the latest .dat file update of McAfee apparently at times interprets as a Suspicious Script and gives one the option of stopping or continuing.

Bill

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DLLs for Ehlers latest book

Date :3/27/2004 5:02:15 PM Poster : John Gotwals

John Ehlers' Cybernetic Analysis for Stocks and Futures is now shipping and both the book jacket and the "For More Information" section of the book state that DLLs and templates for NeuroShell Trader are available from Ward Systems. I checked the website a bit and couldn't find any reference to these items. Have I missed something?

Re: DLLs for Ehlers latest book

Date :3/28/2004 8:03:08 AM Poster : Ward.net Webmaster

Yes, we are making a Cybernetic add-on using John's work, but it will be another week or two before we have it ready. The book came out a little before we expected it. But go ahead and read the book, because that is the documentation for the theory behind the indicators that we will be providing in the add-on.

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Re: DLLs for Ehlers latest book

Date :4/28/2004 4:28:03 PM Poster : Ward.net Webmaster

The Cybernetic Analysis add-on was just announced yesterday and is available. More info is on www.neuroshell.com in the add-ons section.

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Tick or Volume Bars any time soon for Daytrader?

Date :4/1/2004 3:21:14 PM Poster : Jim U

What are the plans if any to support tick or volume bars, as can be created in eSignal or Tradestation, for the Daytrader? For instance, I'd love to be able to run Neuroshell on 55-tick bars. Support for this gets my vote for top next update.

Re: Tick or Volume Bars any time soon for Daytrader?

Date :4/2/2004 1:47:42 AM Poster : Bertrand Wibbing

Hey Jim,

jep, you've also got my definitive vote for this! :-)

Would be much better for some nets to run on tickdata as one can verify using TradeStation...less "spikes" & more continuous movement...

But as far as I understood this feature is alreday on the "To-Do List" as many may have requested it.

Personlly I'd love to see constant range bars...

Best & have a nice weekend!
Bertrand

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DDE for IQ-Feed

Date :4/2/2004 10:55:51 AM Poster : Bertrand

Hi,

is anyone out there successfully feeding the Daytrader Pro with the IQ Feed? If one needs just Eurex & CME/Eminis this seems to be a very competitive priced alternative to eSignal...I am also considering switching because of recent security problems...

Since IQ would feed the Daytrader through DDE: has anyone programmed an interface? If yes I would be highly interested in a comment on ways to obtain it!

Thanks & good weekend to all,

Bertrand

Re: DDE for IQ-Feed

Date :4/2/2004 11:17:46 AM Poster : Steve Ward

There has actually been an ongoing project between WSG and DTN to implement a direct interface to their real time data (IQ Feed I believe) in NeuroShell DayTrader. However, it has been ongoing very slowly. It could help speed that project up if any NeuroShell user interested in switching to DTN would email the DTN sales department and tell them how interested you would be in an interface!

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Thanks & good weekend to all,

Bertrand

Re: DDE for IQ-Feed

Date :4/4/2004 7:14:57 AM Poster : Bertrand

Hi Steve,

great to hear WSG & DTN are already working on a direct implementation of the IQ Feed into the Trader...

I also encourage anyone interested in switching mailing the Sales dept. of DTN/IQ, because this would make IQ an ideal backup feed for many applications.

Good weekend,
Bertrand

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Optimizing trading stradegy parameters equally

Date :4/13/2004 11:54:22 PM Poster : Alan Rhodes

When I use the trading stradegy wizard to optimize parameters, I get different parameters for long entry, long exit, short entry (buy to cover), and short exit. This tends to favor a distinct trend.

I want to be able to optimize each rule so that they have the same parameters. In other words the long entry short exit are the same, and long exit and short entry are teh same. I cannot figure out what to even type into the help files to look up how to do this. I assume it is something like mapping parameters while building indicators, but I cannot even find information on that even mapping paramters for indicators.

Re: Optimizing trading stradegy parameters equally

Date :4/14/2004 10:19:55 AM Poster : Ward.net Webmaster

It is called Optimization Parameter Linking. The best way to see how to use it is to just click on the plus sign to the left of your rule, which is where you see the parameter ranges. Then double click on a parameter range to put you into the dialog box that allows you to set the parameter range. There you will see the ability to associate different parameters to named links. You create a link for one parameter, and then when you set ranges for the other parameters, just associate them to the link you created. All such associated parameters will optimize to the same value.

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Re: Optimizing trading stradegy parameters equally

Date :4/14/2004 5:49:28 PM Poster : Maciej

I've also taken this idea a little further by adding a relational expression such as A>B where A and B are linked parameters used elsewhere to ensure that for instance my short term MA is really shorter than my long term MA when using MA crossover strategies. This constrains the optimizer and hopefully reduces the time taken.
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Re: Optimizing trading stradegy parameters equally

Date :4/15/2004 9:11:13 AM Poster : Xprogrammer

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Re: Optimizing trading stradegy parameters equally

Date :4/16/2004 5:52:18 PM Poster : Maciej

Apologies to all - I retried and you are correct the MA values are integer. The idea of controlling the number of decimal points or increments can be useful. I deal in soybeans and the price increment is 0.25 of a point ie 1010.75 is valid 1010.63 is impossible. When using the trailing points protective stop there is no way that I can see of forcing the points to use such increments - or is there? Obviously no show stopper.

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Thanks for fuzzy
Date :4/16/2004 2:05:18 PM Poster : Matt Jarvis
I just want to say thank you to the Ward Group for building the new fuzzy plugin. I have really found it to be useful in my trading. It is strange but I have not even been using all the indicators because the fuzzyrange one gave such good trades I never went on to the others!

Re: Thanks for fuzzy
Date :4/16/2004 5:53:43 PM Poster : Maciej
Tell us a little more please how you've found it useful.

On 4/16/2004 2:05:18 PM Matt Jarvis wrote:
I just want to say thank you to the Ward Group for building the new fuzzy plugin. I have really found it to be useful in my trading. It is strange but I have not even been using all the indicators because the fuzzyrange one gave such good trades I never went on to the others!

Re: Thanks for fuzzy
Date :4/20/2004 1:56:22 PM Poster : Matt Jarvis
Hi Maciej. It make a lot of sense to be able to partition the values of an indicator instead of testing for above or below some value. I have now built some fairly complicated indicators that respond much better with fuzzy partitions than they did before. It also helped with one of the ones Steve Ward recommends - the slope indicator.

On 4/16/2004 5:53:43 PM Maciej wrote:
Tell us a little more please how you've found it useful.

On 4/16/2004 2:05:18 PM Matt Jarvis wrote:
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MB Trading
Date :4/21/2004 3:32:06 PM Poster : Maxwell Craven
Does anyone know anything about an online broker named MB Trading? They look pretty good on their website, but has anybody had any actual experience with them?

predictions
Date :4/22/2004 3:38:28 PM Poster : Alan Rhodes
On the prediction wizard, there is an option to set the number of days into the future to predict. Is there a way to see this, or even better see it with confidence bands around it? Or best, get those number and use them?

Re: predictions
Date :4/23/2004 3:06:29 PM Poster : Ward.net Webmaster
For the first part of your question, go to the Tools menu, select Options, then the Predictions tab. Press the Help button there for details. Since we are asked that question a lot, we have also just described it in a different way on this site under the topic "Changes in Documentation" in an item called "Predictions vs Prediction signals".

The second part of your question is best answered in the tip on this site called "Confidence factors in predictions."

On 4/22/2004 3:38:28 PM Alan Rhodes wrote:
On the prediction wizard, there is an option to set the number of days into the future to predict. Is there a way to see this, or even better see it with confidence bands around it? Or best, get those number and use them?

Can DLL access date-time of bar?
Date :4/27/2004 1:12:35 PM Poster : John Gotwals
I am writing a DLL that will calculate and write to a CSV file the maximum adverse movement of each trade. This file will then be loaded into an Excel worksheet for analysis.

For each record of the file I would like to write date and time fields, but it appears that I cannot access the year. There are month of year, day of month, and time of day indicators, but no way to find out the year. What I would really like is one time series that contained the combined date and time, and my DLL would parse it into date and time.

Any comments or suggestions?

Re: Can DLL access date-time of bar?
Date :4/27/2004 4:43:59 PM Poster : Xprogrammer
Try using the bar's date. It's in the SDK but I explained it more last sept with somebody in a thread called Internal format of date passed to DLLs.

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Any comments or suggestions?

Re: Can DLL access date-time of bar?
Date :4/27/2004 6:13:04 PM Poster : John Gotwals
Thank you for your help. I had never really noticed that the DLL call dialog box had the Time radio button. You have saved me a lot of time. Thanks again.

On 4/27/2004 4:43:59 PM Xprogrammer wrote:
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Any comments or suggestions?

Building Trading Systems Ideas
Date :5/2/2004 9:53:10 AM Poster : Alan Rhodes
I have been running into two walls when building trading systems.
1) I would like to be able to factor one indicator into another. For example, I tried using Ehler's DLL this weekend. I would like to try to calculate the alpha for many of his indicators using a factor of the inverse of the Cyber12_AdaptiveMomentum indicator. All I can set for a parameter is a number.
2) I would like to be able to create a "break out rule." For example, I would like to be able to say "If I exited a long position due to a stop loss, go long again if the market passes the highest high of the previous long."

Any ideas? Thank you.

Re: Building Trading Systems Ideas
Date :5/3/2004 4:06:38 PM Poster : chris wong
ward system would have had to program the dll so that it takes either a parameter or a stream. if they had done that you could do what you want, but the down side as i see it is if you use a stream you couldn't optimize the parameter. for your breakout i'd look at comparing exit price indicator to the stop price. for the highest high of the previous long you could probably take value when exit filled (max value since entry filled) or similar. it could get pretty sticky unless you started using some code to do these things.

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Any ideas? Thank you.

Re: Building Trading Systems Ideas
Date :5/4/2004 3:48:16 PM Poster : Alan Rhodes
Thank you for your thoughts. I was not aware of the exit price indicator, and that gives me a lead on what to study. I am not exactly sure what a stream is, but my trading partner does program neural networks, and I will ask him what that is after he buys NeuroShell, which will be soon.

Again thanks.

On 5/3/2004 4:06:38 PM chris wong wrote:
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Any ideas? Thank you.

optimization targets
Date :5/3/2004 12:36:09 PM Poster : cabruner
First, let me say thank you to Steve Ward for posting much detail about his own trading methods to the ward.net website. I find distilled insight to his own experience very useful and I'm guessing many others do too.

Regarding optimization targets, I've tried many times to move away from Return on Account to a target which incorporates risk as well return, such as Sharpe Ratio, Ratio Gross Profit / Gross Loss, Max Avg Trade Profit etc..

Unfortunately, I never find them useful because they almost always optimize to something with very few trades. A simple example: If you select Max Avg Trade Profit, one trade worth 10% will always trump 40 trades worth 1% each. Clearly I can't depend on the first scenario to perform well out of sample, but the 2nd is a great result. This happens with the great majority of optimization targets provided, which seems directly contrary to intentions for including these.

I think a simple solution to my problem would be the ability to specify a MINIMUM number of trades (or trades per week, month, etc..), so that I can be sure the statistics are generated from a meaningful sample. I think this could go a long way to defending against over-optimisation and building systems which perform robustly out-of-sample.

It would also be nice to be able to specify a maximum number of trades, but I agree it can be done approximately by raising transaction costs. Unfortunately, I don't know of a way to jog Trader into raising the number of trades it selects for..

Any thoughts/advice much appreciated,

cabruner

Re: optimization targets
Date :5/3/2004 4:46:48 PM Poster : chris wong
the average trade span parameters sometimes help me with this. i also sometimes use winners-losers or similar, which gets away from the one big trade beats all scenerio

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Re: optimization targets

Date :5/8/2004 12:20:15 PM Poster : Chris Bruner

Hi Chris

Thanks for the suggestions. I've tried those before and agree they can be somewhat useful to help with this problem.

That being said, I think a minimum trades specification would be very useful in addressing the issue, and would unlock the ability to use all the other optimization targets in their intended manner.

Generally, I think improvements to defining optimization targets, as well as filtering criteria for what are acceptable trading results, are the most important areas for improving Neuroshell Trader.

The benefits are many:

1 - Greater ease to apply practical market knowlegde to the problem and let the optimizer help you disqualify non-practical solutions.

2 - Resultantly, less fear of over-optimization.

3 - Scaling to optimize for similar results across securities of different volatilities, which can only be done using risk-adjusted metrics. This is especially important if you trade securities using leverage.

Over-optimization to me is simply not having a well-defined optimization target. If you have a better target, you should always be happy to fully optimize.

Just my two cents. Is there somewhere I can log feature requests more formally? I also wanted to ask if walk-forward testing will be available in Trading Strategies at some point in the future.

Best regards

Chris

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Re: optimization targets

Date :5/11/2004 8:19:17 AM Poster : Ward.net Webmaster

We agree with most of what you said, and all the features you requested are already on our projects list. However, here's one part we don't agree with:

>Over-optimization to me is simply not having a well-defined optimization target. If you have a better target, you should always be happy to fully optimize.

We think you can over optimize any target given enough free variables or too few bars that you are optimizing over. It isn't the better target that's needed - it is more relevant inputs (if using a net) or rules (if using a trading strategy). If you have the right input variables, that is when you are happy to fully optimize. Unfortunately, even that isn't true when the data has noise, because then you are always in danger of fitting the noise.

Nonetheless, the ability to let users build their own target is something we want to do.

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Re: optimization targets

Date :5/11/2004 10:29:16 AM Poster : Steve Eberbach

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Some time ago I suggested that a good way to modify the fitness of optimizations would be to add the ability to penalize trades, as by slippage or commission, in the trading costs parameter dialog, using an "indicator" of your own choosing (right from the builtin or custom indicator wizard). For example, you could cause too few trades per month to add a penalty, or more trades to add a bonus, and you could shape this constraint at your pleasure. The advantage to this would be that Steve Ward would not have to alter the logic of the built-in fitness criteria.

Anybody else like this approach???

Steve

Video Tutorial Playback

Date :5/14/2004 7:25:42 PM Poster : Steve Eberbach

I just received new ver. 4.4 CD of NST and tried to view videos for new version.

I got a screen full of notices: "I had to update" Real Player, and once I did so with lots of advert-hassle, the >avi files could not be played back. I heard audio, but no video.
I tried again, and got a new dialog, saying that an update needed to be downloaded. I clicked the "yes", filled out the new registration forms (yecch). An update downloaded: version 10 Basic. Trying again the Tutorial CD, Again I was told an "additional" update was needed. I clicked "yes", and was told additional needed "update was not available". Now I do not even get to hear the audio of the tutorials anymore!!!

Anybody else have this problem??? What to do now???

Maybe some other application can play back so-called "*.avi" files!??! (does win XP no longer play these????)

This kind of hassle is not cool. Maybe I need some more written docs...erm....

Otherwise I need to install all of NST on my other computers, in the hope that one of them will play my CD!

The reason, according to Real, is they cannot play "ICM.tscc", whatever that is.

Re: Video Tutorial Playback

Date :5/15/2004 8:00:10 AM Poster : Ward.net Webmaster

You need to contact tech support on Monday. The new 4.4 videos have their own player installed and integrated, and you don't need the Real player or Windows Media Player. We got tired of those kinds of hassles too, which is why we went to an integrated player. There could be some kind of real hard link to Real Player in your OS that needs to be investigated (most of us HATE Real Player and would never make people use it.). In the mean time, make sure you aren't trying to play the 3.8 videos on the 4.4 system, or the 4.4 videos on the 3.8 system. Hopefully you uninstalled 3.8 before you installed 4.4. If you install correctly on another computer, most likely the videos will work fine, because we don't remember your problem being reported before.

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Re: Video Tutorial Playback

Date :5/15/2004 11:39:02 PM Poster : Steve Eberbach

To Follow up on this:

I opened the NST ver. 4.4 CD in my other computers and tried the executable versions of the videos. They run just fine straight off the CD with a mouse click even without the Trader 4.4 installed. I did install 4.4 NST properly (without installing videos) on a newer XT machine, but somehow RealPlayer grabbed rights to the .avi extension, and my only problem was linking to the video through the Trader menu, which did not seem try to run the .exe version off the CD. Maybe since the (original) 4.4 version installation was from a download, not the CD, the Trader did not know the right location for the videos. Media player on another machine also had no problem with the .avi versions running straight off the CD. Also, making my case unusual, I uninstalled the 4.x beta before installing 4.4, which had been updated in stages from ver 3.7.

Steve

On 5/15/2004 8:00:10 AM Ward.net Webmaster wrote:
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The reason, according to Real, is they cannot play "ICM.tscc", whatever that is.

Upgrade to 4.5

Date :5/16/2004 8:25:44 AM Poster : Sunny

I just finished upgrading to version 4.5.

However, I am getting very different results than from the previous version installed. I had just finished retraining my charts on Saturday with the older version, and today, Sunday, I installed version 4.5.

The difference in results is extremely significant.
I removed version 4.5, and again I installed the previous version, and I get my old results again.

Is there anyone else having this being an issue?

(Please note that on the weekend there is no new incoming data so the results should be the same with either version).

Exporting Intraday NST-Indicators to TS2000i using DataX

Date :5/16/2004 3:03:39 PM Poster : denizen

Has anyone used the DataX add-on to export indicators to TS2000i for multiple timeframes, including intraday bar intervals (as well as daily bars)? I have the DataX add-on. I also am capable of creating a Delphi-programmed-DLL that would be called by a function within TS2000i, and then provide the calls to a 'DataX-server' to fetch the updated array from the NST. But I would prefer to purchase a solution already developed, if it exists. I am willing to pay something reasonable for such a working example, or 'product'. Anybody have any info that would lead me to some kind of quick 'solution'?

look foward window in predictor

Date :5/21/2004 10:11:16 AM Poster : Brad

Can anyone tell me what is an appropriate look foward window to use as it is not able to be optomized and as I change it, my evaluation window shifts.

should it be a length that encompasses a bull move?
one that encompasses a bull and bear move?
should it encompass many?
is too long worse than too short?

For those with experience and wisdom in this area, help me please?

Re: look foward window in predictor

Date :5/21/2004 6:03:58 PM Poster : Maciej

Brad,
It's simply a facility to allow you to evaluate an optimized system on "real" data. As to length I think its largely trial and error - not very helpful I know. I've tried various lengths and most times I use a look forward that equates to the time I'm likely to be trading the optimized system and / or when I see from the analysis of the performance of the forward window that the effectiveness is falling off meaning for me a re-optimization is necessary. That way I'll have a fairly good idea how long I can use the system in real life. Some expect to re-optimize every day others much longer but in any event I don't expect to use the criteria such as a bull or bear trend being encompassed. To me that's irrelevant. For example if I'm optimizing in corn currently I'd be hard put to find much down trend and from a short term point of view I'm only interested in following the current bull trend and if my system works in that scenario that' fine. I'll be reoptimnizing in a week / 15 days anyhow to ensure that I have the lastest pulse of the market.

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Re: look foward window in predictor

Date :5/24/2004 10:07:48 AM Poster : brad

thanks for the advice

Re: look foward window in predictor

Date :5/23/2004 9:58:09 AM Poster : Maxwell Craven

Just FYI, it is possible to optimize the look forward on the AT2 an ANI neural net plugins that Neurosell sells. They are parameters as are training set size and retrain interval, even hidden neurons in AT2. For the wizard I prefer shorter lookaheads.

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Date :5/24/2004 10:15:33 AM Poster : brad

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thanks for the information though, I will have to see how it works.

Re: look foward window in predictor

Date :5/25/2004 9:15:14 AM Poster : Ward.net Webmaster

Maxwell is correct. You can let the optimizer vary the lookforward window, and still hold the training set size fixed if you want to. The evaluation period is the backtest period so you should be able to compare correctly. Those addons do not use walk forwards because they automatically retrain as frequently as every bar, so you can't think of them the same way you think of the Prediction Wizard.

On 5/24/2004 10:15:33 AM brad wrote:
not quite sure how it can optimize the window when with the trader professional, changing the window creates a differenet training and evaluation period. It is not possible to compare the same time periods when changing the lookfoward window unless you manually change the data dates by hand each run.

thanks for the information though, I will have to see how it works.

EasyLanguage translation

Date :5/21/2004 10:04:36 PM Poster : John Jensen

While reading a book that uses TradeStation EasyLanguage I came across the trading condition: ExitLong at Lowest(Low,StopLen)Stop. I have been able to translate most other EasyLanguage conditions into NST but not this one. Will someone familiar with TradeStation please give me the english translation for it? Thanks.

Re: EasyLanguage translation

Date :6/28/2004 12:49:51 AM Poster : Michael Begley

I have asked Ward Systems technical support to forward you a document which should help you in this endeavor.

Thank you Mr. Begley for your contribution. Unfortunately, we will not be able to post this document on our site, nor pass it to Mr. Jensen, as it is copyrighted material from Omega Research. However, we have looked up the Lowest function for him - see our other post on this topic.

Mike Begley

On 5/21/2004 10:04:36 PM John Jensen wrote:
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Re: EasyLanguage translation

Date :6/30/2004 12:37:32 PM Poster : Ward.net Webmaster

We aren't TS experts, but here's what we think it is: you exit the long position on a stop price equal to the lowest value of the Low over the last StopLen bars. You should be able to use our indicator PriceLow to substitute for their Lowest. We read the definition of Lowest in our TS help file, and that is what it does.

On 5/21/2004 10:04:36 PM John Jensen wrote:
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Bizarro!

Date :6/1/2004 12:23:12 PM Poster : Steve Eberbach

I read with considerable enjoyment Steve Ward's recent tip for contrarian trading of neural network models.

I contacted Steve and received his blessing for trying to start some dialogue on the forum on the subject. I am very interested in finding out what other people think about this subject, as the phenomenon is well known, but all people seem to do is joke about it.

Here is one example of what I found.

Rather than reverse the trading strategy, I used a "target", which the neural network tries to fit using a least-square fit, which is inverted, typically an average or momentum of the next few days' prices. I use the genetic algorithm to try to optimize total profit, in contradiction to the effort of the neural network target fitting. (I am oversimplifying a bit here, for the sake of not writing a book in this posting)

Next, I did many walk-forwards of this process, and overlaid the equity curves of the span of time out of sample. The look-forward was typically 6 months using end-of-day data. The resulting average shows that there is a "signature" pattern, which I call "the hook", in which equity immediately rises for a characteristic period, then drops.
This is the same as saying that if the usual kind of walkforwards are overlaid, the equity will show a tendency to drop immadiately out of sample, then later recover. So I know the bizarro phenomenon is real, and pervasive.
Of course, automating this is somewhat difficult, so it may seem to be a lot of work for a trick that does not always yield a big payback. But I do find it tradable, and take it seriously.

This is the main reason, in fact, why I have posted and begged for some kind of user-defined fitness, or at least a penalty factor, either in the fitness choosing dialog, or in the transaction cost dialog, said factor being an indicator built wth the Indicator Wizard.

My basis for this is that I consider the whole "Bizarro" thing to be a special case of user modification of the Fitness definition which happens to offer serious profit potential. (minimum profit in training, maximum profit in optimizing just beyond the training period)

Beyond this very important, but very limited discovery lies a bigger world of successful trades which I believe is denied to us by the restriction of not being able to define what we are trying to get the Artificial Intelligence to do. So far, all the neural net tries to do is reach the holy grail: a FOREVER upward sloping equity curve, when we all know this is quite difficult. We also all know that known successful models are likely to be traded against, hence the phenomenon of "worn out models". No stock goes up in a straight line, so why should an equity curve? The REAL goal is that the equity curve will be more tradable than the underlying security which generated it. I will make good use of an upward sloping equity curve with a higher probability of going up for a while. Then when it fails, knowing it is likely to go down for a while!!!!

Anybody else out there have any experience or ideas about this????

Steve Eberbach

Re: Bizarro!

Date :6/2/2004 3:10:58 PM Poster : chris wong

i'm not following your last paragraph, probably because i don't agree with the premise that the objective functions force equity to go up forever. they aren't time related - they measure a summation of some measure of profit, so the equity curve could look like a hill, couldn't it, up one side and down the other? anyway, what objective function would you use if ns allowed definitions, which i do think would be a nice addition.

On 6/1/2004 12:23:12 PM Steve Eberbach wrote:
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Anybody else out there have any experience or ideas about this????

Steve Eberbach

> ***Re: Bizarro!***
> Date :6/2/2004 11:12:12 PM Poster : Steve Eberbach
>
> OK Chris, here we go: Thanks for the response!!!
>
> Yes, the equity curve usually DOES look like a hill, if you rise in profit first, after some time, the hill returns, or retraces some or more than all its rise. Often, the equity curve also looks like a valley; it drops immediately out of sample, then later recovers. Other times, it simply goes flat. What is interesting, is that it often shows these shapes, and enough so that they are recognizable by inspection. The more effort you expend modelling a process to produce a long time rising equity curve, by telling the algorithm to maximize long term summation of profit without adaptation of that model to changing conditions (entering from beyond the model's experience space), (and rejecting an up and down shaped equity curve) during the TRAINING and TESTING phases, the quicker the equity retracement out of sample, in most cases. That is what Steve Ward calls "Bizarro!". So the time spans you choose for the training, testing, and out of sample look forward become confusing factors in determining the REAL fitness of your model. One would think that simply keeping the lookahead very short, and updating often, would give the most reliable profit, since intuitively one would think the model is more adaptive this way, but since there is an effect that immediate time span out of sample can have a LOWER slope of equity versus time (than farther out in time), that strategy can be self defeating. My theory is that the effect itself is caused by traders using optimizers! (either computed or human experience)
>
> So I am trying to find a fitness which is dynamic, and takes this phenomenon into account. So far, I have found that IF the desired equity curve IS a hill or a valley, and IF the length is chosen well, the downside can be a more reliable trade than the upside. I also consider the longest-rising equity curve a special case from many possibilities, and the one which most present-day optimizers compete with each other to achieve.
>
> This is contrary to the idea that fitness of a model should only be the final summation of gain over time. To research this further, I would like to see the ability to create dynamic fitness-modification functions, with the indicator wizard, depending on how far along in history "time-zero" is in training, into testing, or into "out of sample", and how well the trading strategy itself is doing at t=0 plus or minus some short duration.
>
> Steve
>
> On 6/2/2004 3:10:58 PM chris wong wrote:
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>
> Beyond this very important, but very limited discovery lies a bigger world of successful trades which I believe is denied to us by the restriction of not being able to define what we are trying to get the Artificial Intelligence to do. So far, all the neural net tries to do is reach the holy grail: a FOREVER upward sloping equity curve, when we all know this is quite difficult. We also all know that known successful models are likely to be traded against, hence the phenomenon of "worn out models". No stock goes up in a straight line, so why should an equity curve? The REAL goal is that the equity curve will be more tradable than the underlying security which generated it. I will make good use of an upward sloping equity curve with a higher probability of going up for a while. Then when it fails, knowing it is likely to go down for a while!!!!
>
> Anybody else out there have any experience or ideas about this????
>
> Steve Eberbach

Bizarro - another idea/question

Date :6/3/2004 11:11:37 PM Poster : Kermit

My idea about bizarro is that it is similar to Soros' reflexivity. I have always called it knowledge of the fundamentals changes the fundamentals. Most of my modeling is using fundamental data, and there is, IMHO, an example of this in the cattle market right now. Fundamentals look great, and the consensus amoung people who study the fundamentals is that there is nothing on the horizon to break this market. All winter producers have been told that the May/June time should see the biggest numbers and lowest prices. So now we are in the middle of it, and prices have been going straight up (no surprise). So, have enough producers modified their feeding programs to avoid selling finished cattle at this time and will there then be more than expected in the coming weeks? This is why I call this behavior "knowledge of the fundamentals changing the fundamentals." Is this what the bizarro method is trying to model? Trying to model other models behavior and take the contrary position? I would be very interested to hear if this is successful - I suspect that consistency would be a problem, just from personal experience.

> ***Re: Bizarro - another idea/question***
> Date :6/5/2004 9:22:14 AM Poster : Steve Ward
>
> Yes, I don't see why you couldn't have Bizarro fundamental models. If the fundamentals are right and everyone followed the fundamentals, then everyone would have to get rich, and that can't happen.
>
> On 6/3/2004 11:11:37 PM Kermit wrote:
> My idea about bizarro is that it is similar to Soros' reflexivity. I have always called it knowledge of the fundamentals changes the fundamentals. Most of my modeling is using fundamental data, and there is, IMHO, an example of this in the cattle market right now. Fundamentals look great, and the consensus amoung people who study the fundamentals is that there is nothing on the horizon to break this market. All winter producers have been told that the May/June time should see the biggest numbers and lowest prices. So now we are in the middle of it, and prices have been going straight up (no surprise). So, have enough producers modified their feeding programs to avoid selling finished cattle at this time and will there then be more than expected in the coming weeks? This is why I call this behavior "knowledge of the fundamentals changing the fundamentals." Is this what the bizarro method is trying to model? Trying to model other models behavior and take the contrary position? I would be very interested to hear if this is successful - I suspect that consistency would be a problem, just from personal experience.

Disappearing signals

Date :6/9/2004 4:20:52 PM Poster : Sunny

I have noticed that at times I will have a buy or sell signal at a certain point in time; however, if the market moves in the opposite direction of the signal, then the signal will dissapear from the original position, and it will appear at a prior location.

Has anyone else had this sort of issue with signals?

Regards,

Sunny

> ***Re: Dissapearing signals***
> Date :6/9/2004 7:37:31 PM Poster : Maciej
>
> Sounds if your are either using indicators using the "lead" formula or a conditional entry ie limit.
>
> On 6/9/2004 4:20:52 PM Sunny wrote:
> I have noticed that at times I will have a buy or sell signal at a certain point in time; however, if the market moves in the opposite direction of the signal, then the signal will dissapear from the original position, and it will appear at a prior location.
>
> Has anyone else had this sort of issue with signals?
>
> Regards,
>
> Sunny
>
> > ***Re: Dissapearing signals***
> > Date :6/21/2004 2:04:16 PM Poster : Sunny
> >
> > Maciej,
> >
> > After looking slowly, I discovered that some but not all of my charts did contain conditional formulas.
> >
> > However, in other charts where I don't have conditionals I still have the same problem.
> >
> > In any case thank you for the ideas.
> >
> > They were helpful in seeking the answer (not yet found).
> >
> > Best regards,
> >
> > Sunny.

> ***Re: Dissapearing signals***
> Date :6/10/2004 8:53:08 AM Poster : strategist
>
> Have you checked that you are not using lead indicators as inputs?
>
> On 6/9/2004 4:20:52 PM Sunny wrote:
> I have noticed that at times I will have a buy or sell signal at a certain point in time; however, if the market moves in the opposite direction of the signal, then the signal will dissapear from the original position, and it will appear at a prior location.
>
> Has anyone else had this sort of issue with signals?
>
> Regards,
>
> Sunny

> ***Re: Dissapearing signals***
> Date :6/10/2004 9:18:09 AM Poster : Matt Jarvis
>
> That can happen if you use some indicators that are marked do not use for trading, because they might change after the fact. TPplot is one of those that changes later.
>
> On 6/9/2004 4:20:52 PM Sunny wrote:
> I have noticed that at times I will have a buy or sell signal at a certain point in time; however, if the market moves in the opposite direction of the signal, then the signal will dissapear from the original position, and it will appear at a prior location.
>
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>
> Regards,
>
> Sunny

> ***Re: Dissapearing signals***
> Date :6/10/2004 4:16:37 PM Poster : Ward.net Webmaster
>
> The suggestions by our users are good ones. If none apply there is only one other idea we have. There was a very obscure problem in release 4.4 and below where a datastream could somehow become daily on an intraday chart, and thus any change in it would cause the whole day up to that point to change. If you had this problem you'd see all points for the day at the same value. It was fixed in 4.5, but you would have to completely rebuild the chart in 4.5 or the problem would carry over. If you don't have that problem either, then send us your chart and we'll take a look.
>
> On 6/9/2004 4:20:52 PM Sunny wrote:
> I have noticed that at times I will have a buy or sell signal at a certain point in time; however, if the market moves in the opposite direction of the signal, then the signal will dissapear from the original position, and it will appear at a prior location.
>
> Has anyone else had this sort of issue with signals?
>
> Regards,
>
> Sunny

Re: Dissapearing signals

Date :6/11/2004 8:21:57 AM Poster : Sunny

Maciej, Strategist, and Matt,

Thank you for your ideas.

I have checked, and I don't have any "lead" formulas.

However, I will check about the conditional since I do have some if-then formulas in some of my charts. I will search, and let you know later. However, this has happened in some of the charts where I am almost 99% sure no conditionals have been entered.

In addition, I have been careful not to use "lead" formulas, and formulas marked as not to be used for predictions.

I was wondering if there could be any other reason that I might have these kind of signals.

In any case, I am most grateful for the ideas.

Regards,

Sunny

> ***Re: Dissapearing signals***
>
> Date :6/14/2004 8:36:01 PM Poster : Michael Imas
>
> Sunny,
>
> I had the same very problem. If you are using more than one datastream in your calculations, chances are this is the problem. To troubleshoot, I recommend you use "Insert Existing Data/Calculations" to plot anything containing the second data stream. Every time you plot a calculation, an underlying calc becomes available. If you follow this through, by the time you plot the second data stream you will see that when used in intraday setting it will have only one value per day - the value of the daily close. Hence in-range you will be trying to predict (for instance) intraday S&P while knowing Nasdaq close for the day. You will also get out-of-range results that are too good to be true. This will be a result of future data "seeping through" into the past. That is why your signals change in real time - "close" for the day on the second data stream is changing, and so is your "past" data.
>
> As a result, I stopped using "Other instrument data" intraday. To be fair, I have not tried it since switching to 4.5.
>
> On 6/11/2004 8:21:57 AM Sunny wrote:
> Maciej, Strategist, and Matt,
>
> Thank you for your ideas.
>
> I have checked, and I don't have any "lead" formulas.
>
> However, I will check about the conditional since I do have some if-then formulas in some of my charts. I will search, and let you know later. However, this has happened in some of the charts where I am almost 99% sure no conditionals have been entered.
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> In any case, I am most grateful for the ideas.
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> Regards,
>
> Sunny
>
> > ***Re: Dissapearing signals***
> >
> > Date :6/21/2004 2:00:18 PM Poster : Sunny
> >
> > Michael,
> >
> > Thank you for your idea.
> >
> > I am a little confused by your usage (I am new around here) of the phrase of "more than one datastream." The way I interpreting it is that you had more than one data provider for the data that you were receiving. Did I undertand correctly? Or did you mean "more than one datastream" from the same data provider?
> >
> > I am working with e-signal and only with e-signal; however, I am downloading a large amount of different time series for the predictions that I am making on the underying or dependent time series.
> >
> > Regards,
> >
> > Sunny
> >
> > > ***Re: Dissapearing signals***
> > >
> > > Date :6/22/2004 9:46:40 AM Poster : Michael Imas
> > >
> > > Sunny,
> > >
> > > with the disclaimer that the problem was not reproduced by me in version 4.5, let me be more specific about the problem I observed:
> > >
> > > I meant "datastream" in Tradestation terms.
> > >
> > > When a prediction with underlying calculation includes data from secondary instruments, in process of calculation Neuroshell daytrader sometimes uses the day's last bar price instead of actual price series. For instance, when trying to calculate ratio between SPY and QQQ (QQQ being the secondary instrument), QQQ's last price of the day will be used for calculation throughout that day. To the extent that the day's last price is not available, it will use last bar's price for calculations throughout that day. That is why predictions are unstable in real-time – upon receiving a new bar, NS Trader goes back and changes all of the day's prices for QQQ to be equal to the last bar. As the last bar's price changes, so do the prices for all the day's bars, and that triggers continuous changes of predictions.
> > >
> > > On 6/21/2004 2:00:18 PM Sunny wrote:
> > > Michael,
> > >
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More on bizarro

Date :6/12/2004 6:23:26 PM Poster : John Gotwals

I have been following the bizarro discussion and tended to write it off as a delayed April fool's joke. However, I have been paper trading two models since the beginning of May, and something has arisen which appears to fit the bizarro classification.

One model uses a ClusterC3 indicator and the other uses a Recur3C. Both models have the same inputs and are optimized for the exchange traded funds DIA, QQQ, and SPY. The trading strategy has rules which restrict the number of trades to one trade per day per issue. The open position can occur anytime after the market opens and the positions are all closed at 3:55 PM.

The Cluster model gives moderate results for DIA and SPY and breaks even for QQQ. The Recur model give moderate results for both QQQ and SPY. However, for DIA the Recur model is consistently wrong. Not 100% wrong, but for the five week period the weekly totals are always negative. In fact if the trade opposite to the Recur3C model prediction had been taken for DIA, the six week return would have been twice as high as the best prediction from the nonbizarro cases.

I presume this could be a statistical fluke, but these results are from the last 28 trading days. I will be interested in your comments.

> ***Re: More on bizarro***
>
> Date :6/14/2004 5:48:32 PM Poster : Maciej
>
> I've tried trading in reverse systems that did badly but I've found that just because a system lost a packet on paper does not translate into a winning system just by trading the signals in reverse. I'd be very wary about doing that in practice.
>
> On 6/12/2004 6:23:26 PM John Gotwals wrote:
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> ***Re: More on bizarro***
>
> Date :6/14/2004 10:30:20 PM Poster : Michael Imas
>
> One aspect of "bizarro" models is as follows: if "bizarro" models are actually profitable, would it not logically follow that "straight" models based on neural nets and/or genetic algorithms not only unprofitable, but lose money? Would it not also mean that most folks espousing those "straight" algorithms are losing money to "bizarro" modelers? And if the markets have became orthogonal to those methods due to too many folks trading away whatever inefficiencies existed, how long will "bizarro" models hold up?
> This is not meant as a criticism of any method or approach, just as a question of applicability of AI methods to markets where such methods have became accepted.
>
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>
> > ***Re: More on bizarro***
> >
> > Date :6/15/2004 12:03:39 PM Poster : Steve Eberbach
> >
> > To answer your questions:
> >
> > Q: "would it (not) follow..but lose money" A: Straight models often lose money, in my experience. I see it this way: The genetic algorithm picks a point in modelling space where a certain model has done exceptionally well for a long time, due to the definition of fitness. This may have a corollary effect that there is a depleted area of points around this sweet spot which are unusually deficient in longevity, because a market behavior shift in any dimension/direction leads to a dropoff in longevity property. Therefore the best models fail sooner "making up" for their recent artificially sustained success. The cause of this may be due to some traders trading against patterns they noticed from the big program traders (who use optimised models), or it may be just a statistical property.
> >
> > Q: "Would it not also mean....losing money to bizarro modelers? A: First I do not think that there are many bizarro modelers. But I think the "straight modellers" are trying so stubbornly to create forever-lasting models that there may be some market inefficiencies (opportunities) created artificially. I would agree they are likely losing money to traders using a different strategy from following one optimized model at a time.
> >
> > Q: " how long will bizarro models hold up?" A: Sometimes, longer than straight models!
> > That is why they are interesting.
> >
> > As to any method or approach, I am looking for other people's experience with this.
> > My early experiments with inverting fitness and overtraining were clearly showing something very interesting, and I think there is more to be found.
> >
> > On 6/14/2004 10:30:20 PM Michael Imas wrote:
> > One aspect of "bizarro" models is as follows: if "bizarro" models are actually profitable, would it not logically follow that "straight" models based on neural nets and/or genetic algorithms not only unprofitable, but lose money? Would it not also mean that most folks espousing those "straight" algorithms are losing money to "bizarro" modelers? And if the markets have became orthogonal to those methods due to too many folks trading away whatever inefficiencies existed, how long will "bizarro" models hold up?
> > This is not meant as a criticism of any method or approach, just as a question of applicability of AI methods to markets where such methods have became accepted.
> >
> > On 6/12/2004 6:23:26 PM John Gotwals wrote:
> > I have been following the bizarro discussion and tended to write it off as a delayed April fool's joke. However, I have been paper trading two models since the beginning of May, and something has arisen which appears to fit the bizarro classification.
> >
> > One model uses a ClusterC3 indicator and the other uses a Recur3C. Both models have the same inputs and are optimized for the exchange traded funds DIA, QQQ, and SPY. The trading strategy has rules which restrict the number of trades to one trade per day per issue. The open position can occur anytime after the market opens and the positions are all closed at 3:55 PM.
> >
> > The Cluster model gives moderate results for DIA and SPY and breaks even for QQQ. The Recur model give moderate results for both QQQ and SPY. However, for DIA the Recur model is consistently wrong. Not 100% wrong, but for the five week period the weekly totals are always negative. In fact if the trade opposite to the Recur3C model prediction had been taken for DIA, the six week return would have been twice as high as the best prediction from the nonbizarro cases.
> >
> > I presume this could be a statistical fluke, but these results are from the last 28 trading days. I will be interested in your comments.

Re: More on bizarro

Date :6/18/2004 1:09:08 PM Poster : Steve Ward

I think you've got yourself a Bizarro model. Recur3 may be fitting more tightly than the other models, or maybe the DJ is just too different. You may or may not have to retrain it frequently so it stays wrong.

On 6/12/2004 6:23:26 PM John Gotwals wrote:
I have been following the bizarro discussion and tended to write it off as a delayed April fool's joke. However, I have been paper trading two models since the beginning of May, and something has arisen which appears to fit the bizarro classification.

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I presume this could be a statistical fluke, but these results are from the last 28 trading days. I will be interested in your comments.

Forum Search-- Out of Disk space

Date :6/19/2004 3:21:39 PM Poster : Steve Eberbach

I have tried to use the forum search, and keep getting a message about ODBC not enough disk space. Is the disk really that full??

Re: Forum Search-- Out of Disk space

Date :6/21/2004 10:43:07 AM Poster : Ward.net Webmaster

Should be fixed now - thanks for letting us know.

On 6/19/2004 3:21:39 PM Steve Eberbach wrote:
I have tried to use the forum search, and keep getting a message about ODBC not enough disk space. Is the disk really that full??

Applying 'Threshold' filter to a Prediction Signal

Date :6/25/2004 7:08:08 PM Poster : James Siebert

Greetings,

I've been trying to build a Trading Strategy based on a Prediction Signal series
which slowly oscillates around the zero line.

I found that many times the Prediction Signal barely crosses the zero line, and then moves back in the next day or two, generating unnecessary Entry Trades (or or early Exit Trades).

My idea to solve this was to create Threshold Indicators, which would require the Signal to "reach a minimum level" before Activating a Trade Signal, for example:

"Long Threshold" Indicator: Mult2(1* 0.18)

Long Trade Signal: If Prediction Value >= "Long Threshold" then 1 else 0

and a similar indicator for "Short Threshold": Mult2(1* -0.25) with is used in
Short Trade Signal: If Prediction Value <= "Short Threshold" then 1 else 0

This accomplishes my goal of only using "strong" Prediction Signals in the Trading Strategy, and filtering out the weak cross-back signals.

==> the Problem is: that to adjust my minimum Threshold Values (say adjust Long Threshold from 0.18 to 0.15) I can not just change it in one place, like the "Long Threshold" Indicator, but instead have to find every place this Indicator was referenced and then individually overwrite each 0.18 Value with my new 0.15 test Value. This become problematic especially if I've used this Value in multiple Predictors and Indicators.

Question: Is there any way to define and set a Variable such as this, so that it need only be changed in one place, ie. where it was first defined, and have that change apply automatically in all the places it is referenced, like a normal programming Variable?

Thanks in advance for any ideas

Re: Applying 'Threshold' filter to a Prediction Signal

Date :6/27/2004 10:39:13 PM Poster : Steve Eberbach

Under "New and Updated Examples" on this web page is tucked away a set of "Threshold Indicators"you can download and install. You can choose your logic (cross over a level up or down to signal, or set indicator continuously true over or under a level. Choose your level(s) and save your custom indicator(s) with the name(s) of your choosing.

On 6/25/2004 7:08:08 PM James Siebert wrote:
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Re: Applying 'Threshold' filter to a Prediction Signal

Date :6/28/2004 9:27:30 AM Poster : Maxwell Craven

I don't know about a variable but here are two additional ideas:
1. Let the optimizer find the threshold.
2. Use the Fuzzy Sets plugin instead of a threshold.

I have had some pretty decent results using method 2.

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Re: Applying 'Threshold' filter to a Prediction Signal

Date :6/29/2004 3:06:03 AM Poster : Maciej

James,

There is no global variable available to accomplish this for you. Instead and I agree that at best its a partial solution, you can do two things. Save your indicfators which will allow you to have a common variable within the indicators and then within the trading strategy use variables for those values that you need to have the same. A third step would be to save as a template the trading strategy your completed system.
This unfortunately is the nearest that I have been able to get in having a common value across the board.

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Thanks in advance for any ideas

Re: Applying 'Threshold' filter to a Prediction Signal

Date :8/25/2004 12:32:39 PM Poster : James Siebert

Thanks for the suggestions, all.

I've started to use PowerBasic to program my own Indicators;
This seems to have the potential for managing global variables;

however testing and debugging DLLs is proving challenging in some cases.

thanks again for the replies

On 6/29/2004 3:06:03 AM Maciej wrote:
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Re: Applying 'Threshold' filter to a Prediction Signal

Date :6/30/2004 1:15:27 PM Poster : Maciej

Maxwell,

What would be the way to use the fuzzy sets plugin? I've the first fuzzy addon but haven't been able to make it sing.

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Thanks in advance for any ideas

Re: Applying 'Threshold' filter to a Prediction Signal

Date :7/7/2004 1:10:31 PM Poster : Maxwell Craven

Instead of using a threshold like the wizard uses, I just put the net signal into a trading strategy and then go long or short when the signal is "high" or "low" or whatever. The optimizer usually does a good job there.

On 6/30/2004 1:15:27 PM Maciej wrote:
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Thanks in advance for any ideas

In search of a RELIABLE real time provider

Date :7/1/2004 10:36:41 AM Poster : Mickaël from Paris

Hi,
As a new user of N.S daytrader, I would like to tell you how much I'm very proud to integrate the ward gang familly.
I've been daytrading ONLY futures contracts (SP 500, E-Mini, Dow-mini, currencies contracts.. etc...) and I 'm looking for a RELIABLE real time data provider.
Is anybody help me to choose between e-signal and Prophet ?
Thank you

In search of a RELIABLE real time data provider

Date :7/1/2004 2:25:17 PM Poster : Mickaël from Paris

hi,
New user, I would like to tell you how much I' m happy and proud to integrate the Ward gang family.
I've been ONLY daytrading futur contracts on the CME and CBOT market (SP 500, E-Mini, Dow Mini, Currencies ..etc..). So I'm looking for a RELIABLE real time data provider. E-signal 7.6 seems to get some connection issues or anything like that.
Could anybody give me some informations about Prophet ?
- Is it a trully reliable data provider ?
- Is Prophet fully compatible with NeuroShell daytrader 4.5 ?

Thanks for your help.

Mickaël from Paris

Re: In search of a RELIABLE real time data provider

Date :7/3/2004 2:52:53 AM Poster : Maciej

You should test Prophet thoroughly with NSDT before switching. I'm using Prophet as a back up for daily bars but I've found some issues in earlier versions of NSDT with Prophet especially when running multiple instances of NSDT on the same machine. Of the three interfaces into NSDT that I have tried, quote.com is probably the slickest followed by Esignal and then Prophet. All of them provide the symbols that you are working.

On 7/1/2004 2:25:17 PM Mickaël from Paris wrote:
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Thanks for your help.

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Re: In search of a RELIABLE real time data provider

Date :7/4/2004 2:17:20 PM Poster : Alan Rhodes

I am currently using Prophet data, but I would only use it to trade stocks. I get very strange data with futures, such as negative numbers (works but inverts the graph). Also numbers greater then 100 have been truncated to two digits (actually in hindsight I wonder if the problem is with NeuroShell, but it still worked with Esignal). I am currently using to develop a system, but I plan on switching back to Esignal once I feel comfortable with my trading system.

Re: In search of a RELIABLE real time data provider

Date :7/6/2004 2:33:14 PM Poster : Mickaël from Paris

Just a few words to thank to both of them for your assistance.

Mickaël

On 7/4/2004 2:17:20 PM Alan Rhodes wrote:
I am currently using Prophet data, but I would only use it to trade stocks. I get very strange data with futures, such as negative numbers (works but inverts the graph). Also numbers greater then 100 have been truncated to two digits (actually in hindsight I wonder if the problem is with NeuroShell, but it still worked with Esignal). I am currently using to develop a system, but I plan on switching back to Esignal once I feel comfortable with my trading system.

Re: In search of a RELIABLE real time data provider

Date :7/7/2004 1:42:01 PM Poster : Ward.net Webmaster

Did those problems occur with our release 4.5? If so we'd like to know what issues you were loading. The Prophet interface was re-written in 4.5.

On 7/4/2004 2:17:20 PM Alan Rhodes wrote:
I am currently using Prophet data, but I would only use it to trade stocks. I get very strange data with futures, such as negative numbers (works but inverts the graph). Also numbers greater then 100 have been truncated to two digits (actually in hindsight I wonder if the problem is with NeuroShell, but it still worked with Esignal). I am currently using to develop a system, but I plan on switching back to Esignal once I feel comfortable with my trading system.

Re: In search of a RELIABLE real time data provider

Date :7/7/2004 1:07:34 PM Poster : Maxwell Craven

The advantage of esignal is that they have CONTINUOUS emini contracts, which I don't think the others have (although I may be wrong). Continuous contracts are very helpful in NSDTP. Release 7.5 works well for me, and I've also tried the beta of 7.7 and esignal seems to have fixed the bug in 7.6, because the beta worked without any problems.

On 7/1/2004 2:25:17 PM Mickaël from Paris wrote:
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Thanks for your help.

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How is NeuroShell tested?

Date :7/4/2004 2:10:30 PM Poster : Alan Rhodes

What type of testing does Ward Systems do to make sure NeuroShell is accurate?

I am amazed at how complicated NeuroShell trader is, and I actually worry if my results are accurate. I have worked in the past in software testing, and took a course on that in college. But I do not have the expertise to double check results.

Re: How is NeuroShell tested?

Date :7/13/2004 2:50:20 PM Poster : Ward.net Webmaster

Major releases (like 4.0 and 5.0) are first tested by our programmers for as many as 6-12 months. Then the rest of the company tests for about 2-6 months, then beta testers get it for between 2 and 6 months. For minor releases (like 4.5) , the programmers test for a month or two, then the rest of Ward Systems tests for between 1 and 5 weeks, then selected users with problems fixed by the release get it for a week or two, sometimes more. Of course most minor releases are just fix releases fixing the problems found in the last release, so in that sense there is continuous test and repair.

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external DLLs

Date :7/13/2004 10:05:49 AM Poster : chachi

Am I missing something, or is one prohibited from passing non-numeric parameters to an external DLL, and if so, why ?

Re: external DLLs

Date :7/13/2004 2:54:57 PM Poster : Ward.net Webmaster

You aren't missing anything. There is no reason the DLL interface won't take non-numerics except that the capability was never programmed, probably because no need was seen at the time. It is now on our list to do. If your need is to pass ticker symbols for trading, then the new trading API due out in release 5.0 may obviate the need.

On 7/13/2004 10:05:49 AM chachi wrote:
Am I missing something, or is one prohibited from passing non-numeric parameters to an external DLL, and if so, why ?

Re: external DLLs

Date :7/14/2004 7:14:20 AM Poster : chachi

Ok, I wrote an export DLL to pass chart values straight into Access tables and had wanted to pass as text the underlying commodity symbol and chartname, guess I'll hold off on that added functionality and stick with predefined numerics for now. Any chance that a function to return the filename of the underlying dataset for a chart (eg to ease the effort I described) could be added? At present I see no way at function/DLL level to ascertain what instrument/chart is loaded.

On a different note, there does not appear to be a function to return the present trailing stop. If one has a parabolic stop and a trailing % stop then obviously only the nearest is pertinent but I see no way to reference it without "recomputing" the pair of stops

Re: external DLLs

Date :7/14/2004 9:56:16 AM Poster : Ward.net Webmaster

The Trailing stops are listed in Existing Data/Calculations (either "Long Trailing Stop: Trading Strategy #X", or "Short Trailing Stop: Trading Stategy #X"). So you can send them to a DLL, or whatever you want.

Regarding determining ticker symbol, if you can put each stock in a different chart, there is no problem because then you can just use a numeric indicator = 1,2,3 etc. in each chart.

If there are multiple stocks in the same chart that won't work. The only work around we can think of so far for this case is an indicator called FirstDateLoadedValue, which returns the price on the very first bar in the chart. As long as that value stays the same and unique among your stocks, you could send that value to the DLL and do a lookup in the DLL. The indicator is in a chart in a tip called How to Build Hedging Trading Strategies.

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Re: external DLLs

Date :7/15/2004 9:18:03 AM Poster : chachi

Correct, at present one has to use an 'if' statement to deliver the present stoplevel to an external DLL (poor choice of wording in my post) I meant a singular stoplevel output which did not require IF/THEN logic on top.

Regarding symbol/workaround, the charts I refer to are continuous futures contracts which get rerolled if not every month then every two or three, so start value would not work.

LMK if you need another willing beta tester for v5 / API / etc ;)

Re: external DLLs

Date :7/15/2004 1:18:35 PM Poster : Ward.net Webmaster

Sorry, we're not understanding why an IF statement is required. The existing/data calculations we mentioned show level on our charts. Try it with example 5.

On 7/15/2004 9:18:03 AM chachi wrote:
Correct, at present one has to use an 'if' statement to deliver the present stoplevel to an external DLL (poor choice of wording in my post) I meant a singular stoplevel output which did not require IF/THEN logic on top.

Regarding symbol/workaround, the charts I refer to are continuous futures contracts which get rerolled if not every month then every two or three, so start value would not work.

LMK if you need another willing beta tester for v5 / API / etc ;)

Re: external DLLs

Date :7/16/2004 4:20:48 AM Poster : chachi

An IF is required to pass the current stoplevel as a single parameter since you have segregated the values as "Long Trailing Stop" and "Short Trailing Stop" ...

Prediction reliability

Date :7/21/2004 1:26:56 PM Poster : Kermit

I've been thinking about this for some time now, so will ask the question here. Getting a prediction for each period is not as important to me as having some indication of the reliability of that prediction. I know that I can run several nets and leave one input out for each net, but that does not seem to be ideal. I have been still running NS2 and using variable data selections to run nets - I usually run eight nets - and the variation between the nets gives me some indication of the consistency of the data through time. What I am wondering is if this would be feasable to do in the Trader? Once the inputs and parameters are found, it should be relatively easy to run a given number of nets using those inputs and parameters and simply leaving out parts of the data, or, better yet, weighting parts of the data differently for each net. Could it be as easy as duplicating "chunks" of the data, possibly changing values ever so slighlty, so that this weighting could "walk" through the data? When the nets are displayed, the variation should tell me something about how consistant the data is through time, shouldn't it? An indicator could do it without displaying the individual nets - just a measure of how correlated the nets are. What do you think about this, Steve? It would be easy then to let the Trader decide when to take trades based on a threshold of this correlation.

Re: Prediction reliability

Date :7/22/2004 9:22:55 AM Poster : Steve Ward

I think the proof is in the pudding. I've never been a fan of adding noise to financial data (which I think you are suggesting) because financial data is plenty noisy already. (Noise is a great technique when all your patterns with the same output look much the same, like if you are recognizing machine printed characters). However, I have always liked the panel of experts approach, as long as the panel does indeed have experts, if you follow my drift. So let us know how your panel works.

On 7/21/2004 1:26:56 PM Kermit wrote:
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> ***Re: Prediction reliability***
>
> Date :7/22/2004 10:02:20 AM Poster : Kermit
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> That was just an idea about how the data might be weighted. Using NS2 does work for me, as I can vary the random data selection for the training/test sets for each of the eight or so nets that i train. This does seem to me to give me some indication if the current pattern is consistent through the data. In the Trader, would it be possible to somehow weight portions of the data - say, if I chose to run eight nets as a parameter, the "bulge" in the data would be one-eighth of the data that would move from the start of the data to the end of the data? The output of the indicator would just be the correlation of the eight nets. With simply a prediction, I don't have a good idea about whether the pattern the net is looking at is consistent or not - similar patterns could have wildly different outcomes, or - the targets could all be close to each other. I do something like this by leaving one of the inputs out at a time and looking at the nets, but I am just wondering if there might be a better way to indicate variability through the data instead of across the inputs. An example of this might be the summer weather markets in the grains. Patterns could look similar for all years up to when the weather gives some indication of what the summer will be. If the weather pattern is normal, the seasonal pattern will most often work. But every few years prices get wild. And I'm just looking for an indicator that might give some indication that the pattern currently being looked at could result in wildly different outcomes.
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>
> > ***Re: Prediction reliability***
> >
> > Date :7/25/2004 10:34:45 AM Poster : Ward.net Webmaster
> >
> > We're not sure we are following you, but we need to point out that NS2 nets can be fired inside the NeuroShell Trader (see the indicator category External Program and Library calls) , so any neural net manipulation you feel you can't do with the Trader can surely be done with NS2. Then you have all the indicators and addons of the Trader at your disposal to apply to the nets, including correlations. Maybe use the fuzzy sets addon to help evaluate those 8 nets?
> >
> > On 7/22/2004 10:02:20 AM Kermit wrote:
> > That was just an idea about how the data might be weighted. Using NS2 does work for me, as I can vary the random data selection for the training/test sets for each of the eight or so nets that i train. This does seem to me to give me some indication if the current pattern is consistent through the data. In the Trader, would it be possible to somehow weight portions of the data - say, if I chose to run eight nets as a parameter, the "bulge" in the data would be one-eighth of the data that would move from the start of the data to the end of the data? The output of the indicator would just be the correlation of the eight nets. With simply a prediction, I don't have a good idea about whether the pattern the net is looking at is consistent or not - similar patterns could have wildly different outcomes, or - the targets could all be close to each other. I do something like this by leaving one of the inputs out at a time and looking at the nets, but I am just wondering if there might be a better way to indicate variability through the data instead of across the inputs. An example of this might be the summer weather markets in the grains. Patterns could look similar for all years up to when the weather gives some indication of what the summer will be. If the weather pattern is normal, the seasonal pattern will most often work. But every few years prices get wild. And I'm just looking for an indicator that might give some indication that the pattern currently being looked at could result in wildly different outcomes.
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> >
> > > ***Re: Prediction reliability***
> > >
> > > Date :7/25/2004 11:48:58 AM Poster : Matt Jarvis
> > >
> > > I agree with using fuzzy sets to evaluate nets. In April I mentioned that on this forum. However, I am now using NI and ANI plugins which IMHO are much better than the prediction wizard nets. I suggest that Kermit use several NI nets each with a different type of internal structure if he wants to avoid using only inputs to diversify his nets.
> > >
> > > On 7/25/2004 10:34:45 AM Ward.net Webmaster wrote:
> > > We're not sure we are following you, but we need to point out that NS2 nets can be fired inside the NeuroShell Trader (see the indicator category External Program and Library calls) , so any neural net manipulation you feel you can't do with the Trader can surely be done with NS2. Then you have all the indicators and addons of the Trader at your disposal to apply to the nets, including correlations. Maybe use the fuzzy sets addon to help evaluate those 8 nets?
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Optimal Walkforward graphics

Date :7/22/2004 4:52:13 PM Poster : Steve Eberbach

I want to compare on my chart the appearance of my prediction's Optimal
Walkforward segments, strung together, just like the out of sample walkforwards are shown on the chart, but preferably in a different color. I am also interested in comparing the equity graph of the optimal walkforwards to the out of sample walkforwards.

I guess these are in memory somewhere; I just have not found how to get at them.
DLL interface custom indicator?

Does anybody know how to do this?

How to trade the same day as the signal with day-data?

Date :7/24/2004 5:45:49 PM Poster : Rolf

In the Prediction Parameter on the Output sheet it is possible to give instructions when to make the buy/sell. If I have day-data and I want the buy/sell to be made the very SAME day the signal comes just before they close how can I simulate that and optimaize my parameters?

Rolf

> ***Re: How to trade the same day as the signal with day-data?***
>
> Date :7/25/2004 10:25:13 AM Poster : Ward.net Webmaster
>
> Just make your daily charts with text files. Even if you are using an intraday feed for daily bars, you can still export a text file. Then just before the close you can add a new row of data with today's open, high, low, close , and volume (however you determine that). Then closing and reopening the chart should cause todays bar (which Trader thinks is complete) to participate in the model.
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>
> Rolf
>
> > ***Re: How to trade the same day as the signal with day-data?***
> >
> > Date :7/26/2004 2:33:50 AM Poster : Rolf Edberg
> >
> > Thanks. How do I run an optimaization of parameters with "buy/sell at the same day as the signal"-trades on years of day-data?
> >
> > On 7/25/2004 10:25:13 AM Ward.net Webmaster wrote:
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> >
> > Rolf
> >
> > > ***Re: How to trade the same day as the signal with day-data?***
> > >
> > > Date :8/9/2004 5:20:22 PM Poster : Michael Begley
> > >
> > > For a very high volume instrument such as QQQ's, you may be able to place the trade in the first minute or two after the market closes. Check the volume and the bid ask spread of the instrument you are planning to trade. This does not address your second question of how to tell NST to optimize based on trading on today's close.
> > >
> > > One possibility would be to extend the text file suggestion as follows. The data series you are using to trade off of could be fed into the NST model as "other instrument" data. Make all of your indicators / decisions based on these series. Then the data series for the instrument you are trading could be fed in separately with a 1 day lag. Then tell NST to trade based on the following day's close. I beleive this would get around the NST limitation of not being able to directly optimize based on today's close.
> > >
> > > This whole area has been frustrating for me as well.
> > >
> > > Mike Begley
> > >
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> > >
> > > Rolf
> > >
> > > > ***Re: How to trade the same day as the signal with day-data?***
> > > >
> > > > Date :8/11/2004 1:40:31 AM Poster : Rolf Edberg
> > > >
> > > > Thank you! That was a good idea!
> > > > Rolf

On 8/9/2004 5:20:22 PM Michael Begley wrote:
For a very high volume instrument such as QQQ's, you may be able to place the trade in the first minute or two after the market closes. Check the volume and the bid ask spread of the instrument you are planning to trade. This does not address your second question of how to tell NST to optimize based on trading on today's close.

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Mike Begley

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Rolf

Re: How to trade the same day as the signal with day-data?
Date :7/27/2004 1:50:57 AM Poster : bob gregor

On 7/24/2004 5:45:49 PM Rolf wrote:
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Rolf

Re: How to trade the same day as the signal with day-data?
Date :7/27/2004 1:52:16 AM Poster : bob gregor

Rolf,
I wanted to do the same thing, but couldn't do it with end of day system. I had to upgrade to the daytrader.

Re: How to trade the same day as the signal with day-data?
Date :7/27/2004 12:31:56 PM Poster : Rolf Edberg

Hi Bob,
I have the DayTrader-version. It's the data that is one a day(or 4(Open, High, Low,Close)). How do I do it with the daytrader?

On 7/27/2004 1:52:16 AM bob gregor wrote:

Rolf,
I wanted to do the same thing, but couldn't do it with end of day system. I had to upgrade to the daytrader.

Re: How to trade the same day as the signal with day-data?
Date :8/15/2004 8:49:54 PM Poster : Alan Rhodes

Sounds like this feature would be a great addition in the next version of NeuroShell. MetaStock has this feature in the tester, and I found the results of testing with this very interesting.

On 7/24/2004 5:45:49 PM Rolf wrote:
In the Prediction Parameter on the Output sheet it is possible to give instructions when to make the buy/sell. If I have day-data and I want the buy/sell to be made the very SAME day the signal comes just before they close how can I simulate that and optimaize my parameters?

Rolf

1Hr -> 1Day compression choices?
Date :7/26/2004 6:20:44 PM Poster : denizen2

It appears that we are 'missing' any choices in the intra-data compression beyond the 1Hr interval. Almost anyone interested in any of the 24-hr (electronic) trading sessions (i.e., Forex, Globex) might really like to use 2hr, or 4hr intervals too. But that doesn't seem to be available right now. Can more bar-time-compression choices be add sometime soon? Anybody else want to see that too?

Re: 1Hr -> 1Day compression choices?
Date :8/8/2004 8:00:25 AM Poster : Ward.net Webmaster

In release 5.0 we are currently planning to have N hour, N minute, N second, N tick, and N volume bars ... although some combinations (i.e. 1 tick bar or 100 volume bars, or 1 second bars) will probably be pushing the boundaries of how fast the Trader can evaluate each bar.

On 7/26/2004 6:20:44 PM denizen2 wrote:
It appears that we are 'missing' any choices in the intra-data compression beyond the 1Hr interval. Almost anyone interested in any of the 24-hr (electronic) trading sessions (i.e., Forex, Globex) might really like to use 2hr, or 4hr intervals too. But that doesn't seem to be available right now. Can more bar-time-compression choices be add sometime soon? Anybody else want to see that too?

Buying & Selling on orders only
Date :7/27/2004 9:13:22 AM Poster : usgvince

I would like to enter a stop limit order at the high for the last 20 days. This would be my buy signal only. I would like to exit the order by putting in a stop limit order at the high for the last 10 days.

I would use no other parameters. How would I do this?

Re: Buying & Selling on orders only
Date :7/28/2004 11:00:57 AM Poster : chachi

What you've asked for is:

Long Entry Signal: Price > Max(High,20) [Limit price = Max(High,20)]
Long Trailing Stop Signal: Price < Max(High,10)

But - this doesn't make any sense since "entry day" must be a new 20d high and therefore must also be a new 10d high, so the next down tick you're always out ...

(?)

On 7/27/2004 9:13:22 AM usgvince wrote:

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I would use no other parameters. How would I do this?

Re: Buying & Selling on orders only
Date :7/29/2004 1:40:31 PM Poster : usgvince

Thanks: That's just what's happening. I'm always out like you said.

On 7/28/2004 11:00:57 AM chachi wrote:
What you've asked for is:

Long Entry Signal: Price > Max(High,20) [Limit price = Max(High,20)]
Long Trailing Stop Signal: Price < Max(High,10)

But - this doesn't make any sense since "entry day" must be a new 20d high and therefore must also be a new 10d high, so the next down tick you're always out ...

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I would use no other parameters. How would I do this?

Using current net signals as inputs?
Date :7/28/2004 9:36:40 AM Poster : Strategist

I have created a nested prediction using the current net signal of other three predictions as inputs. I used the current net signal instead of out of sample signal in order to have a longer training sample available.
The out of sample results were too good to be true, therefore I suspect the current net signal is in-sample and my nested prediction has simply curve-fitted. I tried to plot current net signals and out of sample signals (as I was able to do with previous versions of NST) but I was not able to find them among the indicators. The on-line help did not explain much on this matter.
So my question is: how to know if -and how much- current net signals are out of sample?

Re: Using current net signals as inputs?
Date :7/28/2004 4:27:32 PM Poster : Matt Jarvis

My understanding is that current net signals are IN sample. They are from the training set of the most recently trained network.

On 7/28/2004 9:36:40 AM Strategist wrote:
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So my question is: how to know if -and how much- current net signals are out of sample?

S & P
Date :7/31/2004 5:46:24 PM Poster : bcar215

In an older version of Nueroshell (Mid 90's) some inputs were suggested in predicting the S & P. The S & P earnings and dividends, T-Bills, GDP, Etc.

Is it possible to make thie prediction with the recent uodated NS Trader by using these inputs.

Thanks, Bill

Re: S & P
Date :8/2/2004 1:08:10 PM Poster : Ward.net Webmaster

Those are primarily fundamental indicators. Since fundamental indicators (except those divided by price) only change on average every quarter, they are not appropriate for NeuroShell Trader, which uses primarily technical indicators on at most a monthly basis. Furthermore, fundamental indicators are better for longer term investing than shorter term trading. You are probably thinking about NeuroShell 2. Its successor, the NeuroShell Classifier, is a much better vehicle for investing longer term with fundamentals. However, using it will require a bit of work in collecting fundamemental data.

On 7/31/2004 5:46:24 PM bcar215 wrote:
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Thanks, Bill

Re: S & P

Date :8/9/2004 5:43:59 PM Poster : Michael Begley

Here is a reference for a model using fundamental data:

"A New Technique for Tactical Asset Allocation"
Sorensen, Mezrich, and Miller all of Salomon Brothers
This was a chapter in the following book:
"Active Equity Portfolio Management" edited by Frank Fabozzi

A few years ago I was able to replicate the model and extend it for a few years after the authors work. The model made decisions monthly. The model did not use neural net technology but it is possible that neural net technology would work just fine. The authors described their variables completely, so you have something to start from.

I stopped following the model in mid 1999 after it went to cash and stayed there. Now, in hindsight, this was not a bad call for fundamental data based model.

Mike Begley

On 8/2/2004 1:08:10 PM Ward.net Webmaster wrote:
Those are primarily fundamental indicators. Since fundamental indicators (except those divided by price) only change on average every quarter, they are not appropriate for NeuroShell Trader, which uses primarily technical indicators on at most a monthly basis. Furthermore, fundamental indicators are better for longer term investing than shorter term trading. You are probably thinking about NeuroShell 2. Its successor, the NeuroShell Classifier, is a much better vehicle for investing longer term with fundamentals. However, using it will require a bit of work in collecting fundamemental data.

On 7/31/2004 5:46:24 PM bcar215 wrote:
In an older version of Nueroshell (Mid 90's) some inputs were suggested in predicting the S & P. The S & P earnings and dividends, T-Bills, GDP, Etc.

Is it possible to make thie prediction with the recent uodated NS Trader by using these inputs.

Thanks, Bill

Bugs, enhancements, new features, books

Date :8/10/2004 3:35:30 PM Poster : Sunny

I heard that a new revision of the program is due. I, therefore, took the liberty of adding some ideas.

First, I have found that while doing a trading strategy I am allowed to enter a stop price and limit price. However, if a few days later I want to revise the formula in the stop-limit price box, I am not given the choice to do this like in other parts of the program, and I am, therefore, forced to start from scratch with a new trading strategy.

Second, I would like to see more digits (at least four) added to the output shown under R-squared and correlation after completing a prediction. The three digits shown are not sufficient most of the time.

Third, I would like the program to do two simple and separate optimizations. For the first one, I would like the program to optimize the time frame to be predicted. In other words how many periods ahead work best. This could be turned on or off with a check box. As for the second optimization , I would like the program to choose from among a select group, the best output to predict. Both of these features would be MAJOR time savers. I think predictions would take longer; however, I would imagine that other users are also trying to optimize both of these choices manually, and in the end everyone could have a longer cup of coffee, and the program could do what it is supposed to do best, and at the end of the coffee break we could find a list of performed predictions from which to choose.

Fourth, on a separate note, I have been doing many predictions with no optimization, and sometimes I get some nice results; however, if I choose to search for the best parameters and/or rules, the program is not able to reproduce the nice results I got, and instead it shows negative results. I have been wondering if this could be due to the way the search engine goes about its work. If my presumption is correct, then maybe the prediction with no optimization should be the one chosen by the optimizer.

Fifth, I think that it would be very useful if the program could do a prediction of the start, end, initial direction, reverse direction, and number of reverses that the current bar might have. Currently the program allows us to do a horizontal prediction (across time); however, it does not have the ability to do a vertical prediction (in the current bar). I believe other users would find this useful. In addition, I don't think other programs allow this. This would be very useful since the program (or desktop computers) cannot handle the tick timeframe. This could serve as a substitute for the lack of this time frame in the program.

Sixth, I would also like to see with each prediction a confidence level both for the current bar and for past bars. I do not think that all predictions have the same confidence level for each bar (regardless of the timeframe). Moreover, this information could be added to the predictions or to the trading strategy in order not to enter or exit the market when the confidence level is below a certain level.

Finally, I would like to see a well written book explaining all the features of the program as well as advanced uses of the same -- recipes, ideas, formulas, suggestions, uses and creations by others, etc.

Sunny

Re: Bugs, enhancements, new features, books

Date :8/11/2004 10:50:34 AM Poster : Xprogrammer

Regarding your third suggestion you can have it now. Take a look at the Turboprop2 plugin. I purchased it for the ability to optimize those factors you mentioned, and others including training set and neurons. I probably could have programmed it myself, but for the price it wasn't worth it.

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Sunny

Re: Bugs, enhancements, new features, books

Date :8/11/2004 2:13:28 PM Poster : Sunny

X,

Would you mind walking me through the procedure you used to do it.
:-))

On 8/11/2004 10:50:34 AM Xprogrammer wrote:
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Sunny

Re: Bugs, enhancements, new features, books

Date :8/11/2004 3:54:39 PM Poster : Xprogrammer

The procudure I used to do what? What do you want me to walk you through?

On 8/11/2004 2:13:28 PM Sunny wrote:
X,

Would you mind walking me through the procedure you used to do it.
:-))

On 8/11/2004 10:50:34 AM Xprogrammer wrote:
Regarding your third suggestion you can have it now. Take a look at the Turboprop2 plugin. I purchased it for the ability to optimize those factors you mentioned, and others including training set and neurons. I probably could have programmed it myself, but for the price it wasn't worth it.

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Sunny

Most recommended goal

Date :8/11/2004 12:06:05 PM Poster : Phil Greenwood

When you choose the neural network training goal, there is a "Most recommended goal" at the top of the list, even above the default recommended goal. The "MRG" is #winners - #losers - which is all very interesting, but I can't for the life me figure out why this is such a highly recommended goal! Perhaps someone could fill me in?

Thanks,
Phil Greenwood

Re: Most recommended goal

Date :8/11/2004 3:42:03 PM Poster : Ward.net Webmaster

During our tests some time ago, we felt that one gave slightly more reliable results GOING FORWARD than the others. But we couldn't test everything, and it is only a recommendation to get new users started (the usual question of new users is "Which one should I use?"). Try them all. If something else works better for you or your trading style, then by all means use it.

On 8/11/2004 12:06:05 PM Phil Greenwood wrote:
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Thanks,
Phil Greenwood

Finding Elliott waves and other chart patterns

Date :8/11/2004 12:23:04 PM Poster : Phil Greenwood

I know that I'm not supposed to "covet my neighbours financial models", but I'm interested to hear anyone's experiences in scanning for chart patterns. I'm looking for impulsive Elliott waves...to a non-Elliottician, that translates to finding set-ups for price change surges - though I guess I'm would also admit that I'm working on the arbitrary assumption that there is a chart price pattern that would signal it.

I've recently acquired the fuzzy pattern plug-in, but the limitations of setting fixed segment durations seem to make it inappropriate, because I need to map patterns between swing-points. However, the issue is bigger than this, because it seems that any fixed pattern size would detect an arbtirarily small number of compliant set-ups in other types of patterns such as cup and handles, pennants, flags head-and-shoulders etc. Suggestions of how to counter this issue are most welcome...

Perhaps there's a mental back-flip I need to do to understand how to use this plug-in effectively?

Thanks for your help.
Phil Greenwood

Re: Finding Elliott waves and other chart patterns

Date :8/12/2004 4:51:20 PM Poster : Maxwell Craven

I've had good luck building systems with Fuzzy but I haven't tried Elliot waves. You can change the segments and the max with the GA, which is how I made my systems.

On 8/11/2004 12:23:04 PM Phil Greenwood wrote:
I know that I'm not supposed to "covet my neighbours financial models", but I'm interested to hear anyone's experiences in scanning for chart patterns. I'm looking for impulsive Elliott waves...to a non-Elliottician, that translates to finding set-ups for price change surges - though I guess I'm would also admit that I'm working on the arbitrary assumption that there is a chart price pattern that would signal it.

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Thanks for your help.
Phil Greenwood

64-bit platform

Date :8/11/2004 2:16:25 PM Poster : Sunny

While I am on the go with enhancements, I thought worth while asking for the ability to run NeuroShell with the coming release by Intel and Microsoft next year on a 64-bit platform.

Re: 64-bit platform

Date :8/27/2004 2:58:52 PM Poster : denizen

I second that 'wish'! But we need a lot more than 64bit computing. Everyday, I am in need of more computing power, but unfortunetely NST software is not currently able to take advantage of multiple processors on the same machine. So, I would suggest that before we could really take advantage of 64bit platforms, NST software needs to be 're-designed' to use multiple-processing (and/or multiple thread technology).

As part of that kind of performance enhancement (re-design), more attention should also be focused on keeping the user interface 'alive' and not 'shut out' while in some long processing loop. I.e., the Hour-glass icon should almost never be seen while optimization is going on, and/or the chart is being 'updated'. All of these long-processing functions should be done in a manner that just 'spawns' another 'background' process, while leaving the user-interface always ready for the next user-interaction.

This issue becomes very important when working with short time frames (5min or less) in very active markets (like Forex Euro/Dollar).

I have seen at least one other neural net software vendor that is offering multiple COMPUTER-processing via your local network connections! Now that approach really makes scaled increases in extra hardware-power! I imagine that most traders have at least two or three computers under their desk, so if we could tap all of those to do the work of long-optimizations, then it would probably out perform anything that 64bit computing might offer on a single machine.I hope Ward System will give this issue some serious consideration for a future release. They could even justify charging more for that kind of enhancement, in my view its ok.

Any comments on this from anybody?

Re: 64-bit platform

Date :8/27/2004 3:26:22 PM Poster : Ward.net Webmaster

We are definitely giving multiple processors across a network serious consideration, and we agree that it is more important than 64 bit processing.

On 8/27/2004 2:58:52 PM denizen wrote:
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Any comments on this from anybody?

Re: 64-bit platform

Date :1/8/2006 4:59:49 PM Poster : John Coleman

A 64 may help because it can do double precision floating point calcs in one pass.

Anyone try an Opteron yet? These are designed for high-end workstations and are fast on math.

John

On 8/11/2004 2:16:25 PM Sunny wrote:
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eSignal 7.7 release candidate

Date :8/11/2004 3:14:50 PM Poster : Ward.net Webmaster

If you are an eSignal user of NeuroShell, we'd appreciate it if you would download the eSignal release candidate 7.7 asap and try it. You will find it about the middle of this page:

http://www.esignal.com/download/

This is especially important if you were unable to run 7.6 and had to go back to 7.5. Remember to bring up eSignal once before trying to connect with NeuroShell. Also remember to uninstall 7.5 or 7.6 before installing 7.7. Report any probelms or successes to us at support@wardsystems.com.

Thanks

Randomisation, calculation sequence and rate of change goal

Date :8/15/2004 2:48:41 PM Poster : Phil Greenwood

I've been trying to conduct a few studies on trailing stops optimisation recently, and I've come up with a few questions that don't seem to be addressed in the documentation:

1) I've been using a random function to try to eliminate the need for an entry strategy, which might skew the results. In theory, therefore, my results will probably be different each time I run the GA on the strategy. But they're not! It provides exactly the same trades every time - which means that either the GA is absolutely awesome, or the random function isn't "randomized" each run. Which is it? And if it's not random, how can I randomize it?

2) Because of inside days it's possible for a bar to be both a short term swing high and a short term swing low...so I need to know: Is there an order in which the trading strategy is evaluated?

3) This may be a simple question to answer: Are strategies evaluated from oldest bar first to newest bar?

Finally, on a slightly different subject - rate of change:

4) I want to use the GA to find fuzzy patterns that yeild rapid price changes (I mentioned this in an earlier post on Elliott waves). Is there a method by which I can set an objective of a rapid price change, such net profit / time in market?

Many thanks,

Phil Greenwood

Re: Randomisation, calculation sequence and rate of change goal

Date :8/16/2004 11:32:43 AM Poster : Ward.net Webmaster

Phil,

1) When we first introduced Random it used a new seed each time the chart was brought up, making it really random. The complaints started coming in because people couldn't see the same thing they saw yesterday. So we changed it. Perhaps we see now we have to give people both capabilities.

2) We look for longs first, then shorts.

3) Yes, oldest to newest.

4) You can try "Average Bar Profit" i.e. Profit/# Bars traded or "Average Trade Profit" i.e. Profit/# Trades

On 8/15/2004 2:48:41 PM Phil Greenwood wrote:
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Many thanks,

Phil Greenwood

Re: Randomisation, calculation sequence and rate of change goal

Date :12/31/2004 9:06:52 PM Poster : VINCE

Have you had any success recently?

On 8/15/2004 2:48:41 PM Phil Greenwood wrote:
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Many thanks,

Phil Greenwood

Trading Strategy - Post Optimisation Analysis

Date :8/20/2004 11:43:16 AM Poster : John Hegarty

Having built my trading strategy and optimised it is there any way that I can get a detailed trading analysis, starting from zero, from the point at which the testing completed i.e first trading strategy signal, generated by new market data generates the first trade in the trading strategy's analysis.

I do prreciate that the Alerst widow does give this to a degree - but I much prefere the detailed analysis that is available from a tested strategy

Similarly could say the Netprofit indicator be reset to zero and restarted?

Re: Trading Strategy - Post Optimisation Analysis

Date :8/20/2004 4:46:38 PM Poster : Ward.net Webmaster

There's a tip on this site called "Adjusting the Start Date of a Trading Strategy" that should help you with that.

On 8/20/2004 11:43:16 AM John Hegarty wrote:
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Re: Trading Strategy - Post Optimisation Analysis

Date :8/21/2004 5:18:22 AM Poster : John Hegarty

Many thanks - apologies for asking something that has already been asked. I did a quck search of the forum, but forgot about the tips - doh!

On 8/20/2004 4:46:38 PM Ward.net Webmaster wrote:
There's a tip on this site called "Adjusting the Start Date of a Trading Strategy" that should help you with that.

On 8/20/2004 11:43:16 AM John Hegarty wrote:
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cant delete example templates or data

Date :8/24/2004 11:38:21 AM Poster : frustrated

every time I delete the data servers and example charts etc and restart,
they get reinstalled. How can I stop this from happening and get rid of them once and for all.

Re: cant delete example templates or data

Date :8/24/2004 2:07:28 PM Poster : Ward.net Webmaster

The Windows installer is trying to protect NeuroShell. If you cut off vital parts so that it couldn't come up, you would like that even less. Admittedly the example charts aren't that vital, but they are also very small. If you are trying to get more space on your hard disk, we submit the NeuroShell examples and data are dwarfed by temp files that Windows and Internet Explorer are hoarding. Get a Windows expert to help you kill them and you'll find plenty of space. You can also kill data and charts that YOU have added since installation, and that stuff can sometimes add up too.

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they get reinstalled. How can I stop this from happening and get rid of them once and for all.

ADX Indicator

Date :8/27/2004 1:30:53 PM Poster : usgvince

The ADX indicator is part of the price momentum indicators. But where are the -DI and the +DI indicators stored. Are you calling -DI and +DI indicators different names.

Re: ADX Indicator

Date :8/27/2004 3:29:33 PM Poster : Ward.net Webmaster

There are buried inside. However, we brought them out when we did Advanced Indicator Set 2 with the other Wilder indicators, like Parabolic SAR.

On 8/27/2004 1:30:53 PM usgvince wrote:
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Walk Forward Training

Date :8/28/2004 9:13:23 PM Poster : Steve Eberbach

As an aside, I also would really like to be able to farm out processing to other CPUs on my network, for NST. I have been working this software out harder than any other program I have, except Windows itself.

I noticed that Generalize on Optimal Walkforward actually trains faster....

I believe that what I want from NST, besides realtime signals, is a simulation of what would have happened had I bought this software ten years ago, and used it all this time to trade. (given the method I use now, and guaranteed no "future leaks" from the algorithms.

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Quote from previous post:
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This was a question, not an attempt to explain! It seems that here is yet another feedback loop. I think I got the other two, but this one is still not clear to me.
With the answer to this question, I can try to make a drawing called "How the Prediction Wizard Works" with comments and arrows.

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There are two kinds of walkforwards in the Prediction Wizard: optimal, which are used to select inputs and parameters via a genetic algorithm, and optionally selecting nets best fitting the actual target just after the training interval, and regular, which are a truly out of sample set of retrainings of the neural net based on the same previously selected set of inputs, parameters, and target time series to be "predicted".

When you turn on Generalize on optimal walkforward, on each pass trying a new set of inputs and parameters, the turbo-prop net which best fit the target, or actual, in the WFperiods called optimal walkforwards, is the net which is saved. But, this net still is retrained using the same inputs and parameters on each walkforward, optimal or regular.

Would it be clearer to call them "calibration walkforwards", and "out of sample walkforwards"?

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On 8/30/2004 3:59:22 PM Steve Ward wrote:
I think the best start here is to better explain Generalize on Optimal Walkforwards. This algorithm does what most of you probably do anyway. It peeks at some evaluation sets as the optimizer is building different nets, then it keeps the one that worked best "out-of-sample" so to speak. That's what you do if you build a net, then see how it did, then build another, etc., until you finally keep the one that did the best out-of-sample.

Now the evaluation sets it is peeking at are not the regular walk forward evaluation sets; they are older ones added especially for this purpose. So that way the usual walk forwards are still really out of sample. The down side is that the addition of the optimal walk forwards means your training data is a lot older. To bypass that protection and use more recent data (and to make the process really what you are probably doing already) you can set no walk forwards, as we described in the tip called "Using Generalize on optimal walk forwards".

The whole process described above happens only once because optimization happens only once, not on every walk forward. There can be many evaluation sets that are being peeked at, however.

I know it is a difficult concept, but if you set no walk forwards, only optimal walk forwards, you can then think of it as keeping the model that works best out of sample, not the one that works best in-sample. In release 5.0, the process will probably be much simplified, I hope, because I think it is powerful.

I see where you are going with AT2. That net is never showing in-sample results at all. Therefore, optimization is always optimizing the out-of-sample results. If you additionally hold out some data beyond optimization data, you still have true out-of-sample results, so yes I agree it is very similar. But I don't think you will get exactly the same results. I built AT2 because I found it more natural to use the automatic WF, plus I got the benefits of optimizing things like hidden neurons and training set size, even the output! On top of that, you can optimize it in a trading strategy with rules, other nets, stops, etc. If we'd have had AT2 before the first version of NeuroShell Trader came out, AT2 would probably have been the method in the Prediction Wizard. It may yet be some day.

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To me, the ability to "walk forward" is tied in very tightly to this ideal. (but it has proven to be very tricky indeed)

So I have a complex question that everybody might like to know the answer to.

What I want to understand better is what is the difference between using the Turboprop2 addon in combination with the Trading Strategy Wizard, and using the Prediction Wizard using Generalize on Optimal Walkforward. (aside from the obvious greater flexibility in choosing trading rules in the Trading Strategy Wizard.)

The Documentation online says that Generalize in the PW saves the best out of sample walkforwards found by the PW. I would think that if the TP2 or ANI are used with the trading strategy, the lookahead in both, and the lookahead and retrain frequency parameter in TP2 could simulate, and even improve on the "Generalize" in Prediction Wizard. As I see it the Trading Strategy Wizard can average the WalkForward result of the ANI or TS2 indicators, and do one more big walkforward for testing. Somewhere I think I read in a tip about difference between Prediction Wizard and TP2 addon that future leak was better dealt with in TP2, because PW does not keep the small number of bars "not realizable in real time" in training OUT of all walkforwarding, while TP2 does.

But, I do not really understand well enough to my own satisfaction, if these can be truly equivalent, because I do not know how these algorithms are really working, internally. For example is Generalize working independently on each walkforward, or is it saving a best average?

But, what would be sufficient for my own use, would be to know exactly how to duplicate the procedure of Generalize on Optimal Walkforward in the Prediction Wizard, using just TP2 and the Trading Strategy Wizard, as a starting point. Lets say I start with Prediction Wizard with Generalize on Optimal Walkforward, limiting my inputs to 6 inputs. I pick the chosen best six input candidates and put these into TP2 with the same walkforward and retrain frequency, and a simple Trading Strategy like that of the Prediction Wizard. Will my results be the same?
If so, then I can try improvements from there, right??

So many times I get great results only to find I made a mistake with the PW leaving some of those bars in, or ANI using a future-derived target, and they gave me false hopes which died on further careful testing.
If this story sounds familiar to anybody, I would like to hear your experiences.

Also, I would like to see something more written to clarify this issue. I realize it will be a lot of work, and am willing to contribute some help.

Steve

Re: Walk Forward Training

Date :9/5/2004 1:26:08 PM Poster : Steve Eberbach

Thanks, Steve!
What I am working up to next, as I asked you earlier on this thread, is to duplicate the Prediction Wizard with an AT2 combined with a Trading Strategy, and actually get the same results. If I succeed, then I will believe I understand it well enough. Call this a homework assignment to myself, to qualify me for Steve Ward's Certified NST Consultant Certificate. Seriously, I would like to see the Prediction Wizard simplified, but I want more power and flexibility, not less!!!!! So I want your sympathy now, before you finish rewriting the Prediction Wizard! I wish to participate in its improvement, so I do not "get upset" when you change it, but my suggestions would not mean much if the person(s) I am making suggestions to think that I don't even understand how Prediction Wizard works.

I noticed a post just today from a sophisticated user about the Prediction Wizard. One of his suggestions is one I was planning to write you about at a later time, that is, making it easier to freeze the parameters of selected inputs chosen during an optimization run. "Freezing" sub-models and keeping them in a list is the essence of the Group Method of Data Handling (GMDH) which you have implemented in your Neuroshell 2. It works even better in NST, but presently you have to do it manually.

This technique has not only doubled my scores, but has saved HUNDREDS of hours of computing time. As I work on a project, adding new ideas for indicators, each run starts with my best so far, and spends its training and searching efforts trying to break the old Champions' records. Great suggestion!!! And while it is a new feature, it is also a simplification! And my list of best "frozen inputs" is a great way to document my progress.

On 9/5/2004 8:17:03 AM Steve Ward wrote:
Yes, it is always using one long out of sample trading session from all optimal walk forwards. To clarify - you don't get my sympathy for understanding. You get my sympathy if you get upset about any future simplification of the Prediction Wizard. I figure only those who understand have a right to complain if and when we simplify things.

On 9/3/2004 4:14:34 PM Steve Eberbach wrote:
Your most recent explanation helps me a lot. I think I get it now, but I need a wee clarification before I have earned your sympathy by proving I really "get it".

You wrote: In "normal" use the GA is seeking the best performance on optimal walkforwards. In "Generalize" the GA is seeking the best performance on the original first training set.

Do you mean: ....in "Generalize, the GA is seeking the best performance of all the optimal walkforward evaluation sets combined using only the original first training set to train the network?

In other words, is Generalize using a once-trained first net and one long out of sample "walkforward" evaluation instead of many smaller frequently retrained ones, then for out of sample evaluations, resuming the shorter retrain-walkforward sequence?

I interpret it that way, because the dates on the Prediction Analysis Reports show "optimal", and the subsequent "walkforward #x" selected in the "Network" column of the training results window to be dated this way.

On 9/3/2004 9:44:06 AM Steve Ward wrote:
Here's how it works. The GA is finding input combinations. Each such combination is used on the training set to train the net. Then that net gets applied to the first optimal wf evaluation, then the net is retrained on the same input combination and applied to the next optimal wf evaluation, etc, until all optimal wf evaluations are finished. The input combination which produced the most profit (or whatever the objective function is) on all the optimal walkforwards as a complete trading sequence is remembered. Then after the GA is totally done that remembered input combination is used to retrain the nets for the regular walkforward evaluations.

Now the difference between "Generalize" on optimal walkforwards and the "normal" use of optimal walkforwards is subtle, because in both cases the inputs that worked best on the optimal walkforwards are the ones that are kept for later. The difference is in what the GA uses as a fitness function to improve itself. In "normal" use the GA is seeking the best performance on optimal walkforwards. In "Generalize" the GA is seeking the best performance on the original first training set. Therefore, the Generalize version is only rated on how well it works out of sample. The normal version is evolved to work well out of sample. In both cases, the out of sample set is compromised, but the normal version compromises it more. But since both compromise it, that is why we added the additional optimal walkforwards and kept the real walkforwards pure.

On 9/1/2004 6:12:17 PM Steve Eberbach wrote:
Thanks for the pat on the back for my efforts, but I'm afraid I still have not earned your sympathy. I still don't understand all this.

Quote from previous post:
"..keeps the one that worked best--- is the "one" the whole summed up or averaged set of optimal walkforwards after one pass of retraining with a single selected set of inputs with a certain chosen set of parameters? Or is this best net selection done one walkforward at a time?"

This was a question, not an attempt to explain! It seems that here is yet another feedback loop. I think I got the other two, but this one is still not clear to me.
With the answer to this question, I can try to make a drawing called "How the Prediction Wizard Works" with comments and arrows.

Steve

On 9/1/2004 4:30:29 PM Steve Ward wrote:
I'd say you have it right! Now if anyone complains when we simplify the prediction wizard in release 5.0 they are going to have to prove they understand all of this before I'll have sympathy.

On 8/31/2004 12:35:07 PM Steve Eberbach wrote:
I am sorry I called AT2 TP2. I don't mean to add confusion, I am trying to clear it up.
I hope people don't mind my repetitive efforts to clarify this walkforward stuff.
It is so complex to me I guess its best if I work on a few bits at a time.

So here goes with a few more questions on Steve Ward's explanations.

Paragraph 1: peeks at some evaluation sets--- are these what is now called "optimal walkforwards"?

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ESignal & 4.5

Date :8/29/2004 7:03:53 PM Poster : Maciej

I'd be very interested in hearing if any of you guys are getting issues running NSDT with ESignal under XP on a laptop.
I seem to be running into a series of mostly ESignal issues that are hampering me working with futures.

> ***Re: ESignal & 4.5***
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> Date :9/3/2004 1:37:44 PM Poster : denizen2
>
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> ---
> No problems on that score, in my own case running XP-Home on my Fujitsu N-series Laptop. My PC version of NST runs under XP-Pro. No problems related to eSignal that I am aware.My eSignal version not the most recent version, so maybe your problems are related only to the newest version?

New Wish List for Improvements

Date :9/4/2004 2:41:42 PM Poster : denizen2

I have been using NST Pro extensively now for over a year, plus all of the Add-on modules. Here are some suggestions for what what I consider are the 'improvements' that I would most like to see in the 'near' future (ranked by priority, highest first):

(1) A 'new' Custom-DLL-API: MUST include STRING-type parameters (as well as the current numeric data types). Essential for exporting NST net/indicators to TradeStation via existing 3rd-party DLLs, plus input/output to/from MULTIPLE applications via GlobalVars and database type DLLs. Would also automatically make possible (via available 3rd-party DLLs: (a) multiple time-frame strategies, (b)automatic trade-execution (with complete trade/risk management user-interface too). I.e., a 'quantum jump' over current capabilities of NST to 'communicate' with external programs.

(2) Prediction Wizard: Add option for TWO 'levels' in the prediction 'model'. If a 'top'(i.e.,the output) level could be added, then the user could include, for example: (a)'smoothing' function, (b)a statistical function (e.g., ZScore), or (c) the new Fisher Transform function. The intention would be to provide one parameterized-function that applies to the net-output associated with ALL of the potential inputs. I currently have to achieve this combination in two separate steps, without the benefit of the GA operating on ALL parameters at the same time. It is an excellent 'solution' when dealing with excessive 'noise' in the output from a net, particularly by adding the FisherTransform (from the Cybernetics add-on) to the net output, and while being able to optimize both 'levels' at the same time.

(3) Prediction Wizard: Add option for 'trigger levels' to be treated in the same manner as done by the CrossAbove and CrossBelow indicators in the Strategy Wizard. The current approach to Predictions of Trades only provides the A>B type of RELATIVE-LEVEL, but not the more noise robust functionality provided by the cross-over functions. The Predictions models might be improved considerably by that simple addition?

(4) The Prediction Wizard (Display): The 'trade signals' are MISSING (i.e., not displayed) when the user has selected the "Other" category for the "Output". When the Output-choices include any of the given 'optimal BUY/SELL' type outputs, then the generated signals are automatically displayed. But when I create my own 'Objective' for the training, those signals are NEVER available or displayed. I have been able to create my own Objectives that are much better, giving me more 'consistent' and 'transparent' results. So I would appreciate if I could also generate and display the signals too. Can that be added?

(5) The Prediction Wizard (Display): Want control over the COLOR of the displayed "Out of Sample" and "Out of Sample Signal" lines. Currently the user has no way to change the color from the 'default' grey color. This makes it VERY difficult to display multiple versions of a function-approximation-prediction-net on the price chart and be able to identify them separately. I see no reason to restrict the color to only GREY.

(6) Deletions of Existing Nets: This is sometimes a VERY frustrating problem, because there is NO reference to what other indicator is still using the one marked to be deleted. Sometimes, I can spend considerable trial-and-error searching time trying to find it! Why isn't that information made available to the user at the time there is a 'complaint'. Also, I suspect there is a 'bug' that somehow allows the backward linking of items using a given item to be 'broken' without being properly and consistently counted. So we end up with a 'phatom link'. The use of the Position indicator may be one such area where it is possible to change the parameter in this indicator that points to a different Strategy, and then loose track of it when the 'old' Strategy is deleted. Need to show user ALL links that are 'attached', AND also allow a way to 'override' the 'check', if all else fails.

(7) Prediction and Strategy Optimization Options: Would like very much to have better (interactive) control of what indicators are part of each optimization run. I.E., Add check-box to each indicator in the list of 'inputs' that allows user to 'freeze' any changes to the LAST optimiztion run, while still allowing the remaining (unchecked) inputs to be optimized. This can only be achieved now by manually setting the min/max range to whateve the LAST value used. Very inconvenient. I get better models when I can 'participate', by 'seeing' the 'intermediate' results better. There is usually nothing really 'sacred' about the optimiztion-merit function choosen, so I might use this extra-interactive approach to try different training criteria while allowing only few changes in the input parameters, and with fewer intputs being temporily optimized the process is much faster.

> ***Re: New Wish List for Improvements***
>
> Date :9/11/2004 2:36:10 PM Poster : Maciej
>
> My wish list for improvements would be to:
> a) Allow for optimization of those options that currently are set by the user. For instance how many bars should be used for an optimization. Currently its a manual option except for perhaps the AT2 add-on.
> b) NSDT has made great strides in the use of variables - it would be useful to allow for variables at chart and NSDT level. We're not far from that already so perhaps it should be relatively straightforward.
> c) More exit options should exist in NSDT. There are various exit methods and stops used, ie via ATRs, that can be programmed but really these should exist as their programming can be fairly tricky. NSDT is after all aimed at traders not geeks.
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> (6) Deletions of Existing Nets: This is sometimes a VERY frustrating problem, because there is NO reference to what other indicator is still using the one marked to be deleted. Sometimes, I can spend considerable trial-and-error searching time trying to find it! Why isn't that information made available to the user at the time there is a 'complaint'. Also, I suspect there is a 'bug' that somehow allows the backward linking of items using a given item to be 'broken' without being properly and consistently counted. So we end up with a 'phatom link'. The use of the Position indicator may be one such area where it is possible to change the parameter in this indicator that points to a different Strategy, and then loose track of it when the 'old' Strategy is deleted. Need to show user ALL links that are 'attached', AND also allow a way to 'override' the 'check', if all else fails.
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> (7) Prediction and Strategy Optimization Options: Would like very much to have better (interactive) control of what indicators are part of each optimization run. I.E., Add check-box to each indicator in the list of 'inputs' that allows user to 'freeze' any changes to the LAST optimiztion run, while still allowing the remaining (unchecked) inputs to be optimized. This can only be achieved now by manually setting the min/max range to whateve the LAST value used. Very inconvenient. I get better models when I can 'participate', by 'seeing' the 'intermediate' results better. There is usually nothing really 'sacred' about the optimiztion-merit function choosen, so I might use this extra-interactive approach to try different training criteria while allowing only few changes in the input parameters, and with fewer intputs being temporily optimized the process is much faster.

> ***Re: New Wish List for Improvements***
>
> Date :9/18/2004 3:29:36 PM Poster : Steve Eberbach
>
> I have a couple of comments that might help.
>
> Item 5: Color display. If you select under "Options" to include all the signals and outputs of all your Prediction Wizard nets, and you display the Current Net, or other stored walkforward nets,
> you will find that all of it is "in sample", except for the net's response to inputs BEFORE and AFTER the training set, but you can change the color and line thickness by selecting the signal indicator and using the little selectors in the Tool Bar at the top of the chart window. While its nice to see the net's response over all the chart bars, I still cannot change the color of the signal outside the training set. But you can overlap these signal lines by dragging one indicator over another and see both insample and out of sample overlaid in the color and boldness of your choice.
>
> Item 4: When setting or modifying "Prediction Parameters", hit the tab "Output", and there is a little button just to the right of the listbox, when you have selected your own Objective for training ("actual", or "target"). You select your other objective by selecting the item at the bottom of the list called "(Other Data/Indicators)", and picking from the list. Clicking the button labeled " ..." lets you modify your chosen objective, and the modified version will appear in the list of existing and calculated data. Display this as an indicator, and drag it onto whatever other chart you wish to compare it with, such as network output.
>
> Item 3: This is a can of worms. I think you have a great idea here, but it leads on to more and more ideas.... A serious question to me is exactly how much like the trading Strategy Wizard should the Prediction Wizard be? Should it get simpler? More complex? Be integrated with the Trading Strategy Wizard? I have lots of ideas about this, but I am not quite sure where to start, as it would impact the whole interface design of NST.
>
> I would enjoy corresponding with you about this, though, as I am sure you have lots of such ideas, too, and am interested in what you think.
>
> Steve Eberbach
>
> On 9/4/2004 2:41:42 PM denizen2 wrote:
> I have been using NST Pro extensively now for over a year, plus all of the Add-on modules. Here are some suggestions for what what I consider are the 'improvements' that I would most like to see in the 'near' future (ranked by priority, highest first):
>
> (1) A 'new' Custom-DLL-API: MUST include STRING-type parameters (as well as the current numeric data types). Essential for exporting NST net/indicators to TradeStation via existing 3rd-party DLLs, plus input/output to/from MULTIPLE applications via GlobalVars and database type DLLs. Would also automatically make possible (via available 3rd-party DLLs: (a)multiple time-frame strategies, (b)automatic trade-execution (with complete trade/risk management user-interface too). I.e., a 'quantum jump' over current capabilities of NST to 'communicate' with external programs.
>
> (2) Prediction Wizard: Add option for TWO 'levels' in the prediction 'model'. If a 'top'(i.e.,the output) level could be added, then the user could include, for example: (a)'smoothing' function, (b)a statistical function (e.g., ZScore), or (c) the new Fisher Transform function. The intention would be to provide one parameterized-function that applies to the net-output associated with ALL of the potential inputs. I currently have to achieve this combination in two separate steps, without the benefit of the GA operating on ALL parameters at the same time. It is an excellent 'solution' when dealing with excessive 'noise' in the output from a net, particularly by adding the FisherTransform (from the Cybernetics add-on) to the net output, and while being able to optimize both 'levels' at the same time.
>
> (3) Prediction Wizard: Add option for 'trigger levels' to be treated in the same manner as done by the CrossAbove and CrossBelow indicators in the Strategy Wizard. The current approach to Predictions of Trades only provides the A>B type of RELATIVE-LEVEL, but not the more noise robust functionality provided by the cross-over functions. The Predictions models might be improved considerably by that simple addition?
>
> (4) The Prediction Wizard (Display): The 'trade signals' are MISSING (i.e., not displayed) when the user has selected the "Other" category for the "Output". When the Output-choices include any of the given 'optimal BUY/SELL' type outputs, then the generated signals are automatically displayed. But when I create my own 'Objective' for the training, those signals are NEVER available or displayed. I have been able to create my own Objectives that are much better, giving me more 'consistent' and 'transparent' results. So I would appreciate if I could also generate and display the signals too. Can that be added?
>
> (5) The Prediction Wizard (Display): Want control over the COLOR of the displayed "Out of Sample" and "Out of Sample Signal" lines. Currently the user has no way to change the color from the 'default' grey color. This makes it VERY difficult to display multiple versions of a function-approximation-prediction-net on the price chart and be able to identify them separately. I see no reason to restrict the color to only GREY.
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> > ***Re: New Wish List for Improvements***
> >
> > Date :9/23/2004 11:53:07 AM Poster : denizen2
> >
> > re: Steve Eberbach's comments:
> > Steve, thanks for your thoughts on some of the items.
> >
> > Item 5: I am already aware of the very limited control available for specifying the color(s) of net outputs. I hope this will be addressed in a future version.
> >
> > Item 4: The comments you made seem to imply you are only considering the case where the Prediction Wizard is used as a 'function approximation' for a given output or 'indicator', BUT not as a predictor of 'Trades Signals'. Specifically, if you go the 'Position' tab and select 'Both Long and Short' positions, instead of 'NO Position', then you would expect that the predicted trade signals would be displayed. But that sub-graph and/or main graph are empty of any trade signals. My point was that in the case of using any of the pre-defined 'trading' type objectives you will get the trading-signals displayed. This is something that I would suggest needs to be 'fixed', so user-defined objectives [for trading signals] are displayed the same as the predefined ones.
> >
> > Item 3: "This is a can of worms....as it would impact the whole interface design of NST."
> > My comment...That may be a VERY good idea! I wish it could happen :>))
> >
> > re: I would enjoy corresponding with you about this, though, as I am sure you have lots of such ideas, too, and am interested in what you think.Steve Eberbach

Title bar of Prediction Wizard Window shown while training

Date :9/4/2004 8:53:41 PM Poster : Steve Eberbach

I am doing a documented review of Prediction Wizard to better understand it, and write my personal add-on to the official documentation.

I noticed a small detail which needs correction: The Title Bar of the window displayed while training does not show the correct target: " [Trades, Predicted xxxxxxxxxxxxxxxxxxxx]" until the "finish" button is pressed once.
This occurs when experimenting with various settings within the Prediction Wizard without "finishing" and/or saving the chart.

I noticed this while trying various targets for the Prediction Wizard.

Re: Title bar of Prediction Wizard Window shown while training

Date :9/8/2004 10:53:44 PM Poster : denizen2

Yes, I have noticed the same behavior that you described (below). It is very confusing to have incorrect 'titles' being displayed. If you want to find some more 'confusing' behavior that really needs some attention, then also look at the Prediction Wizard window that list the inputs, and then expand each input to show the names of the parameters for that input. IF you have a complex input built up of several indicators, then you will find muliple parameter names that are probably the SAME name, and there is no reference made to which indicator each parameter is associated. This issue becomes very important when you are setting the optimization ranges for each parameter. So the user is stuck with guessing, or perhaps by deciphering the order of the parameters. I mention this not becaue it is a 'documentation' issue, but because it should also be 'fixed', just the same as the incorrect title issue should be fixed.

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I noticed this while trying various targets for the Prediction Wizard.

Wizard Design

Date :9/10/2004 11:27:13 AM Poster : Steve Eberbach

Since there are comments about an approaching update of the Prediction Wizard, I decided to submit my thoughts to the forum. This one is very important to me, and may help others using NST pro.

I was reading an interview with one of the "Real Traders" who trades Long positions only in his IRA. It struck me that a very simple change to the interface of both the Wizards for the next release would be very helpful.

In both wizards there is a dialog for setting longs, shorts, or both to be traded.

-- a dialog: "use the tabs below to specify rules for when to buy or sell" in the Trading Strategy Wizard, and a dialog: "Trading positions used to calculate statistics" in the Prediction wizard.

Why can't we take advangage of the ability now in NST to add several symbols to one chart, and make those three choices in the wizards be "Position A, Position B, or Both", instead of Long, Short, or Both?

In this case Position A could be Long "Symbol Top Symbol on chart"), and position B be Long symbol "XYZ". Instead of just selecting long or short as it is now, the alternatives would be 1: "long or short the default symbol" (only), 2:long or short another symbol (only, 3: Both 1 and 2.

Normally alternative one, two, three tabs or buttons, A, B, Both,would mean the same as in the present NST, the choices would would mean "trade long the default symbol only" , "trade short the default symbol only", and "trade both long and short the default symbol". What changes would only be that each tab or button could be set to read a long/short (choice of symbol), (one position or cash) or either of two positions (switch between choices). The systems would still retain the ability to be out of all positions and be in cash, as they do now, given the 4 decision thresholds available in the Wizards

The big difference is this would enable optimizing such IRA-useful strategies as, say, mutual fund or Sector Fund switching. I would hope this expands NST's potential market a lot!

Steve

Re: Wizard Design

Date :9/13/2004 4:37:41 PM Poster : Steve Eberbach

I have given many headaches' worth of thought to the idea of user fitness definition, and I think I see that the ability to program the function would be nice, but very hard for most people to get up to speed on. Also, the present definitions, (with a few additions) I think would be sufficient in themselves. What I REALLY want to do, and what I think is more in line with the NeuroShell Trader Pro design philosophy, is to specify, optionally, when a certain trading statistic is satisfactory to my trading expectations, and allocate any of the Genetic Algorithm's remaining effort to my NEXT priority, and so on.

The way NST is set up now is to set one criterion's goal to infinity or zero. The GA, being very obedient, will try to do that without consideration of anything else. Even optimizing one ratio or product is like throwing darts, or running a Soviet 5-year economic plan by specifying one goal.

So I see the interface for setting up fitness, particularly for the Prediction Wizard, which needs this badly, is to specify two or three criteria, from the existing list, and also specify what number Priority One should reach before the training switches to adding "score" to the Second and Third priority.

I think a such a prioritized tradeoff with all reachable objectives would be enough to get the GA to stop running off into Bizarro Land. Before, I used to think the best way would be a mixture of the objectives, together striving for infinity and beyond! But now I know better. As the effort made by the optimizer increases, you get to a point where out-of -Sample results are increasingly sacrificed for the sake of the greedy training and selection algorithm stuffing all the gold into the insample results. You have to STOP the algorithm before it gets to that point of RAPIDLY diminishing returns out of sample for gaining tiny further improvements in-sample, and switch to another goal which might be easily achievable, but cause less sacrifice in out of sample performance consistency.

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Steve

Re: Wizard Design

Date :9/29/2004 1:19:01 PM Poster : Steve Eberbach

I have some more comments on NST Wizard design, in an effort to help make NST easier to learn and use, with little as possible change to the features already in NST, but more emphasis on the way we access those features....

1. Being long or short one stock is like investing your money in two different
securities: Long Stock A or Short Stock A. You can just as easily switch your money between Long Stock A and Short Stock B. That way you could be more neutral with respect to changes in the broad Market. Why are the interfaces in NST not able to reflect the choice of any two positions, either in one security or two? The only difference should be that if you have at least two securities in your chart, you have the ability to choose which two you are trading between in the Trading Strategy. (or Prediction
Wizard)

2 I like the Dates dialog in the Trading Strategy Wizard: It makes sense to a
trader learning NST. It took me a while to realize it shows nearly the same
information as the Dates dialog in the Prediction Wizard: Most importantly, the Date seperating Optimizing by the Genetic Algorithm and Paper Trading (simulating out of sample results), the date of starting optimization, and the date ending it.

The main difference is that you have to count up days in the walkforwards to figure the dates out in the Prediction Wizard.

Why doesn't NST always start out with the Trading Strategy Wizard, and let you APPLY the Prediction Wizard, using only what more complexity is needed to add the Prediction(s) to the Trading Strategy? If you want to simply use non-trading objectives, like minimize errors, the trading checkboxes in your Strategy would reflect this by being turned off. If you checked them "on" you could see your signals and statistics as usual, except the G.A. would not be using the trades for optimizing.NST could even have a "Prediction Wizard" Trading Strategy Template, which does exactly what the Prediction Wizard does now. That would make it easier to learn and navigate the Prediction Wizard without changing its capability. I would prefer that the walkforwards be specified in terms of time span and step size seperately, so they could overlap, and even be different settings for the Optimise dates, or the Paper Trading Dates, (out of sample simulation). And why not call the Walkforwards Paper Trading Walkforwards instead of just Walkforwards? And Optimised Walkforwards, instead of "Optimal Walkforwards"?

The Dates dialog is so important IMHO, for understanding what NST is really doing, I think you should be able to view and set all the "dates" from it: Charting Beginning and End of loaded files, Frontier Date between Paper Trading and Optimising by the GA, and the Training and Evaluation data set structuring when using the Prediction Wizard and walkforwards. Having this all in one place instead of having to go looking for different parts would be a big help.

3. A couple of places in the interfaces of Version 4.5 there are lists of items to select from. The usability of the program would increase if there were some options, like radio buttons or checkboxes next to the items. I see three categories I think are most valuable.

A. Multiple securities in a chart: Select whether each security should be left alone or re-optimized (and included in the performance evaluation averages or not) when running the optimization, right by the name of the security in the dropdown listboxes. Maybe here you could select which charts to send to the trading strategies in the chart to implement the switching of capital between two (or two sets of) securities.

B. Multiple Rules in Trading Strategy: checkbox-"GA may Optimise Parameters"; and choice of: required rule (which GA may or may not optimize), excluded rule, or let optimizer choose rule whether or not the optimizer is allowed to change parameters. The advantage is faster experimenting without lots of typing, and the saving in plain view INSIDE your saved charts, of rules you might like to try again later, without having to print them out, or save many different versions of charts, to recall them once you have written them. This might also be easier to understand than the present dialog box choices you have to navigate away from the rules to see.

C. Parameters of Indicators optimizable by GA: Now you can set an input to fixed status (to save it) by opening the "plus" in the tree dialogs for inputs or outputs, and setting the minimum and maximum of each parameter to the same number.

Options settable there, like the Rules in Trading Strategy, would be very convenient for the user of NST: one checkbox- "GA may optimize" (if not checked, the parameter are "frozen" by being set to max=min) and option buttons for each input (not individual indicator parameters) to be: required, excluded, or available for choice by the optimiser. (R,X,C, labels or red,black,or green bullets with pulldown menu to change-whatever the
programmers think is cool). This could be done for the indicator in toto, without even clicking on the + symbol) or parameter-by-parameter, or both. The in toto version would work in NST Trader as well as Trader Pro.

Again this could help reduce typing, and help document the process of developing Trading Strategies and Predictions by letting you experiment without much typing, and "saving" in plain view your previous experiences as you progress in developing a chart.

And all this with minimal changing of the NST Wizard Design as it is now, mostly some simplifying and making it more flexible at the same time.
Denizen2, how would this help those items in your suggestion list?
Respectfully Submitted,
Steve Eberbach

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Steve

Wizard Design2-More Options Needed

Date :9/11/2004 11:30:21 AM Poster : denizen2

When using either the Prediction or Strategy Wizard, my 'standard' approach is to begin with the Input Options that specifies that ALL rules be selected & applied (optimizing only the parameter values). This presumes, of coarse, that I have some reason to believe that all the rules are 'probably' relevent. I have found that I get 'better' results doing this BEFORE selecting the option to optimize all the rules (and therefore use only a subset of the rules). This is especially true when some of the rules contain LEVEL threshold parameters, perhaps because it takes much longer for those kind of rules and might tend to be 'ruled out' more quickly than is really necessary. The current Wizard design accommodates this approach by allowing me to 'manually' do the optimization in two steps. Ok, so far.

However, I would ALSO like to be able to make that choice (i.e., optimization of only rule parameters, OR opt of rules and parameters) so that it applies to ONLY exits or entries rules. Currently, I have no way to specify the Inputs Options, separately, for the Exits and Entries rules. I believe this kind of design change could be implemented by just adding additional checkboxes on the existing tab. It would greatly benefit the users to have this additonal flexibility.

Can DLL access ...?

Date :9/20/2004 12:54:19 PM Poster : Philippe Lonjoux

Is there a way for a DLL (C) to access the number of bars as it was during the last optimization?
Could it be in the form of a detailed SDK parameter list or an external configuration file?

Thanks for your help.
Philippe

Re: Can DLL access ...?

Date :9/24/2004 9:03:25 AM Poster : Xprogrammer

Do you mean the number of bars that optimization was performed on? I don't know of any way, but if you mean the total number in the chart, then yes, you can pass that in as a parameter.

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Thanks for your help.
Philippe

Re: Can DLL access ...? (One more item in wish list)

Date :9/24/2004 8:03:00 PM Poster : Philippe Lonjoux

Thanks Xprogrammer.
Yes indeed, this is what I meant. Somehow, this information is built into charts.
Now, I developed data-adaptive indicators with predictive skills that need to be assessed on "out of sample" rolling windows. The indicators though have to be fired on "in sample" data only.
Having a more complete SDK would certainly help unleashing the power of Neuroshell Trader and promote it further... One more virtue of componentwares.

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DLLs

Date :9/23/2004 11:59:47 PM Poster : aaapers

Has anyone had any experience with a basic compiler from Europe called PureBasic. Apparently, it is a full compiler, it can do dlls and it is relatively cheap. I have been considering getting power basic. Any comments would be appreciated.
Tx
Al

Re: DLLs

Date :9/24/2004 10:38:17 AM Poster : Steve Eberbach

I have Power Basic, and have tried many other Basics, too.
I also own Ibasic Pro, from Pyxia Development, which I believe is the best alternative in the low cost category. It is on my project list to write a template indicator DLL for NST using IBasic. Sorry, I don't have one ready to share yet, but if you get IBasic, you will be welcome to ask for my help on this. Pure Basic is OK, but I will not be using it, as I prefer IBasic. Check it out.

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Re: DLLs

Date :9/29/2004 12:21:13 AM Poster : aaapers

Thanks steve!
I have reviewed ibasic and I will give it a try. Maybe we can find others on this board that use it so that we can share info for NST.
Tx
Al

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Has anyone had any experience with a basic compiler from Europe called PureBasic. Apparently, it is a full compiler, it can do dlls and it is relatively cheap. I have been considering getting power basic. Any comments would be appreciated.
Tx
Al

Re: DLLs

Date :11/19/2004 5:32:30 PM Poster : Ward.net Webmaster

We have just checked out IBasic Pro and found that the DLLs run fine in NeuroShell Trader Pro and DayTrader Pro. We have also put up a code example on this site - look in the section New and Updated Examples. We think Steve is right, at $70 it is a very inexpensive and easy way to program NeuroShell enhancements.

On 9/24/2004 10:38:17 AM Steve Eberbach wrote:
I have Power Basic, and have tried many other Basics, too.
I also own Ibasic Pro, from Pyxia Development, which I believe is the best alternative in the low cost category. It is on my project list to write a template indicator DLL for NST using IBasic. Sorry, I don't have one ready to share yet, but if you get IBasic, you will be welcome to ask for my help on this. Pure Basic is OK, but I will not be using it, as I prefer IBasic. Check it out.

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Cyber indicators

Date :9/26/2004 8:56:55 AM Poster : Matt Jarvis

The Ehlers cyber indicators seem to produce some great signals on daily charts even without optimizing, but not as good on intraday charts. Anybody know how I can get 1 minute charts to work as well? (I trade futures so I don't like to stay in overnight).

Re: Cyber indicators

Date :9/27/2004 9:18:24 AM Poster : chris wong

try the stochastic rsi. it works well for me. i think ehlers may have been concentrating on daily charts in his book, but if you use the optimizer carefully the cyber indicators also do quite well intraday.

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Re: Cyber indicators

Date :9/30/2004 2:00:01 PM Poster : Maxwell Craven

Chris, you are absolutely right and I thank you for sharing that jewel with us!

On 9/27/2004 9:18:24 AM chris wong wrote:
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Re: Cyber indicators

Date :1/8/2006 5:12:55 PM Poster : John Coleman

Chris, were you refering to stoc RVI in this post? I have not heard of stoc RSI, if it exists, is it another add-on?

regards,
John

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Re: Cyber indicators

Date :1/8/2006 11:29:51 AM Poster : chris wong

no, not another addon. stochastic rsi is in the cybernetic addon.

On 1/8/2006 5:12:55 PM John Coleman wrote:
Chris, were you refering to stoc RVI in this post? I have not heard of stoc RSI, if it exists, is it another add-on?

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Re: Cyber indicators

Date :10/17/2004 11:17:35 AM Poster : alex amos

The problem is not with the Ehlers Indicators which are excellent - the problem is with the time frame. I have experimented a lot with 1 and 2 minute bars but there is so much noise (my term) that it is impossible for ANY indicators to get a handle on the movement. I think you have to work with at the very least 5 minute charts. Recently, following a tip from Support, I was able to adjust the output of a Cybase indicator on a 2 minute chart to correspond pretty accurately with its ouput on a 5 minute chart. You do this by plotting the indicator on a 5 minute chart and then exporting the data to your 2 minute chart. You then adjust the inputs of the same Indicator on the 2 minute chart to correspond.

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Turtle trading

Date :9/27/2004 8:43:10 AM Poster : Wanttobea Turtle

Hi,

I'm new to trading strategies and I came across the orginal turtules trading strategy, I want to confirm if I'm on the right track, I list the turtle requirement and what I think the Neursoshell trading strategy should be:

* Turtle = Long Entry: Based on a 20-day breakout (todays close exceeding the high of the procedding 20-days
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* Turtle = Exit: was 1 a 10 day low for long postions
Neuroshell = Long exit (+Low channel Breakout(Low price, Periods)

Can somebody inform me me if I'm on the right road?

Cheers
Wanttobea Turtle

Re: Turtle trading

Date :9/28/2004 12:10:06 AM Poster : Maciej

You're on the right track. However you'll probably find that the approach won't be particularly profitable. For me, the real secret of the Turtles is not the entry techniques rather the money mangemet that was deployed. You'll find that implementing these in NSDT will be quite a challenge using the ATR indicator in your stops and exits.
Furthermore, the Turtles would pyramid in when the going was favourable (0.5 ATR from memory) so in NSDT you'll need several trading strategies each one dependant on the previous one - ie if already long and price moves in my favour by 0.5 ATR then enter another long and move the stops on both trades up by 0.5 ATR.
To complete the challenge, the Turtles used a method of normalising the size of a trade depending on how much capital was availble - both increasing and decreasing and also taking into account the volatility of the commodity in question - so the equivalent of one soybean contract could be say four corn contracts.
Finally the entries/exits could occur at any time during the session including the triggering of multiple entries, so if there were a sudden rise in a commodity during a session then the day could end up with several trades by session end. To simulate that I feel requires that you use intra-day data.

I'd be interested in seeing how you get on with this idea but this is an example of an approach to trading that's quite complex to simulate in NSDT even though the wrttent description of the process is quite straightforward. For what it is worth I don't know of any software where one could easily implement the whole Turtle approach. The challenge is worth pursuing as if you'll crack this you'll be able to use a sound money management technique that will allow you to replace the fairly crude initial entry techniques by others and get potentially even better results.

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Cheers
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Re: Turtle trading

Date :10/15/2004 1:24:30 PM Poster : Maciej

Hi again. I was wondering if you had made any progress on your bid to recreate the Turtle philosophy?

On 9/28/2004 12:10:06 AM Maciej wrote:
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Re: Turtle trading

Date :10/22/2004 10:08:25 AM Poster : Robert Van Eyden

Thank you fro your comments I shall keep you upto date

Regards
Robert

On 9/28/2004 12:10:06 AM Maciej wrote:
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Lagged indicator question

Date :10/12/2004 6:40:38 PM Poster : Manny LaCarrubba

I'm new to neural networks and have a question regarding the use of lagged versions of an existing input as an addition input to the net. In my reading I note that this is not uncommon but, does it not simply duplicate data that has already been input? What is it about the way the net looks for patterns that make this technique useful? Would it not be more beneficial to use the difference between today's value and the value n days ago than simply using the value from n days ago? Thanks in advance for any information you can share.

Re: Lagged indicator question

Date :10/13/2004 11:08:08 PM Poster : Philippe Lonjoux

Let's assume that the stock market is a dynamical system. The time series you choose as input should be the outcome of all interacting processes that drive the price. It should contain information about the dynamics of all important variables involved. Fair enough.

In a more academic way, these variables satisfy a set of several first-order differential equations.

Now, it has been shown (Ruelle 1980) that a time series and its successive lagging copies is enough to fully describe the dynamics of the system. The shifting is equivalent to first-order differencing. Therefore, lagging versions of the initial input become additional variables.

The neural network then detects nonlinear relationships among these variables, and creates nonlinear approximations to the underlying generators of data. Here you go.

And as you suggest, your original input time series should be detrended. You will achieve much more accurate forecasts when using percent changes versus the actual closing value of stocks.

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Re: Lagged indicator question

Date :10/14/2004 11:31:46 AM Poster : Matt Jarvis

In my tests I have found that using lagging type indicators is usually more effective than lags of the price, but I agree about the detrending.

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Re: Lagged indicator question

Date :10/14/2004 4:40:01 PM Poster : Manny LaCarrubba

Thanks for your comments. I was not referring to detrending here. I really meant a lag of either price, or some technical indicator that is being used as an input, as an additional input. This technique clearly duplicates data that is already being provided to the net. What is it about the way nets look for patterns that makes this useful?

Philippe, your comments regarding time series and their successive lagging copies being able to fully describe the dynamics of the system were most instructive. Thanks again. Clearly there is more going on, however, or forecasting would be very much easier than it is!

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Re: Lagged indicator question

Date :10/15/2004 5:16:57 PM Poster : Steve Ward

Forecasting isn't hard except in the financial markets. It is hard there because it is extremely difficult to get inputs that actually affect the future (so called leading indicators). If you find them, they don't last more than a month or so because a lot of people find that they work, and the markets adapt. With regard to nets, you must be thinking that since they study hundreds of bars of inputs, that all previous bars are also in the input set, so to speak. Only the inputs of the current bar are used to make a forecast by "comparing" the current bars' inputs with the inputs of all bars that have been studied. Some nets, like our recurrent nets in our Neural Indicators addon, automatically feed into the inputs a historical "context", making lags less necessary. Our Adaptive Net Indicators addon has nets that automatically feed in a large number of lags. Unfortunately, however, the more inputs you feed a net (or any type of model really) the more you tend to overfit. You can actually get a great net just feeding in random numbers as the inputs if there are a lot of inputs. That net won't do well into the future, however. That is the main reason we suggest using only about 4 or 5 net inputs.

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Cost of Staying in Trade Overnight

Date :10/23/2004 6:05:05 PM Poster : Steve Eberbach

A feature I want to see added in ver 5.0 is the ability to specify the cost of staying in a trade overnight, usually expressed as a percentage, as is done for daytrading brokers.

The trading site "Dukascopy" http://www.dukascopy.com/english/welcome/ allows trading stocks in the same style as FOREX, specifying spread in "pips", or Percent points, using large leverage as is typical in FOREX.
This is an interesting and quite appealing alternative to the larger spreads and more complicated spread structure involved with using options, and is certainly easier to simulate in a computer for the purpose of deciding tradability.

Their commission is an entry spread percent charge, plus an overnight percent charge. These charges vary with the instrument traded.

If more brokerages move to this paradigm in the near future, and I'll bet it will happen soon, it would be cool to be able to simulate this in the costs dialog of NST.

Anybody else interested in this??? Please comment!

Steve Eberbach

Re: Cost of Staying in Trade Overnight

Date :10/25/2004 7:10:30 PM Poster : Maciej

Steve,

Dukes looks like a variation on so called spread betting that's popular in the UK - another site is the CMC Deal4Free. The interest in these is essentially based on the level of spread - when a market is liquid their spread is small and therefore interesting. However this spread can become bigger than the cost of a contract say for the mini DJ as it becomes progressively less advantageous compared to a normal broker as you increase the bet size. Another reason for these types of sites' popularity is that for UK residents all gains are tax free which is not the case for normal brokers. The biggest issue with them from a NSDT perspective is the data can only be approximated as they do not provide data downloads of their bid / offer prices which in my experience are not a simple question of a couple of pips either side of a say Esignal price. Their spreads tend to be slanted against you depending which way they think the market is going so their use for day trading is not compelling.

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Re: Cost of Staying in Trade Overnight

Date :10/26/2004 9:16:13 PM Poster : Steve Eberbach

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Date :11/6/2004 2:45:20 PM Poster : Steve Eberbach

Thanks, Darek, I appreciate that. When I am ready, I'll get back with you.

For Now, I am still comparing the prices from Dukascopy, which are freely downloadable from their site for import into Excel, with the spot prices and the futures prices from TradeStation, who is presently a broker for me, and primary data supplier. Unfortunately this is tedious work and is taking me some time.

As Maciej says, this trading of "Contracts for Difference", (by the way, the best keyword I have found for searching thru Google for new brokers of this type of derivatives) seems best suited for swing trades which by nature often are kept overnight.

What I will need in the way of historical data later on, is samples of the data from the various vendors of "Synthetic Price Data" which includes the "slants" Maciej mentions, so I can see if their slants ruin my limit orders. I could get data from Dukascopy, but not Deal4Free.

I got a reply from Dukascopy and I quote some information from their letter:

"...the price that we use in our system for each 10 seconds is (high+low)/2 of the last 10 sec candle. Also the 10 sec delay is not included in our historical files (if you are talking about our CSV data). You can simulate this delay yourself by activating your trading orders at the price of the next 10 sec candle. As to our price quotes, they are different from the quotes supplied other quoters by a few pips: we take these into account while generating our quotes. Finally, our stop loss/take profit orders are treated the same as regular orders in terms of commissions. There is a small extra charge for Price Guarantee orders (they guarantee opening/closing an order at an exact price; our regular orders including stop loss/take profit orders open/close at a price of the next 10 sec price tick). The value of this extra charge can be viewed while generating such orders from base-DDS.
We hope this was of help..."

My swing trading strategy relies on using limit estimates to get my orders ahead of other traders' stop orders, so I will get filled when my anticipated limit gets matched against the stoporders put in after my limits are put in. I am afraid that the traders working closer to the data vendors might see my orders and match theirs (inhouse traders) and skip over mine, unless I can leave enough money on the table so that there are enough stop orders past my price that I am sure to get filled.

So the historical data I am looking closely at is what their reported Highs and Lows are in comparison with other data sources, in various time frames, as well as how honestly they report the volume in a timely manner, so I can calculate the liquidity of the market near these highs and lows. I am interested in whether others in this forum have done any such data checking, and what they found out.

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Dukes looks like a variation on so called spread betting that's popular in the UK - another site is the CMC Deal4Free. The interest in these is essentially based on the level of spread - when a market is liquid their spread is small and therefore interesting. However this spread can become bigger than the cost of a contract say for the mini DJ as it becomes progressively less advantageous compared to a normal broker as you increase the bet size. Another reason for these types of sites' popularity is that for UK residents all gains are tax free which is not the case for normal brokers. The biggest issue with them from a NSDT perspective is the data can only be approximated as they do not provide data downloads of their bid / offer prices which in my experience are not a simple question of a couple of pips either side of a say Esignal price. Their spreads tend to be slanted against you depending which way they think the market is going so their use for day trading is not compelling.

On 10/23/2004 6:05:05 PM Steve Eberbach wrote:
A feature I want to see added in ver 5.0 is the ability to specify the cost of staying in a trade overnight, usually expressed as a percentage, as is done for daytrading brokers.

The trading site "Dukascopy" http://www.dukascopy.com/english/welcome/ allows trading stocks in the same style as FOREX, specifying spread in "pips", or Percent points, using large leverage as is typical in FOREX.
This is an interesting and quite appealing alternative to the larger spreads and more complicated spread structure involved with using options, and is certainly easier to simulate in a computer for the purpose of deciding tradability.

Their commission is an entry spread percent charge, plus an overnight percent charge. These charges vary with the instrument traded.

If more brokerages move to this paradigm in the near future, and I'll bet it will happen soon, it would be cool to be able to simulate this in the costs dialog of NST.

Anybody else interested in this??? Please comment!

Steve Eberbach

Candlestick Indicator from Daniel Lyons

Date :11/5/2004 3:13:24 PM Poster : Harlan Mao

Hi every one,

I just purchased the NeuroShell Trader. I am new here.
I saw an article about Candlestick Indicator by Daniel Lyons.
There is a formula:
100 * (EMA(EMA(Close-Open,r),s)) / (EMA(EMA(High-Low,r),s))

Can Daniel or anyone here tell me what are r and s in the formula?

Thanks and best regards,

Harlan

Re: Candlestick Indicator from Daniel Lyons

Date :11/8/2004 1:17:45 PM Poster : JackR

Harlan:

I assume you are refering to the "Candlestick Indicator" article in the User Tips section of this site.

If you will open the article and look at chart's upper right hand you'll see the expression "BlauCSI(Close,Open,32,32,High,Low,32,32,32,32,100)". r and s are 32 and 32.

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Harlan

Re: Candlestick Indicator from Daniel Lyons

Date :11/9/2004 7:22:24 AM Poster : Harlan

Jack,

Thank you so much for the very helpful explaination!
Best regards,

Harlan

On 11/8/2004 1:17:45 PM JackR wrote:
Harlan:

I assume you are refering to the "Candlestick Indicator" article in the User Tips section of this site.

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Efficient template development

Date :11/13/2004 10:17:24 AM Poster : Phil Greenwood

I've been using NSDT for several months now; it's an exceptional piece of software in many ways, but I have grown frustrated with the menu driven approach to building templates.

For me this is perhaps uniquely cumbersome because I'm working a virtual net client remotely (in Nigeria), and the local end of the connection to my server - that has the NSDT software installed and faster data connections - is low.

Is there an alternative technique for creating templates so that I can write them remotely and then transfer the files to my server?

Thanks,
Phil Greenwood

Re: Efficient template development

Date :11/13/2004 2:20:36 PM Poster : Maciej

I would have suggested unauthorizing the software on you server and reauthorizing it on your local PC. Developing and then reversing the authorization when you need to be connected to a faster data link. I would have thought that devloping templates didn't require a fast link.

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Thanks,
Phil Greenwood

Re: Efficient template development

Date :11/14/2004 9:47:16 AM Poster : Phil Greenwood

Perhaps - a good suggestion; it's a solution I've considered, and I will do it if I can't get the more general issue of the cumbersome template development interface resolved. (No offense intended to the developers of this superb product - its a really minor issue).

Phil

On 11/13/2004 2:20:36 PM Maciej wrote:
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PowerBasic / Neuroshell Integer array passing BYREF

Date :11/15/2004 8:10:40 AM Poster : Phil Greenwood

Realizing that one results of my DLL routines was an integer array rather than a single array, as I had previously coded it, I change the code so that it passed a reference to an integer array back to Neuroshell - remembering to change the relevant settings in Neuroshell to ByRef Integer - and was surprised to find that it didn't like me doing it; the results were most peculiar.

Looking back, I deduced it was the first time I'd tried to pass an integer array back by reference to Neuroshell, so I'd like to ask if there's something I should know?

Are the lengths of Neuroshell / PowerBasic integers different?

Maybe it's something else?

I know the question is wide open, but there's a strong possibility someone here has trodden this path before, and recognizes the problem.

Also, along the same lines in PowerBasic, I've written a few subs in my DLL that are exported, and work fine, but now want to call them internally...I'm looking for advice on how to handle passing pointers to internal arrays and to external memory blocks...

Thanks in advance,
Phil

Re: PowerBasic / Neuroshell Integer array passing BYREF

Date :11/19/2004 5:41:25 PM Poster : Ward.net Webmaster

We aren't sure what happened, but here is our strong advice: Pass timeseries datastreams as double* byref. The Powerbasic type is pound sign for floating point double precision. Single precision floating point is OK too, but don't use integers. Pass counts, lookback periods, etc as long integers byval. The Powerbasic type is ampersand. One of our examples shows short integers, but that example was done before we had the DayTrader, where it is likely there will be more than 32767 bars.

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Re: PowerBasic / Neuroshell Integer array passing BYREF

Date :11/22/2004 9:05:19 AM Poster : Phil Greenwood

Thank you, that is indeed the information I needed. I have two further questions, which are related to this:

1) Is there a NULL output value for long integers?

2) Is there a resource that I've missed that answers these types of questions?

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Re: PowerBasic / Neuroshell Integer array passing BYREF

Date :11/24/2004 9:17:28 AM Poster : Ward.net Webmaster

There is no null for integers - since integers don't have fractions we did not think they should be used for time series. Most of the documentation for DLLs is on this site in "New and upated examples" and "Changes in Documentation" All of the examples use floating point and show you how to use pointers if appropriate for the laguage you are using. There may also be some scattered info in the Tips section too.

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Re: PowerBasic / Neuroshell Integer array passing BYREF

Date :11/25/2004 5:24:03 AM Poster : Phil Greenwood

Thanks again. For your information, the reason I'm using a time series as integers is to describe a measure of time (in discrete bars) since an event. So the reason I'd want a null value is when I haven't detected such an event yet.

Regarding the pointers, the none of the examples in that section showed what I was looking for - specifically, how to call a subroutine written for integration with Neuroshell from another subroutine written for integration with Neuroshell - passing all the inputs, but giving a different output time series array for further processing. This is useful if you want to build up complexity by testing modules of code one at a time, and essential if you want to do things that are even moderately complex.

For other's reference, here is a workable answer using the Byref :

SUB Routine1 ALIAS "Routine1" (BYVAL in_array AS SINGLE PTR, BYVAL out_array AS SINGLE PTR, BYVAL cnt AS INTEGER) EXPORT

DIM internal_array(cnt-1)

CALL Routine2(BYVAL in_array, BYREF internal_array(0), BYVAL cnt)

' Here is your code that would (presumably) further process internal_array and assign values to out_array.

END SUB

The second exported routine would be of the same declaration structure, so it too could be called from Neuroshell. Simple when you know it, complicated to figure out from scratch - every uncertainty complicates debugging exponentially.

There are some other bits of advice I received from the good folks at the PowerBasic forum about debugging...my thanks to Micheal Mattias for this info:

If you are using Pb/win 7+, there's a FAQ in the [PowerBasic] FAQ forum re using TRACE to find errors. Looks like you should run that. That will show you exactly where problems occur.

Also try this: make sure you are using #ERROR DEBUG ON and #REGISTER NONE, then run outside the stepping debugger.

Also: instead of calling a DLL, debug the Routine in a single EXE.

You can use something like this in your code..

```
%DEBUG = 0|1
#IF %DEBUG
#COMPILE EXE
#ELSE
#COMPLILE DLL
#ENDIF

<common stuff>

#IF %DEGBUG
FUNCTION PBMain() put test code here ....
#ELSE FUNCTION LibMain ...
#ENDIFFUNCTION Routine1 ( ....)
```

This more or less duplicates advice in this forum about debugging PowerBasic code, but is more convenient to switch on and off.

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Phil

Stocks and Commodities Magazine Tips and Trading Strategy Walk Forward

Date :11/19/2004 5:04:14 PM Poster : Steve Eberbach

I have noticed that most of the Stocks and Commodities tips use the Trading Strategy Wizard, and for NST Pro users, encourage experimentation with the Genetic Optimizer.

These tips, in my opinion, are among the best educational tools available for NeuroShell Trader, and are worth so much I would recommend buying all the back issues of Stocks and Commodities, just to read the articles and illustrate them with your own favorite trading Instruments and time scales using NST to draw your illustrations!

So here is another tip. This needs to be done with a spreadsheet, but it is a worthwhile educational experience, if you are doing learning instead of real-time trading.

Export a chart to your spreadsheet, using the price series chart you want to study further. In the spreadsheet, shift all your prices forward a period of time, for example one year, and "save as" symbol xxx-1.csv -- Repeat several times: creating xxx-2.csv, xxx-3.csv, and so forth. The same dates will contain older prices, one year delayed, two year delayed, etc. It makes sense, when you export to .csv files from the spreadsheet, to export a shorter range of time in each chart, so the last export contains your first imported data.

Put these in a folder in your miscellaneous data category along with your original up-to-date xxx.csv file. Then make a new chart, (xxx walkforwards), by first loading xxx.csv, then further loading the delayed charts, all having the date range of the primary chart page, but containing "walkforwards" as illustrated in the NST documentation. (I really call them Walkbackwards).

When you optimize a trading strategy with the Trading Strategy Wizard, the optimizer will then optimize all your delayed chart pages, calculate the followup "current backtests" and when you click on the various chart pages with the pulldown listbox at the top of your display window, the chart will switch plots to show you how all the walkforwards look so you can compare them. While this is tedious work to set up, I find it worthwhile, since it creates a sort of template chart which you no longer have to manually walk backward to see how consistently the trading strategy works using various time frames for optimizing and paper trading. Just plop in your Stocks and Commodities Magazine Tips trading strategies and indicators and run them once on your delayed set of chart pages of your favorite trading instrument.

Now, if only the new version 5 Trading Strategy Wizard would add a few checkboxes: "save best current backtest", "save best optimal backtest", "save best combined backtest", or dare I even ask?, "save best N current backtests". Then you could set the wizard to optimize across all chart pages, save the best current backtest (average), and voila! you have found a trading strategy which generalized best on the paper trading just after each optimization period.

This may work as a quick way for the developers of Ver. 5 to implement Trading Strategy Wizard walkforwards.

No optimal solution message

Date :11/23/2004 7:34:57 AM Poster : Phil Greenwood

I've recently developed some tools focussed on using the GA for high yeild set-up pattern identification and I'm running into the "No Optimal Solution - Try setting less restrictive parameters and settings" message. However, I'm intentionally being unrestrictive, to the extent where it's possible I could be accused of trying to "boil the ocean".

Is it possible that the GA isn't finding anything that produces a profitable trades because of too many degrees of freedom in my approach, but gives me the same message? Can it tell the difference?

It's also possible that my approach is complex enough for me to be unintentionally restrictive - that is I've made a mistake in the set-up - so clearing this question up would tell me in which direction to look.

Many thanks,
Phil Greenwood

> ***Re: No optimal solution message***
>
> Date :11/23/2004 10:35:55 AM Poster : Steve Eberbach
>
> Phil: I have had the similar experience, when I allow parameters to vary far away from those which would result in trades. If you have to look in millions of places before you get any trades, the G.A. will give up and quit, and you will get that message.
>
> Also, you may have inadvertently set a parameter range to forbid trades, through a typo.
>
> On 11/23/2004 7:34:57 AM Phil Greenwood wrote:
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> Many thanks,
> Phil Greenwood

Newbie looking to learn on stocks/futures

Date :11/25/2004 7:18:54 AM Poster : danno

Hello-

I'm new to the Trader, and I understand that it does best with instruments that are volatile and tend to cycle. Does anyone have suggestions as to some stocks or commoditites that I can take a look at as recent examples?

Not looking for any major secrets here...just some tips as to which instruments get started with so that I can get a feel for the Trader!

Thanks much,

danno

> ***Re: Newbie looking to learn on stocks/futures***
>
> Date :11/25/2004 1:37:47 PM Poster : Maciej
>
> I suggest that you could do worse than start with the major indices. You'll probably be able to recognise visually the stocks in them that are likely candidates and also confirm your ideas with some simple indicators among which ATR which can give the volatility. Only other caveat is to make sure that there is liquidity in that stock using volume. Otherwise you're on the right road.
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> > ***Re: Newbie looking to learn on stocks/futures***
> >
> > Date :11/27/2004 7:31:17 AM Poster : danno
> >
> > Thanks, Maciej. That gives me someplace to start!
> >
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Adding Text to a Chart

Date :11/27/2004 7:59:37 AM Poster : John Hegarty

Is there any way that I could append/include text to/in a chart. It would be helpful to be able to jot down initial design objectives etc together with changes made for each iteration. Clearly I can do this outside NST, but from within?

Re: Adding Text to a Chart

Date :11/27/2004 9:36:08 AM Poster : Ward.net Webmaster

Not now but that happens to already be in release 5.0.

On 11/27/2004 7:59:37 AM John Hegarty wrote:
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QQQ's Become QQQQ on NASDAQ

Date :11/29/2004 8:45:16 PM Poster : John Gotwals

On December 1 the QQQs will have their listing transferred to the NASDAQ National Market under the trading symbol QQQQ.

My data feed is Quote.com, and I am wondering what the ramifications are for using QQQ in a model on NeuroShell Trader Pro when part of the data is labeled QQQ and part is labeled QQQQ.

Has anyone had any experience with something like this, and if so, what advice do you have?

Re: QQQ's Become QQQQ on NASDAQ

Date :11/30/2004 3:43:38 PM Poster : Ward.net Webmaster

QQQ is still going to be in some kind of existence as far as we have been able to find out. Quote.com says they will still be sending data for QQQ (we'll see tomorrow!). However, even if QQQ still exists on Quote.com we would expect volume levels to be less as some people switch to QQQQ. So beware if your models depend on volume indicators. Hopefully they will convert historical QQQ data to QQQQ.

eSignal's forum posts indicate they will switch to QQQQ and that they will convert historical data, so we guess they will not have QQQ tomorrow. In that case, you should be able to easily switch from QQQ to QQQQ via add/remove chart pages.

If you want to start using QQQQ and you want to append it to historical QQQ data, you should load QQQ tonight and export a text file of all your data. Then rename the text file QQQQ. Put it in a folder and then Add Directory to that folder in NeuroShell. NeuroShell should blend the two together. However, there will still be volume issues as the QQQQ volume level may be different than the old QQQ levels.

If you go to download historical QQQQ data tomorrow, and it comes, then we should assume the vendors just transferred the QQQ historical dataover. In that case, all you should ahve to do is add/remove chart pages.

If you are using QQQ as Other Instrument Data, you will have to just replace it with QQQQ if QQQ doesn't stay around.

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Re: QQQ's Become QQQQ on NASDAQ

Date :11/30/2004 4:24:18 PM Poster : Ward.net Webmaster

The more we think about this, the more we think Quote.com and other vendors will follow eSignal and convert all historical QQQ data to QQQQ. If your vendor doesn't add QQQ historical to QQQQ, you should complain, because they should.

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Re: QQQ's Become QQQQ on NASDAQ

Date :12/1/2004 10:00:53 AM Poster : Ward.net Webmaster

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Re: QQQ's Become QQQQ on NASDAQ

Date :12/1/2004 1:47:38 PM Poster : Maciej

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Re: QQQ's Become QQQQ on NASDAQ

Date :12/1/2004 3:54:08 PM Poster : Maxwell Craven

Normally I would agree, except that quote.com has an extremely reliable network with fast downloads and tons of intraday back data that nobody else can come close to matching. I've already taken the webmaster's suggestion about text files and it works well so far.

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Date :12/2/2004 9:15:10 AM Poster : John Gotwals

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Re: QQQ's Become QQQQ on NASDAQ

Date :12/14/2004 12:14:10 PM Poster : John Gotwals

I have finally received a reply from Quote.com, and a portion of their message reads as follows -

"Thank you for your e-mail. Our engineers are working on merging the QQQ
with the QQQQ. We hope to have this issue resolved shortly. Thank you
for your patience."

Notice the lack of a definite commitment and time frame.

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We need an Objective Function that considers intratrade drawdowns
Date :12/3/2004 5:08:19 PM Poster : Brad Stern

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Re: We need an Objective Function that considers intratrade drawdowns
Date :12/4/2004 2:15:21 PM Poster : Steve Eberbach

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Date :12/5/2004 8:32:32 AM Poster : Steve Ward

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constraints
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Re: constraints
Date :12/6/2004 4:35:29 PM Poster : Matt Jarvis

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Several users have discussed the issue of custom fitness functions with me, but the only debate has been the priority, ie, when not if. True, I don't think it will be a silver bullet, but I do think it will be useful, and is certainly oft requested. However, the things in 5.0, like sending trades to brokers, new types of bars, drawing on the chart, workspaces of several charts, etc are things users and prospects alike request EVERY day. Sometime after these are introduced, I suspect we will get to custom fitness functions, but it won't be easy to build, or we probably would have just tossed it in by now. There are many features being requested, but we have to make priority choices. For example, one user is vehement that we must be able to pass strings to a DLL, and he is quite mad with us that it isn't there yet. I agree with that too, but should that and custom fitness functions be programmed before new bar types and a broker interface? I'm thinking that once 5.0 is out, we need an automatic online voting system so we can see objectively the level of interest in the various feature requests. Contrary to what some of you believe, we don't implement features based on MY trading needs and desires (we only develop add-ons based on that, because add-ons are done by other programmers who normally work on our other non-trading products). So I continue to encourage more of this discussion.

On 12/4/2004 2:15:21 PM Steve Eberbach wrote:
Brad: I agree almost completely. I have long debated (even with Steve Ward) the need for being able to define objectives of trading.

Recently, I have concluded that really we need even more to set constraints on trading so that the optimization does not waste time looking at possibilities which are impractical, as there are so many. Better, I think, to be able to set limits on an indicator you can write with NST development tools: "Total Intratrade drawdowns", or "median intratrade drawdown", or "average intratrade drawdown", or "average of worst 10 percent of intraday trade drawdowns", and tell the optimizer to skip the whole calculation and "kill" the candidate if the constraints you choose are violated, or violated "too much", (softer constraint which penalizes the objective function) After all, the objective really is Profit, but other considerations are so unique and there are so many that it would be hard to fit them into even a laundry list of magic objective functions. And it might be too hard for users to learn a whole new art of objective function design. See Google for "Sortino Ratio", for example, and you'll see it's a can of worms.

And better with respect to adding more complexity to NST to simply enable an indicator YOU DEFINE with tools already in NST to constrain the training, I think. Let the optimizer deal with simple objectives, but be able to block the blind alleys where you find them and fix mistakes the objective function is too simple to deal with.

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P.S. Given his track record so far, Steve Ward might even be able to figure out a way to optimize your own constraints!

On 12/3/2004 5:08:19 PM Brad Stern wrote:
Of all the objective functions in the trader available when building a trading strategy, none of them consider intra-trade drawdowns (give back of profits). All that matters is if you lose money from the entry price. If you ride a Parabolic trade up 100% and then have the price go all the back so that the trade closes out with a 1% gain, the objective functions view this as ok as long as the 50% decline in P&L did not occur from your entry point. If any of you think an objective function that considers intratrade drawdown to optomize on is important, please let Steve know. Currently, this is not considered to be desired by a majority of users.

Re: constraints

Date :12/7/2004 4:08:23 PM Poster : brad stern

Thanks Matt.

Now all I need is custom fitness functions
Big priority for me. Thanks steve for considering this

On 12/6/2004 4:35:29 PM Matt Jarvis wrote:
Brad, take a look at maximum/minimum value since entry activated.

On 12/6/2004 10:00:17 AM Brad Stern wrote:
Hi Steve's and thanks for the input.

While constraints to speed optimization would improve the program, there is nothing that looks at daily P/L drawdown from a peak. Therefore, the ability to make custom constraints would not benefit me here.

On 12/5/2004 2:08:57 PM Steve Eberbach wrote:
Steve: (and others interested in "fitness" definition)

By debate, I DID mean priority, since this has been an issue for a long time, and back in the days we made a voting wish list, the fitness issue was high on the priority of wishes, but people also realized that the effort required was so great, that when required programmers' time is added into the mix, that cost trumps the "priority" of having a full blown Fitness Wizard.

The biggest reason I suggest using constraints in optimization is because I thought that would be much easier and faster to implement as a first step to making the whole Genetic/Neural optimization package more complete, as it already is in GeneHunter. Easier and faster means sooner. I would rather have a little now, than the whole enchilada someday in the distant future. After all, we gotta walk before we can run.

Secondly, I feel that even simple constraints can solve over 90% (maybe even 200%!) of the job that would be done by writing fancy custom fitnesses. This is evident when you look at Ranier Storn's Differential Evolution page on the internet:

http://www.icsi.berkeley.edu/~storn/code.html

Since the Indicator Wizard is already highly developed in NST, and since GeneHunter is also already embedded in NST, I thought that some integration of what is already programmed could be done quickly, and that once users got ahold of even a rudimentary capability, everyone might be able to explore and discover exactly what, if any, more work needs to be done on custom user programming of fitness.

Additionally, I still believe that simply adding an ability to penalize already existing NST fitnesses (by using the Indicator Wizard to write a "cost" indicator which can be applied to each trade just like a slippage or commission cost, right in the costs dialog box) also could handle (most of) the job that custom fitness functions would do. That suggestion was my way of asking "wouldn't it be easier to accomplish much of the purpose of custom fitnesses without a major rewrite of the whole NST program structure?" That way, a small part of the if and "when" could happen now, rather than someday after all the newer more pressing wishes which keep growing like mushrooms all get finished.

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Re: We need an Objective Function that considers intratrade drawdowns

Date :12/6/2004 1:50:21 PM Poster : Ward.net Webmaster

We're certainly willing to entertain more objective functions, but we actually already have a function that considers intra-trade drawdown. It is:

MaximizeReturnOnAccount*EquityCurveCorrelation

If you take a look at an equity curve you will see that it does change intra-trade. Many traders consider a smooth but rising equity curve to represent an optimum system. Our goal with this function was to duplicate what what we felt most traders look for anyway.

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Bug in trading systems using Strategy Wizard

Date :12/4/2004 3:01:08 PM Poster : Steve Eberbach

Lately I have been working on feeding signals of one Trading Strategy into another, and getting incorrect results.

Sometimes the Trade by Trade results do not agree with the summaries, and dates and times get scrambled. I have not found a good way to duplicate this for debugging, but I have learned ONE thing to look for to avoid writing bugs into complex strategies.

That is: Trading Strategy Signals occur on the close of the bar preceding the bar of execution. The Wizard does not, however, distinguish when you specify "Long/Short entries exit existing short/long positions, whether the exit should occur on the open or the close of the next bar. If, for example, you use a strategy which enters long or short on the close, and combine with a strategy which exits at market, the first strategy's(A) signals will always tell the second(B) to exit on the open, when you meant to tell it to exit on the close if the exit was signalled from strategy A's position reversal, and at the open if it was from your other exit rules in strategy B.

I thought I made millions on paper this way, only to find that some trades happened in testing before I realistically would have the needed information.

Re: Bug in trading systems using Strategy Wizard

Date :12/5/2004 8:17:15 AM Poster : Ward.net Webmaster

It would be really nice if you could send us the chart next time you see this. We are ready to test a bugfix 4.6 release right now and we could fix it in that release if you get it to us fast enough.

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Re: Bug in trading systems using Strategy Wizard

Date :12/5/2004 2:59:22 PM Poster : Steve Eberbach

Steve:

The charts I have seen scrambled dates are huge, and use custom indicators.
I will try to derive something smaller which exhibits date scrambling.

The other issue, a simpler one that I described in my post, ie that using longs or shorts as well as "exit" to exit one strategy causes "exit" signals associated with the reversal strategy to merge with the reversal signals, so there is an uncertainty of one bar's time delay of when that signal should cause execution of a trade when the trade is executed in a second strategy which uses the first strategy' exit signals as a condition.

I think the bug in the trade by trade arises when an exit is requested to occur (on the open) before its associated entry on the close. I could send printouts of the charts and tradebytrade dialogs to illustrate the discrepancy, and maybe use standard rather than custom indicators if you need a complete chart rather than just outputs.

Steve

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Fuzzy patterns and Markov Models

Date :12/11/2004 5:18:19 AM Poster : Phil Greenwood

I've recently started exploring Markov Models for pattern recognition, and before starting to taking the plunge and committing lots more time to research (and possibly add-on development), I'm interested in finding out how similar these are with the existing fuzzy pattern add-ons.

Markov Models are used extensively in speech recognition applications, whose time series data are similar in many ways to financial data; patterns may have variable lengths, numbers of segments, amplitudes, noise, segment curves etc. Furthermore, the need for speed is high in speech recognition.

My research stems from a concern that I have with the Fuzzy Pattern add-on, which is that it doesn't allow for time distortion of the pattern...The fuzzy patterns in the add-on have a single setting for segment size - leading to the same number of bars per segment of the pattern. This seems to me to be a weakness, but perhaps this is an intentional design decision, but I would be interested in understanding more about how this decision was made and its rationale...

Thanks for any insight you can provide,
Phil Greenwood

Re: Fuzzy patterns and Markov Models

Date :12/12/2004 7:40:47 AM Poster : Steve Ward

You can always put more flexibility or features in an add-on, especially when you are breaking new technical ground as we have done so many times. We could have also allowed more segments or more than five slope levels. The question becomes when does the additional complexibility increase the likelihood of overfitting? What new features increase the confusion for users without corresponding increase in the probability of better models going forward? For example, instead of a longer segment in the midst of shorter ones, would two adjacent short segments both with the same slope level produce results almost as good? At what point is more juice not worth the squeeze? It's hard to know, so you just stop where it feels right. You can always add more later if you become convinced it's needed.

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Thanks for any insight you can provide,
Phil Greenwood

Gathering Intraday Data-an Inexact Art

Date :12/13/2004 11:47:44 AM Poster : Steve Eberbach

I wish to point out the excellent article in the section entitled "Known Bugs...Warnings"

It is this problem I am wrestling with now, for good reason: The G.A. in NST has pointed out to me (rather convincingly) that the inexactness of data feed timing is the best property I can find so far which generalizes better out of sample than in sample! My theory is that computerized trading tools are being used at a rate increasing faster than the rate of the data vendors' and platform vendors' ability to get the time-sync bugs out. So many people are trading stale data, or are trading data that is not even valid yet and don't even realize it. This creates a statistically powerful opportunity because you know that when you have a fast and steady-delay data feed you know others will react in a statistically valid and repeatable way over a short time interval after your computer has already given its signals!. Did you ever wonder why there are gaps at half hour, ten minute, five minute, and one minute bars????? So we little traders need to simply get our bars in a row, so to speak, and we get several ticks' edge.

One man's ceiling is another man's floor. The glass is not half empty, it's half full. One Trader's Stop is another Trader's Limit.

Anyway, I need to get resolution of this fast-trading timing in the Trading Strategy Wizard soon. It will give NST users an edge. I will get to the bottom of it before the next test release, if I possibly can, even working all-nighters.

Steve Eberbach

Training and Optimizing times

Date :12/16/2004 4:27:45 AM Poster : Spyros Constantinides

Dear Steve Ward,
Well done for a nice product, generally I am happy with neuroshell but I think it needs major improvement.
My models finish training and optimizing roughly in 5 minutes, which I find, unacceptably quick. By definition neural networks and genetic algorithms don't find the best solution but try to come close. So I think the accuracy would improve a lot if the training and optimizing took for example 10 hours. I use daily data. I feel no matter how good neuroshell is I don't think it can find the best model so quickly. I have experimented with all the functions in the program. Is it possible to modify my product for extended training and optimizing? Will you have this feature in new updates?

Re: Training and Optimizing times

Date :12/16/2004 11:06:35 AM Poster : Steve Ward

You'll be glad to know we already have the ability to set the time that optimization takes place. You can shorten it or lengthen it. You can make it 10 hours if you want. You may not have seen it because you may not have turned on all your options yet. Turn them on and then look at the optimization tab. In addition, if you set your neural nets to 80 hidden neurons, they will train even longer because you'll get tighter fits. But for the record, we disagree with the premise that longer is better. Often longer means overfitting. The other thing you have to understand is that you are not dealing with backprop nets, which have a crude and therefore slow training method. If you have used backprop nets before, forget everything you learned and start over - these nets are different!

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Re: Training and Optimizing times

Date :12/21/2004 5:19:54 AM Poster : Phil Greenwood

Spyros's message got me thinking: How are the estimates of training and optimizing times calculated? I'm doing an optimization at the moment that it started off estimating to take 6 hours, and it is now estimating three days and change - and it's been running all night. (It's a research oriented, "outcome agnostic" test, rather than a conventional trading system optimization, so the long run is OK).

This behaviour isn't unexpected because some of my parameters turn other parameters on and off, but I'm curious about how I should allow it to set my expectations - presumably in this case it's feasible it could be ready for Valentine's day... or maybe if I'm lucky I get an early Christmas present!

And also, how does the GA / Neural Net know when it's done? I don't recall ever setting such a criteria!

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Re: Training and Optimizing times

Date :1/12/2005 5:19:50 PM Poster : Steve Ward

GAs never know when they are done, because there is no way to know if the "best" solution has been found already or not. You can only decide if the current best is good enough, or if finding better solutions is getting harder. Our GA algorithm just stops if a better solution hasn't been found in so many generations (there's an internal algorithm that estimates that.) That's why we added the ability for you to make it go more or less time. By the way, trailing and other stops greatly increase the time to optimize, because backtesting them is soooo much slower. Anything that estimates 3 days either has stops, or is way too complicated in my opinion. There's a nice tip explaining that called "When optimization is really slow".

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High-Frequency Bars

Date :12/23/2004 4:36:37 AM Poster : Allan Kaminsky

My custom trading program uses higher-frequency bars than 1 minute. No, they're not ticks or tick-bars. They're arbitrary time-based bars, such as 6-second bars. And yes, they're not all noise, but good, coherent bars with tremendous, useful detail. Is there, or will there be, any way to do such stuff with NST?

Re: High-Frequency Bars

Date :12/25/2004 5:39:16 PM Poster : JackR

Allan:

I don't believe they are available now, I'm not an NSDT user, just a NST user so they might be available in the Day Trader. However, last summer there was a post in this forum that said:

"In release 5.0 we are currently planning to have N hour, N minute, N second, N tick, and N volume bars ... although some combinations (i.e. 1 tick bar or 100 volume bars, or 1 second bars) will probably be pushing the boundaries of how fast the Trader can evaluate each bar."

Since 5.0 should be out next year sometime it looks as though you'll get what you want then. Of course, planning a feature and delivering it are not the same thing.

Jack

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Favorite add-on?

Date :1/9/2005 7:12:59 AM Poster : danno

A question for those who are experienced in using the Trader to make profits:

What add-on(s) have you found most useful in generating accurate, tradable signals???

Danno

Re: Favorite add-on?

Date :1/10/2005 8:50:08 AM Poster : Richard Cohen

I don't have them all because I've only had NSTP about 6 months, but I've done quite well with adp turboprop and fuzzy sets. Sometimes I use them together, usually inputting FS into AT, but you can also use FS to analyze AT or other net outputs. The big key for me was not to optimize all the parameters, just a few. I'll lock in the trainbars, aheadbars, retrain, and sometimes even the hiddens. In the FS I'll lock in the number of sets and the some of the parameters of the indicators I am fuzzifying. Also I like to link parameters of the buying indicators to the symetric ones in the sell rules. Returns aren't as good when you don't optimize as many things, but the results seem to last longer when trading. Let me know if you (or anyone else) find the same.

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Danno

Re: Favorite add-on?

Date :1/14/2005 7:32:08 AM Poster : danno

Great feedback, Matt & Richard. Thanks.

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Re: Favorite add-on?

Date :1/11/2005 4:50:23 PM Poster : Matt Jarvis

Danno,

Ehlers Cybernetic works well for me as I think I mentioned before.

Matt

On 1/9/2005 7:12:59 AM danno wrote:
A question for those who are experienced in using the Trader to make profits:

What add-on(s) have you found most useful in generating accurate, tradable signals???

Danno

Signal and Noise step request

Date :1/17/2005 6:14:53 PM Poster : Sunny

I have lately been trying without any success to use NeuroShell DT to separate noise and signal.

I was wondering if anyone who has already done this would mind telling me what tools and steps to follow in order to achieve this.

What inputs should I be using?
What should be the objective function?

Regards,

Sunny

Re: Signal and Noise step request

Date :1/18/2005 11:49:08 AM Poster : Sunny

In particular, I am intersted in using wavelets and Fourier transforms.

Re: Signal and Noise step request

Date :1/18/2005 4:13:52 PM Poster : Bertrand

Hey Sunny,

if you can outline a bit more what project you are trying to accomplish, there can be more specified recommendations.

I had very good success for my applications with the Trader; I use Jurik's MA (& also others) very often to noisefilter all in & outputs before feeding them into any net. This ussually stabilizes the net & reduces the forecast error...

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Best of luck,
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Re: Signal and Noise step request

Date :1/19/2005 2:55:18 PM Poster : Sunny

Bertrand,

Thank you for your reply.

I am trying to learn how to use wavelets and fourier transformations to separate noise and signal. This was my original post; however, I forgot to mention the technique I wanted to use to accomplish this. Silly me. :)

On a different subject, I saw that you are using Jurik's tools. Have you used the DDR and WAV tools? What is your experience with them, and how do you use them?

I tried using the DDR; however, I have been having some problems with its use. It is not meeting my needs or expectations. It will only take a limited number of inputs at once.

WAV I have tried using it in a cascading forecast chart at the first cascade level, but because it will only take one input at a time, I am using it together with other indicators at this first stage. I was able to decrease the overall training average error of the prediction, but not by much. This indicator also did not meet my needs or expectations.

In addition, to this I have been trying the checkbox that is supposed to balance the prediction with equal posilve and negative inputs. Have you used this checkbox? What is your experience with it? The checkbox is located under the training tab in prediction parameters. It is supposed to adjust the training set for trending markets by evenly distributing training bars.

It seems to lower my number of winners - losers, it lowers my percentage of correct signs; however, it increases the ratio of gross profit/loss, and it increases the ratio of avg. win/avg loss, and to be honest I am puzzled by this.

Overall, I would say that in the final cascade effect the annual return increases. The whole thing seems counter-intuitive, but it seems to be sort of a trade-off.

Regards,

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Re: Signal and Noise step request

Date :1/19/2005 7:36:57 PM Poster : Philippe Lonjoux

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Re: Signal and Noise step request

Date :1/20/2005 2:24:44 PM Poster : Sunny

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Re: Signal and Noise step request

Date :1/21/2005 1:50:47 PM Poster : Philippe Lonjoux

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Re: Signal and Noise step request

Date :1/23/2005 4:19:22 PM Poster : Sunny

Philippe,

Thank you for your response and your comments.

The first paper had crossed my path; however, as they mentioned in the paper "Choosing the numbers of input and hidden units is something of a black art,..."
I would extend this in my case for the usage of the wavelets themselves. :)

The second paper seems to be unavailable in the internet.

I will keep you informed if I happen to make any progress with this.

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Re: Signal and Noise step request

Date :1/24/2005 7:53:42 PM Poster : John Gotwals

You might want to consider the WaveFin add-on to NeuroShell. This package consists of Morlet wavelet and Gabor filters and includes a 73 page primer titled "Signal Processing for Financial Series". I have not had any experience with this package.
See http://www.neuroshell.com/addons.asp?wavefin

Re: Signal and Noise step request

Date :1/20/2005 4:46:38 AM Poster : Phil Greenwood

A couple of observations:

You could do worse than explore John Ehlers' insights about using Hilbert transforms vs. Fourier transforms. His we site goes into this issue at www.mesasoftware.com. His point is simply that Hilbert transforms are quicker (require less data to come to an answer) than Fourier transforms.

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And a traditional approach is to use a moving average...and there are many you can choose from from the "800+ indicators". I must stop sounding like a salesman...

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Position Sizing Trick?

Date :1/18/2005 11:19:45 PM Poster : stephen

Is there any way to do position sizing when inserting a trading strategy in a Nueroshell chart? I just see three options, fixed number of shares, fixed amount of shares, and bet the current balance.

> ***Re: Position Sizing Trick?***
>
> Date :1/23/2005 2:50:48 PM Poster : Maciej
>
> I'm not sure if the method I use for position sizing will be suitable for you. In any event it's a fairly crude method but it can work. It essentially works by setting up additional trading strategies triggered by a a previous one. Thus if trading strategy#1 is triggered, then trading strategy#2 can be triggered by trading strategy#1 plus any other criteria. This works for pyramiding.
> Its not ideal but one day NSDT perhaps will further enchance the trader's side (money mangement) rather than the intellectual side of the product.
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> >
> > Date :1/25/2005 7:40:44 AM Poster : Phil Greenwood
> >
> > On the original subject, I prefer to think of scaling-in and scaling-out of positions as independent trades, rather than linked trades and independent strategies, but perhaps you're trying to sort out a sum. I think that these trades are not interdependent; the risk / reward of the outside trades (longest time period) and the inside trades (shorter time periods) aggregate up and balance out in a simple statistical fashion...
> >
> > Maciej, I agree with you that it's a phenomenal product, and also that there are one or two gaps to plug...fingers crossed for Version 5!
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> > In the spirit of continuous improvement, rather than complaint, I've got a couple of thoughts on the subject of improvements:
> >
> > I'd be interested to be able to allow the the margin rate to be optimized with the trading strategy, and also include some time-based costs in the mix (such as average cost of capital, management fees and opportunity cost). At the moment I do these off-line, and manually optimize my leverage.
> >
> > I'd like to be able to save a strategy before optimizing and backtesting.
> >
> > If you're optimizing a lot of markets, there's quite a long delay between starting the optimization and the question dialogue that askes whether you want to start with the old parameters. Sometimes I walk away and come back a couple of hours later to find the software has done nothing!
> >
> > I still find the strategy development process a bit cumbersome - particularly when setting the optimization ranges.
> >
> > I'd love the trading rules inspection box to word wrap, rather than use a slider.
> >
> > I'd love to be able to compare optimized parameters for different markets without having to open each strategy and copy the rules onto notepad - but also if they were presented in the same format as the original trading strategy in the wizard, they would be much clearer too!
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> > I guess these things become feasible with cheaper computing power? This is probably the wrong forum for that shopping list, but hopefully nobody minds too badly.
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> > > ***Re: Position Sizing Trick?***
> > >
> > > Date :1/25/2005 7:25:32 PM Poster : Stephen
> > >
> > > Thanks for the suggestions. I was thinking along the lines of multiple trades similar to Phil, but hadn't thought of the strategy feeding a strategy approach suggested by Maciej. - Stephen
> > >
> > > On 1/25/2005 7:40:44 AM Phil Greenwood wrote:
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Challenge for programmers

Date :1/19/2005 8:10:39 PM Poster : Sunny

To everyone:

I am not a programmer; however, there is a big gap in NeuroShell with regards to having a standard for inputs.

For instance, I think that everyone agrees that normalizing, N, and detrending, D, the data provides in many cases better results as compared to using raw data.

However, there is a catch. In order to process the raw data through this technique N&D it has to be entered by hand. This mean every high, low, close, open, and volume field has to be entered manually for every choice of N & D.

I have a better idea why couldn't NeuroShell, NS, do this for us.

I would like an initial module that allows the user to choose the data from several different categories, and then NS would spend some time determining which combination of N & D (NS would have a predefined set of N & D formulas to choose from) would provide the smallest error or the highest R-squared or some other statistical measure with regards to a set of indicators (a second set, defined by the user)
which could be used for predicting a future value. No optimization would exist at this stage. This would simply be a quick and dirty set of tests to begin the real work. However, I believe that the time spent at this stage could determine from early on the success or failure of a given strategy.

The advantage of this work is that we would get the following:
1- normalization of the data
2- detrending of the data
3- a match between inputs and a variable to predict
4- a considerable savings in time
5- more robust models

With something like this almost everyone using NS would have at least one or two great predictions with which to work from.

So my challenge is the following:

Is there someone with sufficient programming skills willing to undertake such a project?

I would like to hear from everybody. Perhaps there is someone with a different approach, a different idea, or perhaps a solution.

Regards,

Sunny

> ***Re: Challenge for programmers***
>
> Date :1/23/2005 2:37:10 PM Poster : Maciej
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> Sunny,
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> It's not in NSDT but by combining Jurik's dlls and optionally with the Bowfort templates you can do some of what you are searching for. Look at the DDR among others. This is essentially a two step process so essentially for day data.
> It should help you eliminate inputs that are not useful.
> I tend to agree with you that this type of ability to improve the inputs would be a useful enchancement to NSDT. Who knows perhaps Steve Ward will take up this challenge.
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> Regards,
>
> Sunny
>
> > ***Re: Challenge for programmers***
> >
> > Date :1/25/2005 7:50:17 PM Poster : Sunny
> >
> > Maciej,
> >
> > Thanks for the idea.
> > I will try your two step idea.
> >
> > Perhaps you are right, and we can get Steve onboard.
> >
> > Regards,
> >
> > Sunny
> >
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Normalizing other instrument data
Date :1/20/2005 4:51:48 AM Poster : Phil Greenwood
If you're using other instrument data as an input to a neural net, is it possible (or necessary/advisable) to normalize it?

Thanks,
Phil

Re: Normalizing other instrument data
Date :1/20/2005 9:48:44 AM Poster : Steve Ward
All inputs to all of our nets except the addon Adaptive Net Indicators (ANI) are normalized with respect to each other within the nets already. If you want to do more, it probably won't hurt anything, but I doubt it will help much. None of the nets normalize inputs or outputs with respect to time, which is why it is important to use indicators or use change/percent change instead of raw prices. The only time you might get away with raw prices is when the history was basically at the same price level.

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Re: Normalizing other instrument data
Date :1/21/2005 9:33:48 AM Poster : Kermit
Hi Steve,

Is there any way to remove a seasonal tendency from data, or have you given any thought to how this might be done? The method I use is to export the data to a spreadsheet, remove the long term trend (not always easy), and then remove the seasonal as best I can. I am looking for deviations from what should be expected seasonally.

Kermit

PS - Tell Andre that I love the Hodrick-Prescott filter that he programmed when doing things like this.

Re: Normalizing other instrument data
Date :1/24/2005 3:28:18 AM Poster : Phil Greenwood
So if I'm using a price time series as another input to a regular NeuroShell Turboprop neural net, is it advisable to input the log, or deviation from a long term average, of the price to normalize this data against time?

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Re: Normalizing other instrument data
Date :1/24/2005 5:00:10 PM Poster : Steve Eberbach
I like to use the differences of the logs from one time sample to the next: 100 * (ln(data [0])-ln(data[-1]). Also you can modify the usual percent change by substituting a two point average of the two data points instead of just the latest data point as the basis for what the change is a percentage of. (2 * (end - start) / (end + start)). The advantage of the first (change of logs times 100) is that 50 up means doubling, while 50 down means halving. Both have the desirable property that an average or cumulation of this type of "% change" will not acquire a "bias" or "offset" over time when there is no trend in the original data series. Sometimes this gives better results over long time periods than the usual % change definition. The redefined percent change formula is almost equivalent to the first formula if the percent change is less than 5 %.

Another formula I use is, in NST formula language is:
Mul2(Sub(Ln(Avg(Time Series, AvgPeriods)), Lag(Ln(Time Series),Periods Back)), 100)

This is the difference between the log of an average and the log of a lagged data point times 100. This is a good target to predict into the future. If the lag is zero, it makes a great normalizer of current data. It also has the benefit of no cumulative bias for a sequence of halvings and doublings, but no trend in the original data series. It also means that the size of the short term wiggles does not change the slope of a long term trend in your normalized data. It will not distort the slopes of your regression lines. It is more meaningful when your data is volatile.

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Re: Normalizing other instrument data
Date :1/25/2005 7:47:50 PM Poster : Sunny

Steve Eberbach,

You are great. :)

I tried your difference of logs, and I got great results.

Perhaps you would not mind replying with an exact NS formula for your ideas (counted 3 so far).

If you are ever interested in giving a short course on using NS, you can count me in.

Regards,

Sunny

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Re: Normalizing other instrument data

Date :1/24/2005 5:22:30 PM Poster : Steve Eberbach

Correction:
In my last post I forgot to multiply the second formula by one hundred to get percentage points instead of decimal fraction. The multiplier should be 200, not just 2.

On 1/24/2005 8:37:41 AM Steve Ward wrote:
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Fourier Transform indicator

Date :1/20/2005 5:39:45 AM Poster : Sunny

Does anyone know whether the Fourier Transform indicators included in NeuroShell are the normal Fourier Transform or the Short-Term Fourier Transform?

Why?

To begin, I read several posts of people trying to use them; however, some of them had problems with their use.

After researching a little bit, I found the following (ideas below belong to Robbi Polikar):

The Fourier Transform is not a suitable tool for analyzing non-stationary signals, signals whose frequency constantly changes in time. We can obtain the frequency components of the signals; however, we cannot obtain the times when the frequency components occur.

The Short-Term Fourier Transform, on the other hand, is a function of both time and frequency (unlike FT, which is a function of frequency only).

For a complete version of these idea you may go see them at the following address:

http://users.rowan.edu/~polikar/WAVELETS/WTpart2.html

Re: Fourier Transform indicator

Date :1/24/2005 3:06:05 AM Poster : Phil Greenwood

Looking at your reference, the author seems to make a pretty compelling case for using Wavelet transforms rather than FFTs...read further, parts 3 and 4.

Phil

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Re: Fourier Transform indicator

Date :1/25/2005 8:01:52 PM Poster : Sunny

Phil,

You are right.:)

You might want to look at my post of the 18th.

I have been looking at wavelets as a possible solution.

My biggest problem is how to use them. I have located thanks to Phillipe some possible ideas to pursue; however, I am at the very early stages.

Regards,

Sunny

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Missing quote.com daily data for 1-14-05

Date :1/21/2005 10:59:46 AM Poster : Ward.net Webmaster

Quote.com's web site said they had an outage 1-13-05 but that any data missing would be replaced by 1-18-05. However, as of today 1-21-05, we have noticed that daily data is missing for 1-14-05 for QQQQ, XOM, and probably other stocks, both in NeuroShell and in Qcharts. SPY was previously missing but they got that corrected. We will let them know about this, but you may want to check to make sure that data missing for Jan 14th does not affect your models. After they get it corrected, you will probably have to use the Manage Files button to delete daily data for any stocks that have missing data, and then reload it. Intraday data looks OK, because daily and intraday are two different data streams.

Optimizer

Date :1/26/2005 1:53:50 PM Poster : Mark B.

Hi, In reviewing a question asked about optimizing times, Mr. Ward responsed that it was possible to set the amount of time the optimizer ran. If it took the GA to find the "best" parameter in 20 minutes, it was possible to set the GA to run for, least say, 180 minutes or 3 hours.

My question, by setting the time are you doing a "brute force" optimizion? In other words, are ALL parameters checked during a preset long optimization?

Re: Optimizer

Date :1/29/2005 12:20:48 PM Poster : Phil Greenwood

Whilst I can't give a definitive answer to this (because I didn't write the code), based on my knowledge of GAs and the things I've understood from using NSDT and learned on the training course, I think the answer is no (but a qualified no).

A genetic algorithm is not the same as an exhaustive search...even if you could have an exhaustive search with continuous values (you can only have an exhaustive search with with discrete values). Putting that issue aside, as you crank-up the amount of time available for processing, because of the mutatation element of GAs workings which randomizes the search a little, you could effectively have done an exhaustive search - but there is no guarantee.

I suspect that the GA in NSDT assumes it's finished if it can't get an improvement to the fitness evaluation within a certain number of generations. The power of the GA is it's speed, not its exhaustiveness...but with the ease of overfitting with financial models, exhaustiveness is really not the game, so it's not such a big deal. In my experience, the NSDT GA is a pretty good compromise, and for the most part, it is more than sufficient.

Phil

On 1/26/2005 1:53:50 PM Mark B. wrote:
Hi, In reviewing a question asked about optimizing times, Mr. Ward responsed that it was possible to set the amount of time the optimizer ran. If it took the GA to find the "best" parameter in 20 minutes, it was possible to set the GA to run for, least say, 180 minutes or 3 hours.

My question, by setting the time are you doing a "brute force" optimizion? In other words, are ALL parameters checked during a preset long optimization?

Automated trading?

Date :1/27/2005 5:49:34 PM Poster : Charlie

Hi,
there seem to be a few threads regarding automated trading in this forum, but no clear answers as to how this might be achieved. I am interested in automating signals from Neuroshell so that forex trades are automatically placed at FXCM, or some other forex broker.
Has anyone else ever successfully achieved this?

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Re: Automated trading?

Date :1/28/2005 11:16:24 AM Poster : JackR

Charlie:

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First, we have built the long-promised brokerage interface. This is an API that allows a programmer to interface NeuroShell with a brokerage that also offers an API. We will offer at least one completed brokerage interface with release 5.0 as well as a simple example.

Now, if they release 5.0 next month (my prediction based on a very complicated net) you'll have what you want, at least with whatever firm Ward did the initial development with. Based on the extract of the newsletter above, I assume that any broker with an API (interface) to the outside world would be programmable.

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Date :1/29/2005 11:14:09 PM Poster : rkent

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Date :2/3/2005 2:34:34 PM Poster : Steve Ward

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Re: Automated trading?

Date :5/5/2005 1:10:47 PM Poster : Bertrand

Regarding TradeBolt & use of shortterm systems with lmt orders

basically it is really hard & sometimes stressful to get TradeBolt & the strategy back in sync when there was a problem with the fill & if that real world fill then differs from the expected one. TradeBolt advises their clients to just fire a mkt order if the strategy reports a fill. But guess what if you use it for scalping like systems it prodcues much slippage & oftentimes systems get untradable due to this problem. So please be aware of that in your judgement...or include extra slip in the GA costs to make sure such real world scenarios do not matter too much.

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Re: Automated trading?

Date :5/8/2005 6:42:35 PM Poster : Wynn

I'm not a programmer. What was necessary to impliment TradeBolt?

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A feature - would you like it?

Date :2/8/2005 2:28:34 PM Poster : Mark B.

One feature that I would like is when running a Prediction or Trading Strategy after, let us say, 5 improvements NeuroShell then produce either the walkforward tests or paper trading test - for each additional improvement.

It's a pain to see good results and then stop optimizing to view the walkforward tests or paper trading test and then start the optimization over again.

I know that I could start the optimization from the last settings, but my understanding is that the GA then goes off in other directions and does not continue in the same direction as it would if the optimization is started over.

Would anyone else like this feature?

Re: A feature - would you like it?

Date :2/9/2005 11:41:55 AM Poster : Steve Eberbach

What I have done to implement "go-back" to partially optimized charts is to stop training on every improvement (after improvements slow down a bit) and save the whole chart with a numbered suffix. This wastes lots of memory, but blank CDRs of DVDRs are really cheap, and saving a chart happens very fast. Later, you can go back and open the charts with lots of out-of-sample fresh data and explore any potential good models you missed during the original training. To me this is essential for success.

Maybe what needs to be saved is a log which allows reconstruction of several sub-optimal models which later are tested and ranked on newer data. Like Billboard top 40, what's the rising star, and what's has-been.

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Re: A feature - would you like it?

Date :2/9/2005 5:09:53 PM Poster : Mark B.

That is a good idea. Time consuming. And you would have to be watching the computer for each improvement. The problem would be if you missed an improvement that could have yielded a great result. An additional thought would be, what if you saved the chart as you described and then let the GA go off in a new direction by picking the last settings - I'm thinkin' myself into a nightmare :) saved charts everywhere! I do like your idea and will start using it.

Given your idea - Neuroshell could (hint, hint) save SubResultsFiles just as you are doing, and then give you a summary of results based on the last, let's say, 5 or 10 improvements. I, like many, have gotten great walkforwards and paper trading results by stopping the GA early. Maybe the good folks at Ward Systems will add this to the "Wish List".

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Re: A feature - would you like it?

Date :2/9/2005 7:00:23 PM Poster : Kermit

Yes, that sounds interesting. And even a step farther - display the best nets found together and watch them in real time. I have always liked the ability in NeuroShell 2 to make several nets by simply varying the data selection and look at them in real time when trading. This not only gives me the consensus prediction, but it also gives me some indication of the stability of the nets over the training data. This is extremely important to me when betting money on a prediction - how consistent are the nets over the data. When the individual nets are scattered in their predictions, I have much less confidence than when they all come together.

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Would anyone else like this feature?

Re: A feature - would you like it?

Date :2/11/2005 2:46:43 PM Poster : Steve Ward

I sense that what most of you on this thread really want to get at is the solution that works best into the future, rather than the one that optimizes best in the past. That is appropriate. Until we have a well programmed way to let you see and cherry pick ALL solutions, I'd suggest that you consider the method documented in the tip called Using Generalize on Optimal Walkforwards. That method will be expanded and simplified in 5.0.

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Would anyone else like this feature?

Re: A feature - would you like it?

Date :2/12/2005 11:36:53 PM Poster : Steve Eberbach

Of course I want the solution which works best into the future. I also want to be the judge of what is "best" in the future. (Bill Clinton would also want to be the judge of what "is" means, but I am not that fussy)

Until we have more good ways to constrain the search space so that a single fitness criterion, such as total profit over time T1 in sample and T2 out of sample, is allowed to be (or constrained to be) sub-optimal to enable several criteria to be optimized simultaneously (particularly at some time interval T2 after training), nothing will beat the human cherry picker. NST is now a very good cherry tree that chooses one nice cherry for you at a time.

If YOU want to CHOOSE your cherries you still have to pick the cherries yourself.

By generalizing Walkforwards with Constraints and Definable Fitnesses.....maybe you could construct a pretty good robotic cherry picker. I think Genehunter is a pretty well programmed way to do these things. While it cannot see and cherry pick ALL solutions, it should be faster than a human at seeing and finding many well-chosen solutions from which to finally choose the "best" ones to trade with.

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Re: A feature - would you like it?

Date :2/13/2005 9:25:22 AM Poster : Kermit

I'll try to describe the way I like to do this as best as I can and hopefully you can offer suggestions, and it might help in thinking about the Trader. Remember, I'm not the most sophisticated Trader user. (g)

When I use NS2, I build GRNN nets - I am guessing GRNN nets fit the way I build my inputs best, but I'm not sure. I'll build several nets with the same inputs - usually eight nets - varying only the data selection for the trn and tst sets. I simply give it different random number seeds to start when choosing the trn and tst sets. I would like to be able to control how big the "chunks" of data are also. After building eight or so different data sets this way, each under a different filename, I'll run the eight GRNN nets and save them. I then use the "External calls" feature in the Trader to import these, and I can watch all eight nets in one window running in real time. When the eight nets are not well correllated, even if only one or two nets are off by themselves, I do not trust the prediction too much, but if all the lines come together, I assume that the patterns found in the historical data are pretty consistent through time. This can be important when the average of the nets is close to zero, as then a short term swing trading system can be more confidently used - if the nets aren't diverging much. BTW, the GRNN nets in NS Predictor always seem to be very close to an average of the eight nets in NS2. I don't know how practical it would be to build something like this into the Trader, but I do know that looking at both the average of eight nets along with the correlation of those nets gives me much more confidence in making bets in the market. Having a way to look at the confidence of the prediction is equally as important as getting a prediction - for me. And IMHO, having something like this in the Trader would make a great product even better.

BTW, I had the head of the Merrill Lynch office over for dinner last night (we fish together), and his jaw pretty much dropped open and stayed open for hours when I showed him some of the things the Trader would do so easily. He is going hunting for data next week, I think. I don't think too much about what a great product this is until I sit down with someone and demonstrate it.

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What is the difference between the Fuzzy Sets and Fuzzy Pattern Recognizer Add-on?

Date :2/13/2005 9:23:08 PM Poster : George

Neuroshell website says:

"The new Fuzzy Sets add-on is somewhat different in that it allows users to describe a combination of values of traditional indicators with fuzzy logic".

that means you cannot use indicators in the Fuzzy Pattern Recognizer ?
only prices...?
If somebody would be able to explain to me the differences and in which way these two add-ons overlap that would be great.

> ***Re: What is the difference between the Fuzzy Sets and Fuzzy Pattern Recognizer Add-on?***
>
> Date :2/14/2005 10:27:39 AM Poster : Ward.net Webmaster
>
> No, you can apply Fuzzy Pattern Recognizer (FPR) to indicators just as Fuzzy Sets (FS) does. The best way we have thought of to describe the differences is this: Think of the FPR as looking at a time series and evaluating movement of that series over recent time. Think of FS as looking at discrete values in time and evaluating those values with respect to a historical range of those values. E.g.:
>
> FPR - the time series went up, then down, then down sharply.
> FS - the time series is very high compared to how it has been over a long period of time.
>
> If that doesn't help, please ask more questions.
>
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Custom indicator- please help

Date :2/15/2005 4:22:08 PM Poster : Dov G.

I am attempting to create a custom indicator with a calculation that starts out using a certain formula for the first few bars (until it has calculated five readings) and then changes to something else that uses lagged values of itself as an input after five bars have elapsed.

Would somebody please help? I know in TS one would incoporate a conditional that depends upon the bar count, but I can't seem to figure out how to accomplish a similar thing in NST.

Thank you!

> ***Re: Custom indicator- please help***
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> Date :2/15/2005 5:15:18 PM Poster : Ward.net Webmaster
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> That sounds like a recursive indicator, which you can't do with the Prediction Wizard, but you can do with code. That's because the Prediction Wizard can't get at previous values of something it is building, and some other internal constraints. However, code in C or BASIC can easily do that, just as Easy Code can.
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> > ***Re: Custom indicator- please help***
> >
> > Date :2/16/2005 1:37:21 AM Poster : Maciej
> >
> > This prompts me to suggest a new class of indicators: "system info". It would be quite useful to be able to get information about a chart / indicators to use in indicators. To give you a specific example, I'd find the symbol name very useful as also the filename of the chart. Perhaps one day?
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> > > Date :2/16/2005 9:06:15 AM Poster : Ward.net Webmaster
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> > >
> > > Thank you!

DLL Indictors With More Than One Output?

Date :2/18/2005 2:13:55 PM Poster : Jim Hamilton

I am attepting to convert a DLL that I current run on my CQG system. The main DLL function has 10 inputs and 4 outputs. The output are all passed by array. It appears that NSDT will only allow one output from a DLL indicator. Does anyone know if this is correct? Or did I read it wrong?

Thanks

> ***Re: DLL Indictors With More Than One Output?***
>
> Date :2/19/2005 5:01:45 PM Poster : Ward.net Webmaster
>
> You are correct, only one output. However, there's a pretty simple solution. Make another parameter (input) for the DLL function called Mode which takes values 1,2,3 and 4. Send out the output that corresponds with the Mode. Then when you put the indicator in the chart with Mode=1, just copy and paste it three times. Change the Mode to 2,3 and 4 on the new pasted copies. Now you have all four outputs having done little more work than inserted the first indicator. The increase in CPU time should be negligible unless you have a pretty intense set of calculations.
>
> On 2/18/2005 2:13:55 PM Jim Hamilton wrote:
> I am attepting to convert a DLL that I current run on my CQG system. The main DLL function has 10 inputs and 4 outputs. The output are all passed by array. It appears that NSDT will only allow one output from a DLL indicator. Does anyone know if this is correct? Or did I read it wrong?
>
> Thanks

change in order of input produces different output results

Date :2/20/2005 4:42:18 PM Poster : sk

Hi,

when I use the same set of inputs but change the order of the inputs in the input section I get totally different output results. Can anybody help?

Thanks.

sk

> ***Re: change in order of input produces different output results***
>
> Date :2/21/2005 9:47:42 AM Poster : Ward.net Webmaster
>
> Yes, there is documentation on that anomaly in the "Known Bugs, Fixes and Warnings" section of this website under the heading "Nets varying by input order is not a bug". Take a look there.
>
> On 2/20/2005 4:42:18 PM sk wrote:
> Hi,
>
> when I use the same set of inputs but change the order of the inputs in the input section I get totally different output results. Can anybody help?
>
> Thanks.
>
> sk
>
> > ***Re: change in order of input produces different output results***
> >
> > Date :2/22/2005 1:35:54 PM Poster : Mark B.
> >
> > Hi, it's the way the optimizer sets up. I don't believe there is much you can do about it. The GA takes the order of inputs and begins the search using that order. I will sometimes uses worthless inputs to force the GA to take new directions. This is what you have done by changing the order of inputs - you have forced the GA to take a new direction.
> >
> > On 2/20/2005 4:42:18 PM sk wrote:
> > Hi,
> >
> > when I use the same set of inputs but change the order of the inputs in the input section I get totally different output results. Can anybody help?
> >
> > Thanks.
> >
> > sk
> >
> > > ***Re: change in order of input produces different output results***
> > >
> > > Date :3/24/2005 2:55:59 PM Poster : Andreas Calianos
> > >
> > > Hi! could you say more about this. I was unable to reproduce the problem.
> > >
> > > On 2/20/2005 4:42:18 PM sk wrote:
> > > Hi,
> > >
> > > when I use the same set of inputs but change the order of the inputs in the input section I get totally different output results. Can anybody help?
> > >
> > > Thanks.
> > >
> > > sk

Interesting results - pass on technique

Date :3/3/2005 2:03:10 PM Poster : Mark B.

Hi, I got some unexpected results - great results - with a so so trading strategy and got to thinkin' maybe the Neuroshell "Family" might like to know about it.

You either let the GA do it's thing or, as in my case, force the GA into directions it would not normally take in an effort to find unexpected results. (I would sure like a brute force optmizer option outputed to a file that can be loaded in Excel.)

First, I begin by optimizing on "Max Return on Account" (default) and set longest trade to 25 bars. Plus I set "Paper Trading" to 1 year. I want 70 Percent or more profitable trades.

After the less than great results were produced I went back to: Costs >Margin%per share and set it at 500%. Just screwin' around. Ran the strategy and let the GA do it's thing. Got really, really bad results. Really bad percent of profitable trades and a low return.

I then went back to Costs ----->Margin% per share and clicked it off. Rerun the strategy and Picked Yes to use the same optimal settings. Then clicked on "Stop Optimizing" and the results were Great! That the short version.

In long version I stepped back the Margin% by 100% --- 500% than 400% than 300%.....

Each time checking the results.

I hope you find this helpful.

Mark

Re: Interesting results - pass on techique

Date :3/9/2005 11:26:46 AM Poster : Steve Eberbach

This is quite interesting to me. I believe that with such low transaction costs these days, the Time Value of Money cost is becoming the most important cost of being in a trade.

I think that setting the interest rate on margin higher should do a similar thing for you, since the Genetic algorithm would have to also consider the time cost more in addition to the transaction and slippage cost. More value would be placed on "stepping aside", which would also reduce exposure to unexpected-event drawdowns, even if total profit was caused to drop a little, compared to being always in the market.

I have a question for Ward Systems: What IS the interest rate on the margin when you are in the trade? I do not see any entry on the costs dialog for setting that cost for borrowing the margin money in percent per year.

Could you add a setting to adjust this cost of margin money while you are invested in a trade? (either long or short). Thanks!

On 3/3/2005 2:03:10 PM Mark B. wrote:
Hi, I got some unexpected results - great results - with a so so trading strategy and got to thinkin' maybe the Neuroshell "Family" might like to know about it.

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I hope you find this helpful.

Mark

Stocks and Commodities Magazine Tips and Trading Strategy Walk Forward

Date :3/9/2005 10:45:43 AM Poster : Steve Eberbach

The recent bonus issue (2005) has an article by M.H.Pee called "Trend Continuation Factor".

Would somebody be so kind as to post the "tip" for this article/indicator in the tips and trading strategies page on this website? I think many users would give many thanks!

Re: Stocks and Commodities Magazine Tips and Trading Strategy Walk Forward

Date :3/9/2005 7:31:28 PM Poster : Jack Robson

Here is an extract from the S&C magazine public website:

To create the trend continuation factor indicators, select "New Indicator " from the Insert menu and use the Indicator Wizard to create each of the following:

+CHANGE:
CumulativePositiveMomentum(Close,1,1)

-CHANGE:
AbsoluteValue(CumulativeNegativeMomentum(Close,1,1)

+CF:
ConsecutiveSum (+CHANGE, A>B(+CHANGE, 0))

-CR:
ConsecutiveSum (-CHANGE, A>B(-CHANGE, 0))

+TCF:
Subtract (Sum (+CHANGE, 35), Sum (-CF, 35)

-TCF:
Subtract (Sum (-CHANGE, 35), Sum (+CF, 35)

Note: The ConsecutiveSum indicator is a custom indicator that users of NeuroShell Trader can download from the Tips & Techniques section of the NeuroShell Trader free technical support website. It is based on the following indicator with the Xs mapped to one parameter and the numeric parameters hidden:

Sub (CumulativeSum (X,0), SelectiveMovAvg(CumulativeSum(X,0), Not(CONDITION), 1)

To recreate the trend continuation factor trading system, select "New Trading Strategy" from the Insert menu and enter the following long and short entry conditions in the appropriate locations of the Trading Strategy Wizard:

Generate a buy long MARKET order if ALL of the following are true:
A>B (+TCF, 0)

Generate a sell short MARKET order if ALL of the following are true:
A<B (-TCF, 0)

If you have the NeuroShell Trader Professional, you can also choose whether or not the system parameters should be optimized. After backtesting the trading strategy, use the "Detailed Analysis" button to view the backtest and trade-by-trade statistics for the trend continuation factor system.
Users of NeuroShell Trader can go to the STOCKS & COMMODITIES section of the NeuroShell Trader free technical support website to download the sample chart that includes the ConsecutiveSum indicator, +Tcf indicator, -Tcf indicator, and trend continuation factor trading systems

Jack

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Re: Stocks and Commodities Magazine Tips and Trading Strategy Walk Forward

Date :3/10/2005 10:36:52 AM Poster : Steve Eberbach

Thank you Very Much!!!

On 3/9/2005 7:31:28 PM Jack Robson wrote:
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A
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Missing Quote.com data

Date :3/14/2005 4:58:17 PM Poster : Ward.net Webmaster

We have found that Quote.com is missing intraday data from Feb 2002 to May 2002. We have reported this to them, but nothing has changed as of 3-14-05. So now we're asking all Quote.com users to let them know too. But first, load some stock you haven't loaded before back to the beginning of 2002 and verify there is a big gap from Feb to May. Two candidates are SPY and MSFT. We suppose the problem may be on only a few of their servers, which may be why they haven't verified it themselves, so try to note which server you got onto.

Use of Trader to model non-trading problems

Date :3/16/2005 5:20:02 PM Poster : Edwards

Came across this in one of the other forums (but cannot respond to it there) and found use of Trader for other problems intriguing. Has anyone picked this up and could give further guidance on how to go about doing what is suggested here.

Is anyone else using NST as a more general tool?

Discussion Group: NeuroShell Predictor/Classifier/Run-Time

[Discussion Groups | Contents | Post new article | Reply to this article | Search]
From: John Skulavik
Date: October 18, 2004
Subject: Predicting Lotto Numbers
Frank B,

I have been analizing this since 1986. During the 1990's I began using NeuroShell2, the predictor and classifier and now I have found a way to use the Trader Pro and it's complex indicators. First of all you'll never get results from looking at the numbers historically listed using simple neural nets. Secondly you are using far too much historical data. I not going to tell you what I have learned in detail, it took far too long to work it out. However two clues: You need not look back further then about 40 to 80 lottery darws and you build your nets based on areas where the numbers came from in games past. Always incrementing foward and using numbers from games back to build a very wide net with "One Output" that you want to predict. So if it's a three number lottery you'll need three nets about 40 to 80 games deep based on where the numbers come from the greatest percentage of the time. Now don't expect to hit all three numbers anytime. Use these as key numbers played over a few new lottery draws. Before long you'll get the hang of it.
Remember nothing is random everything has a pattern and the patterns change somewhat with time. It's only the magnitude of the problems that make them more difficult to predict. The neural nets of the future, especially with the new 64 bit computers, will change "the die in the wool believers" in classical statistics as the only credible solution to making viable predictions.

John Skulavik

SelectiveMax - function output as period ?

Date :4/1/2005 11:58:32 AM Poster : chachi

Would like to leverage SelectiveMax (or similar) and pass it a function output for the windowsize/period (BarsActive or similar) ... how could this be done ?

> ***Re: SelectiveMax - function output as period ?***
>
> Date :4/5/2005 3:50:16 PM Poster : Matt Jarvis
>
> I can't answer your question directly, but in reading between the lines you may be wanting to use a function similir to the one called Maximum Value Since Entry Activated. I use that a lot myself.
>
> On 4/1/2005 11:58:32 AM chachi wrote:
> Would like to leverage SelectiveMax (or similar) and pass it a function output for the windowsize/period (BarsActive or similar) ... how could this be done ?
>
> > ***Re: SelectiveMax - function output as period ?***
> >
> > Date :4/12/2005 4:38:50 AM Poster : chachi
> >
> > Basically, but not only usable "while in a trade" ...
> >
> > On 4/5/2005 3:50:16 PM Matt Jarvis wrote:
> > I can't answer your question directly, but in reading between the lines you may be wanting to use a function similir to the one called Maximum Value Since Entry Activated. I use that a lot myself.
> >
> > On 4/1/2005 11:58:32 AM chachi wrote:
> > Would like to leverage SelectiveMax (or similar) and pass it a function output for the windowsize/period (BarsActive or similar) ... how could this be done ?

Trend Trigger Factor

Date :4/8/2005 8:32:56 AM Poster : Sunny

I have been trying to duplicate the results that I am getting in forex with the Trend Trigger Factor on Metatrader. This is a free software. So any of you can try it.

I have included a chart, and in addition I am including the code. The code is broken into two parts. The Trend Trigger Modified, and the ttf Crossings. You would need to install both of these as MetaTrader 3.85 indicators.

I have sent an e-mail to Ward Systems with a picture of the results that I am getting in MetaTrader, and in addition, I have included the indicators for MetaTrader 3.85 (be aware that there is a newer version 4.0; however, these indicators will not work in 4.0)

Editor : The files related to this post can be downloaded from here.

We also also included the Trend Trigger indicator in the Stocks and Commodities section of this site.

Here is the deal. If any of you are good at programming, would you mind trying to copy the code into NeuroShell. Take a look at the charts I have included, so that you can get a feel for the potential of the indicators.

Regards,

Sunny

Trend Trigger Factor

Date :4/8/2005 8:39:15 AM Poster : Sunny

This is the code for the Trend Trigger Factor and the ttfCrossings:

```
/*[[
Name := Trend Trigger Modified
Reference := Technical Analysis of Stocks and Commodities, Dec. 2004,p.28. M.H. Pee
TTF Author := Paul Y. Shimada
Link := PaulYShimada@Y...
Notes := Modified version of Trend Trigger Factor by mikesbon (thanks to perkyz)
Separate Window := Yes
First Color := SkyBlue
First Draw Type := Line
First Symbol := 217
Use Second Data := Yes
Second Color := LightSeaGreen
Second Draw Type := Line
Second Symbol := 218
]]*/

Input: TTFbars(15); //15=default number of bars for computation.
Input: t3_period(5);
Input: b(0.7);
Input: mode_0Sep_1Main(0); //0=Separate window Line (with dual trigger), 1=Main window Histogram (colored bars).
Input: barBegin(1000); //<1000 recommended for faster speed, 0=All bars computed & plotted.
Input: show_Info(0); //0=Hide on-chart Info, 1=Show on-chart Info & Print Tick Data to Journal, -1=NEVER show.

// Variable Specific:
Variable: IndicatorName("py.TTF");
Variable: Version("S01");
Variable: HighestHighRecent(0);
Variable: HighestHighOlder(0);
Variable: LowestLowRecent(0);
Variable: LowestLowOlder(0);
Variable: BuyPower(0);
Variable: SellPower(0);
Variable: TTF(0);
Variable: t3(0);
Variable: e1(0);
Variable: e2(0);
Variable: e3(0);
Variable: e4(0);
Variable: e5(0);
Variable: e6(0);
Variable: c1(0);
Variable: c2(0);
Variable: c3(0);
Variable: c4(0);
Variable: r(0);
Variable: w1(0);
Variable: w2(0);
Variable: b2(0);
Variable: b3(0);

// Variable Generic, mostly for module flow control:
Variable: shift(0);
Variable: count(0);
Variable: is_First(True);
Variable: loopBegin(0);
Variable: prevBars(0);
Variable: PrevTime(0);
Variable: tick(0);
Variable: prevShift(99999);
Variable: badPlotBars(0); //Discarded first (old) bars with bad computed values
Variable: firstPlotBar(0);
Variable: CheckSum(0);
Variable: CheckSumPrev(0);
Variable: Msg("");

b2 = b * b;
b3 = b2 * b;
c1 = (-b3);
c2 = (3 * (b2 + b3));
c3 = (-3) * (2 * b2 + b + b3);
c4 = (1 + 3 * b + b3 + 3 * b2);

r = t3_period;

if r < 1 then r = 1;
r = 1 + 0.5 * (r - 1);
w1 = 2 / (r + 1);
w2 = 1 - w1;

/*======================*/
/* Begin Pre-Loop Setup */
/*======================*/
//Check for additional bars loading or total reloadng.
If Bars < prevbars or Bars - prevbars > 1 Then is_First = True;
prevbars = Bars;

//Have any Inputs changed?
CheckSum = TTF + mode_0Sep_1Main + barBegin + show_Info;

If CheckSum != CheckSumPrev Then is_First = True;
CheckSumPrev = CheckSum;
//---------------------------------------------------------------------

If is_First Then
{ /*This block executes ONLY First Time for each Attachment-To-Chart. If MT is closed or another Profile is selected,
the values & parameters for this module are saved, and when MT or this Profile is restarted, it would not be the First
Time Attachment-To-Chart. So this block would not execute unless the value of "Bars" has changed. */
SetLoopCount(0);

/*==============*/
/* Check Inputs */
/*==============*/
If 0 > TTFbars or TTFbars > 299 Then
{
Msg = IndicatorName + " **Input Error** :" + " TTFbars must be between 0 and 300. Cannot=" + TTFbars;
Exit;
};

If mode_0Sep_1Main <> 0 and mode_0Sep_1Main <> 1 Then
{
Msg = IndicatorName + " **Input Error** : " + " and mode_0Sep_1Main must be {0,1}. Cannot=" + mode_0Sep_1Main;
Alert(Msg);
Exit;
};

//Comment to display IndicatorName & parameters
Msg = IndicatorName + ".v" + Version + "(" + TTFbars + ")";
Print(Msg);
If show_Info != (-1) Then Comment(Msg);

//Usage
if show_Info == 1 Then Comment(Msg
+ " Trend Trigger Factor (TTF)"
+ "\nUser-Inputs:"
+ "\nTTFbars:"
+ "\n15=default Number of bars for computation."
+ "\nmode_0Sep_1Main:"
+ "\n0=Separate window Line with dual trigger"
+ "\nTTF>+100 = Long"
+ "\nTTF<-100 = Short"
+ "\nElse=Ranging"
+ "\n1=Main window Histogram with colored bars"
+ "\nbarBegin:"
+ "\n<1000 recommended for faster computation"
+ "\n0=All bars computed & plotted (slower)"
+ "\nshow_Info:"
+ "\n0=Hide on-chart Info"
+ "\n1=Show on-chart Info & Print Tick data to Journal"
+ "\n-1=Never show Comments");
```

```
//BarIndexNumber=shift=Bars-1..0
If barBegin > 0 and barBegin < Bars - 1 Then loopBegin = barBegin Else loopBegin = Bars - 1;

/*=====================================*/
/* Specific for particular indicator */
/*=====================================*/
loopBegin = loopBegin - TTFbars; //Cannot compute early bars
/* end Specific */

is_First = False;
}; //if is_First

/*=====================*/
/* end Pre-Loop Setup */
/*=====================*/
loopBegin = loopBegin + 1; //Replot previous bar
For shift = loopBegin Downto 0
{
/*=====================================*/
/* Standard Specific Computations */
/*=====================================*/
HighestHighRecent = High[Highest(MODE_HIGH,shift,TTFbars)];
HighestHighOlder = High[Highest(MODE_HIGH,shift + TTFbars,TTFbars)];
LowestLowRecent = Low [Lowest(MODE_LOW,shift,TTFbars)];
LowestLowOlder = Low [Lowest(MODE_LOW,shift+TTFbars,TTFbars)];
BuyPower = HighestHighRecent - LowestLowOlder;
SellPower = HighestHighOlder - LowestLowRecent;
TTF = (BuyPower - SellPower) / (0.5 * (BuyPower + SellPower)) * 100;

e1 = w1 * TTF + w2 * e1;
e2 = w1 * e1 + w2 * e2;
e3 = w1 * e2 + w2 * e3;
e4 = w1 * e3 + w2 * e4;
e5 = w1 * e4 + w2 * e5;
e6 = w1 * e5 + w2 * e6;

TTF = c1 * e6 + c2 * e5 + c3 * e4 + c4 * e3;
SetIndexValue(shift,TTF);

Switch mode_0Sep_1Main
{
Case 0: //Separate window Line (with dual trigger)
SetIndexValue(shift,TTF);
//Dual value trigger +/-100
If TTF >= 0 Then SetIndexValue2(shift,100) Else SetIndexValue2(shift,(-100));

Case 1: //Main Window Colored Bars
If TTF >= 100 Then //Bull Trend, Blue bars
{
SetIndexValue(shift,High[shift]);
SetIndexValue2(shift,Low[shift]);
}
Else
If TTF <= (-100) Then //Bear Trend, Red bars
{
SetIndexValue(shift,Low[shift]);
SetIndexValue2(shift,High[shift]);
}
Else //No Trend, No colored bars
{
SetIndexValue(shift,0);
SetIndexValue2(shift,0);
}
}; //If TTF >= 100 Then ... Else
}; //Switch mode_0Sep_1Main
loopBegin = loopBegin - 1;
}




/*[[
Name := ttf_Crossings
Separate Window := No
First Color := Red
First Draw Type := Symbol
First Symbol := 226
Use Second Data := Yes
Second Color := Blue
Second Draw Type := Symbol
Second Symbol := 225
]]*/

Input: TTFbars(15);
Input: t3_period(5);
Input: b(0.764);
Input: mode_0Sep_1Main(0);
Input: barBegin(1000);
Input: show_Info(0);
Vars : i(0);
Vars : b4plusdi(0);
Vars : nowplusdi(0);
Vars : b4minusdi(0);
Vars : nowminusdi(0);

SetLoopCount(0);

For i = Bars - TTFbars Downto 0 Begin
b4plusdi = iCustom("Trend_Trigger_Modified_v3",TTFbars,t3_period,b,mode_0Sep_1Main,barBegin,show_Info,MODE_SECOND,i + 2);
nowplusdi = iCustom("Trend_Trigger_Modified_v3",TTFbars,t3_period,b,mode_0Sep_1Main,barBegin,show_Info,MODE_SECOND,i + 1);
b4minusdi = iCustom("Trend_Trigger_Modified_v3",TTFbars,t3_period,b,mode_0Sep_1Main,barBegin,show_Info,MODE_SECOND,i + 2);
nowminusdi = iCustom("Trend_Trigger_Modified_v3",TTFbars,t3_period,b,mode_0Sep_1Main,barBegin,show_Info,MODE_SECOND,i + 1);

if (b4plusdi > 0.0000 and nowplusdi < 0.0000) Then
{
SetIndexValue(i,High[i] + 15 * Point);
};

if (b4plusdi < 0.0000 and nowplusdi > 0.0000) Then
{
SetIndexValue2(i,Low[i] - 15 * Point);
};
End;
```

Re: Trend Trigger Factor

Date :4/10/2005 10:09:53 AM Poster : Sunny

By the way, there are something like 3 or four different versions of the Trend Trigger Factor on the Yahoo groups; however, if you take the time to chart all of them in one page, then you will see that there are some small differences between them.

If you compare them to the price on the chart, then you will see that some of them have a lag in relation to the price graph.

The point is that not all of the variations produce the results that you see on the charts.
The small differences in code between the variants of the same indicator make a huge difference in the final result.

Regards,

Sunny

PS I have sent the other files to Ward to post them later with this thread.

By the way, Ward you are as big as I thought you were for allowing us to share this information between us here at your site. I hope the final result of all of this effort will be the completion of a "good" Trend Trigger Factor indicator and ttfCrossing indicator for NeuroShell. I hope this will be one of those indicators that produce good results for everybody.

Trend Trigger Factor

Date :4/8/2005 8:42:35 AM Poster : Sunny

I have included a chart of Euro and CHF vs USD, and files for Metatrader containing Trend Trigger Factor, ttfCrossings, and iMath.

Regards,

Sunny

The files referenced in this post can be downloaded using the following link:

ttf2.zip

Trend Trigger Factor

Date :4/10/2005 10:27:53 AM Poster : Sunny

Here is an analysis of the differences between the different versions of the Trend Trigger Factor. I hope someone will find it useful. The analysis unfortunately is not mine. It belongs to a very bright chap by the name of David W Honeywell who posts ocassionally at the MetaTrader group in Yahoo.

My only wih is that if you do find it useful that you share your insight (and hopefully modifications to the Stock and Commodity Trend Trigger Factor indicator) with us.

Regards,

Sunny

The difference is

Mikesbon's

```
Inputs:
TTFbars(12),
//12=default number of bars for computation

t3_period(6),

b(1.618),

HighestHighRecent=High[Highest(MODE_HIGH,shift ,TTFbars)];
HighestHighOlder =High[Highest(MODE_HIGH,shift+TTFbars,TTFbars)];
LowestLowRecent =Low [Lowest (MODE_LOW ,shift ,TTFbars)];
LowestLowOlder =Low [Lowest (MODE_LOW ,shift+TTFbars,TTFbars)];
```

Modified v_3

```
Input: TTFbars(15); //15=default number of bars for computation.
Input: t3_period(5);
Input: b(0.7)

HighestHighRecent = High[Highest(MODE_HIGH,shift,TTFbars)];
HighestHighOlder = High[Highest(MODE_HIGH,shift + TTFbars,TTFbars)];
LowestLowRecent = Low [Lowest(MODE_LOW,shift,TTFbars)];
LowestLowOlder = Low [Lowest(MODE_LOW,shift+TTFbars,TTFbars)];
```

Nicks fixed version that is "Reliable"

```
Inputs:
TTFbars(15),
```

//15=default number of bars for computation

t3_period(5),

b(0.7),

Here is the BIG difference

HighestHighRecent=High[Highest(MODE_HIGH,shift+TTFbars-1,TTFbars)];
HighestHighOlder =High[Highest(MODE_HIGH,shift+TTFbars*2-1,TTFbars)];
LowestLowRecent =Low [Lowest (MODE_LOW ,shift+TTFbars-1,TTFbars)];
LowestLowOlder =Low [Lowest (MODE_LOW ,shift+TTFbars*2-1,TTFbars)];

If you look in the dictionary you will see the syntax calls for a starting point for the
Highest-Mode-High and it also calls for how many bars from the start point forward to carry out the calculation .

In the modified versions the highest high recent and lowest low recent do NOT have any bars to calculate .

With no bars to calculate there is no way of making an indicator read properly , that is what is being called "looking into the future" , it can't , that is why it re-calculates and changes .

The right code is Nicks Fix OR the fixed version of the original indicator as posted by Paul Y Shimada .
The original does not have the t3 modification.

Pattern Recognition

Date :4/23/2005 4:17:39 PM Poster : aaapers

Since Steve Ward suggested that we ask for assistance for NST add-ons, I am would like to bring up a an issue regarding the pattern Recognition add-on. I have seen other commercial programs refer to their ability to use Elliot Wave concepts in trading. One program in particular uses the ABC preliminary wave patterns to project entry and exit points. On the surface it would appear that the pattern recognition add-on should easily accomplish the same goal and more. However, in practice I have not been able to do so. Part of the problem is the way the add-on is structured to respond to rises and falls only. However, there are other variables that are required to identify a Elliott Wave initial pattern. For instance in a three segment pattern, segment 2 should not exceed the length of segment 1. Segment 2 should also not extend below the origin of segment 1 if the pattern is an upward moving pattern. As the add-on is structured, I know of no way to acheive this level of recognition. Certainly if there were other programming variables added which would allow for more constraints, this ABC pattern and multiple other patterns would be possible. If someone has a work around for this problem, I would be very happy to hear about it.
Tx
Al

> ***Re: Pattern Recognition***
>
> Date :4/25/2005 9:32:42 AM Poster : Steve Ward
>
> Those other constraints you want are probably not hard with the usual NeuroShell indicators.
>
> I think I would approach this pattern recognition problem not with the Fuzzy Pattern Recognizer (FPR), but with the Fuzzy Sets (FS) addon. Think of the latter as the building blocks of the former, even though that isn't how we built them. You make you segments first, either with momentum across several bars, or with the regression slope through several bars. That way, you can make the segments any size you want. Use the save indicators feature with parameters hidden from user if you don't want the optimizer messing with segment sizes later (although you may not want to use the optimizer at all). Use FS to get these segments going in the directions you desire - fuzzily. Since you made the segments yourself, you can do various tests on them, like segment 2 not below segment 1, with the regular NeuroShell indicators.
>
> I suppose you could also use FPR if you let if find the segments first, then use the regular indicators to do other tests. But using FS you will probably have more control.
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> Tx
> Al
>
> > ***Re: Pattern Recognition***
> >
> > Date :4/26/2005 1:28:57 AM Poster : aaapers
> >
> > Thanks Steve! It sounds like a good idea and I have already started working on it.
> > Tx
> > Al
> > On 4/25/2005 9:32:42 AM Steve Ward wrote:
> > Those other constraints you want are probably not hard with the usual NeuroShell indicators.
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> > Tx
> > Al

channel

Date :5/3/2005 7:22:01 AM Poster : Seth Nelson-Levy

Does NST contain price channel indicators besides standard deviation ones like BB? I want to use a straight channel or envelope and I cannot find one among the idicators.
Thank you.
Seth

> ***Re: channel***
>
> Date :5/5/2005 4:36:51 PM Poster : Maciej
>
> I've created Donchian channels with NSDT. Takes a few minutes. Just use a combination of the builtin functions. Once built you can save them and they'll appear just like the BB ones in your list of indicators.
>
> On 5/3/2005 7:22:01 AM Seth Nelson-Levy wrote:
> Does NST contain price channel indicators besides standard deviation ones like BB? I want to use a straight channel or envelope and I cannot find one among the idicators.
> Thank you.
> Seth

> ***Re: channel***
>
> Date :5/6/2005 11:24:40 AM Poster : Bertrand
>
> Hi Seth
>
> what do you mean by "straight channel" ?
>
> I'd prefer Keltner or Starc bands over BB because there are better to look at due to their smoother range function. Might try something like
>
> {upper} Average(C,20) + Average(H-L,20)
> {lower} Average(C,20) - Average(H-L,20)
>
> you can accomplish that with the Add2 / Sub2 indicator
>
> best,
> Bertrand
>
> On 5/3/2005 7:22:01 AM Seth Nelson-Levy wrote:
> Does NST contain price channel indicators besides standard deviation ones like BB? I want to use a straight channel or envelope and I cannot find one among the idicators.
> Thank you.
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Least Square Moving Average

Date :5/12/2005 1:11:21 PM Poster : John Gotwals

I want to construct a Least Square Moving Average indicator where
LSMA = Endpoint of Regression Line including current bar and previous n-1

Using NeuroShell indicators I have come up with
LSMA(25) = Lag(LinTimeReg PredValue(Close,25,1),1)

Is there a simpler way to generate this indicator in NeuroShell?

> ***Re: Least Square Moving Average***
>
> Date :5/13/2005 8:48:38 AM Poster : Ward.net Webmaster
>
> Since the predicted value indicator will not let you use a 0 bar lookahead, that is probably the easiest way. We are going to put in a request to allow 0 or even negative numbers in the future.
>
> On 5/12/2005 1:11:21 PM John Gotwals wrote:
> I want to construct a Least Square Moving Average indicator where
> LSMA = Endpoint of Regression Line including current bar and previous n-1
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> Is there a simpler way to generate this indicator in NeuroShell?

Next Day High, Low, Close prediction

Date :5/17/2005 11:44:42 AM Poster : EllisWyatt

Hello all.

What is a good way to construct a Next Day High, Low, Close prediction for, say, EUR/USD in the forex market?

Anyone done this or something similar?

> ***Re: Next Day High, Low, Close prediction***
>
> Date :5/24/2005 8:30:12 AM Poster : Matt Jarvis
>
> IMHO the key is to make sure you are using inputs that exist when you want to trade. Seems obvious but it fooled me for a while. If you are only trading during the day, you can use stock indexes and related. If you are trading around the clock, then try indicators based off other currency pairs.
>
> On 5/17/2005 11:44:42 AM EllisWyatt wrote:
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>
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ESignal 7.9

Date :5/19/2005 7:13:03 AM Poster : The latest version of Esignal (7.9) allows:

The latest version of Esignal (7.9) allows:
a) variations of their continous futures contracts
b) creation of a user's own symbols (ie spreads and such like).

Has anyone tried to retrieve these special types, (user defined), of symbols within NSDT?

> ***Re: ESignal 7.9***

Date :5/19/2005 9:57:20 AM Poster : EllisWyatt

I tried... I don't believe you can directly import a user defined symbol via NeuroShell's "Add New eSignal Ticker Symbol" function.

However, you could use eSignal's Tools | Data Export... function to export a CSV (comma delimited) of your user defined symbol.

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An example of a combination ticker symbol combination might be [5*YHOO-2.5*INTC+3*MSFT], which would result in a price stream on the chart that is 5*YHOO's price minus 2.5*INTC's price plus 3*MSFT's price. Examples of valid combination ticker symbols are as follows:

[YHOO - INTC]
[5 * YHOO - 2.5 * INTC]
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It should be noted that combination ticker symbols are a useful method of creating hedging trading strategies. When using a ticker symbol like [5*YHOO – 3*INTC], long positions would be equivalent to being long 5 shares of YHOO and short 3 shares of INTC. Conversely, short positions would be equivalent to being short 5 shares of YHOO and long 3 shares of INTC.

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Re: ESignal 7.9

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Some of our users are upset that eSignal has chosen to create continuous contracts in their charting package instead of providing them as symbols that other software can read. We urge you to call or email your complaints to them in large numbers - that is the only thing they will understand.

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On 5/20/2005 8:34:00 AM Maxwell Craven wrote:
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ES #F
ES #F=2
NQ #F
NQ #F=2

I have also used the #F=1 in the past with no problem.

On 5/19/2005 4:43:27 PM EllisWyatt wrote:
Continuous contracts...for example, YM #F.... work for me for Daily and Weekly bars....but not for minute bars.

On 5/19/2005 3:36:32 PM Ward.net Webmaster wrote:
Another user had informed us of the continuous futures symbols and how they did not appear to work in the Trader. We have our programmers looking into this to see if it is possible.

We were not made aware of the custom symbols, but certainly we will have our programmers take a look. However, in the mean time, you can always create custom symbols in the Trader. Here is the appropriate help file section:

Neuroshell Trader allows the use of combination ticker symbols which are simple combinations of other ticker symbol prices. When used in a chart, the combination ticker symbol is the primary data series, predictions and trading strategy are based on the ticker symbol combination and all trading statistics are calculated on the combination ticker symbol.

An example of a combination ticker symbol combination might be [5*YHOO-2.5*INTC+3*MSFT], which would result in a price stream on the chart that is 5*YHOO's price minus 2.5*INTC's price plus 3*MSFT's price. Examples of valid combination ticker symbols are as follows:

[YHOO - INTC]
[5 * YHOO - 2.5 * INTC]
[5 * YHOO - 2.5 * INTC + 3 * MSFT]
[YHOO / INTC]
[2 * YHOO / 3 * INTC]

It should be noted that combination ticker symbols are a useful method of creating hedging trading strategies. When using a ticker symbol like [5*YHOO – 3*INTC], long positions would be equivalent to being long 5 shares of YHOO and short 3 shares of INTC. Conversely, short positions would be equivalent to being short 5 shares of YHOO and long 3 shares of INTC.

To create a combination ticker, simply create a new ticker symbol like [5*YHOO-2.5*INTC+3*MSFT]. To add a new ticker symbol, use the add ticker button found in the chart wizard when using Quote.com or eSignal.

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On 5/19/2005 9:57:20 AM EllisWyatt wrote:
I tried... I don't believe you can directly import a user defined symbol via NeuroShell's "Add New eSignal Ticker Symbol" function.

However, you could use eSignal's Tools | Data Export... function to export a CSV (comma delimited) of your user defined symbol.

On 5/19/2005 7:13:03 AM The latest version of Esignal (7.9) allows: wrote:
The latest version of Esignal (7.9) allows:
a) variations of their continous futures contracts
b) creation of a user's own symbols (ie spreads and such like).

Has anyone tried to retrieve these special types, (user defined), of symbols within NSDT?

Re: ESignal 7.9

Date :5/19/2005 2:21:07 PM Poster : Maciej

Apoligies; the from should be Maciej.

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Re: ESignal 7.9

Date :5/30/2005 1:55:29 PM Poster : alex amos

Yes. I have . Whilst it works admirably under ES, it does not seem to work with anything else - neither NST , Dynaloader nor Globalserver 2000.. The latter is particularly puzzling in the overall framework since one can convince the GS to collect AB #F when the original quarterly symbol is not even listed. I suspect it is the exclamation mark which is the culprit. Ward are looking into it I understand but this requires help from ESignal, I would guess.

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Automation Error in NSDayTraderPro 4.7

Date :6/1/2005 9:36:09 PM Poster : DentalFive

I have written a dll in C++ to calcualte the Wilders Parabolic SAR. When I try to insert a new indicator using the dll I get the following error

Automation Error
The Object Invoked has disconnected from its clients.

This even occurs in the Debugger for Visual Studio when I run NSDayTrader4.7 in the Studio and set a breakpoint in the dll. I can trace through the dll until I get ready to return the array of calculated floats and suddenly the error is thrown. Does anyone know why this is happening and how I can prevent it??

DentalFive

Re: Automation Error in NSDayTraderPro 4.7

Date :6/2/2005 9:41:35 AM Poster : Xprogrammer

Sorry I haven't been participating in the forum for a while, I've had some heart problems. Don't worry, old programmers never die, they just lose their memory. After that they byte the dust.

Anyway, it sure sounds like one of two things:
1. Your output array isn't the same type as NST is expecting
2. You are putting data in the output array outside the bounds of the array. That would clobber NST. Make sure you are starting at the beginning of the array(make sure your index is right), and not putting in more than you should (look at the count).

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DentalFive

Re: Automation Error in NSDayTraderPro 4.7

Date :6/9/2005 4:25:27 AM Poster : chachi

Could be a ByRef/ByVal mismatch on the parameters or an Integer/Single/Double type mismatch on the datatype.

Not enough detail given to know for sure unfortunately.

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Empiric Selection Criteria

Date :6/19/2005 8:38:17 AM Poster : Marcel

Hi,

I've been developing and practicing very intensively with NST Pro for the last 3-4 months, working 15h a day including weekends; I've built a few dozens of models, screened and tested almost a thousand of stocks with them, and finally selected 30 that I'm now actively trading with a handful of models.

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- Is there any documentation on this subject?

I appreciate all objective and founded comments on the above.

Thanks in advance,
Marcel

Re: Empiric Selection Criteria

Date :6/20/2005 2:40:43 PM Poster : josh

Marcel:

I love hearing about people putting in extraordinary hours in pursuit of their goals. I've recently returned to NST Pro after an extended break because my own intuitive trading has turned . . . ahem . . . unprofitable.

Never having visited before, I came to this forum a couple of days ago and began reading the threads chronilogically from Steve Ward's welcome comment in 2000. Skipping only the thread titles regarding data vendor issues, I've read about a year's worth (extemely slow . . . reader). I can't recommend this enough! It takes a while, but the folks at WSG and NST users have done a tremendous amount of work addressing these and many more issues. I remember reading frequent references to this forum in the documentation, but never resolved to simply start reading it (rather than searching it for a specific answer).

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Re: Empiric Selection Criteria

Date :6/22/2005 11:43:25 AM Poster : Marcel

Josh,

Many thanks for your valuable input. Don't underestimate yourself, every answer, tip or comment can help myself or others. Sometimes it's exactly those simple things that provide the correct direction, which ultimately leads to resolutions.

Wrt previous discussion threads, yes, I've read a few, but I definitely didn't have the patience to go through as many as you did. I've also found the dicussion forum software to be a bit user unfriendly when you want to dig into past threads, but this can't be used as a pretext.

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User unfriendly forum format

Date :6/23/2005 9:03:19 AM Poster : josh

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Re: User unfriendly forum format

Date :6/23/2005 3:24:40 PM Poster : Ward.net Webmaster

We agree. We were actually thinking of starting a second forum in that format with the introduction of release 5.0, because it would be very time consuming to try to convert the existing posts. Our AI College forum has always been in that format, and it worked pretty well.

On 6/23/2005 9:03:19 AM josh wrote:
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Thanks in advance,
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a few good threads

Date :6/20/2005 3:03:50 PM Poster : josh

Marcel:

Here are the threads that came to mind upon reading your questions. Seems like none ask your exact questions, but deal with similar issues. Listed according to how I perceive their relevance to you:

"Before entering the market," posted by Jacobs, 11/28/2000
"General Advice . . .," posted by Ian, 9/7/2000
"What issue to pick," posted by Steve Ward, 10/26/2000
"Evaluate a model- me?," [lol] posted by Jacobs, late 2000 (forgot to jot date)

And others! Hope this has been some help. Don't forget to take a break to eat and look outside. Good luck!

Josh

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Re: Empiric Selection Criteria

Date :6/21/2005 3:16:38 PM Poster : Maxwell Craven

Good advice from Josh. I don't think there's any way to have "certitude", but let me ask - how may inputs did you use?

On 6/19/2005 8:38:17 AM Marcel wrote:
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Re: Empiric Selection Criteria

Date :6/22/2005 12:02:46 PM Poster : Marcel

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Re: Empiric Selection Criteria

Date :6/29/2005 10:02:00 AM Poster : josh

Maciej:

'I don't think its possible to add stops and such like into the Prediction Wizard.'

Thanks for the reply. I meant to suggest that it would be nice if the Prediction Wizard could handle the concept of stops in a future release of NST. I feel like I'm missing a fundamental concept behind NST.

'The way I do it is to use one of the Neural Add-ons and use that in a trading strategy when on can use the stops.'

I have toyed briefly with Neural Add-ons myself in the Trading Wizard (following the examples with recur and jump indicators), but I can't say as I truly understand what is happening. Would you mind giving me a rough idea how you put together a Trading Strategy with the inputs you like from the Prediction Wizard using Neural Add-ons, and being specific in how you specify exit and stop signals?

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Date :6/29/2005 12:39:27 PM Poster : Matt Jarvis

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Good advice from Josh. I don't think there's any way to have "certitude", but let me ask - how may inputs did you use?

On 6/19/2005 8:38:17 AM Marcel wrote:
Hi,

I've been developing and practicing very intensively with NST Pro for the last 3-4 months, working 15h a day including weekends; I've built a few dozens of models, screened and tested almost a thousand of stocks with them, and finally selected 30 that I'm now actively trading with a handful of models.

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I'm aware about the risks of overfitting, therefore I make only little usage of optimization, limit the amount of EoD data to 4-5 years and usually define a few walk-forward test periods of 6 months.

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- What do you do to ascertain and limit the risk that a stock/model does not "go crazy" once trading has begun and totally misbehave?

- Is there any documentation on this subject?

I appreciate all objective and founded comments on the above.

Thanks in advance,
Marcel

Re: Empiric Selection Criteria

Date :7/7/2005 11:23:29 AM Poster : Marcel

Josh, Thanks for your contribution.

I've nothing to add on "Love Your Losers", that's key and goes along with the principle of "Strictly following and applying discipline". I do also underwrite to the Risk Mgmt comments, although in this context I'd rather call it Money Mgmt. No strategy is efficient without a proper Money Mgmt umbrella.

For this reason I've adopted the practice to set stop loss limits quite a while ago. My experience is that incorporating stop losses while building and training models and strategies is not effective, as you say it screwes up the outcome. Depending on the model, sometimes you simply end up in having a number of little consequent losers instead of a bigger single draw down. Stop losses are however very efficient in the Money Mgmt context, as an overall strategy outside of NST, that's where in my opinion it has to be applied.

Marcel

On 6/27/2005 2:46:28 PM josh wrote:
I would like to describe my thought process on the subject. Maybe you are way ahead of this, but here goes:

First rule of trading/risk management/money management = Love Your Losers. Accept that there will be losers and develop a system that requires you to take them in proportion to total equity. The book "Market Wizards," my favorite industry book of all time, demonstrates over and over again that the discipline to take your losses is tops. Most of the traders interviewed set their max loss-per-trade to total equity ratio at between 2 - 5%. If you have $100,000 equity, you risk no more than $2,000 -$5,000 on any trade. So I have been stabbing at a model that not only gets it right, but that limits the max drawdown. So I've had most luck with Limit Max Drawdown when plugging inputs into Prediction Wizard.

Of course, when taking an indicator that has been vetted and optimized with the Prediction Wizard and used to build a Trading Strategy, I would never have thought you could have any confidence that your Strategy, using only the inputs given, would come up with entry and exit signals GUARANTEEING similar risk management characteristics to the Predicted inputs. It is my belief that you have the option of putting an exit condition or a "reverse" condition, but you must enter a "stop" in order to guarantee loss limits. So far (and I am painfully new to this) entering these things has completely screwed the predicted pooch when I try to generate a decent Trading Strategy.

I wonder if its possible to pass on these loss limit rules to the prediction wizard when you're looking for inputs in the first place? In other words, look for parameters that can allow max drawdown to float, and that understands that there must be a loss limit.

This is a long post, so I'll post again when discussion runs to ratios of "evaluation bars" to "Out of sample bars." I have a theory for determining these I'd like to set up for debunking!

Josh

On 6/27/2005 7:11:10 AM Marcel wrote:
Maxwell,

As stated in my original message, the training is limited to 4-5 years and I usually define 2 walk-forward test periods of 6 months.

Yes, it can happen that the price charts exhibit break-outs in both directions. I know that there is a practice of selecting only stocks that have recurring trend patterns. But instead of subjectively filter those out, I let the statistics tell me: Strong moves during the training phase will sensibly condition the nets, and if those moves are not present anymore in the out of sample period, it will result in very few signals and usually bad relative performance.

With regards to Objective Function, I've had the best results with "Maximize Return on Account". I do however sometimes also use "Maximize #Winners - #Losers".

Marcel

On 6/23/2005 3:56:49 PM Maxwell Craven wrote:
That doesn't sound like too many inputs. What time frame are you using for training? Does the market exhibit strong moves in both directions during this time frame? What objective function are you using?

On 6/22/2005 12:02:46 PM Marcel wrote:
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All the models I'm using for trading are conceptually similar, i.e. enhanced versions of one of the examples provided on the CD (I think it's Example 6). I have 3 NNs that independently deliver signals to a trading strategy, which ultimately decides whether to go short/long.

No model has the same set of NNs. In one model the 3 NNs take input from different categories of indicators, while in another the 3 NNs use the same indicators, but set in such way that they consider different timings (short/medium/long term).

To answer your questions, the inputs per NN vary from 3 to 6.

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Thanks in advance,
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Re: Empiric Selection Criteria

Date :6/27/2005 5:11:45 PM Poster : Maxwell Craven

I have two suggestions. First, try using another objective function. The one I like is return on account*equity curve correlation, having become accustomed to it from something that I read here or in a discussion with someone at Ward Systems, I forget which. What you are looking for is a smoothly rising equity curve, not too steep, but gentle in nature, which might answer your original question.

Second I read in one of your posts that you are using Jurik indicators, though I don't think you mentioned which ones. Be very careful with any type of moving averages, whether they are so called adaptive or not. Moving averages are like price, and thus not detrended. It is better to use spreads or percent spreads between moving averages, or other detrenders applied to them. If you are using moving averages by themselves in a neural network, future price levels essentially match up with smaller portions of the training set.

Good luck.

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Re: Empiric Selection Criteria

Date :6/28/2005 10:50:35 AM Poster : Marcel

Thanks Maxwell, I will try your suggetion re objective function in the new set of models due for next month. With regards to Jurik indicators, I avoid the direct usage of moving averages for the reasons you explained below. I make instead use of combinations of CFB, Polarized Fractal Efficiency, Speedy MACD, DMX and RSX - some of them with adaptive source.

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Re: Empiric Selection Criteria

Date :6/26/2005 4:11:53 PM Poster : Greg Kramer

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My acceptance criteria for a system tested with realistic commissions and slippage:

1. The out-of-sample equity curve moves from the lower left to the upper right hand corner of the chart without significant drawdowns.

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3. Reasonable values for % Winning Trades and Profit Factors (these are interdependent, so hard fixed numbers can't be given)

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Re: "- What gives you the certitude that the stock/model will in reality perform nearly as good as during the Out of Sample period, at least for a few months, after which retraining will probably be required?"

The purpose of the out-of-sample test is to give one confidence that the system may continure to perform well on unseen data. But there can be no guarantee that the system will continue to perform well. One can gain additional confidence by testing the system on other instruments/stocks to see how good the generalization is; but there again there is no guarantee on future performance.

Re: "- What do you do to ascertain and limit the risk that a stock/model does not "go crazy" once trading has begun and totally misbehave?"

1. Bet Sizing (money management).

2. Pre-established system termination criteria (e.g., equity curve going south over a given time period or max drawdown greater than X percent, etc.)

Re: "- Is there any documentation on this subject?"

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Re: Empiric Selection Criteria

Date :6/27/2005 10:44:44 AM Poster : Marcel

Greg,

Thanks very much for your substantial and valuable input - let's hope for some more to come.

I can very well follow your acceptance criteria, interesting for me is your focus on drawdown (prior to performance), which contributes also to risk management.

What raises some additional questions is the middle section: I agree that the Out of Sample period is there to ascertain the validity of the model.

- But what if you select out of a sample of 100 stocks, only the few ones that perform the best?

- Isn't this a kind of "manual fitting"?

- Or have you been able to create models that fulfill acceptance criteria for a large number of stocks?

Thanks also for the literature reference.
Marcel

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Re: Empiric Selection Criteria

Date :6/28/2005 10:56:19 AM Poster : Greg Kramer

Re: "interesting for me is your focus on drawdown (prior to performance)"

Actually, prior to looking at drawdown, the system must first have "good performance" which for me is equity moving from the lower left to upper right. This means that the system is capable of making money and has a positive expectancy.

Re: "But what if you select out of a sample of 100 stocks, only the few ones that perform the best?"

My purpose for out-of-sample testing of additional stocks is test the system with additional data that it has not seen before and to determine if it has generalized its rules or is curved fitted. If only a few of the 100 stocks perform well in an out-of-sample test, then the system has failed to generalize. In this case you may want to attempt to identify why (e.g., the stocks that do well are highly correlated with the stock(s) that you initially trained the system on, etc.).

Re: "Isn't this a kind of "manual fitting"?"

Maybe. But remember that

(1) The system performed well during training;

(2) the system performed well on the initial out-of-sample test on the training instruments/stocks;

(3) the purpose of additional out-of-sample testing on other instruments/stocks was to gain additional confidence and to determine how generalized (vs. curved fitted) the system is.

I see no problem with trading the system on the original instruments/stocks. Of course one could paper trade the system in realtime for some period to gain additional confidence. But at some point you are going to have to belly up to the bar and place your bet with hard cold cash.

Re: "Or have you been able to create models that fulfill acceptance criteria for a large number of stocks?"

Yes.

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- What do you do to ascertain and limit the risk that a stock/model does not "go crazy" once trading has begun and totally misbehave?

- Is there any documentation on this subject?

I appreciate all objective and founded comments on the above.

Thanks in advance,
Marcel

Re: Empiric Selection Criteria

Date :7/7/2005 2:02:17 PM Poster : Marcel

Greg,

Your reply makes me more and more curious...

Re: "the system must first have "good performance" which for me is equity moving from the lower left to upper right"

My understanding is that performance is measured either in $ or %. I actually don't care if the equity has an upward or downward trend, since I trade both long and short. As long as the equity HAS a trend, and as long as this trend is successfully captured/learned by the model and eventually applied in the out-of-sample, for me what counts is the performance in $/% and the ratio of mis-trades. Do I miss anything here? Maybe you are referring to e.g. a NetProfit or SystemEquity curve...

Re: "If only a few of the 100 stocks perform well in an out-of-sample test, then the system has failed to generalize"

I must admit that following the above, ALL my models are failing. If I take for example the Nasdaq 100 set of equities, I usually get only a few "good looking stocks", at best they are in the higher single digit. Considering a training span of 4-5 years, one also has to take into account that the number of stocks that have been following a "normal trend" during this time is very, very scarce. Most of the instruments have been going through the 2000 bubble, a big peak then the decline. Those which didn't were maybe commodity or energy related, and these have gone crazy lately peaking for the last 2 years.

Re: "Or have you been able to create models that fulfill acceptance criteria for a large number of stocks? --> Yes."

This really makes me curious! I'm a bit ashamed to ask this question, but would be willing to share your experience? Ideally, would you be willing to post a few examples (*.cht files) based on current data? I've started another thread "Model Sharing", maybe you want to contribute there...

Thanks a lot!
Marcel

On 6/28/2005 10:56:19 AM Greg Kramer wrote:
Re: "interesting for me is your focus on drawdown (prior to performance)"

Actually, prior to looking at drawdown, the system must first have "good performance" which for me is equity moving from the lower left to upper right. This means that the system is capable of making money and has a positive expectancy.

Re: "But what if you select out of a sample of 100 stocks, only the few ones that perform the best?"

My purpose for out-of-sample testing of additional stocks is test the system with additional data that it has not seen before and to determine if it has generalized its rules or is curved fitted. If only a few of the 100 stocks perform well in an out-of-sample test, then the system has failed to generalize. In this case you may want to attempt to identify why (e.g., the stocks that do well are highly correlated with the stock(s) that you initially trained the system on, etc.).

Re: "Isn't this a kind of "manual fitting"?"

Maybe. But remember that

(1) The system performed well during training;

(2) the system performed well on the initial out-of-sample test on the training instruments/stocks;

(3) the purpose of additional out-of-sample testing on other instruments/stocks was to gain additional confidence and to determine how generalized (vs. curved fitted) the system is.

I see no problem with trading the system on the original instruments/stocks. Of course one could paper trade the system in realtime for some period to gain additional confidence. But at some point you are going to have to belly up to the bar and place your bet with hard cold cash.

Re: "Or have you been able to create models that fulfill acceptance criteria for a large number of stocks?"

Yes.

On 6/27/2005 10:44:44 AM Marcel wrote:
Greg,

Thanks very much for your substantial and valuable input - let's hope for some more to come.

I can very well follow your acceptance criteria, interesting for me is your focus on drawdown (prior to performance), which contributes also to risk management.

What raises some additional questions is the middle section: I agree that the Out of Sample period is there to ascertain the validity of the model.

- But what if you select out of a sample of 100 stocks, only the few ones that perform the best?

- Isn't this a kind of "manual fitting"?

- Or have you been able to create models that fulfill acceptance criteria for a large number of stocks?

Thanks also for the literature reference.
Marcel

On 6/26/2005 4:11:53 PM Greg Kramer wrote:
Re: "- On the basis of which empirical criteria do you qualify for trading a stock/model that performs well during the Out of Sample period?"

My acceptance criteria for a system tested with realistic commissions and slippage:

1. The out-of-sample equity curve moves from the lower left to the upper right hand corner of the chart without significant drawdowns.

2. Max Drawdown of less than 10-15% of the prior peak equity

3. Reasonable values for % Winning Trades and Profit Factors (these are interdependent, so hard fixed numbers can't be given)

4. No significant clusters of alternating buy/sell's on consecutive bars (a major problem with NST if long/short signals are optimized independently, i.e., without all parameters linked).

Re: "- What gives you the certitude that the stock/model will in reality perform nearly as good as during the Out of Sample period, at least for a few months, after which retraining will probably be required?"

The purpose of the out-of-sample test is to give one confidence that the system may continure to perform well on unseen data. But there can be no guarantee that the system will continue to perform well. One can gain additional confidence by testing the system on other instruments/stocks to see how good the generalization is; but there again there is no guarantee on future performance.

Re: "- What do you do to ascertain and limit the risk that a stock/model does not "go crazy" once trading has begun and totally misbehave?"

1. Bet Sizing (money management).

2. Pre-established system termination criteria (e.g., equity curve going south over a given time period or max drawdown greater than X percent, etc.)

Re: "- Is there any documentation on this subject?"

Pardo, R., "Design, Testing, and Optimization of Trading Systems"
Stridsman, T., "Trading Systems that Work"
Stridsman, T., "Trading Systems and Money Management"
Chande, T., "Beyond Technical Analysis"

On 6/19/2005 8:38:17 AM Marcel wrote:
Hi,

I've been developing and practicing very intensively with NST Pro for the last 3-4 months, working 15h a day including weekends; I've built a few dozens of models, screened and tested almost a thousand of stocks with them, and finally selected 30 that I'm now actively trading with a handful of models.

Besides a few lucky trades, I'm however not yet satisfied with my results – the winners/losers ratio of the traded stocks is 30-40%, while I was expecting it to be at least above 50%.

At this point in time there is one important question that bothers me – What are the criteria that qualifies a stock/model for trading?

Analyzing charts, plotting meaningful indicators, building models based on NNs, testing, backtesting etc. are all necessary steps, results of which are in the end proven with good/positive Out of Sample statistics. For example, I set my criteria to >70% successful trades, double performance than buy & hold but at least 30% on a yearly basis, and last but not least a visually attractive chart with the buy/sell signals placed at the right turning points and no major mistrades or periods of inactivity in the Out of Sample chart.

I'm aware about the risks of overfitting, therefore I make only little usage of optimization, limit the amount of EoD data to 4-5 years and usually define a few walk-forward test periods of 6 months.

Now back to my original question:

- On the basis of which empirical criteria do you qualify for trading a stock/model that performs well during the Out of Sample period?

- What gives you the certitude that the stock/model will in reality perform nearly as good as during the Out of Sample period, at least for a few months, after which retraining will probably be required?

- What do you do to ascertain and limit the risk that a stock/model does not "go crazy" once trading has begun and totally misbehave?

- Is there any documentation on this subject?

I appreciate all objective and founded comments on the above.

Thanks in advance,
Marcel

Quote.com problems

Date :6/22/2005 2:03:47 PM Poster : Ward.net Webmaster

Customers have reporting Quote.com problems for days. We have seen many periods when real time data stops. Here is what Quote.com's web site says:

Date: 6/21/2005
Dear QCharts Client:

As you are aware, due to a provider error, we are experiencing incorrect data on the following emini symbols:

NQ - Nasdaq
ES - S&P

MR - Russell

Please be advised that our engineers are have identified a fix that will correct this issue. The fix will be rolled out incrementally after hours throughout this week and will complete this coming weekend. We apologize for any inconvenience this may have caused, and we appreciate your patience.

Sincerely,
The Quote Product Team

multiple exchange spreads

Date :6/23/2005 12:40:14 PM Poster : josh

In my recent post, I extolled the virtues of pouring over this entire forum as a good idea. I still believe that, and I'm about six months further along. But, I'm not blind to the virtues of a good site search either. Since I haven't found my answer from either of the methods so far, thought I would ask:

What is the best way to compare the US 10yr Note futures (trade from 20:00 to 17:00 EST) to the German 10yr future, the Bund (trade from 02:00 to 13:00 EST).

My observation as a futures trader of 7 years has been that overnight, the Bund moves the US futures, and when the pit opens in Chicago (or up to an hour before) US futures are king. I have no problem cropping the US time series to equal the period of overlap with the German, but what is the best way?

Has anyone else thought to capitalize on the discrepencies between these highly correlated contracts? Success or frustration? I'm only too happy to share my thoughts on promising inputs to optimize (for what their worth) but I can't get my arms around the different session times.

I think I read a discussion of this concept somewhere, but I can't find it with the search. Thanks for any thoughts.

Josh

ESignal - European Futures Continuous contracts

Date :6/25/2005 2:27:51 PM Poster : alex amos

I have always had a problem creating continuous contracts within the Trader. I was therefore very happy when ESignal added this capability with the release of 7.9. My happiness was shortlived when I discovered that the data was only available within Advanced Charting itself. I therefore wrote to ESignal to query why they had not programmed the Data Manager instead of 7.9 . The answer which I eventually received is given below and may be of interest to other disappointed customers of DBC. (As most will know, Greenland will probably melt before the non-American Exchanges incorporate continuous futures data into their feeds.)

"In reply to your question, there are no plans to do this in the datafeed or to try and set up the tool in the data manager. The reason we don't do it in the feed is that we've never been able to get any accurate set of defaults to get this done. There is no standard for when to roll a contract and many of the international contracts are quite complicated on how to do things. Even with the domestic (US) contracts, we've always had negative feedback from users saying that we're not always rolling when they think we should. This would be easier if the exchanges would ever come up with a spec for switching contracts, but I don't see that coming. The reason we don't do this at the data manager level is that it would require too many components be changed and would mean changing the strategy of the data manager. The Data Manager is simply an application that gathers the data and passes it through to the end application requesting the data. Adding logic to do lookups and convert symbols would detract from its current operation. With the current solution within eSignal using continuous contracts, a decision is being made on what the correct symbol is for the current contract and then the request to the data manager is for the actual symbol.

Given this, we decided the best way to finally offer this was the by giving the users the ability to string the contracts together based on their own preferences. We're currently only doing this based on dates, but plan to enhance this over time to include rolls based on Volume and/or Open Interest. None of this can be done on the server end as users have different opinions of what rules to use.

I hope this helps explain some of the reasons for how things work re continuous futures contracts.

Best regards

Grant Dickie

Comment from AA. If the decisions to be made are so subjective, I am at a loss to understand how CME etc cope so admirably and without complaint.

Re: ESignal - European Futures Continuous contracts

Date :10/13/2005 2:33:05 PM Poster : Maciej

You may want to look at CSI for daily continous contracts. NSDT does not autmatically read the data but I've found it probably the most comprehensive for futures. NSDT will read the data.

On 6/25/2005 2:27:51 PM alex amos wrote:
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Re: ESignal - European Futures Continuous contracts

Date :10/13/2005 5:43:32 PM Poster : Ward.net Webmaster

We aren't sure what you mean by "automatically read" daily data, but if you download CSI data into a folder in either CSI or Metastock format, NSDT will read it each time NSDT is brought up without any action on your part.

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Re: ESignal - European Futures Continuous contracts

Date :10/18/2005 11:11:33 AM Poster : Maciej

Perhaps I wasn't clear enough. There is no problem in NSDT reading CSI. What does not exist is the ability to load the latest data from within NSDT as in the case of Quote, Esignal or Prophet to name the ones that I have tried from within NSDT. The level of sophistication with CSI continous contracts is in my limited experience quite large - well beyond the capabilities of the other purveyors of data. The data includes Open Interest as well as Volume O/H/L/C and although I haven't yet tried it, the ability to have several continous contracts ie the current contract as part of a continous contract and also the next contract also as a continous contract. For futures, these are interesting tools (another measure of what's happening is the spread between current and forward futures contracts). There is also in the current beta version the ability to get option data for futures to help judge who's buying / selling futures (Fairly often rather than place a stop I will buy/sell a call or put to use as a stop)

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Model Sharing

Date :6/27/2005 11:57:13 AM Poster : Marcel

I know that with this message I'm going to touch "sensitive ground", nevertheless I'm serious about it and wish to explore further.

I ask myself if there would be interest to share Models among members of this forum.

IMHO there are little reasons why not:
- Most of us are using NST for personal rather than corporate interest
- There is only limited IP to be "given away"
- Experience is the essence here, not the results in form of models
- It would be an additional advanced educational enrichment for all of us
- It would help us to relatively compare the quality of our own models
- And generate new idea and ground to work on

From my side I'm willing to share the models I'm trading with. Most of them make use of Jurik indicators, but these can easily be replaced by traditional indicators with some performance decrease to be expected. I'm using EoD data only, not sure if models can be used for Intraday too.

Your thoughts and comments are welcome.
Marcel

Re: Model Sharing

Date :6/27/2005 3:24:57 PM Poster : josh

Marcel-

I am interested in sharing. There is a quasi-precedent for this practice dating back to 2000-01 among individuals collaborating on a system. Wonder how they got along? Their posts were entertaining to read as they developed criteria for issue selection, objectives to predict, inputs they like, etc. If I had a profitable model I would share it in this post. Alas, I am not working on that skill set yet. Have you ever seen Karate Kid? I'm still at "wax on! wax off!" I.e. working on getting the Prediction Wizard to optimize my inputs and parameters to result in 5 out of 5 profitable walk forwards. Maybe I should ease up on my input criteria before trying to codify trading rules?

Some of the inputs I'm toying with are BBands, stochastics, old highs and lows, as well as Turning Point, Advanced Indicator Sets, Clusters and Fuzzies. In reality, I think there are more than enough indicators included in the program to keep someone new like myself busy for a year or two. I appreciate your suggestion to exclude add-on indicators in shared models.

You alluded to the school of thought that argues against sharing "the total package." (my term) I don't subscribe to that, but like you, I have the upmost respect for those who do. We all know how much work goes into a successful model (more than I've put in!). I simply don't think enough people could copy a strategy and implement a trading program based on it to significantly influence the S/D of highly liquid stocks before the market changes of its own volition rendering the strategy obsolete anyway. So, for me, sharing is merely akin to fleshing out the excellent examples included in the software- something I hope to do for as long as I'm using this product. For others, it may seem like shoothing themselves in the foot.

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Re: Model Sharing

Date :6/27/2005 5:17:47 PM Poster : Maciej

I can understand people's reluctance to share models particularly as most of these systems represent considerable effort which no one wants to give away. The reality is that its most unlikely that any two of us will trade a given system in exactly the same way unless it were totally mechanised including the trigger pulling part. An example in the public domain is the turtle trading system - we all know how it works but few of us have the account size or temperament to trade it.

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Re: Model Sharing

Date :6/29/2005 9:45:33 AM Poster : josh

'I can understand people's reluctance to . . .'

Agreed.

'An example in the public domain is the turtle trading system . . .'

You may be interested in this. I bought the turtle program a few years ago. In it they extolled the virtues of the trend trading philosophy: citing statistics on trending vs. non-trending periods, the phenomenon of trends showing up in coin flips, etc. (I haven't plugged it into trading system software to test it because I've never learned how to account for changing position size.) But anecdotal evidence suggests those using the system suffered a period back then that wiped many out. Perhaps because there were so many users? I don't know the answer to that. The futures markets entered a non-trending period of sustained duration to the extent that Richard Dennis closed up shop. (He may have reopened as the markets have been looking more trendy in the last year or so)

My gut is that the turtles brought attention to the overall phenomenon of trend following because it was such an easy idea to understand, and that successful models developed with much help from NST would hinge on theories less easily articulated and therefore not mass distributed.

I'm sure you didn't mean it this way, but just to clarify, the Turtle system is not in the public domain, although it might as well be, as you said, "we all know how it works."

Finally, wouldn't it be cool to arrive at a new theory, as easy to understand as "trend following," that revolutionized the risk-management industry? Talking about this makes me want to re-read "The New Market Wizards," almost as good as the first one, but seems more focused on systems traders. Reading that series always gets me pumped.

Josh

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Re: Model Sharing

Date :6/30/2005 9:59:14 AM Poster : Steve Eberbach

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Josh:

I do not think you have steered this topic off Marcel's track at all. In fact the track is getting more solid as we build it. We could change its title to

"Sharing Experiences" to include more generality, just as the "New Market Wizards" shared even more important information in the format of

experiences than they did in the form of "models". Marcel himself said experience is the essence from his own viewpoint. I think that is the purpose

behind Steve Ward's creating this fourm as support of the software.

Quoting Monroe Trout from "The New Market Wizards": " ..if we blindly followed the systems we might make half of what we do now. Maybe even less.

I could give 10 CTAs the exact systems we use, and some of them still wouldn't make any money."
Now, a CTA is a pro by definition, running his/her modelling advice as a serious business.

Put that together with the fact that Trout's team of traders trades from MODELS, many of them, just like users of NeuroShell Trader Pro! Make your

own inferences from that! Maybe Trout even uses NST pro and a team of modelling Geeks instructing his Floor traders!

To be repetitive:

Marcel says: "EXPERIENCE is the essence here". More thanks for starting this thread, Marcel!

Really practical, tradable "total packages" will be a complex of "edges", (models which really work) and good money managemant, just as Trout

said. (Unless you don't believe a successful multi-millionaire trader) If you read between the lines in Trout's and others' interviews, we little Traders

have an edge called small size. We can execute our entire position faster!

The edge from any particular trading model will break down if there is too much size being triggered by its signals. (a factoid from the wizards'

combined experience)

To answer Josh's particular questions:

Yes, you understood very well what I was saying, and said it back in your own words even better than I explained it.

Yes, an entry signal using another model's stop can be "identified with an indicator".

An example would be: SUB(position (StopStrategy)), lag1 (position (StopStrategy))

A change in position from hitting the stop generates a indicator spike one bar later. Using an indicator directly to give a signal would work to give a

go or no-go for the next bar, but would not give you exact feedback from stop price for the optimizer through the equity curve, drawdown accumulation,

etc. because of the equity posting delay from only marking price at the close or next bar open to your equity total accumulation.

The example I gave gives a SIGNAL one bar late. The SIGNAL from the basic stop strategy Template is "always try to trade next bar against current

position, and do so when stop is hit". So you cannot use the signals (there is a signal every bar), you have to use the actual position of the stop

strategy as the input for your strategy which combines the simpler models. While your stop-based strategies change position inside the bars, the

signals are "known" only at the close. I call such models by the name "Discovery At Close" (DAC) models to remind me of that.

How does this relate to Anti Grail? While it is not motivated by it, it is as you suspect, related. See Steve Ward's post in the tips about "Bizarro".

Example: We know (from reading Market Wizards!) that the Big-Firm floor traders can move prices to hit the stops we just set up in our Turtle-like

template. While they succeed, the equity curve of our stop model suffers a declining trend. But they don't always succeed, or they would be long ago

retired. (Unless they are obsessed, in which case their "size" gets too obvious and cumbersome) So what I try to do with the NST optimizer, is find

what conditions under which their strategy of "running the stops" fails or succeeds. When my equity curve falls, the floor traders are winning, when it

rises, something bigger is overwhelming their little game. That is an example of what I would call a "Strategy". You can try to extract information from

the market prices based on modelling what the traders admit they are looking at when they trade, and rather than blindly following their methods, try

to decide who is winning, and who is losing, and when, and how much. One trend you CAN depend on is that the game goes on and on. The

traders won't stop hitting the ball back and forth.

Referring to the Turtles-style Breakout example, the Strategy Template can mark the STOP PRICE (hypothetically) execution to market equity instead

of the closing price or next bar opening price. The Strategy Wizard puts the red and blue X's right at the stop prices; they are reflected in your trading

statistics you optimize with the optimizer, but you still don't know how many times the actual price crossed the Stop!!!!! Maybe you paid ten times for

just one trade! Really you would need tick data or a trader on the floor. That's probably a decent example of what Trout means when he says his

EXPERIENCE with computer models (in New Market Wizards) is that maybe half his profits are the "edge" from the models, and the other half from

discretionary execution, etc.

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Re: Model Sharing

Date :7/11/2005 2:51:17 PM Poster : Mark Simpson

Hi All,

To me, a model is the end result of a process, and that the best
place to start is finding out what needs to be done, then finding/building the tools
to achieve that and then finally ending up with a working model, rather than just
trying to find a working model.

Another way of looking at it is, are we looking to be provided a rod, line and the location, or do we want to learn how to fish?

Models tend to be very specific to peoples risk level, trading timeframes and interests.
An ideal model for one individual probably isn't ideal for another. Also people
tend to have a lot of IP tied up in their models, so are generally unwilling to share
due to the risks involved in doing so. However, people quite often are willing to share
concepts, methods or techniques.

Howabout a discussion starting with "What needs to be achieved to build a profitable
Neural Net"?

Then maybe we could progress into a discussion about the tools/needed. Suggested
items to start with could be:

1. What neural networks can learn, and what they can't learn.
2. Heisenberg, Filters, What is lag. Removing lag, and creating/using
leading indicators.
2. Curve fitting. What it is, how to avoid it and how to use it to advantage.
3. Normalizing Time.

I also, don't want to misdirect this thread. If there's enough interest, then I'll
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Regards
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Date :7/14/2005 3:31:32 PM Poster : Marcel

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rises, something bigger is overwhelming their little game. That is an example of what I would call a "Strategy". You can try to extract information from

the market prices based on modelling what the traders admit they are looking at when they trade, and rather than blindly following their methods, try

to decide who is winning, and who is losing, and when, and how much. One trend you CAN depend on is that the game goes on and on. The

traders won't stop hitting the ball back and forth.

Referring to the Turtles-style Breakout example, the Strategy Template can mark the STOP PRICE (hypothetically) execution to market equity instead

of the closing price or next bar opening price. The Strategy Wizard puts the red and blue X's right at the stop prices; they are reflected in your trading

statistics you optimize with the optimizer, but you still don't know how many times the actual price crossed the Stop!!!!! Maybe you paid ten times for

just one trade! Really you would need tick data or a trader on the floor. That's probably a decent example of what Trout means when he says his

EXPERIENCE with computer models (in New Market Wizards) is that maybe half his profits are the "edge" from the models, and the other half from

discretionary execution, etc.

Steve

On 7/1/2005 12:26:53 PM josh wrote:
Thanks, Steve.

". . . but a breakout stop-order Template (in trading strategy wizard) . . . is my starting point."

That is a fascinating concept. But- and don't take this the wrong way- by any chance did you arrive at that strategy after repeated attempts to develop a "successful" trading system resulted in developing a wonderfully consistent "losing" trading system? A.k.a. The Un-Holy Grail? The Anti-Grail? I ask because I think I'm closer to cracking that mystery than I am to a decent model. The thought has occurred to me at times that I should be able to safely take the opposite positions of my strategy's signals and do quite well.

If I understand you correctly, your model has the following characteristics:

it relies on "sub-models" for entry conditions
sub-models take the theories of the turtle system (based primarily on the identification of trends) and creates simple entry signals and stops.
the trading model takes the sub-models' stop signals for it's entry signals
you use portfolios of trading models to diversify among issues and time frames

Can't an entry signal using another model's stop signal be instead positively identified with an indicator? Is it easier for one to generate the multiple layer models (for a variety of issues)-- necessary to diversify across time-- by beginning with a first model that generates stop signals? As you diversify across time, is it your hope/expectation that, although you may lose one or two or five in a row, ultimately you will have a bunch of individually deployed signals ganging up on a trend?

"The simplest stops are . . ."

Oy, vay! As I've stated recently, I'm still a newbie here, so maybe when I butted in asking for specifics, I stepped in it. I still have some larger issues I need to arrive at on my own through trial and error screwing around. I really appreciate your willingness to lay it out like that, Steve.

Marcel, thanks for starting this thread! Hope I haven't steered it too far from your original goal.

Josh

On 6/30/2005 9:59:14 AM Steve Eberbach wrote:
Funny thing, this Synchronicity!

I also am reading "The New Market Wizards", and am getting very pumped. Trading is so complex that it is very difficult for a single person to "do it all" themself. It takes a team of people with various talents working together with psychological diversity and checks and balances, unless you are one of those "multi" types with perfectly disciplined ADHD.

I am grateful to have Steve Ward and Co. on my little team.

You no longer have to buy the original Turtles' strategy to learn it.
Have even been modelling the "Turtle system", which you can read about at:

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Re: Model Sharing

Date :7/25/2005 7:20:18 PM Poster : Alan Rhodes

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what conditions under which their strategy of "running the stops" fails or succeeds. When my equity curve falls, the floor traders are winning, when it

rises, something bigger is overwhelming their little game. That is an example of what I would call a "Strategy". You can try to extract information from

the market prices based on modelling what the traders admit they are looking at when they trade, and rather than blindly following their methods, try

to decide who is winning, and who is losing, and when, and how much. One trend you CAN depend on is that the game goes on and on. The

traders won't stop hitting the ball back and forth.

Referring to the Turtles-style Breakout example, the Strategy Template can mark the STOP PRICE (hypothetically) execution to market equity instead

of the closing price or next bar opening price. The Strategy Wizard puts the red and blue X's right at the stop prices; they are reflected in your trading

statistics you optimize with the optimizer, but you still don't know how many times the actual price crossed the Stop!!!!! Maybe you paid ten times for

just one trade! Really you would need tick data or a trader on the floor. That's probably a decent example of what Trout means when he says his

EXPERIENCE with computer models (in New Market Wizards) is that maybe half his profits are the "edge" from the models, and the other half from

discretionary execution, etc.

Steve

On 7/1/2005 12:26:53 PM josh wrote:
Thanks, Steve.

" . . . but a breakout stop-order Template (in trading strategy wizard) . . . is my starting point."

That is a fascinating concept. But- and don't take this the wrong way- by any chance did you arrive at that strategy after repeated attempts to develop a "successful" trading system resulted in developing a wonderfully consistent "losing" trading system? A.k.a. The Un-Holy Grail? The Anti-Grail? I ask because I think I'm closer to cracking that mystery than I am to a decent model. The thought has occurred to me at times that I should be able to safely take the opposite positions of my strategy's signals and do quite well.

If I understand you correctly, your model has the following characteristics:

it relies on "sub-models" for entry conditions
sub-models take the theories of the turtle system (based primarily on the identification of trends) and creates simple entry signals and stops.
the trading model takes the sub-models' stop signals for it's entry signals
you use portfolios of trading models to diversify among issues and time frames

Can't an entry signal using another model's stop signal be instead positively identified with an indicator? Is it easier for one to generate the multiple layer models (for a variety of issues)-- necessary to diversify across time-- by beginning with a first model that generates stop signals? As you diversify across time, is it your hope/expectation that, although you may lose one or two or five in a row, ultimately you will have a bunch of individually deployed signals ganging up on a trend?

"The simplest stops are . . ."

Oy, vay! As I've stated recently, I'm still a newbie here, so maybe when I butted in asking for specifics, I stepped in it. I still have some larger issues I need to arrive at on my own through trial and error screwing around. I really appreciate your willingness to lay it out like that, Steve.

Marcel, thanks for starting this thread! Hope I haven't steered it too far from your original goal.

Josh

On 6/30/2005 9:59:14 AM Steve Eberbach wrote:
Funny thing, this Synchronicity!

I also am reading "The New Market Wizards", and am getting very pumped. Trading is so complex that it is very difficult for a single person to "do it all" themself. It takes a team of people with various talents working together with psychological diversity and checks and balances, unless you are one of those "mutts" types with perfectly disciplined ADHD.

I am grateful to have Steve Ward and Co. on my little team.

You no longer have to buy the original Turtles' strategy to learn it.
Have even been modelling the "Turtle system", which you can read about at:

http://www.originalturtles.org/system.htm

The tough part is the putting-on-positions rules requiring a time/price-diversified staged entry and exit strategy, but it is key, mathematically, to the success, which I have verified to my own satisfaction with NST, using

overlaid strategies. (See tips) I have only verified some of the principles involved with "Turtle-like" models.

The real thing is really much more difficult to model and execute than the more typical signal-and-threshold paradigm, but a breakout stop-order Template (in trading strategy wizard) which is [almost] always trying to enter the market OPPOSITE the current position with stop orders is my starting point. The simplest stops are Lag(Max,PriceTimeSeries), spanbars(lagbars) and Lag(Min(PriceTimeSeries) spanbars)lagbars. Just like the original Turtles' "Breakouts". Layer on more copies of basic strategy with stops offset in price to simulate staged entries, exits, reversals. You have to begin by assuming you will Timing-diversify using several contracts, or "lots" of stock shares.

Also key to success is being able to diversify among instruments of trading, because nothing trends all the time, let alone trends all the time in just one direction. It is analogous to catching popcorn just as it is popping. Focussing on each popping kernel one at a time is a frustrating exercise at best.

Steve

On 6/29/2005 9:45:33 AM josh wrote:
'I can understand people's reluctance to . . .'

Agreed.

'An example in the public domain is the turtle trading system . . .'

You may be interested in this. I bought the turtle program a few years ago. In it they extolled the virtues of the trend trading philosophy: citing statistics on trending vs. non-trending periods, the phenomenon of trends showing up in coin flips, etc. (I haven't plugged it into trading system software to test it because I've never learned how to account for changing position size.) But anecdotal evidence suggests those using the system suffered a period back then that wiped many out. Perhaps because there were so many users? I don't know the answer to that. The futures markets entered a non-trending period of sustained duration to the extent that Richard Dennis closed up shop. (He may have reopened as the markets have been looking more trendy in the last year or so)

My gut is that the turtles brought attention to the overall phenomenon of trend following because it was such an easy idea to understand, and that successful models developed with much help from NST would hinge on theories less easily articulated and therefore not mass distributed.

I'm sure you didn't mean it this way, but just to clarify, the Turtle system is not in the public domain, although it might as well be, as you said, "we all know how it works."

Finally, wouldn't it be cool to arrive at a new theory, as easy to understand as "trend following," that revolutionized the risk-management industry? Talking about this makes me want to re-read "The New Market Wizards," almost as good as the first one, but seems more focused on systems traders. Reading that series always gets me pumped.

Josh

On 6/27/2005 5:17:47 PM Maciej wrote:
I can understand people's reluctance to share models particularly as most of these systems represent considerable effort which no one wants to give away. The reality is that its most unlikely that any two of us will trade a given system in exaactly the same way unless it were totally mechanised including the trigger pulling part. An example in the public domain is the turtle trading system - we all know how it works but few of us have the account size or temperament to trade it.

On 6/27/2005 3:24:57 PM josh wrote:
Marcel-

I am interested in sharing. There is a quasi-precedent for this practice dating back to 2000-01 among individuals collaborating on a system. Wonder how they got along? Their posts were entertaining to read as they developed criteria for issue selection, objectives to predict, inputs they like, etc. If I had a profitable model I would share it in this post. Alas, I am not working on that skill set yet. Have you ever seen Karate Kid? I'm still at "wax on! wax off!" I.e. working on getting the Prediction Wizard to optimize my inputs and parameters to result in 5 out of 5 profitable walk forwards. Maybe I should ease up on my input criteria before trying to codify trading rules?

Some of the inputs I'm toying with are BBands, stochastics, old highs and lows, as well as Turning Point, Advanced Indicator Sets, Clusters and Fuzzies. In reality, I think there are more than enough indicators included in the program to keep someone new like myself busy for a year or two. I appreciate your suggestion to exclude add-on indicators in shared models.

You alluded to the school of thought that argues against sharing "the total package." (my term) I don't subscribe to that, but like you, I have the upmost respect for those who do. We all know how much work goes into a successful model (more than I've put in!). I simply don't think enough people could copy a strategy and implement a trading program based on it to significantly influence the S/D of highly liquid stocks before the market changes of its own volition rendering the strategy obsolete anyway. So, for me, sharing is merely akin to fleshing out the excellent examples included in the software- something I hope to do for as long as I'm using this product. For others, it may seem like shoothing themselves in the foot.

Josh

On 6/27/2005 11:57:13 AM Marcel wrote:
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I ask myself if there would be interest to share Models among members of this forum.

IMHO there are little reasons why not:
- Most of us are using NST for personal rather than corporate interest
- There is only limited IP to be "given away"
- Experience is the essence here, not the results in form of models
- It would be an additional advanced educational enrichment for all of us
- It would help us to relatively compare the quality of our own models
- And generate new idea and ground to work on

From my side I'm willing to share the models I'm trading with. Most of them make use of Jurik indicators, but these can easily be replaced by traditional indicators with some performance decrease to be expected. I'm using EoD data only, not sure if models can be used for Intraday too.

Your thoughts and comments are welcome.
Marcel

Re: Model Sharing

Date :7/16/2005 9:15:03 PM Poster : Alan Rhodes

I am not really sure what else there is to add to your topics. You covered the main obstacles we face building trading models.

Since I work in the computer business, I have a different slant on things. Besides understanding concepts, I do feel discussions can be utilized to better analyze what tools can do and can't do. These can be purchased tools and home built tools. Concepts develop the specifications for the tools we need. We also need to know what tools can do to meet those specifications.

I had a former life as a forester before I got a BS in computer science. As a forester, the more the understanding about the place you worked, the better you were. You needed to know about your climiate, your soils, your ... to better understand your ecosystems and how to manage them better (or in reality, not screw them up on along term basis).

The one culture shock I went into computers is that I needed to learn how to deal with black boxes. I knew everything there was to know down to assembly language programming in my first PC. That was no longer true in my second computer. My main goal in much of my job is knowing what a tool can and cannot do. If there is not a tool, my job is to develop specifications to have a tool built.

The H,L,O,C/4 you posted later is a demo of a tool. My trading partner actually went as far to test 6 inputs (though the results were not enough better that I started using that instead of H,L,O,C/4). You sell tools (very useful ones I may add) and donate tools for free on your web site.

For those of us with full time jobs, family, etc. if a solution cannot be built with tools, we are screwed. I am hoping the math behind much of what is done does not need to be understood. I obviously hope so since I am pursuing it. But even in my case, I daydreamed a tool, asked Ward systems if there was any way to do it in NeuroShell, and gave up. But my friend independently thought of the same thing and is programming it. And if my theory is correct, it should serve as an excellent adaptor into your adaptive indicators. So I speak with forked tongue.

Just to clarify, as an analyst, I seek to clarify what needs to be done (as you spell out, reduce lag is one). As a model builder in NeuoroShell, I also seek to know what can be done with things available. I am hoping I do not need to know how those things do it.

Re: Model Sharing

Date :7/12/2005 6:03:11 PM Poster : Sunny

Marcel,

Several months ago I posted several links under the Trend Trigger Factor title.

This is a single indicator that can be used under MetaTrader for forex trading. Moreover, I attempted to call attention to both its strength and its weakness as an indicator, and I asked for a programmer for NS to convert the code (which was also provided). In addition, I provided real time charts (at the time) of the indicator in action.

To my surprise, not a single reply was received. I assumed that other people either found the indicator to be worthless, or they used it without posting further progress.

To summarize, I was disappointed to find the lack of response to what I have found to be a very useful indicator. This lack of response has made me a little bit more thick-skinned when it comes to sharing indicators or systems in the forum.

I find this to be quite a personal dissapointment since I have learned quite a bit from others who have also posted in this forum in the past.

Best regards,

Sunny

Re: Model Sharing

Date :7/14/2005 7:46:44 AM Poster : Marcel

Sunny,

Thanks for sharing your "disappointment", I believe it does help to create awareness and eventually revitalize this forum. I'm of pretty stubborn nature and don't give up that quickly.

Based on the feedback received so far, I see some ground where we could build up an interesting discussion - I've something in mind, just need time to implement, maybe today or tomorrow.

Keep on visiting these pages; I'm looking forward for your contribution and feedback.

Cheers, Marcel

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Best regards,

Sunny

Re: Model Sharing

Date :7/14/2005 12:18:35 PM Poster : Steve Eberbach

Sunny:

I have to jump in here, because I intended to take on your proposal.

Anyway, since I have MetaTrader 4, I set out to try this strategy, but quickly discovered that it would not work with MetaTrader4. I went to the MetaTrader Forum, and found discussion saying that the TrendTriggerFactor code has a future leak making it seem to do better than one should expect.

Meanwhile, Trend Trigger Factor was posted on Ward's NST. So I downloaded it and tried it, with dismal results.

I decided to wait until I could run it again on MetaTrader4 , which perhaps can be done now, since the strategy tester in MT4 is now working.

I suppose that I should have announced my progress, or lack thereof, rather than just giving up. Discouraging experience, I suppose is just as important as encouraging experience. In this game, I get more of the latter.

My sincere apologies, Sunny.

Steve

P.S. If I find out anything from MT forum, I will report it, since at least one other member of this forum is interested. Just getting a published strategy which works on one platform translated to another platform is certainly the kind of experience we can share here without offending anybody unethically.

On 7/14/2005 7:46:44 AM Marcel wrote:
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Best regards,

Sunny

Re: Model Sharing
Date :7/15/2005 2:00:24 AM Poster : Sunny

Steve,

As I mentioned before the indicator that I posted will only work with MetaTrader 3.8. I have not seen this indicator yet for MetaTrader 4. MT 3.8 is no longer supported; however, you might be able to get a copy from the Yahoo forum. (I am traveling now until the end of the summer so my copy of MT 3.8 is in my main computer. If you are interested, I can make it available to you in September.)

I have found the indicator to be quite useful in the 4-hour, daily, and weekly charts. (Some programmers in the MT forum like it and others don't.) However, I use it not as a main indicator, but rather I use it as a double check on other indicators.

In addition, I tried the version available in this site for NS; however, the results are quite different and similar to the ones you got. My results in MT 3.8 appear to be better; however, I am unable to program, and for this reason I provided all of the above information since I thought if it works in one platform it should work on another platform.

You can double check the indicator's results by looking at the charts that I posted and comparing them with NS charts. You can see that the results provided in MT 3.8 catch the tops and bottoms quite nicely.

I appreciate in letting me know of your experience with the indicator. (By the way, I have used some of your indicators with good results), and there is no need to apologize. :-) My results are kind of like Thomas Edison's results -- 99% perspiration and 1% inspiration (misquote).

Regards,

Sunny

Re: Model Sharing
Date :7/15/2005 1:41:09 AM Poster : Sunny

Marcel,

I like your optimism since this is key for this game. I will be interested in following your work in the days ahead.

Regards,

Sunny

Re: Model Sharing
Date :7/25/2005 7:18:03 PM Poster : Alan Rhodes

Since Mark Simpson gets at the problem, I will state the obvious. I have no desire to share my models since I have nothing to share.

While I have a system which I think is profitable, it is a totally conventional trend reversal system. I want to develop the unconvetional. Mark is getting at how to do the unconventional.

I will be reviewing posts and try to develop what I think is a project plan for developing the unconventional.

On 6/27/2005 11:57:13 AM Marcel wrote:
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From my side I'm willing to share the models I'm trading with. Most of them make use of Jurik indicators, but these can easily be replaced by traditional indicators with some performance decrease to be expected. I'm using EoD data only, not sure if models can be used for Intraday too.

Your thoughts and comments are welcome.
Marcel

Re: Model Sharing
Date :7/26/2005 1:47:53 PM Poster : Marcel

Alan,

I think that for the purpose of developing "the project plan", it would make sense to qualify conventional vs unconventional systems. Could you please elaborate on the definition of "unconventional", or give some examples so that all contributors/participants have the same understanding and can share the same objective?

Thanks, Marcel

On 7/25/2005 7:18:03 PM Alan Rhodes wrote:
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eSignal daily stock data
Date :7/8/2005 6:05:54 AM Poster : Phil Greenwood

Is it possible to pull daily data (for stocks) from eSignal? The "Add New eSignal Ticker Symbol" button only appears if you select "Intraday" on the Chart Wizard, and the timescale options don't go up to daily in the drop box.

How can I add symbols for daily data from eSignal?

(This isn't made clear in the help either - and I can't believe I've only just noticed this after using NSDT for a year).

Re: eSignal daily stock data
Date :7/8/2005 1:18:55 PM Poster : Steve Eberbach

One way might be to download intraday data (half hour or even shorter) to an intraday chart, than use NST to create a daily chart FROM that data. You have the advantage then of being able to pull out information such as: when was the high, when was the low? The disadvantage is bigger data files. You could "export" the daily OHLC files daily, and pick the intraday prices apart into other useful "inputs" columns of your own custom daily data files.

Myself, I switched to Tradestation, but they have their own problems. I think soon brokers will offer "free data feeds" for frequent traders, and Steve Ward mentioned that working toward stable data integration is a top priority for Ward Systems, so I am trying to be patient.

Steve

On 7/8/2005 6:05:54 AM Phil Greenwood wrote:
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Re: eSignal daily stock data
Date :7/11/2005 3:37:25 PM Poster : Maciej

Phil,

I use Esignal futures and have no issues adding new symbols. Try adding a future to see if the function is only with futures for new symbols for daily data.

On 7/8/2005 1:18:55 PM Steve Eberbach wrote:
One way might be to download intraday data (half hour or even shorter) to an intraday chart, than use NST to create a daily chart FROM that data. You have the advantage then of being able to pull out information such as: when was the high, when was the low? The disadvantage is bigger data files. You could "export" the daily OHLC files daily, and pick the intraday prices apart into other useful "inputs" columns of your own custom daily data files.

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Re: eSignal daily stock data
Date :7/12/2005 11:06:24 AM Poster : Ward.net Webmaster

Phil,

In the Tools, Data Sources, Server dialog, do you have the box checked that says "Use server as an end of day data source"?

Ward.net Webmaster

On 7/8/2005 6:05:54 AM Phil Greenwood wrote:
Is it possible to pull daily data (for stocks) from eSignal? The "Add New eSignal Ticker Symbol" button only appears if you select "Intraday" on the Chart Wizard, and the timescale options don't go up to daily in the drop box.

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Simple technique for removing some noise

Date :7/12/2005 10:56:26 AM Poster : Mark Simpson

Hi,

Here is an extremely simple technique to remove some noise in models with sub 1-bar lag that came out of some of my research a few years back

All you do is, if you're using "close" as your series for an indicator, use Average4(Open,High,Low,Close) instead. It works on pretty much anything provided you have liquidity, and provides a higher signal to noise ratio.

On it's own, it's not going to make the difference between a good system and a bad system, however it can help improve profit in a good system.

You can also use Average2(High,Low) as a runner up, if you don't want to use open for some reason.

Over time, dynamics change and sometimes low may have the highest signal to noise ratio, or any of HLC or any average of OHLC (and there is some good modelling in how those dynamics change), however, consistantly OHLC/4 provides the best signal to noise ratio over time, so is beneficial to use as a close proxy.

The chart includes a Cumulative Sum of the Signal To Noise Ratio of the series being tested. Essentially the higher the value, the more consistantly high the signal to noise ratio of the signal is.

Yellow = Average4(O,H,L,C)
Magenta = Average2(H,L)
Green = H
Red = L
Cyan = C

Mark Simpson
Bowfort Technologies Inc.

Re: Simple technique for removing some noise

Date :7/21/2005 1:36:59 AM Poster : Alan Rhodes

One side question, actually more for Ward Systems. Anytime I try to H+L+O+C/4 as the indicator I am trying to predict, all I ever get is one trade. Is this correct? I can train for maximum correlation, but even that gives strange results since the total out of sample correlation is often higher then any individual work forward tests.

Re: Simple technique for removing some noise

Date :7/21/2005 10:39:31 PM Poster : Alan RHodes

I was half asleep when I posted this and asked a question which I had struggled with a long time ago, and asked it all wrong.

First, there will be no trades since the prediction is always greater then 0. But my main frustration is that the prediction is often just a reflection of the price behavoir, even if predicting 8 days in advance, which is not possible. When using values from the pull down list, I get a normalized net that makes sense.

On 7/21/2005 1:36:59 AM Alan Rhodes wrote:
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What needs to be achieved to build a profitable Neural Net?

Date :7/14/2005 3:37:32 PM Poster : Marcel

All,

1. Preamble:

As commented in the previous thread "Model Sharing", this new discussion is intended for ALL users of NST. Beginners should herewith get a chance to verify whether they correctly learned their first steps, experienced users will be able to steer and move the discussion into more specific areas of interest.

2. The background:

Before describing the process, let me portray what I do in the context of NST:
- I trade mainly stocks and some derivatives (options, warrants)
- I trade mainly on US markets, plus some European issues
- I trade both sides, long and short
- Trading is unfortunately only a hobby, therefore no Intraday

I'm currently working with a universe of instruments that include:
- Dow Jones Industrial stocks
- S&P 100 stocks
- Nasdaq 100 stocks
- Euro Stoxx 50 stocks
- SMI stocks
- Some selected currency pairs
- A few commodity and Treasury Notes
In total I've roughly 500 underlying instruments, for which I update daily the End of Day prices.

3. The development process:

a) Idea generation

The motivator can be an article describing a new concept to me, or an older model that I browse through (e.g. one of the examples provided on the CD), or a new indicator I discovered recently, or a colleague that asks me for a specific predictive analysis. But most of the times it's the fact that the current model(s) is not performing the way I expect or does not generate (anymore) the wished signals.

b) Draft creation

I rarely start completely from scratch, I usually take as a template one of the models I have at hand and try to adapt it to the new idea. At this point in time, I use a set of maybe 10 instruments whose charts I know by heart. If I'm trying out a new indicator, I'd simply try to analyze it's efficacy with regards to being an input signal.

My latest models all share the same principle, an enhanced versions of one of the examples provided on the CD (I think it's Example 6). I have 3 NNs that independently deliver signals to a trading strategy, which ultimately decides and produces the short/long signals. No model has the same set of NNs. In one model the 3 NNs take input from different categories of indicators, while in another the 3 NNs use the same indicators, but set in such way that they consider different timings (short/medium/long term). By default I make little usage of optimization, limit the amount of EoD data to 4-5 years and usually define 1 or 2 walk-forward test periods of 6 months.

This stage requires a lot of trial & error: I experiment with those wizard parameters I'm most familiar with, then copy/paste the most relevant statistical results into an excel sheet, try the next parameter, copy/paste, etc. After a while I get a picture of which parameters provide the best results for the sample. I create variations of the models and retain those that look to be the most promising.

c) Model testing

Once I have created what I think is the best set of model variations, I test them with the full set of 500 instruments I've in the database. Depending on the degree of optimization, this can take quite some time, but I tend to discard those model variations that take more than a night to complete – simply not practical.

With regards to the data, I keep a set of EoD data for all instruments frozen for a particular date, usually the weekend before I start the development. The development of a new model may take a few weeks to complete and I want my reference data to be consistent over this period of time.

d) Selection and verification

I will then do a lot of manual copy/paste, recording in an excel sheet the results of those instruments that fulfill the following criteria:
- Out of Sample statistics:
- more than 70% successful trades
- double performance than buy & hold strategy
- yearly performance of at least 30%
- Visual check of Out of Sample chart:
- buy/sell signals placed at the right turning points
- no major mistrades or periods of inactivity in the chart
- no major drawdown

If the above 6 criteria are fulfilled, then the model variation with this particular instrument qualify for what I call "tradable list". In average, I'd be able to produce maybe 5-10 instruments for a particular model variation. If the same instrument is present in more than one model variation, I'd keep only the one that I deem the best.

Note: I'm not completely satisfied with my Selection/verification stage. In a recent thread "Empiric Selection Criteria", I've tried to address some concerns and ask a few questions. I'm currently testing the good hints I got there, but I'm also very interested in other's opinions.

e) Implementation

I don't wait long before starting to trade – I don't have the patience to go through another paper trading phase! I'd start to trade a subset of the new model's instruments right from day one, first by "fooling" the system and buying those instruments which were filled in the past and are negative [that's not a joke, I did it!]. For the others, I'd wait and as and when new signals are produced, I'd go long/short accordingly.

Other considerations relative to Money Management are out of scope here and may be addressed in another thread.

4. The trading process

The daily process is very simple and takes only 15 min: In the morning I update the database with the latest EoD data, and I then open all the models and check for new signals. Trades are placed accordingly with the various brokers.

5. A demonstration model

I'm enclosing one of the models I've produced about 2 month ago, that for the sake of this forum I will call "ForumSample001". [I hope that the WebMaster can create the link for the download here.] The file referenced may be downloaded using the following link:

ForumSample001.zip

The model was trained with data up to 31.5.2005 and produces somehow usable signals. It's not the best I have in my arsenal, but it's one of those that do not need any specific add-ons or licensed indicators. If we share models, I think it's important that we select those that can be used by most users – i.e. no intraday, no add-ons.

It qualified for 6 stocks as well as the US 10Y Treasury Yield. Although I follow them with my watch list, I haven't yet traded them.

Best regards,
Marcel

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/15/2005 12:46:27 PM Poster : Mark Simpson

Hi,

Firstly, "Danger Will Robinson", do not use this example for trading. This example will not produce any realtime valid signals.

Click here to download chart referenced in this post

This chart is designed to illustrate what needs to be achieved to build a conventional profitable neural net using conventional indicators. It demonstrates the effect of lead on an indicator. (i.e. bringing the future forward). The idea being, to figure out what needs to be achieved to build a profitable Neural net.

You take an indicator, lead it by N bars, and predict Percent Change In Open 10 days. Essentially we're calculating the amount of lead we need for a neural net to effectively predict price.

I've picked RSI in the example, but you can replace it with pretty much any regular conventional indicator, i.e. Stochastics, MACD etc., provided you keep around the same number of periods (10).

You can also change the number of periods and retrain the nets, however you'll need to change the lead too. Essentially the longer the periods in the indicator, the more lead you'll have to add. (That equates to lag in a filter).

I've put data for the sp500 in the chart, however you will find it works on pretty much anything that has liquidity and in any timeframe.

I've kept this simple for purposes of example, but I suggest you also convert this into a TDNN (Time Delay Neural Network), to get even better results. (see my previous postings on this).

In summary:

Lead Bars Correlation Percent Profitable Trades Ratio Avg Win/Avg Loss
0 -0.0876 50% 0.11
1 -0.0262 92% 0.63
2 0.179 88.7% 3.71
3 0.315 80% 3.76
4 0.415 85.5% 2.88

You will find from the above results and the chart that at 4 bars lead, the net has learnt very effectively. 332.7% Return on a daily sp500 is good going, all with no optimizing. In practice I find with periods of around 10, that for most indicators, the amount you have to lead by to make obscene profit is about 3-4 bars lag. To just over break even (i.e. you could say the point at which you start making a small amount of profit), is 2 bars.

Most indicators introduce lag, and the lead we're adding is offseting that lag that's been introduced by the indicator (in this case RSI). Therefore, to be profitable, we need to remove (or workaround) lag. In this case we want to remove 3-4 bars of lag.

Because of every trade consists of an entry and exit, we have 3-4 bars of lag we need to remove twice, i.e. for any trade, we need to remove 6-8 bars of lag.

Now we have a template for a system that makes money. Next stage is we need to figure out is how to remove lag. To do this we need to understand some concepts like Heisenberg.

However, there is one REALLY easy way to remove 3-4 of those 6-8 bars immediately, which essentially gets you into that 2 bars on entry and 2 bars on exit area, i.e. "Just Profitable". After that every bar of lag we save will make a huge difference to return.

Ever heard of the saying "Take Your Profits and Run?". If you set small target values as your exit point, then you have "Zero-Lag" on your exit. I.E. You've immediately removed 3-4 bars of lag. (it's wise to set a stop limit at 1/2 your profit).

Personally when I figured the above out, a light bulb switched on for me, and I hope this can help that light bulb switch on for some other people too.

Comments?

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/18/2005 3:17:01 PM Poster : Ward.net Webmaster

Thank you very much for this contribution. We apologize that we didn't get it up for the weekend.

On 7/15/2005 12:46:27 PM Mark Simpson wrote:
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Comments?

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/18/2005 9:38:14 PM Poster : Mark Simpson

Hi,

I've had a couple of people ask me about TDNN directly, so here's the scoop with an example chart and an image of the process.

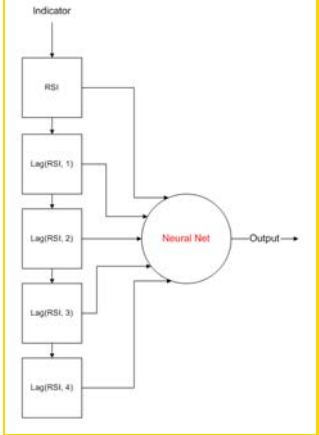
Firstly, here's a test for your complex built in neural network that we were all born with.
The closing price today of ticker XYZ was $65.23. What will price do tomorrow?

See the problem?

We would ask, what did price do the day before, and the day before that,
i.e. I would be looking for a pattern in price. The price on it's own isn't very helpful.

Computer based neural nets are no different. Neural nets have no concept of events over time unless
we build a neural net to incorporate that feature. So feeding say RSI 5 into a neural net makes it difficult for it to learn as it's only one point in time and it has no reference to other points, all it can reference is what it's already learnt about a particular point. E.G. It might learn that an RSI of 80 means sell, but not every RSI of 80 in reallife does mean sell. A pattern of RSI peaking maybe more likely to mean sell than RSI being pegged at 80 for 40 bars for example.

This is where Time Delay Neural Networks (TDNN) come in to play. They provide the ability to recognise patterns in the data being presented, and they're pretty simple.



All that needs to be done is to take your indicator and feed it into the neural net with various lags of the same indicator, e.g.

RSI(5)
Lag(RSI(5),1)
Lag(RSI(5),2)
Lag(RSI(5),3)
Lag(RSI(5),4)

Essentially you're creating a time delay process where on every new bar the previous bars moves down in the list, like people waiting in line.

Now you can recognise patterns in data.

This is the way to achieve it manually in prediction wizard, however there are other ways of achieving the same process. E.G. Ward's Adaptive Net Indicators with their LagPredict feature (highly recommended) . And also, any indicator that recognises a pattern, like the inbuilt candlestick patterns etc.

However there is a price to pay, which is every input you add to a TDNN adds (at least) 1 more degree of freedom (DOF) to your model, which means you will require more trades to test your model and avoid curve fitting.

There is some more information about it in a previous post I made on January 12th 2003.

BTW I'm not advising using a conventional RSI, it's just for purposes of example.

Click here to download the chart referenced in this post.

Regards
Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/20/2005 8:20:35 AM Poster : Marcel

Mark,

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a) Can not replicate the exact same NN
Although I've checked and re-checked all the options one can enable/change within the wizard, there is no way I can replicate exactly the same NN. It looks as if there is a hidden option that I can't modify. Any idea why?

b) Reliability
Although trying several different conventional and non-conventional indicators, it seems to me that the NNs are behaving irrationally. Periods where signals are generated consistently are followed by other periods where absolutely no signal is given. This can last 300 bars or more and is usually induced by a change in the long-term trend. Did you observe the same behavior?

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I may have to further experiment, but maybe you can give us a little hint in which context you implement this principle:
- As a standalone NN – or in conjunction with other NNs?
- You are mentioning "not advising using a conventional RSI", which are the indicators you would therefore advise to use?
- How much have you been able to generalize TDNNs, do you see its application for very selected instruments only or can it be broadly used?

Thanks a lot.
Cheers, Marcel

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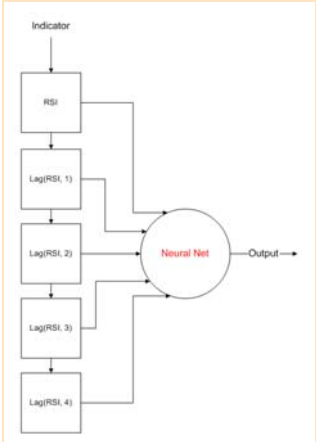

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Regards
Mark Simpson
Bowfort Technologies Inc.

Re: TDNN: What needs to be achieved to build a profitable Neural Net?

Date :7/20/2005 11:58:45 AM Poster : Mark Simspon

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>experimenting a bit with the example you provided, and I'm afraid
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There are no hidden options. All you do is put:

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Lag(RSI(Close,N),1)
Lag(RSI(Close,N),2)
Lag(RSI(Close,N),3)
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as inputs into a neural net, where N can be anything reasonable.
Of course Lag(RSI(Close,N),0) can be replaced by just plain RSI(close,N) as they are
logically equivalent.

It doesn't have to be 5 inputs, you can detect peaks and valleys with a minimum of 3
inputs.

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> no signal is given. This can last 300 bars or more and is usually induced by
> a change in the long-term trend. Did you observe the same behavior?
Correct. The NN is now learning patterns rather than just values (Overly simplified, because neural nets just see inputs). So if it sees new patterns which it hasn't
learnt on, then it is unable to predict.

c) Applicability
>I may have to further experiment, but maybe you can give us a little hint in
> which context you implement this principle:
>- As a standalone NN – or in conjunction with other NNs?
You could do it as either. However it's only a technique that can be part of
a model. I.E. A model will use many techniques. Any single technique on it's
own will not be profitable, but it's from a combination of techniques that you can
derive a successful model.

>- You are mentioning "not advising using a conventional RSI", which are the
> indicators you would therefore advise to use?
I just wanted to make it clear that this is an example of a technique. It won't
make you money on it's own. However you can combine it with other things to
make money. As to advising on using particular indicators, I don't. Essentially
using an indicator depends on what you are doing, what the needs are, and what
the context is. However, I will be later discussing (if these threads show significant
interest), classes of indicators that work, and why they work, and how to identify
the rest that don't, and maybe a bit about how to fix the ones that don't. However
to identify these classes, these concepts we're discussing now should be understood.
I'm trying to provide a model to build models.

> - How much have you been able to generalize TDNNs, do you see its
> application for very selected instruments only or can it be broadly used?
It can be broadly used as a technique in a good model.

The advantage is that you're giving a NN the ability to recognise patterns (just
like we look for when we look at charts), however the trade off is you have increased
degrees of freedom if you optimize or curve fit by stock selection, so you need
more trades to validate the model to avoid curve fitting.

Mark Simpson
Bowfort Technologies Inc.

Re: TDNN: What needs to be achieved to build a profitable Neural Net?

Date :7/21/2005 12:53:11 AM Poster : Alan Rhodes

There is one part of the experiment you had me do with S&P 500 that I stumbled on accidently that opened my eyes. Since you explained it to me, I am going to gossip and explain it to everybody else. I hope you don't mind me gossiping.

I found that an indicator like a moving average had no predictive qualites. In other words, feeding a lead(moving average,4) into a prediction did not make a profitable prediction. I immediately emailed you and went "Huh?"

You gave me a one sentence response that said it all, "The moving average has no context." I thought and realized that means, the more context you provide a neural network, the greater the potential you have. The TDNN is a way to provide more context. And the corollary is the more context you provide, the greater the opportunity for overoptimization.

Re: TDNN: What needs to be achieved to build a profitable Neural Net?

Date :7/21/2005 4:16:40 AM Poster : Marcel

Mark,

Some more comments and questions:

a) Can not replicate the exact same NN
Apologies, my default setting for "Trading rules used to calculate trading statistics" were different from yours, hence the discrepancy in the output.

b) Reliability
> "...now learning patterns rather than just values..."
I understand your reply – looking forward to discover the other building blocks and get the full picture soon.

For the time being, allow me however to maintain a little degree of skepticism. For example, I question the validity of a NN that generates signals in the out of sample period while having been completely quiet (one or a few signals) during the training period.
- Did the NN really learn or is it irrational or random behavior?
- What are the causes that stop/start a NN to generate signals when no new pattern is recognizable on the chart?
- How to validate/discern those phases with useful signals from the impractical ones?

c) Applicability
> "...discuss classes of indicators that work, and those who don't..."
I'm very interested in the above to validate my observations and conclusions, let's put it on the "to do list"...

Regards,
Marcel

On 7/20/2005 11:58:45 AM Mark Simspon wrote:
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Mark Simpson
Bowfort Technologies Inc.

Re: TDNN: What needs to be achieved to build a profitable Neural Net?

Date :7/21/2005 1:48:28 PM Poster : Mark Simpson

>For the time being, allow me however to maintain a little degree of skepticism.
> For example, I question the validity of a NN that generates signals in the out
> of sample period while having been completely quiet (one or a few signals)
> during the training period.
Skepticism is always good.

> - Did the NN really learn or is it irrational or random behavior?
This will be addressed by a future topic.

>- What are the causes that stop/start a NN to generate signals when no new pattern is > recognizable on the chart?
Neural nets learn by example, just as we do. Lets do a quick experiment with our
inbuilt neural nets.

Input1 Input2 Output
2 2 4

We know that output is a function of the 2 inputs, lets call Input1 X, and Input2 Y.
So we have a function: f(X,Y)=Output
We have to figure out what the function is.
Now what's the formula that produces the output from the 2 inputs?

You're probably thinking, well that's pretty simple, 2+2=4, or you might come up with
another solution: 2*2=4. But is it correct? We've formed an asumption on just 1
example, so lets try another example.

f(2,3)=4.5

Now we have to reject our original theory as to the function, it doesn't work for this example. So what now?

Well, one approach maybe to provide even more examples, and eventually you
could figure it out. (a mathematician might try a more targetted approached
based on his experience, and feed values like f(0,0) to see what the function does).
Worse case with enough examples you would have a close
enough example to estimate an output value based in it's closeness to one of
your examples.

A neural net is no where near the complexity of your brain, but you can think of it
like a function learning machine. It doesn't try to figure out the function by testing,
it tries to estimate the function by learning by example. I.E. You feed it examples
and the desired result. The neural net runs your example, and compares it's output
to yours. This produces an error, and the neural network is updated slightly and
the process occurs again. Over many iterations of this process, the error between the net and what you are feeding the net for output becomes smaller and smaller, until
you reach a minimum where you are seeing no or minimal improvement.
At this point the net has learnt, and then you can roll it forward on new data.

Now you should be able to see from the above, that the nets ability to learn depends
solely on the quality of the examples. One example, and it won't learn effectively.
Examples all concentrated around certain values it won't learn effectively either.
I.E. We need to provide examples that fully cover the data we intend on
feeding into the net. If you cover the examples space comprehensively then the
net will likely learn well.

Noise also comes into play here, if data is bad, or there isn't a relationship between
input and output, or noise level is high, then you're asking the neural net to learn
something that isn't there. It will dutifully learn the best it can, but the results
won't be useful.

Interestingly enough, it doesn't really matter how complex the function is either, it will
learn it just as effectively too. Also, you can estimate non-linear functions too
because the net contains non-linear activation functions. So what you have in
your lean mean neural machine is just a simple learn by example function estimator.
There's never any function stored in the neural net, it's just the result of error
minimization.

Incidently, the function was: ((X+Y)/2)+2 :-)

The issue for a lot of people (me included when I started off) was that I didn't truely
understand what a neural net was doing. I treated it as a magical black box, which
did things that were truely wonderful, but I wasn't sure how :-). Now I regard
NN's as being dumb functional estimators that depend on clean data with a relationship
being fed to them. Essentially you have to do the leg work first with the inputs/outputs
you're providing. If there is a function there, the neural net will find it, and the
clever part is that it saves you having to figure out the relationship. But the relationship
MUST be there first.

Case in point. (you've probably heard of this before, I don't know if it's folklore
or not, but it illustrates the point). The US Military in the 1st Gulf War, trained a neural
network to visually recognize enemy tanks in the field. When they put it to
use, it didn't work as expected. They did some more testing, they realized that
all the learning examples they'd provided the nets with tanks in were on Sunny days.
The neural net had learnt to detect the difference between a Sunny day and a Cloudy
day, and not if it had a tank in or not.

The solution of course is to provide tanks on sunny and cloudy days whilst learning.
However, what about "Green Fields" or "Desert" and so on?

I recommend if you still see a neural net as a magical black box, that you
go through "Inside Neural Networks" demonstration that's provided with Neuroshell
Trader when you install it (it should be under the Neuroshell Trader category on your
start menu). Study it, and then maybe build your own simple neuron on paper
to experiment with. Learning about how they work gives you a lot of insight
as to what they can and can't do.

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/19/2005 10:28:29 AM Poster : Marcel

Mark,

First of all thank you for mentioning Heisenberg, it gave me the opportunity to spend valuable time going through his biography and principles, and recall remote memories dating over 20 years ago when I was studying quantum physics...

I stepped over the lead() function pretty soon after receiving NST, and after having developed several models that were achieving incredible performance and accuracy, I was obviously delighted believing to have found the perfect model. My joy didn't last long however, my skepticism about the results lead me to discover the flaw. I guess a classical mistake for many beginners, since the issue has been already addressed in several threads.

In simple words, one cannot create a model that relies on future data, that's what the lead() function implicitly does. When you work in real-time, the system won't produce any signals, since future data isn't yet known or available. Signals will be plotted on the chart delayed by exactly X bars (days) later, X being the "periods ahead" specified with the lead() function.

This clarification was for those who may not yet have experienced the negative consequences of the lead() – not for you, Mark. From your article I got the impression that you want us to understand, that there is way to constructively make use of the lead(). I thought "either is Mark miles ahead (Heisenberg?), or I'm missing something here".

For the purpose of this present discussion, I've therefore taken the example and enhanced it so that I can visualize your logic.

Click here to download the chart

a) "Lead 4 – Lagged 4" strategy:

First I created a trading strategy that simulates the worst case, which is "acting upon signals that are generated with a delay of 4 days". Technically speaking, I've added a 4 day lag to the "Lead 4" network. These are the results (original "Lead 4" in brackets):

Annual Return on Trades: -7.20% (83.10%)
Percent Profitable Trades: 33.30% (85.50%)
Ratio Avg Win/Avg Loss: 1.36 (2.88)
Maximum Drawdown: $829.07 ($131.90)

No surprise at all, acting with 4 days delay completely destroys the model – and we haven't yet considered transaction costs!

b) "Lead 4 – Lagged 2" strategy:

Following Mark's comment "there is one REALLY easy way to remove 3-4 of those 6-8 bars immediately" I though – why not see what happens if we hypothetically consider a delay of only 2 days instead of 4. These are the results (original "Lead 4" in brackets):

Annual Return on Trades: 73.80% (83.10%)
Percent Profitable Trades: 97.10% (85.50%)
Ratio Avg Win/Avg Loss: 3.05 (2.88)
Maximum Drawdown: $40.05 ($131.90)

Well, this was a surprise! I thought the statistics would fall somewhere between the fictive case (Lead 4) and the worst case (Lead 4 – Lagged 4), but unless I did a mistake somewhere, the above results are indeed even better than one can hope.

c) "Lead 4 – Lagged 4/2" strategy:

The 3rd strategy intends to come a bit closer to a real case – we enter long/short with a 4 days delay, but exit with a 2 days delay (= average). This to follow Mark's comment "Take Your Profits and Run". These are the results (original "Lead 4" in brackets):

Annual Return on Trades: 30.00% (83.10%)
Percent Profitable Trades: 58.90% (85.50%)
Ratio Avg Win/Avg Loss: 2.09 (2.88)
Maximum Drawdown: $108.38 ($131.90)

Annual return is down substantially, but depending on one's targets it can still be in the range. Profitable trades are still above 50%, but may be insufficient for some. Drawdown seems good. The above does not yet take into account transaction costs, which may jeopardize the displayed results. Considering a fix traded amount of $10'000 and costs of $30 per trade, we get (original "Lead 4" in brackets):

Annual Return on Trades: 15.50% (83.10%)
Percent Profitable Trades: 47.80% (85.50%)
Ratio Avg Win/Avg Loss: 1.85 (2.88)
Maximum Drawdown: $920.77 (N/A)

At this point, the light bulb hasn't yet switched on for me! Some simple questions arise:

- Is there a clever tactic that would allow us to come closer to the strategy "Lead 4 – Lagged 2" above?

- We may be able to anticipate exits (e.g "Take Your Profits and Run"), but what about the entries?

- Is there a way to systematically implement the "Take Your Profits and Run" approach – maybe trailing stop losses?

- The example makes use of a simple RSI, what about all the effort we put in fine tuning our indicators?

- Does this introduce the paradigm that (in the end) indicators are irrelevant, they all have the same effect?

I hope we can continue this discussion, maybe with the contribution of other readers...
Regards, Marcel

P.S.: My apologies a) for another long article, b) to those readers that find the above boring, but the intention is to build up the discussion from the basics, advanced matters will follow soon...

On 7/15/2005 12:46:27 PM Mark Simpson wrote:
Hi,

Firstly, "Danger Will Robinson", do not use this example for trading. This example
will not produce any realtime valid signals.

Click here to download chart referenced in this post

This chart is designed to illustrate what needs to be achieved to build a
conventional profitable neural net using conventional indicators.
It demonstrates the effect of lead on an indicator. (i.e.
bringing the future forward). The idea being, to figure out what needs to be
achieved to build a profitable Neural net.

You take an indicator, lead it by N bars, and predict Percent Change In Open 10
days. Essentially we're calculating the amount of lead we need for a neural net

to effectively predict price.

I've picked RSI in the example, but you can replace it with pretty much
any regular conventional indicator, i.e. Stochastics, MACD etc., provided you
keep around the same number of periods (10).

You can also change the number of periods and retrain the nets, however you'll
need to change the lead too. Essentially the longer the periods in the indicator, the
more lead you'll have to add. (That equates to lag in a filter).

I've put data for the sp500 in the chart, however you will find it works on pretty much
anything that has liquidity and in any timeframe.

I've kept this simple for purposes of example, but I suggest you also convert this into
a TDNN (Time Delay Neural Network), to get even better results. (see my previous postings on this).

In summary:

Lead Bars Correlation Percent Profitable Trades Ratio Avg Win/Avg Loss
0 -0.0876 50% 0.11
1 -0.0262 92% 0.63
2 0.179 88.7% 3.71
3 0.315 80% 3.76
4 0.415 85.5% 2.88

You will find from the above results and the chart that at 4 bars lead, the net
has learnt very effectively. 332.7% Return on a daily sp500 is good going, all
with no optimizing. In practice I find with periods of around 10, that for most
indicators, the amount you have to lead by to make obscene profit is about
3-4 bars lag. To just over break even (i.e. you could say the point at which
you start making a small amount of profit), is 2 bars.

Most indicators introduce lag, and the lead we're adding is offseting that lag that's been
introduced by the indicator (in this case RSI). Therefore, to be profitable, we
need to remove (or workaround) lag. In this case we want to remove 3-4 bars of lag.

Because of every trade consists of an entry and exit, we have 3-4 bars of lag
we need to remove twice, i.e. for any trade, we need to remove 6-8 bars of lag.

Now we have a template for a system that makes money. Next stage is we need
to figure out is how to remove lag. To do this we need to understand some concepts
like Heisenberg.

However, there is one REALLY easy way to remove 3-4 of those 6-8 bars immediately,
which essentially gets you into that 2 bars on entry and 2 bars on exit area, i.e.
"Just Profitable". After that every bar of lag we save will make a huge difference
to return.

Ever heard of the saying "Take Your Profits and Run?". If you set small target values
as your exit point, then you have "Zero-Lag" on your exit. I.E. You've immediately
removed 3-4 bars of lag. (it's wise to set a stop limit at 1/2 your profit).

Personally when I figured the above out, a light bulb switched on for me, and I hope
this can help that light bulb switch on for some other people too.

Comments?

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/19/2005 7:25:25 PM Poster : Mark Simpson

>I stepped over the lead() function pretty soon after receiving NST, and after having >developed several models that were achieving incredible performance and accuracy, I >was obviously delighted believing to have found the perfect model. My joy didn't last >long however, my skepticism about the results lead me to discover the flaw. I guess a >classical mistake for many beginners, since the issue has been already addressed in >several threads.
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>In simple words, one cannot create a model that relies on future data, that's what the >lead() function implicitly does. When you work in real-time, the system won't produce >any signals, since future data isn't yet known or available. Signals will be plotted on >the chart delayed by exactly X bars (days) later, X being the "periods ahead" specified >with the lead() function.
That is correct. Never use lead (or anything else which brings the future forward)
for trading purposes. I've seen many models in the past where people do exactly
that. Fortunately in NST it quite often shows up as "no prediction" for the most
recent few bars, so if you ever see this in any of your models, alarm bells should
immediately ring.

However, that wasn't what I was trying convery in the example model I provided. As
I'm a concerned that I might have not expressed myself clearly enough, lets try
again with a slightly different approach. I'll answer your questions in this post,
and provide a different approach in the next post.

>This clarification was for those who may not yet have experienced the negative >consequences of the lead() – not for you, Mark. From your article I got the impression >that you want us to understand, that there is way to constructively make use of the >lead(). I thought "either is Mark miles ahead (Heisenberg?), or I'm missing something >here".
No, there is no way I know of to constructively lead on it's own in a model in real life.
However in this instance, I'm using it to build a simulation. By doing a simulation
first, you can identify what needs to be done to make something
profitable.

>Following Mark's comment "there is one REALLY easy way to remove 3-4 of those 6-8 >bars immediately" I though – why not see what happens if we hypothetically consider a >delay of only 2 days instead of 4. These are the results (original "Lead 4" in brackets):
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>Well, this was a surprise! I thought the statistics would fall somewhere between the >fictive case (Lead 4) and the worst case (Lead 4 – Lagged 4), but unless I did a >mistake somewhere, the above results are indeed even better than one can hope.

This is the breakeven case I was discussing, the 2 bars you are refering to is 2 bars on
entry and 2 bars on exit, =4 bars of lag removed from the 6-8. This is the just
over breakeven point. I.E. With reasonable transaction costs you should be just making
money.

>At this point, the light bulb hasn't yet switched on for me! Some simple questions
>- Is there a clever tactic that would allow us to come closer to the strategy "Lead 4 – >Lagged 2" above?
Yes, using your approach it would be Lead 4 - Lagged 4 on entry and lag 0 on exit.
I.E. Use your regular short term prediction method (which should have around
4 bars of lag already in there), then use take your profits and run to exit (which is
0 lag).

> We may be able to anticipate exits (e.g "Take Your Profits and Run"), but what about >the entries?
Entry techniques and Heisenberg I'll disciss later if there's enough interest in these
threads. So come on all you lurkers out there, respond. Do you understand the concept, do you not.? :-)

>- Is there a way to systematically implement the "Take Your Profits and Run" approach >– maybe trailing stop losses?
yes, profit targets. Pick your entry price and say add "1-2%" to it. That becomes
your exit price. Because you know the exit price now at time of entry, you have a
0 lag exit.

(it would be prudent to put a stop order in at say 1/2 your profit target)

> The example makes use of a simple RSI, what about all the effort we put in fine tuning >our indicators?
Good question. I used RSI because most people understand it. And ironically
you will find (for this simulation) most indicators will work. That illustrates the power
of a neural net. Essentially a neural net can learn most functions if you provide it
the variables input to the function, the output you expect from the function and
enough examples. An RSI is just a calculation on price, so is stochastics, and the
majority of indicators out there. So it's largely irrelevant which indicator you use
for the simulation.

>- Does this introduce the paradigm that (in the end) indicators are irrelevant, they all >have the same effect?
Depends on your thinking. To me, the majority of indicators are redundant, unless
you are feeding them leading information. There are a few exceptions however,
and sometimes you can use a conventional indicator in a non-conventional way.
However, neural nets can reproduce almost
any indicator you wish. Infact maybe we should do that as an example later, teach
a NN to learn RSI.
The trick is in understanding the concepts so that you can immediately look at the
latest indicator and say, "This wouldn't work", or "This works".

Mark Simpson
Bowfort Technologies Inc.

> ***Re: What needs to be achieved to build a profitable Neural Net?***
>
> Date :7/25/2005 10:17:46 PM Poster : Alan Rhodes
>
> This is one of many places where you completely loose me.
>
> It seems to me that not all indicators are created equal. A true oscillating momentum indicator, since it is the first derivative of the signal, should lead, with the resulting loss of accuracy (Heisinburg at work). Smoothing it by front loading it (Martin Pring's KST) or whatever magic Jurik does should not affect the leading. So one way of reducing lag is by mixing a good oscillator with a lagging but darn close indicator, such as Jurik's.
>
> And now that Neuroshell is acting normal again, I'll be testing that.

Re: Take 2: What needs to be achieved to build a profitable Neural Net?

Date :7/19/2005 9:16:35 PM Poster : Mark Simpson

Hi,

Firstly if you're starting off here, please read my earlier postings in this thread first.

Take 2: So let's start off with a theory:

Yesterday you had a eureka moment and designed the perfect indicator, using
the inbuilt Neuroshell functionality.
You tested the indicator, you'd done everything correctly and hadn't cheated by
putting some element of the future into your perfect indicator (lets call it PI).

PI is clever. It tells you in advance when to enter and when to exit a trade. However,
it's a bit difficult to eyeball, so you feed it into a neural net and it gets it right 90% of the time, and you know now that you can retire in a year.

Firstly, most of you know by now it's not that simple. So what I'm proposing here
is a change in thinking. Conventional thinking produces conventional results, and
we know that conventional results don't work. NST is a very powerful platform that
can be used conventionally or unconventionally, and the option is yours.
(with many other platforms, you're forced into a conventional approach by the
design limitations).

Conventional thinking is that you start off by finding an indicator (maybe out
of NST, TASC etc.), and pop it into NST, test a bunch of securities against it,
and find some that make money. (then generally after testing it in realtime, you
find that it no longer makes money). Even worse, some of the examples that
are printed with the magazine etc. show the indicators working, but when we try them in reallife, we find they don't signal as well as they should. So back to the drawing board, we now find the next wizzy indicator and try again, and so on.
This is how almost every technical analyst using NST (and most other packages) starts, and you could think of it as a right of passage.

So, the question is, what is wrong with the conventional thinking, why doesn't it
generally work? Are the indicators broke? Is technical analysis folly? Or is it our thinking?

Are the indicators broke? Not exactly. We know they work, but we also know
there's something wrong with most of them. They do exactly what they're supposed
to do, but in the process they add lag. And it's the lag that catches us out.
Essentially we're late to the party, and we leave late too, all due to lag. So
at best, we make a little bit of money on a long trend (because we're
late in and late out we don't catch the whole trend), and then we
get whipsawed out in sideways motion which generally eats up any profit we
made in the trend. Add on transaction costs and we're beat.

Is technical analysis folly? Though people have probably told you before that
technical analysis is folly, (hey there was even a few books written about), it's difficult
to ignore cause and effect. Essentially price is reflection of a peoples actions, i.e. it's
an effect.

Cause is the people themselves, each person is an individual, some will
look at fundamentals, some technicals, some will be trading weekly, some daily,
some intraday. Some will be looking for certain patterns to buy, some will be looking to fake by selling those same patterns. And so on. I.E. It's one complex model.
However at certain points in time, things will line up to push price in one direction
or another, and at other points, all the individuals are in conflict and price will
go sideways.

So which is it better to model, the cause or the effect? Effect lags cause, we
know that already. However the inputs we have to our models are price based (i.e.
based on the effect). Are we doomed? Can we model the cause?

So what's wrong with our thinking?
The process is wrong. To make a profitable model that stands the test of time we
really need to start out by figuring out what we are trying to achieve, before figuring
out how to achieve it. We know we need to model the cause but we only have the effect to work with (price), and that it lags the cause.
So hence this is where the demonstration model posted earlier in this thread comes in.

Lets try that different approach to an explanation:

Back to our Perfect Indicator. So, how do you make one of these "Perfect Indicators"?
Well, there's a number of issues that need to be solved first and we will
discuss later (if there's enough particpation). In reality there are physical
limitations which mean you can't get a perfect
indicator, but you can get say a "Near Perfect Indicator", and a Near Perfect Indicator
could be pretty darned good.

So in the meantime, lets simulate our perfect indicator. This simulation is just that,
it's a cheat, we couldn't use it in realtime. But we're trying to find out what we need
to achieve to build it, we're not going to use it to trade anyway.
We know that 99% of the indicators out there lag price and that if they didn't we
could consistantly make money. So lets see how much money we could
make, by cheating and leading price. In doing this we can learn some
useful things.

We know that lead is the opposite of lag, and we know our indicators have lag, so
for the purposes of simulation only (we can't do this in real life), we will lead to
counteract the lag inbuilt in the indicators we're using.

So we start off by looking into the future. I.E. We lead price by 1 bar, feed it to
RSI and then onto a neural net.

Every trade consists of an entry and exit, therefore we have lead by 1 bar on entry
and 1 bar on exit. We run the neural net, and it doesn't lose as much as it
did without lead, but we're not making money yet.

So we add another bar of lead onto it, so now we have 2 bars of lead on entry and 2 bars
of lead on exit. Total 4 bars. Now we just break over even with transaction costs.
Things are good, we know that if we could save a total of 4 bars of lag, we could
start making money, which is good enough for most people.

Now we're getting greedy, so we add another bar of lead. We now have 3 bars of
lead on entry and 3 bars on exit. Total 6 bars. We run it, and the net makes
obscene amounts of money (pity it's only a simulation).

So finally we say, what would happen with 4 bars of lead. (8 in total), and the net
performs better than our wildest dreams.

So from this example we have learnt what we need to do to make money. Obviously the
hard part is doing it and an indepth understanding about lag is needed. However
the simulation is easy to build and demonstrates the concepts.

However, there is one really quick and easy way to get to that "better than breakeven
point", which will work even with conventional thinking and conventional indicators. That
is setting a target based on entry, or "Targetting Small Amounts, and taking your
profits and running".

If you take an entry price, and say at entry, I wish to make 1-2%, i.e. a small amount,
but I wish to make that small amount consistantly, then at entry, you know your exit
point, I.E. If I enter at $100 I know my exit is at $102. Because I know the value
I'm exiting at, then when it reaches that value, I exit immediately. This is a 0 lag
exit (assuming you're in something liquid and have good reaction speeds, or have set
an order to exit). It's 0 lag because you know ahead of time when you're getting out.
(however it's not leading, because you haven't got there yet :-))

So, now lets see how much lag we've saved from our model. The entry still
has 4 bars of lag from the indicator we've been using. However the exit is now 0.
We've reduced our 8 bars of lag to 4, extremely easily with no special indicators
or anything really clever, it's just a simple concept we've used.

Now for the best part. We have the exits beat, for every additional bar of lag we
can save on the entry, will make vast increases to the profit we can reap from
the model.

However, reducing those 4 remaining bars is not easy, and the cost to pay is
accuracy. So it becomes a trade off. If you save 1 or 2 bars, you haven't reached
the theoretical limit, but it would be more than good enough.

If you're a lurker out there, I encourage you to post. Feedback about things
understood or not understood can be clarified and we can learn from the
contributions of others. One of the problems with what we do is that there
are few of our friends/family that understand, and many who are not interested.
This is the only place we can get together and talk about techniques for using
the product we love. Those that are new, ask for help, those who are experienced,
well it's payback time :-) Sunny (who has a lot to share) was reluctant to share
his models/indicators because of a lack of response to a model he posted,
and Marcel has been doing a sterling job of drumming up activity. (I'll get
off my soapbox now :-))

Mark Simpson
Bowfort Technologies Inc.

Re: Take 2: What needs to be achieved to build a profitable Neural Net?

Date :7/20/2005 11:51:14 AM Poster : Steve Eberbach

Important quote from last Post:

really need to start out by figuring out what we are trying to achieve, before figuring
out how to achieve it. We know we need to model the cause but we only have the effect to work with (price), and that it lags the cause.>

In my opinion, this is the most important factor, based on my experience.
I have long used the "Perfect" benchmark: cumulative sum of absolute value of all changes in price close-to-close. I also use the cumulative sum of all changes in the natural log, multiplied by 100. This translates into cumulative return in percentage, with the benefit that up and down movements to the same price result in zero percent cumulative return, while using percent change does not.

But is this what we are really trying to achieve? I would say NO, if constraints added to this "perfect fitness" causes a remainder (part of this perfect gain) to be predictable on a more stable basis out of the training sample set!!!!

For this reason, I have long asked Steve Ward to allow access to the ability of setting constraints to the fitness criteria defined in GeneHunter (which is part of Neuroshell Day Trader Pro) Maybe he could consider this for the next (5.0) release. He might consider a license to GH and interfaceto NST as an addon module, also.

A second important principle, in my experience, is that it is best to achieve a small part of the perfect gain with each simple model, and magnify total gain by combining the simple models, as opposed to trying to get one model to do all the different jobs at once. That dovetails with the quote from Mark. We are trying to achieve consistent out of sample gain, not just gain, and achieve it by combining simpler models each of which works better out of sample because constraints were applied to reduce degrees of freedom and irrelevant noise and direct each model to focus on specific contributions to be combined as a team for more consistent success in trading.

To summarize, the definition of what we are trying to achieve is even more important than the definition of the input data, or how they interact in a system. (whether it is achieving "targets", "fitness", or constraints on them.) That is because we have to start with (define) the desired effect, before we can search for ANY cause!

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it's a bit difficult to eyeball, so you feed it into a neural net and it gets it right 90% of the time, and you know now that you can retire in a year.

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generally work? Are the indicators broke? Is technical analysis folly? Or is it our thinking?

Are the indicators broke? Not exactly. We know they work, but we also know
there's something wrong with most of them. They do exactly what they're supposed
to do, but in the process they add lag. And it's the lag that catches us out.
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at best, we make a little bit of money on a long trend (because we're
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Lets try that different approach to an explanation:

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So in the meantime, lets simulate our perfect indicator. This simulation is just that, it's a cheat, we couldn't use it in realtime. But we're trying to find out what we need to achieve to build it, we're not going to use it to trade anyway.
We know that 99% of the indicators out there lag price and that if they didn't we could consistantly make money. So lets see how much money we could make, by cheating and leading price. In doing this we can learn some useful things.

We know that lead is the opposite of lag, and we know our indicators have lag, so for the purposes of simulation only (we can't do this in real life), we will lead to counteract the lag inbuilt in the indicators we're using.

So we start off by looking into the future. I.E. We lead price by 1 bar, feed it to RSI and then onto a neural net.

Every trade consists of an entry and exit, therefore we have lead by 1 bar on entry and 1 bar on exit. We run the neural net, and it doesn't lose as much as it did without lead, but we're not making money yet.

So we add another bar of lead onto it, so now we have 2 bars of lead on entry and 2 bars of lead on exit. Total 4 bars. Now we just break over even with transaction costs. Things are good, we know that if we could save a total of 4 bars of lag, we could start making money, which is good enough for most people.

Now we're getting greedy, so we add another bar of lead. We now have 3 bars of lead on entry and 3 bars on exit. Total 6 bars. We run it, and the net makes obscene amounts of money (pity it's only a simulation).

So finally we say, what would happen with 4 bars of lead. (8 in total), and the net performs better than our wildest dreams.

So from this example we have learnt what we need to do to make money. Obviously the hard part is doing it and an indepth understanding about lag is needed. However the simulation is easy to build and demonstrates the concepts.

However, there is one really quick and easy way to get to that "better than breakeven point", which will work even with conventional thinking and conventional indicators. That is setting a target based on entry, or "Targetting Small Amounts, and taking your profits and running".

If you take an entry price, and say at entry, I wish to make 1-2%, i.e. a small amount, but I wish to make that small amount consistantly, then at entry, you know your exit point. I.E. If I enter at $100 I know my exit is at $102. Because I know the value I'm exiting at, then when it reaches that value, I exit immediately. This is a 0 lag exit (assuming you're in something liquid and have good reaction speeds, or have set an order to exit). It's 0 lag because you know ahead of time when you're getting out. (however it's not leading, because you haven't got there yet :-))

So, now lets see how much lag we've saved from our model. The entry still has 4 bars of lag from the indicator we've been using. However the exit is now 0. We've reduced our 8 bars of lag to 4, extremely easily with no special indicators or anything really clever, it's just a simple concept we've used.

Now for the best part. We have the exits beat, for every additional bar of lag we can save on the entry, will make vast increases to the profit we can reap from the model.

However, reducing those 4 remaining bars is not easy, and the cost to pay is accuracy. So it becomes a trade off. If you save 1 or 2 bars, you haven't reached the theoretical limit, but it would be more than good enough.

If you're a lurker out there, I encourage you to post. Feedback about things understood or not understood can be clarified and we can learn from the contributions of others. One of the problems with what we do is that there are few of our friends/family that understand, and many who are not interested. This is the only place we can get together and talk about techniques for using the product we love. Those that are new, ask for help, those who are experienced, well it's payback time :-) Sunny (who has a lot to share) was reluctant to share his models/indicators because of a lack of response to a model he posted, and Marcel has been doing a sterling job of drumming up activity. (I'll get off my soapbox now :-))

Mark Simpson
Bowfort Technologies Inc.

Re: Take 2: What needs to be achieved to build a profitable Neural Net?

Date :7/21/2005 12:21:51 PM Poster : Marcel

Mark,

Some thoughts regarding your paragraph: "If you take an entry price, and say at entry, I wish to make 1-2%, i.e. a small amount, but I wish to make that small amount consistantly, then at entry, you know your exit point. I.E. If I enter at $100 I know my exit is at $102. Because I know the value I'm exiting at, then when it reaches that value, I exit immediately. This is a 0 lag exit (assuming you're in something liquid and have good reaction speeds, or have set an order to exit). It's 0 lag because you know ahead of time when you're getting out. (however it's not leading, because you haven't got there yet :-))"

The above is in my opinion correct only if amended by a few important considerations. Yes, for our exits we can set smaller and more predictive targets. But we know that there are no perfect exits:

a) Mistrades
We still incur the risk of entering mistrades, where sooner or later we might have to take our losses. With smaller targets, our protective stops have to be set proportionally closer to our entry price. The probability that these will be hit is higher, and the effect on our performance may be negative too. It's a question of how much drawdown are we prepared to tolerate and how can we minimize it.

b) Type of trend
The strengths and duration of the trend that we try to capture with our trade is a determinant factor. In other words, if we sit on the right side of a long and strong move, the few bars of lag for the exit signal may become marginal – in dollar terms much smaller than the missed opportunity of staying in the trend till the end. Where it kills us is with small or sideways price moves. The question here is whether we can develop the capability of determining the type of trend and choose our strategy accordingly.

So, whether our exit is voluntary (set by target = 0 lag), involuntary (triggered by signal = X lag) or stopped out (loss), we may have to discuss whether there are techniques to reduce lags. Next to the entry lag, under certain conditions we may still want to accept an exit lag.

Regards, Marcel

Re: Take 2: What needs to be achieved to build a profitable Neural Net?

Date :7/21/2005 2:53:38 PM Poster : Mark Simpson

>The above is in my opinion correct only if amended by a few important
>considerations. Yes, for our exits we can set smaller and more predictive
>targets. But we know that there are no perfect exits:
Correct.

>a) Mistrades
>We still incur the risk of entering mistrades, where sooner or later we might
>have to take our losses.
Correct.

>With smaller targets, our protective stops have to be set proportionally closer to our >entry price. The probability that these will be hit is higher, and the effect on our >performance may be negative too. It's a question of how much drawdown are we >prepared to tolerate and how can we minimize it.

A conventional approach would suggest that a protective stop should be set less than the target. And stop management is not an area that should be ignored or taken lightly. However another way of looking at stop management is from a risk perspective. Markets are risky, and risk needs to be mitigated. There are various ways of mitigating risk, and not all of them involve using a stop order.

So the question doesn't become what value we should be setting our stop too. It is really about, how risky is our model. I.E. If you had a perfect model that got it right 100% of the time, then you have 0 risk and you could trade with confidence and wouldn't need a stop order. If you have a model that is 50% successful, then you really need to have your stop set to be half your target if you want to make money. (because you have to consider things like slipage, trading costs etc.)

Put another way, we know that 100% isn't realistically achievable, but maybe 80-90% is (based on us getting close to the results we simulated earlier in this post). Would we need a very close stop order, or could we afford to move it out further?

> b) Type of trend
> The strengths and duration of the trend that we try to capture with our trade
> is a determinant factor. In other words, if we sit on the right side of a long
> and strong move, the few bars of lag for the exit signal may become marginal
> – in dollar terms much smaller than the missed opportunity of staying in the
>trend till the end. Where it kills us is with small or sideways price moves.
>The question here is whether we can develop the capability of determining
> the type of trend and choose our strategy accordingly.
Correct. Many people can make money trend following with lagging entries and exits, provided:

1. The trend continues long enough
2. Their trend detection system detects trend effectively with minimal lag.

But what happens in reality it that they normally get in late on the beginning of the trend, and out late on the end (because their trend detection system has lag).
Sometimes this will wipe out their profits, sometimes they'll make a bit of money. But they normally go ahead and trade the sideways periods (because the trend detection system mistaken trades sideway motion occasionally) which wipes out the money they made on the trend, because when trading sideways they're late on entry/exit, plus there wasn't any longterm trend for them to make money on.

Bottom line is, that a trend is a trend after the fact. Anybody can look at a chart and spot a trend historically. However as price is effect, if you're looking at price to spot the trend, you're going to be late to the party everytime.

So, how would we make a trend following system more effective? By picking a target for exit and avoiding that lag on exit. At least then we're late to the party, but we leave early and don't have to cleanup afterwards.
By definition a trend will last a while, and it makes money, so why risk that money by being greedy (and trying to always get out at the top, which really is just folly, because lag gets you). If you know it will last a while, then targetting a small amount that you can be sure to consistantly get is better (in my opinion), than waiting for the big fish for a meal, and starving inbetween meals because we're ignoring the little fish that are swimming past and saying, "Hey, eat me".

>So, whether our exit is voluntary (set by target = 0 lag), involuntary (triggered by
> signal = X lag) or stopped out (loss), we may have to discuss whether there
> are techniques to reduce lags. Next to the entry lag, under certain conditions
> we may still want to accept an exit lag.

Personally I would want to see 0 lag on entry and 0 lag on exit, because I know with
this setup (from the simulation), that we would consistantly make money, so I can't
see a situation where having lag on entry or exit would benefit us.
Logic dictates that we
can never achieve 0 lag combined on entry and exit with 100% successful trades.
But to reduce that lag, we need to figure out exactly what lag is first (there are infact
multiple sources of lag) which we'll get into later.
So I see true 0 lag (on both ends) as a theoretical limit, that we can approach but
never reach completely (like infinity).

Regards
Mark Simpson
Bowfort Technologies Inc.

Re: Take 2: What needs to be achieved to build a profitable Neural Net?

Date :7/23/2005 10:51:47 PM Poster : Steve K

Hi Mark,

I am just getting caught up on the forum posts. Really great stuff you are posting. It got me thinking. The only consistently profitable NN I could build used futures in conjunction with securities data. Basically dumping a bunch of indicators into the NN for the stock and the Futures, then see which ones the GA selected. I think the regression indicators worked well. Kinda crude, brute force approach but it only worked well when the futures were thrown into the mix as a leading indicator

I wonder how many bars of lag ya could remove by using these inputs:

Lag(RSI(Close,N),0)
Lag(RSI(Close,N),1)
Lag(RSI(Close,N),2)
Lag(RSI(Close,N),3)
Lag(RSI(Close,N),4)

along with the same inputs for the NQ contracts and let the NN sort out the correlations.

This would probably work best on shorter time frames where the futures lead is more pronounced. Of course not all stocks move with futures however many do. Also, maintaining the NQ data is tricky cause they expire every 3 mos. A possible substitute could be the compx, the QQQQ or even another stock.

Just a thought, I'll play around with it tomorrow -- but u had some really great ideas, I'll have to read thru them some more -- great thread

Steve K

On 7/19/2005 9:16:35 PM Mark Simpson wrote:

However, reducing those 4 remaining bars is not easy, and the cost to pay is
accuracy. So it becomes a trade off. If you save 1 or 2 bars, you haven't reached
the theoretical limit, but it would be more than good enough.

If you're a lurker out there, I encourage you to post. Feedback about things
understood or not understood can be clarified and we can learn from the
contributions of others. One of the problems with what we do is that there
are few of our friends/family that understand, and many who are not interested.
This is the only place we can get together and talk about techniques for using
the product we love. Those that are new, ask for help, those who are experienced,
well it's payback time :-) Sunny (who has a lot to share) was reluctant to share
his models/indicators because of a lack of response to a model he posted,
and Marcel has been doing a sterling job of drumming up activity. (I'll get
off my soapbox now :-))

Mark Simpson
Bowfort Technologies Inc.

Re: Take 2: What needs to be achieved to build a profitable Neural Net?

Date :7/25/2005 2:22:21 AM Poster : Mark Simpson

Hi Steve,

Nice to see you back.

>I wonder how many bars of lag ya could remove by using these inputs:

>Lag(RSI(Close,N),0)
>Lag(RSI(Close,N),1)
>Lag(RSI(Close,N),2)
>Lag(RSI(Close,N),3)
>Lag(RSI(Close,N),4)
>
>along with the same inputs for the NQ contracts and let the NN sort out
>the correlations.

Sounds like a plan that would work. You could also use serial correlation of
both items, or say Z-Score both and do some kind of comparison (in simplest form, one
minus the other), and then do the TDNN too.

>This would probably work best on shorter time frames where the futures lead is
> more pronounced. Of course not all stocks move with futures however many
> do. Also, maintaining the NQ data is tricky cause they expire every 3 mos.
>A possible substitute could be the compx, the QQQQ or even another stock.

You can also make continuous contracts for futures and options (if your data provider
doesn't do them for you, many do) out of a number of different series.

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/16/2005 5:04:30 PM Poster : John

Marcel,

than you for leading this initiative. I am hoping this will get me on the right track after many false starts and poor models that perform well with historic data but which are dreadful going forward.

The issue raised regarding the need for more up to date examples is well made with the canned examples having little transferability in either time or to other instruments. I did not expect these to be magic bullets but hoped the principles would be a little more robust to give me a more confident base on which to build systematically rather than (for me) more random trial and error.

In fact systematic model development is for me a critical goal and one this initiative will hopefully stimulate - with other's approaches to model building being as important as model sharing.

I also need some help. I am having difficulties with the chart you posted - I've done something wrong but I am getting too close to the problem to see the solution.

Could you explain how to get the data into the chart. I opened the zip file and fired up the chart, NST performed an auto search for the data at my request for each instrument and then fired up an abortive e-signal download request for each instrument. The chart loads but has no data. I subsequently copied the expanded folder into my NST folder and manually selected each of the instruments. Still no joy.

Any guidance would be welcome.

Thanks and regards

John

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/18/2005 4:20:15 AM Poster : Marcel

John,

Wrt installing the sample, I believe you have to do the following:
- Unzip the chl-file to a new chart subdirectory
(e.g. NeuroShell Trader 4\chart\ForumSample001)
- Unzip the txt-files to a new data subdirectory
(e.g. NeuroShell Trader 4\data\ForumSample001)
- Start NST, go to Tools -> Data Sources and add the data
directory you created above, assigning a Category of your choice
(e.g. Miscellaneous Instruments)
- Now open the chart, if prompted for automatic load, skip it and
attach the instruments with Format -> Add/Remove Chart Pages

I however discovered a mistake on my side: The sample I included needs a few Jurik indicators – my apologies for that! I thought to have put this model aside because it was NOT using Jurik's indicators, while it was because it uses the NON detrended JMA function – sorry, lost the overview among too many models...

I'm not sure of what happens if you open the chart without having these add-ons, maybe you can still see the output. I've checked other models I'm using, and it appears I'm too affectionate to Jurik. So, either I create a new model for the purpose of this thread, or someone else can post one to be used as a working sample. I'm however very interested on any comments from those who can analyze my sample above.

Marcel

On 7/16/2005 5:04:30 PM John wrote:
Marcel,

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Any guidance would be welcome.

Thanks and regards

John

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/18/2005 11:06:44 AM Poster : Mark Simpson

Here's a quick tip for including the data in the chart itself (assuming you have
a recent version of NST).

When you've built you chart, save it, then click on the "Email Chart"
menu item in the File menu in NST. It will ask you if you want to include the data
in the chart or not. Say yes, then it will pop up an attachment in your
email client.

What to do next depends on your email client. If you're not bothered about
checking the chart, then just post it direct to the forum email address.
If you need to see it and your email client will let you, save the chart
attachment (with a different filename). If not, send the message to yourself, then
download the attachment when you receive it.

Mark Simpson
Bowfort Technologies Inc.

On 7/18/2005 4:20:15 AM Marcel wrote:
John,

Wrt installing the sample, I believe you have to do the following:
- Unzip the chl-file to a new chart subdirectory

(e.g. NeuroShell Trader 4\chart\ForumSample001)
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- Start NST, go to Tools -> Data Sources and add the data
directory you created above, assigning a Category of your choice
(e.g. Miscellaneous Instruments)
- Now open the chart, if prompted for automatic load, skip it and
attach the instruments with Format -> Add/Remove Chart Pages

Hello ?!?

Date :7/22/2005 2:45:13 PM Poster : Marcel

All,

A few quotes to start:

Sunny: "To summarize, I was disappointed to find the lack of response to what I have found to be a very useful indicator. This lack of response has made me a little bit more thick-skinned when it comes to sharing indicators or systems in the forum."

Josh: "This is a long post, so I'll post again when discussion runs to ratios of "evaluation bars" to "Out of sample bars." I have a theory for determining these I'd like to set up for debunking!"

Sunny: "I like your optimism since this is key for this game. I will be interested in following your work in the days ahead."

Josh: "I am interested in sharing."

John: "thank you for leading this initiative. I am hoping this will get me on the right track after many false starts and poor models that perform well with historic data but which are dreadful going forward."

My dear friends – I haven't been in this forum long enough, my apologies if I'm going to be too direct or hurt somebody.

Right from the start I had the sensation that there is good potential on this board, that there are people (frustrated, motivated, beginners, experts etc) out there willing to share and learn. Since for the time being I can dedicate quite some time to it, I'm perfectly fine to do some extra work, kick off initiatives or write a bit more than average.

Mark is doing a sensational job, in this thread he is the driver and he has led us through the jungle so far. I can't find the right words, but he has my fullest support and admiration, because he is willing to share his knowledge and experience, generously, without fear of "giving away secrets", something that could give others the advantage. And he is very smart too, he does not give away cookies, he explains how to bake them, which is also more interesting and rewarding for him.

Now honestly, apart from two other contributors (many thanks to you too!), the rest is zero, only ephemeral appearances. I'm not here to point finger or teach values, but we have to understand that any discussion is effective only if there is CONTRIBUTION. I have the impression that this thread is mainly a dialogue between Mark and me, and lots of spectators around. This cannot be!

Mark has mentioned it a few times, "if there is enough interest, we are going to explore deeper and deeper". No interest (= no contribution), and this thread will die. Is this what we want?

Looking forward for many new articles.
Have a good weekend,
Marcel

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/25/2005 10:58:46 PM Poster : Alan Rhodes

Your post brings up something Ward Systems advocates that I feel very uncomfortable using.

Over simplifying, find a trading system that works out of sample for an instrument, and trade that system until it fails.

My discomfort with this is that selecting successful instruments can be a form of over optimization, in my opinion. I do not completely buy into the personality of stocks theory (that different stocks have different personalities and therefore need different trading systems). True, you know certain stocks are going to be hot, and that a volatility based system will be successful. But all hot stocks cool off, and usually you base your decisions on what is cooled off by other factors then just looking at the stocks.

On 7/14/2005 3:37:32 PM Marcel wrote:
All,

1. Preamble:

As commented in the previous thread "Model Sharing", this new discussion is intended for ALL users of NST. Beginners should herewith get a chance to verify whether they correctly learned their first steps, experienced users will be able to steer and move the discussion into more specific areas of interest.

2. The background:

Before describing the process, let me portray what I do in the context of NST:
- I trade mainly stocks and some derivatives (options, warrants)
- I trade mainly on US markets, plus some European issues
- I trade both sides, long and short
- Trading is unfortunately only a hobby, therefore no Intraday

I'm currently working with a universe of instruments that include:
- Dow Jones Industrial stocks
- S&P 100 stocks
- Nasdaq 100 stocks
- Euro Stoxx 50 stocks
- SMI stocks
- Some selected currency pairs
- A few commodity and Treasury Notes
In total I've roughly 500 underlying instruments, for which I update daily the End of Day prices.

3. The development process:

a) Idea generation

The motivator can be an article describing a new concept to me, or an older model that I browse through (e.g. one of the examples provided on the CD), or a new indicator I discovered recently, or a colleague that asks me for a specific predictive analysis. But most of the times it's the fact that the current model(s) is not performing the way I expect or does not generate (anymore) the wished signals.

b) Draft creation

I rarely start completely from scratch, I usually take as a template one of the models I have at hand and try to adapt it to the new idea. At this point in time, I use a set of maybe 10 instruments whose charts I know by heart. If I'm trying out a new indicator, I'd simply try to analyze it's efficacy with regards to being an input signal.

My latest models all share the same principle, an enhanced versions of one of the examples provided on the CD (I think it's Example 6). I have 3 NNs that independently deliver signals to a trading strategy, which ultimately decides and produces the short/long signals. No model has the same set of NNs. In one model the 3 NNs take input from different categories of indicators, while in another the 3 NNs use the same indicators, but set in such way that they consider different timings (short/medium/long term). By default I make little usage of optimization, limit the amount of EoD data to 4-5 years and usually define 1 or 2 walk-forward test periods of 6 months.

This stage requires a lot of trial & error: I experiment with those wizard parameters I'm most familiar with, then copy/paste the most relevant statistical results into an excel sheet, try the next parameter, copy/paste, etc. After a while I get a picture of which parameters provide the best results for the sample. I create variations of the models and retain those that look to be the most promising.

c) Model testing

Once I have created what I think is the best set of model variations, I test them with the full set of 500 instruments I've in the database. Depending on the degree of optimization, this can take quite some time, but I tend to discard those model variations that take more than a night to complete – simply not practical.

With regards to the data, I keep a set of EoD data for all instruments frozen for a particular date, usually the weekend before I start the development. The development of a new model may take a few weeks to complete and I want my reference data to be consistent over this period of time.

d) Selection and verification

I will then do a lot of manual copy/paste, recording in an excel sheet the results of those instruments that fulfill the following criteria:
- Out of Sample statistics:
- more than 70% successful trades
- double performance than buy & hold strategy
- yearly performance of at least 30%
- Visual check of Out of Sample chart:
- buy/sell signals placed at the right turning points
- no major mistrades or periods of inactivity in the chart
- no major drawdown

If the above 6 criteria are fulfilled, then the model variation with this particular instrument qualify for what I call "tradable list". In average, I'd be able to produce maybe 5-10 instruments for a particular model variation. If the same instrument is present in more than one model variation, I'd keep only the one that I deem the best.

Note: I'm not completely satisfied with my Selection/verification stage. In a recent thread "Empiric Selection Criteria", I've tried to address some concerns and ask a few questions. I'm currently testing the good hints I got there, but I'm also very interested in other's opinions.

e) Implementation

I don't wait long before starting to trade – I don't have the patience to go through another paper trading phase! I'd start to trade a subset of the new model's instruments right from day one, first by "fooling" the system and buying those instruments which were filled in the past and are negative [that's not a joke, I did it!]. For the others, I'd wait and as and when new signals are produced, I'd go long/short accordingly.

Other considerations relative to Money Management are out of scope here and may be addressed in another thread.

4. The trading process

The daily process is very simple and takes only 15 min: In the morning I update the database with the latest EoD data, and I then open all the models and check for new signals. Trades are placed accordingly with the various brokers.

5. A demonstration model

I'm enclosing one of the models I've produced about 2 month ago, that for the sake of this forum I will call "ForumSample001". [I hope that the WebMaster can create the link for the download here.] The file referenced may be downloaded using the following link:

ForumSample001.zip

The model was trained with data up to 31.5.2005 and produces somehow usable signals. It's not the best I have in my arsenal, but it's one of those that do not need any specific add-ons or licensed indicators. If we share models, I think it's important that we select those that can be used by most users – i.e. no intraday, no add-ons.

It qualified for 6 stocks as well as the US 10Y Treasury Yield. Although I follow them with my watch list, I haven't yet traded them.

Best regards,
Marcel

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/26/2005 11:12:18 AM Poster : Mark Simpson

>Your post brings up something Ward Systems advocates that I feel very
>uncomfortable using.

>Over simplifying, find a trading system that works out of sample for an
>instrument, and trade that system until it fails.

This was an item I was planning on discussing in detail later in the Curve fitting sections, but here's a quick view of it in the meantime.

Curve fitting is generally bad news. If you build a model and then run through 100 stocks
trying to the find ones that work, or run through 100 indicators, or genetically
optimize (i.e. run through 100's of parameters picking the best ones that work),
then they are all forms of curve fitting.

Here's an example to illustrate the issue. If I was to toss a coin 100 different coins
then each one would either land up heads or tails. And roughly 50% would be heads
and 50% would be tails. Now, I want to build my perfect coin tosing system, so I take
out all the coins that are heads, and I now know that I have a perfect trading system
that will always produce heads. I then start using it out of sample, and it doesn't work.

That's one example. Now, lets do the same thing again. Except, this time, I'm going
to make sure it works, by building an out of sample test too. After I've chosen my
coins that always produce heads, I then create an out of sample test, where I again
select all the coins that produce heads. So now, roughly 25% of my
coins are "heads" producers, and I've proved it with an out of sample test too.

The above are examples of curve fitting by selection and rendering your
out of sample to be in sample.

Essentially any process where you're selecting something to find the best
things that work is curve fitting (in this context), and that is when the alarm
bells should ring. The point is that in any population of results, some will do well
, and some will do poorly just by chance alone. If you then select just the good
ones, then you've chosen something that could have been (and likely was)
goverened by chance.

So that's the bad news. Now for the good news, how do we successfully
use curve fitting.

1. Design a good model first. By designing a good model to start off with, you don't
need to curve fit. (beware about trying 100's of models until you find one that works,
you're just curving fitting again :-)).

2. Curve fit at the end of your design process. I.E. When you have built a working model. By leaving it until the end, you should already have good results, and then the GA is just improving things.

3. Constrain the genetic optimizer. If you're starting with a good model, then the parameters the GA is picking should be constained to reasonable values. (However if you're starting off with a bad model, and trying to find what works, then you shouldn't be using constraints).

4. Calculate the number of Degrees of Freedom in your model (DOF) - aka variables, and validate the model with 30 trades per degree of freedom. This helps you avoid curve fitting, I.E. The more complex your model, the more trades you need to validate it on.

These 4 reasons are why I advocate designing a good model in a process rather than just trying to find one by repeated experimentation.

Now, back to the technique Ward Systems advocate, is it right or wrong? It's right if you use it correctly, and here's why.

Essentially when you've curve fitting, you're trying to fit, well "A Curve". In this case it's a complex function. Now if you can see enough of the function, you can approximate it. The more variables you have the easier it is to aproximate. The less you have, the more difficult. This is why we need to validate it on sufficient trades, i.e. need to make sure we haven't accidentally curve fitted by having too many variables.

Now lets look at it slightly differently. You can approximate a curve with lines. The smaller the lines, the better the fit you get. As the length of the line approaches zero, you get a perfect fit to the curve out of these little pieces. This is called a piecewise linear approach.

So if you keep the lines small (i.e. by keeping your model simple - DOF small), then you can curve fit by retraining the GA/neural nets often using the piecewise linear approach.

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/26/2005 4:25:34 PM Poster : Marcel

Mark,

Thanks for your elucidation on "curve fitting", from this perspective certain observations become certainties and feelings become facts (relativity – Einstein).

Can we concentrate for a little while on:
"1. Design a good model first. By designing a good model to start off with, you don't need to curve fit. (beware about trying 100's of models until you find one that works, you're just curving fitting again :-))."

We have learned from you a few fundaments for building models, like the effects of lag, the principle of TDNNs, learn ability of NNs etc., but how do we mix it together?

In other words we are learning the ingredients (flour, butter, sugar and eggs), but we don't yet know what to do with it.

And are those sufficient to bake something that tastes like cookies?
What other fundaments are needed to "Design a good model first"?

Maybe there are some more aspects that need to be discussed, like:
- Definition of the objective of a NN
- Selection of inputs, what is relevant to achieve the objective
- Indicators classes, what can be expected from them
- Model structures (simple vs. composite structures)
- Where can Trading Strategies play a role
- Etc.

Pardon me for being impatient,
Marcel

On 7/26/2005 11:12:18 AM Mark Simpson wrote:
>Your post brings up something Ward Systems advocates that I feel very
>uncomfortable using.

>Over simplifying, find a trading system that works out of sample for an
>instrument, and trade that system until it fails.

This was an item I was planning on discussing in detail later in the Curve fitting sections, but here's a quick view of it in the meantime.

Curve fitting is generally bad news. If you build a model and then run through 100 stocks trying to the find ones that work, or run through 100 indicators, or genetically optimize (i.e. run through 100's of parameters picking the best ones that work), then they are all forms of curve fitting.

Here's an example to illustrate the issue. If I was to toss a coin 100 different coins then each one would either land up heads or tails. And roughly 50% would be heads and 50% would be tails. Now, I want to build my perfect coin tosing system, so I take out all the coins that are heads, and I now know that I have a perfect trading system that will always produce heads. I then start using it out of sample, and it doesn't work.

That's one example. Now, lets do the same thing again. Except, this time, I'm going to make sure it works, by building an out of sample test too. After I've chosen my coins that always produce heads, I then create an out of sample test, where I again select all the coins that produce heads. So now, roughly 25% of my coins are "heads" producers, and I've proved it with an out of sample test too.

The above are examples of curve fitting by selection and rendering your out of sample to be in sample.

Essentially any process where you're selecting something to find the best things that work is curve fitting (in this context), and that is when the alarm bells should ring. The point is that in any population of results, some will do well , and some will do poorly just by chance alone. If you then select just the good ones, then you've chosen something that could have been (and likely was) goverened by chance.

So that's the bad news. Now for the good news, how do we successfully use curve fitting.

1. Design a good model first. By designing a good model to start off with, you don't need to curve fit. (beware about trying 100's of models until you find one that works, you're just curving fitting again :-)).

2. Curve fit at the end of your design process. I.E. When you have built a working model. By leaving it until the end, you should already have good results, and then the GA is just improving things.

3. Constrain the genetic optimizer. If you're starting with a good model, then the parameters the GA is picking should be constained to reasonable values. (However if you're starting off with a bad model, and trying to find what works, then you shouldn't be using constraints).

4. Calculate the number of Degrees of Freedom in your model (DOF) - aka variables, and validate the model with 30 trades per degree of freedom. This helps you avoid curve fitting, I.E. The more complex your model, the more trades you need to validate it on.

These 4 reasons are why I advocate designing a good model in a process rather than just trying to find one by repeated experimentation.

Now, back to the technique Ward Systems advocate, is it right or wrong? It's right if you use it correctly, and here's why.

Essentially when you've curve fitting, you're trying to fit, well "A Curve". In this case it's a complex function. Now if you can see enough of the function, you can approximate it. The more variables you have the easier it is to aproximate. The less you have, the more difficult. This is why we need to validate it on sufficient trades, i.e. need to make sure we haven't accidentally curve fitted by having too many variables.

Now lets look at it slightly differently. You can approximate a curve with lines. The smaller the lines, the better the fit you get. As the length of the line approaches zero, you get a perfect fit to the curve out of these little pieces. This is called a piecewise linear approach.

So if you keep the lines small (i.e. by keeping your model simple - DOF small), then you can curve fit by retraining the GA/neural nets often using the piecewise linear approach.

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/26/2005 6:13:11 PM Poster : Mark Simpson

>We have learned from you a few fundaments for building models, like the
>effects of lag, the principle of TDNNs, learn ability of NNs etc., but how do we
>mix it together?
>In other words we are learning the ingredients (flour, butter, sugar and eggs),
>but we don't yet know what to do with it.
>And are those sufficient to bake something that tastes like cookies?
>What other fundaments are needed to "Design a good model first"?

Lets stick with the baking analogy for now. So far we've introduced the goal/concept of baking (a model that is profitable). We know that to bake something, we need to build a recipe (a model).

The recipe has an end goal (something good to eat), with 2 possible outcomes, something that tastes good, and something which tastes bad.

So far we've only learnt the basic concept of a recipe. You're still missing the ingredients. After we've gone through the items, hopefully you're going to have a guide to creating recipes, and some of the ingredients (enough to bake cookies), but the type of cookie you decide to bake and the receipe you create will be up to you.

>Maybe there are some more aspects that need to be discussed, like:
>- Definition of the objective of a NN
I would say to pick something that can be predicted. Is it reasonable to predict price? Or would it be better to predict things that produce cleaner signals, like a turning point? From the demo chart for learning, which kinds of things would you say could be predicted?

>- Selection of inputs, what is relevant to achieve the objective
Those are ingredients.

>- Indicators classes, what can be expected from them
Classes of ingredients. I.E. You could say wheat flour would be a class of flour, but you could also use rice flour instead in your cookies.

>- Model structures (simple vs. composite structures)
Personally I prefer simple. The more complex they get, the more difficult they become to build, quantify and test. You can use multiple neural nets (composite structure) to build a model (and many people have been successful doing it), however it does introduce another loose form of creating a better ability to curve fit (because each neural net you add has inputs, and all of those contribute to the degrees of Freedom). So you have to increase your out of samples to account for it. Still, it can and does work.

At some point of complexity though, you reach the issue that you need so much data to test, that in the meantime the function you're trying to fit has changed, or you can't get sufficient data.

>Pardon me for being impatient,
:-)

I need to be sure before continuing that people are comfortable with the concepts so far.
The problem is that with this view of things are built on top of other things, and
the subtleties and requirements for certain technique can be missed.

Personally I always find the best way of learning about something is to experiment with it.

So here are some exercises to post results/charts to this forum (prefably from people
who haven't posted on these subjects yet).

1. Build a 4(entry) 0(exit) lag chart (using real data, not simulated with lead)
and post results.
2. Examples of what inputs and outputs a neural net could learn.
3. An analysis of the amount of noise that can be reasonably rejected by a neural net.

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :8/3/2005 3:26:03 PM Poster : Marcel

Mark,

> I would say to pick something that can be predicted.
> Is it reasonable to predict price? Or would it be better to
> predict things that produce cleaner signals, like a turning point?

Technically speaking, to predict price as an absolute value seems the worst of the choices to me, first and foremost for the fact that price is not normalized. The output should be a variable that ranges between two limits, fluctuates above or around a fix value (e.g. zero), or is member of a set of values. Better choices would therefore be a probability (0-100%), a change in percent (+/-) or a direction (up, neutral, down).

In terms of strategy, I think the biggest distinction to be made is between "trend-following" and "counter-trend". Most of the time (around 70%) prices trade in a sideways or "range-bound" pattern. By contrast, markets are only in a "trending" mode for the remaining 30% of the time. In statistical terms, commodity and financial markets display a strong tendency towards mean reversion.

But when prices do trend, those trends are often powerful and sustainable, offering low-risk / high-reward opportunities, such that a single profitable trade will often offset numerous small losses. That's the moves we want to capture with a "trend-following" strategy. On the other hand, a "counter-trend" system will measure the "strength" of a market or instrument with the objective of determining when it becomes either overbought or oversold, taking therefore a contrarian position.

Conventional implementation examples of "trend-following" strategies are based on MA crossovers, while "counter-trend" strategies are for instance conventionally implemented based on Momentum Indicator levels.

> From the demo chart for learning, which kinds of things
> would you say could be predicted?

[I assume you are referring to the S&P500 chart]

Well, the very first thing to consider is the dimension of TIME. While one trader may be placing all his tokens on a – from his perspective – big upmove, an investor may observe this same move as a little correction to the mean, being a large downtrend, he will remain short.

In a monthly S&P500 chart, we would therefore observe an established uptrend during the 90's, a correction starting Sept.2000 and lasting roughly 2 years, then the resume of the previous trend.

But since we are working with daily charts, we want to capture those smaller moves that are influenced and at the same time independent from the (monthly) superposed trend. In practical terms, we are prepared to place up to a few trades per month for a particular instrument.

We would ideally be looking for those valleys and peaks, which appear to occur with a frequency of 10-30 bars (days) and that form turning points...

So, are we going to design a "trend-following" or a "counter-trend" system? We get obviously tempted to catch that particular trend-reversal with our "counter-trend" strategy, let the position run by listening to the "trend-following" system, and change direction exactly when the "counter-trend" alarm bell rings!

(Sorry Mark, I'm on purpose not applying what previously discussed with pre-determined exits and 0 lags, only describing the most logical reasoning for solving this problem!)

Can someone else take over now and either correct the reasoning or continue with design considerations?

Best Regards,
Marcel

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/26/2005 1:11:17 PM Poster : Mark Simpson

>True, you know certain stocks are going to be hot, and that a volatility based
>system will be successful. But all hot stocks cool off, and usually you base
>your decisions on what is cooled off by other factors then just looking at the
> stocks.

That is a pretty key statement that Alan has made, i.e. "All hot stocks cool off"
Conventionally, stocks go through modes of being in vogue and out of vogue, and
that breaks models. I.E. A model that has been built for something in vogue, doesn't
normally work on something out of vogue and vice versa. It is a major frustration
for us and breaks models quicker than you can blink.

So the question becomes, are we using the correct model, or is our thinking suspect?

It's common knowledge that the beginning of the trading day and end has high volume,
and the bit inbetween is generally lack luster volume. However, most models don't
consider this issue. Sometimes you'll see people suggest, "I've built the model just to trade between 9:30 and 10am", but it makes you wonder why can't the middle of the
day be traded too, i.e. what process is in play that means it only works at certain times.

The issue at play here is "Time". If there are no trades/demand, price doesn't
change, if there are a lot of trades/demand, price changes. Yet, we routinely change
this rate to a constant time base "Clock Time", and then try to analyze it with fixed
static techniques i.e. why would an SMA of 21 periods be of any use when the rate
of trading is constantly changing?

There are a couple of ways of solving this issue, one is adapting your indicators,
the other is adapting your time base to a new one, lets call it "Market Time".

However this is step 4, and we have 2 and 3 to get out of the way first.

So in preparation for 4, I ask you to pull up some intraday charts with volume, and
look at the patterns in price at different times of the day and see how they
would change if you stretched time in areas of high volume and compressed it in
areas of low volume. I encourage people to post their findings, and then we can
discuss some ways to achieve that process. (If you don't have NST Pro, then
the same exercise can be done with daily bars).

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/29/2005 3:31:30 PM Poster : Alan Rhodes

I sent in a chart to not allow this discussion to die, but it shows is what you have already stated, that volume drops off mid day.

I assume you are suggesting that we somehow vary the x-scale in the chart by taking the raw data, pre-processing it and then feeding back into NeuroShell. Be a little patient since so far crude attempts have bombed, but not giving up.

QQQgenericVolume (data saved).cht

On 7/26/2005 1:11:17 PM Mark Simpson wrote:
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>system will be successful. But all hot stocks cool off, and usually you base
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areas of low volume. I encourage people to post their findings, and then we can
discuss some ways to achieve that process. (If you don't have NST Pro, then
the same exercise can be done with daily bars).

Mark Simpson
Bowfort Technologies Inc.

Re: What needs to be achieved to build a profitable Neural Net?

Date :7/26/2005 3:30:18 PM Poster : Marcel

Alan,

I was working intensively with NNs and trading strategies beginning/mid 90's, but gave eventually up because of immature technology (my perspective). At that time, 90% of my efforts were devoted in building the necessary tools, which means developing the NNs, the feeds, the GUIs, reports etc. Little to no time was left to focus on models, especially when learning processes were taking >12 hours to complete.

10 years later I'm taking a second chance – I hope I can learn to drive without having to build the car, this time. I only (re-)started 3 month ago, and although I may not be considered an early beginner anymore, I still have lots to learn. I have gone through several "experiments", all of which were based on the few methodologies documented in the context of NST. Neither satisfied with the approach nor happy with my results, I've tried to facilitate a few discussions on this forum, seeking for answers.

My introduction above is not meant to state the "perfect process", it's simply to document the way I, and probably many other users of NST, are (soon were) developing systems with NST. And it's also to kick off the discussions on the matter.

But I'm grateful for your candid comment – it confirms my observations and fears. So let's push this project further on!

Regards, Marcel

On 7/25/2005 10:58:46 PM Alan Rhodes wrote:
Your post brings up something Ward Systems advocates that I feel very uncomfortable using.

Over simplifying, find a trading system that works out of sample for an instrument, and trade that system until it fails.

My discomfort with this is that selecting successful instruments can be a form of over optimization, in my opinion. I do not completely buy into the personality of stocks theory (that different stocks have different personalities and therefore need different trading systems). True, you know certain stocks are going to be hot, and that a volatility based system will be successful. But all hot stocks cool off, and usually you base your decisions on what is cooled off by other factors then just looking at the stocks.

A dynamic volatility-trailing stop

Date :7/15/2005 7:35:34 AM Poster : reyden

The current trailing-stops are either price or percentage based, in other words fixed. I'm interested trailing-stop, related in a percentage, but the percentage is a function of the stocks volatility over the last 90 days, in other words the trailing stop dynamically changes over time. Any tips will be appreciated.

Thanks

Re: A dynamic volatility-trailing stop

Date :7/17/2005 12:45:29 PM Poster : Matt Jarvis

You really aren't limited to the canned trailing stops that NSTP provides. You can create your own price level. Your first step should be to determine how you want to measure the volatility and compute the percentage function. My thought would be to use the standard deviation of the price or momentum ?

Matt

On 7/15/2005 7:35:34 AM reyden wrote:
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Thanks

Re: A dynamic volatility-trailing stop

Date :7/17/2005 4:13:48 PM Poster : Alan Rhodes

You may want to take a look at Kirshenbaum Bands and see if you can use them. Admittedly they are not the perfect solution for what you want to do, but they may come close enough so that you can adapt them without custom programming. You can download them for free at the Bowfort Technologies web site

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Thanks

Cybernetic Analisys Add-on - Does it meet expectations?

Date :7/20/2005 5:19:03 PM Poster : Toni

I am considering purchasing the Cybernetic Add-on. I've ordered the book hoping that it will give me a good indication on whether the Add-on will meet my requirements - but the book is still in transit (Post)..... so the question really is whether someone has used this add-on and found it to meet trading expectations? What is your experience with it?

Re: Cybernetic Analisys Add-on - Does it meet expectations?

Date :7/22/2005 4:41:40 PM Poster : Maxwell Craven

I have the add-on and have found it very good. Of course, not all indicator sets have worked for me, and I haven't tried all of them, but the following have been financially beneficial so far:

Cyber cycle and trigger
Itrend and trigger
Stochastic RSI & RVI
relative vigor

On 7/20/2005 5:19:03 PM Toni wrote:
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Re: Cybernetic Analisys Add-on - Does it meet expectations?

Date :7/25/2005 4:38:19 PM Poster : Ward.net Webmaster

The August issue of Technical Analysis of Stocks and Commodities (out now) has an article about the Cybernetic add-on. Look on p48 for the article called "Turbocharge it"

On 7/20/2005 5:19:03 PM Toni wrote:
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What neural networks can learn, and what they can't learn

Date :7/22/2005 1:14:51 PM Poster : Mark Simpson

Onto the next phase:

Firstly for purposes of these examples, I've created a Sine Wave Indicator. This
essentially just displays a sine wave, but here's the breakdown on the indicator
so you can see how it's created. For ease of use, I've created it as a template file
you can install into Neuroshell.

To create the sine wave indicator, first of all, we take:

CumSum(Constant value(1),0)

This creates a ramp which increases by 1 for each additional bar. It changes
by 360 over 360 bars.

We then need to allow the ability to change the length of the sine wave, to do this
we take the CumSum expression above and multiply by 360/periods, where periods is
the length of one cycle of the sine wave, giving:

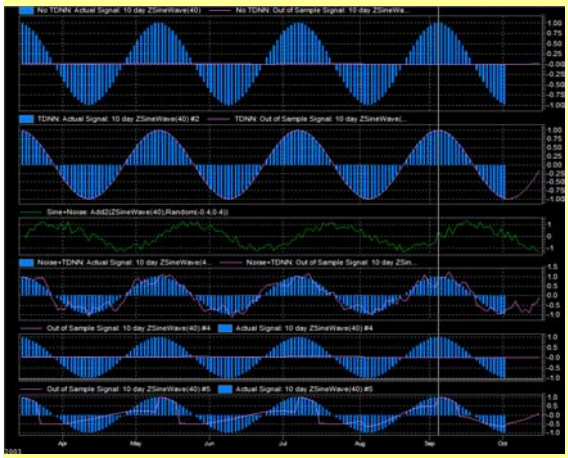
Mul2(CumSum(Constant value(1),0), Divide(360,periods))

This creates a scaled ramp function.

Then we take the Sine of it and we have a sine waveform:

Sin(degrees)(Mul2(CumSum(Constant value(1),0),Divide(360,periods)))

I've saved this as a template file that you can install into Neuroshell, and takes one parameter (periods). The indicator is called ZSineWave and can be found in the
Bowfort Category in NST after you've installed it and restarted NST.



Learning.zip

To see this example, download the above and put ZSineWave.tpl in your Template
folder in your Neuroshell folder (or Neuroshell Trader 4, or whatever else you've named it). The chart goes in the Charts folder.

The example demonstrates how a neural network
learns effectively (or doesn't), depending on the quality and techiques used to feed it.

The first subchart demonstrates a neural network predicting a 40 period sine 10
days in advance. It's input is just a 40 period sine wave. As you can
see the prediction (the magenta line) is terrible. Correlation is -0.0203.
Why is it so bad? Lack of context.

The 2nd subchart adds that context. It's the same chart as the first, but just implements a TDNN this time. This time we get a correlation of 1. The neural
net is perfectly predicting. (as an exercise you can try removing the lags, so you
only have the ZSineWave, and just one Lag(ZSineWave,1)).

The 3rd subchart show's random noise ranging upto 40% of the sinewave being added
to the sine wave. I.E. We're deliberately degrading the ZSineWave with random noise.
This is used in the 4th subchart and is here for reference purposes.

The 4th subchart is the same as the 2nd subchart (i.e. with TDNN), however, the
sine wave is not clean, we've added noise to see how well the net can deal with
this issue. However we're still trying to predict that perfect sine wave 10 days in
advance. Correlation is still good at 0.935, i.e. the net has managed to deal
with most of the noise. However there is some degredation. Try experimenting
with the quantity of noise and see the effect on the quality of the neural net output.

The 5th subchart puts a Cumulative Sum into the neural net as input, instead of
a sine wave. However it still is trying to predict the sine wave 10 periods ahead.
As you can see, the net does poorly on this example. Correlation is 0.0656.
Why? Didn't we say earlier that a neural net can reproduce a function, so why should
it need sine as input, can't it figure it out itself.

The answer is it can, however, we've done something wrong. It's all about seeing similar data in realtime as it does during learning. Cumulative sum is monotonically increasing, i.e. the neural net will never see the same (or similar value) again on it's input,
so it never learns.

The 6th subchart fixes subchart 5, very simply. We take the same cumulative sum,
divide it by 40 and use the remainder of this calculation as input. I.E. We've changed
the input to be a re-occuring ramp of 40 periods instead of just a continuously increasing
ramp. I.E. The net sees data that it's seen before, so it can learn. Correlation
is 0.726, not perfect, but it's obviously learning the function. I leave it as an exercise
to see how you can improve that correlation.

The above serves as a simple experimentation platform on what neural networks can/can't learn.

Incidently, if your fingers are aching from building TDNN's, a quick tip for inputing,
is when you create the "Lag" indicator, where it has periods, put in 1,2,3,4,5
instead of say "1" and it will create 5 indicators. This is a shortcut in NST which enables you to create mutilple indicators with different parameters, and it saves you having to do the same thing 5 times.

In Summary, to predict effectively:

1. You need to have minimal noise.
2. You need to have something that can be predicted.
3. A neural network needs context. If you're not providing it with your indicators,
then you need to provide it using another method.
4. You need to provide data that it has seen before (or similar) for it to learn.

Mark Simpson
Bowfort Technologies Inc.

Missing CustomInd.dll

Date :7/24/2005 6:18:06 AM Poster : Marcel

Mark

After installing the 2 files as indicated, I get the following msg while opening the chart: "NST was unable to find CustomInd.dll. Pls contact he solution provider..."
This looks to be the dll that contains the SineWave function, since no Sine actual signal is displayed on the chart...

Where can we download it from?

Tks & Rgds, Marcel

Re: Missing CustomInd.dll

Date :7/25/2005 2:08:15 AM Poster : Mark Simpson

Hi Marcel,

There's isn't a missing dll that's needed. I've also checked the chart to make sure
there isn't anything I've accidentally left in there, and I couldn't find anything.

The ZSineWave function is constructed from the standard indicators
available in neuroshell (CustomInd.dll).

However, if you somehow managed to delete customInd.dll, or some of the indicators
in it, or had an older version of NST which didn't have those indicators in, then the
ZSineWave might refuse to work.

Please check you have the indicators it was built out of in your list of indicators in
NST, i.e.:

Sin(degrees)
Mul2
CumSum
Constant value
Divide

Failing that, what version of NST are you using? Also, is it Neuroshell Trader, or
Neuroshell Trader Pro?

Can anbody else confirm success or not opening the chart? In which case, is it Trader or Pro, and what's the version?

Thanks
Regards
Mark Simpson
Bowfort Technologies Inc.

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Tks & Rgds, Marcel

Re: Missing CustomInd.dll

Date :7/25/2005 8:38:43 AM Poster : Ward.net Webmaster

CustomInd.dll is from Advanced Indicator set 1.

On 7/25/2005 2:08:15 AM Mark Simpson wrote:
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NST, i.e.:

Sin(degrees)
Mul2
CumSum
Constant value
Divide

Failing that, what version of NST are you using? Also, is it Neuroshell Trader, or
Neuroshell Trader Pro?

Can anbody else confirm success or not opening the chart? In which case, is it Trader or Pro, and what's the version?

Thanks
Regards
Mark Simpson
Bowfort Technologies Inc.

Mark

After installing the 2 files as indicated, I get the following msg while opening the chart: "NST was unable to find CustomInd.dll. Pls contact he solution provider..."
This looks to be the dll that contains the SineWave function, since no Sine actual signal is displayed on the chart...

Where can we download it from?

Tks & Rgds, Marcel

Re: Missing CustomInd.dll

Date :7/25/2005 8:54:30 AM Poster : Marcel

Well, this explains it - I don't have the Advanced Indicator set 1 Add-on...

On 7/25/2005 8:38:43 AM Ward.net Webmaster wrote:
CustomInd.dll is from Advanced Indicator set 1.

On 7/25/2005 2:08:15 AM Mark Simpson wrote:
Hi Marcel,

There's isn't a missing dll that's needed. I've also checked the chart to make sure
there isn't anything I've accidentally left in there, and I couldn't find anything.

The ZSineWave function is constructed from the standard indicators
available in neuroshell (CustomInd.dll).

However, if you somehow managed to delete customInd.dll, or some of the indicators
in it, or had an older version of NST which didn't have those indicators in, then the
ZSineWave might refuse to work.

Please check you have the indicators it was built out of in your list of indicators in
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Re: Missing CustomInd.dll

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No problem. Mark is using the Constant Value indicator, which is in Adv Ind Set 1. However, Constant Value(1) can also be made with Add2(0,1). Same thing.

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Where can we download it from?

Tks & Rgds, Marcel

Re: Missing CustomInd.dll

Date :7/25/2005 10:55:16 AM Poster : Marcel

Sorry, but I think that there are more functons Mark is using. Since there is no Sine Wave displayed on the first chart, I believe we are missing Sin()...

On 7/25/2005 10:09:50 AM Ward.net Webmaster wrote:
No problem. Mark is using the Constant Value indicator, which is in Adv Ind Set 1. However, Constant Value(1) can also be made with Add2(0,1). Same thing.

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Tks & Rgds, Marcel

Re: Missing CustomInd.dll

Date :7/25/2005 12:07:45 PM Poster : Mark Simpson

Thanks.

I've replaced all the "Constant Value"s with Add2(0,1) and rebuilt the chart.

If you don't have Advanced Indicators Set 1, please delete the ZSineWave.tpl
file in the Template folder, and then save this chart over the old one in the Charts
folder. When you open it, it should tell you that it's recreated ZSineWave and
everything should work for you.

LearningNoAI1.zip

Mark Simpson
Bowfort Technologies Inc.

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>Set 1. However, Constant Value(1) can also be made with Add2(0,1). Same
>thing.

Re: Missing CustomInd.dll

Date :7/26/2005 2:19:49 AM Poster : Marcel

Mark,

I confirm that the chart is now working fine.
Thanks a lot!

Rgds, Marcel

On 7/25/2005 12:07:45 PM Mark Simpson wrote:
Thanks.

I've replaced all the "Constant Value"s with Add2(0,1) and rebuilt the chart.

If you don't have Advanced Indicators Set 1, please delete the ZSineWave.tpl
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>thing.

Re: What neural networks can learn, and what they can't learn

Date :7/27/2005 1:26:45 PM Poster : Marcel

Mark,

I finally had some time to go through your instructive example.

Here my comments:

> (2nd subchart) As an exercise you can try removing
> the lags,so you only have the ZSineWave, and just
> one Lag(ZSineWave,1)

Well, for those who haven't tried (it only takes 1 minute), it's interesting to see that by removing one lag after another, the correlation remains always at 1. In other words, one single lagged input is sufficient to perfectly predict.

Now the interesting part:

a) It doesn't matter if you lag this second (delayed) input by 1, 2 or 5 bars, the correlation remains always at 1.

b) A lag of 0 bars obviously won't work, since both inputs provide the same value.
-> Lag(x,0) = x

c) But what with a lag of 40? Easy, you may say, it won't work neither since the second input delayed by the Sine period will provide the same value as the first input.
-> Lag(x,period*N) = x
But surprise, surprise! You try and you will see that the correlation is still 1... Why?

d) By displaying the values we find that:
ZSinWave(40) = -0.15607
Lag(ZSinWave(40),0) = -0.15607 (same)
Lag(ZSinWave(40),40) = -0.1560753 (slightly higher)
Lag(ZSinWave(40),80) = -0.1560805 (more higher)
Alright, a calculation error of the ZSinWave function (a typedef or rounding issue I guess). The curious deduction is that thanks to the little rounding discrepancy between the 2 inputs, the NN becomes capable of perfectly predict!!

> (4th subchart) Try experimenting with the quantity of
> noise and see the effect on the quality of the neural net output

Here some results:

a) Varying the noise level

Graph20050728a.JPG

As shown by the above graph, the predictability of the NN drastically decreases as more and more noise is added to the Sine. Note that values of noise >100% make little sense, the NN is starting to predict noise.

b) Varying the number of inputs

Graph20050728b.JPG

As expected, the more inputs, the better the predictability (correlation). To achieve values of Corr(i) > 0.8, we need a minimum of 5 inputs (current + 4 delayed) – unfortunately at the expense of more DoF. The above figures apply for a noise level of 40%.

> (6th subchart) I leave it as an exercise to
> see how you can improve that correlation.

By analogy to the previous examples, I started to add additional lagged inputs. It can be observed that the NN starts to perfectly predict parts of the wave (to be precise the beginning of the period), while the rest remains still unmatched. This makes sense, since the NN gets inputs (current plus N lagged values) for this particular sector of the wave. So we add more and more lagged inputs...

We don't need 40 inputs (period of 40) to get a Corr(i) of 1, for example current value plus a sequence of 22 lagged inputs is sufficient. But we know that such a high number of inputs is negative in terms of DoFs, we get therefore tempted to delete a few of them. The sequence (0; 5; 10; 15; 20) provides a respectable Corr(i) of 0.979, which is really good already. But we are cheating a bit (Mark will say curve fitting), since we are knowledgeable about the period being 40 bars – what if the period is only 15, then 60, then variable???

I'm curious to know how others did this...

Now to the usual few questions:

> 1. You need to have minimal noise.
Am I correct that we will discuss this under "filters"?

> 3. A neural network needs context. If you're
> not providing it with your indicators, then you
> need to provide it using another method.
What do you mean by "another method" -- in practical terms?

Best regards,
Marcel

Re: What neural networks can learn, and what they can't learn

Date :7/30/2005 4:33:12 PM Poster : Mark Simpson

Webmaster note: we'll add the graphs Monday

>Well, for those who haven't tried (it only takes 1 minute), it's interesting
>to see that by removing one lag after another, the correlation remains always
>at 1. In other words, one single lagged input is sufficient to perfectly
> predict.

>Now the interesting part:

>a) It doesn't matter if you lag this second (delayed) input by 1, 2
>or 5 bars, the correlation remains always at 1.
Correct. Sine is a pretty easy function for a neural net to handle so, 2 inputs are
not a problem. More complicated functions can require more inputs to model
with a TDNN

>b) A lag of 0 bars obviously won't work, since both inputs provide the same value.
>-> Lag(x,0) = x

>d) By displaying the values we find that:
>ZSinWave(40) = -0.15607
>Lag(ZSinWave(40),0) = -0.15607 (same)
>Lag(ZSinWave(40),40) = -0.1560753 (slightly higher)
>Lag(ZSinWave(40),80) = -0.1560805 (more higher)
>Alright, a calculation error of the ZSinWave function (a typedef or rounding issue
>I guess).
>The curious deduction is that thanks to the little rounding discrepancy between
> the 2 inputs,
>the NN becomes capable of perfectly predict!!

Essentially a neuron with one input only has one weight in it's
construction, so is limited in the functions it can represent (but
that can also depend on the network behind it). A neuron with 2 inputs, has 2 weights, so it can represent more complex functions.

Now if ZSineWave(40) = Lag(ZSineWave(40),40), which it should do, then
both inputs are the same, therefore both weights in the neurons should be
adjusted to the same value, so it can't approximate the complex function.

So theroectially if you use ZSineWave(40) and Lag(ZSineWave(40),40) as
inputs you should get the same correlation as using ZSineWave(40).

However, they're not equal, they're very slightly different. I think the reason for this
is a rounding issue in sine calculation. E.G.:

Sine(89) = 0.9998477
Sine(449) = 0.9998476

449 is 360 degrees + 89 degrees. So the result should be the same.

However in programming languages, sine can be constructed using a few techniques,
and it might be an artifact of the technique used for sine of the lanaguage NST's indicators are written in.

That's my guess.

>> (4th subchart) Try experimenting with the quantity of
>> noise and see the effect on the quality of the neural net output

>Here some results:

>a) Varying the noise level

>Graph20050728a.JPG

>As shown by the above graph, the predictability of the NN drastically
>decreases as more and more noise is added to the Sine. Note that values
>of noise >100% make little sense, the NN is starting to predict noise.
Nice work. And you hit it spot on. If you give an NN noise, it will learn
to predict noise (and of course if it's truely random noise, then
you won't get far).

>b) Varying the number of inputs

>Graph20050728b.JPG

>As expected, the more inputs, the better the predictability
>(correlation). To achieve values of Corr(i) > 0.8, we need
>a minimum of 5 inputs (current + 4 delayed) – unfortunately
>at the expense of more DoF. The above figures apply for a
>noise level of 40%.
Again, superb work. You can see from the graph that at a certain level,
the extra DOF aren't worth the smaller improvements in correlation.

> (6th subchart) I leave it as an exercise to
> see how you can improve that correlation.

>By analogy to the previous examples, I started to add additional lagged inputs. It
>can be observed that the NN starts to perfectly predict parts of the wave
>(to be precise the beginning of the period), while the rest remains still
>unmatched. This makes sense, since the NN gets inputs (current plus N
>lagged values)
>for this particular sector of the wave. So we add more and more lagged inputs...
This is because the neural network has to learn a function that is varying.
Essentially sometimes the values are close together, sometimes they're far apart.
You'll often notice that far apart conveys more information to a net.
Or another way of thinking about it is correlation of inputs. If 2 inputs are highly
correlated, then you really only have 1 input. So really the net is just working
off 1 input, and we know from above that 1 input doesn't work in this context.

So when you have inputs 0.1, 0.5 it'll predict well. And when you have inputs 0.997, 1.0
it'll predict poorly.

>We don't need 40 inputs (period of 40) to get a Corr(i) of 1, for example current
>value plus a sequence of 22 lagged inputs is sufficient. But we know that such a high
>number of inputs is negative in terms of DoFs, we get therefore tempted to delete a
>few of them.
22 lagged inputs covers half a cycle of the wave. Half a cycle gives the neural net enough to
learn successfully, because half the cycle can be mirror'd to produce the other half.

>The sequence (0; 5; 10; 15; 20) provides a respectable Corr(i) of 0.979,
>which is really good already.
Correct. This is because all 5 inputs have different values (are uncorrelated). And they
always will be uncorrelated.

>But we are cheating a bit (Mark will say curve fitting),
I wouldn't call that cheating personally. You know your data and that's good. Provided the
relationship is there in time, i.e. data 20 periods ago has a relationship to now (which it
does for the sine wave), then that's fine to do that.

>since we are knowledgeable about the period being 40 bars – what if the period is only 15,
>then 60, then variable???
Try it out. What I believe you'll find is that provided your cycle length isn't too long
and isn't too short, i.e. you're getting different enough samples and good coverage,
it will work for many different periods.

As far as variable periods (I'm assuming you mean varying through time). That would be
interesting. Essentially the neural net could have a hard time learning. But
you could always build an indicator to measure the length of the cycle and feed that in
as one of the inputs.

>I'm curious to know how others did this...
Me too.

>Now to the usual few questions:

> 1. You need to have minimal noise.
>Am I correct that we will discuss this under "filters"?
Yes. Essentially a filter removes noise and gets to the underlying
signal. However, the catch is it adds lag, and we don't want that either.
But we'll get into all of that in filters.

> 3. A neural network needs context. If you're
> not providing it with your indicators, then you
> need to provide it using another method.
>What do you mean by "another method" -- in practical terms?

Say you had RSI, and you wanted to detect a peak in RSI, you'd need 3 inputs
to the net i.e.:

RSI
Lag(RSI,1)
Lag(RSI,2)

then you could train a net to recognise peaks. That's context with a TDNN.

Now for the other method, we could provide context in an indicator itself, i.e.

And2(Lag(RSI,1)>Lag(RSI,2), Lag(RSI,1)>RSI)

This indicator would output a 1 when RSI peaked. Then you would feed this indicator as 1 input to the neural. I.E. The indicator has context. Another example would be the candelstick patterns in NST.

Thats great work Marcel. You have a knack for testing things out, and analysing them completely.

Mark Simpson
Bowfort Technologies Inc.

Re: What neural networks can learn, and what they can't learn

Date :8/3/2005 11:29:19 AM Poster : Marcel

All,

This is for the records and to close off this thread:

>> since we are knowledgeable about the period being 40 bars
>> – what if the period is only 15, then 60, then variable???
> Try it out. What I believe you'll find is that provided your cycle
> length isn't too long and isn't too short, i.e. you're getting different
> enough samples and good coverage, it will work for many different
> periods.

a) Period of 15 bars

I was personally surprised with this one! Using subchart 6 which has 1 single input Remainder(CumSum(Add2(0;1);0);15), the NN performs almost to perfection with a Correlation(r) of 0.998 – no need to add lagged inputs.

I got the impression that the time series is apparently simple enough to be learned "by heart" (= by value). This led me to the assumption that more hidden neurons would help the NN to learn "by heart" also a period of 40 bars. False, changing the wizard parameter has absolutely no effect. Any better interpretation?

b) Period of 60 bars

Not much to add here, 60 bars are simply a bit tougher to learn, but good results can be achieved with 1 current + 4 lagged inputs (E.g. sequence (0;3;7;17;29) produces corr(r) of 0.969).

c) Variable Sine Wave

LearningTake2 (data saved).zip

For this simulation, I've created 3 time series:
- SinAM: An Amplitude-Modulated sine wave
- SinPM: A Phase-Modulated sine wave
- SinAPM: A sin wave modulated in both, Amplitude and Phase

c1) The 1st prediction

Subchart 2 implements a TDNN with 1 current + 9 lagged input (sequence 1;2;3;5;7;11;13;17;23) – in my opinion pretty costly in terms of DoFs, but it's only for the purpose of this example.

- SinAM: Can easily be perfectly predicted (Corr(r) of 1.000) also with much less inputs. It seems that changes in amplitude do not present a big challenge for the NN.

- SinPM: In this example we achieve a Corr(r) of 0.731. Changes in Phase appear to be a much tougher task for the NN. This can be linked to a discussion we briefly touched earlier on (http://www.ward.net/cgi-bin/Forum/Forum_Article.asp?a=2568) regarding time compression, that's essentially what happens at higher frequency. I haven't yet used any adaptive techniques, I guess we will introduce them when discussing indicator classes.

- SinAPM: With a Corr(r) of 0.801 somewhere between the other two. While the predicted signal seems to follow well low frequency phases (slightly lagged one may observe), it gets out of synch when abruptly moving between extremes at high frequency.

c2) The 2nd prediction

Subchart 3 is simply to introduce the first derivative as an input. With only 2 inputs we achieve remarkable Corr(r) levels of 0.986, 0.675 and 0.684 respectively.

Feel free to find more efficient ways to feed the NN – hopefully you post the results in this forum...

Best Regards,
Marcel

Re: What neural networks can learn, and what they can't learn

Date :8/9/2005 5:12:01 AM Poster : Mark Simpson

On 8/3/2005 11:29:19 AM Marcel wrote:
>a) Period of 15 bars

>I was personally surprised with this one! Using subchart 6 which has 1 single
>input Remainder(CumSum(Add2(0;1);0);15), the NN performs almost to
>perfection with a Correlation(r) of 0.998 – no need to add lagged inputs.

>I got the impression that the time series is apparently simple enough to be
>learned "by heart" (= by value). This led me to the assumption that more
>hidden neurons would help the NN to learn "by heart" also a period of 40 bars.
>False, changing the wizard parameter has absolutely no effect. Any better
>interpretation?
If 15 integers, i.e. 0,1,2,3,4,5,6,7,8,9,10,11,12,13,14 can be memorized
by the NN to provide an output of 15 sine values. Then, to memorize a 40
period sine wave, you'd need 40 integers. (I believe), i.e. 15 integers to memorize
a 40 period sine wave wouldn't work.

>- SinAM: Can easily be perfectly predicted (Corr(r) of 1.000) also with much
> less inputs. It seems that changes in amplitude do not present a big challenge
> for the NN.
Correct. This is because really it's just a function of 2 sine waves. As a NN learns
functions, it's unaware of what goes into a function, therefore a complex function
invariably is no more difficult to learn that a simple one. I.E. It's function
imitating machine.

>- SinPM: In this example we achieve a Corr(r) of 0.731. Changes in Phase
>appear to be a much tougher task for the NN. This can be linked to a
>discussion we briefly >touched earlier on
>(http://www.ward.net/cgi-bin/Forum/Forum_Article.asp?a=2568) regarding
>time compression, that's essentially what happens at higher frequency. I
>haven't yet used any adaptive techniques, I guess we will introduce them
>when discussing indicator classes.
Yes, adaptive indicators are one answer to this. Infact what you need is some phase
measurement indicator that you would add as one of the inputs, then I would
expect the correlation to be back near 1. Essentially the neural net doesn't have
enough information without it. There are a few ways of getting this one to work
when we get into time normalization. In the meantime some of Ehlers cycle
length indicators would work as that additional input in this case.

>- SinAPM: With a Corr(r) of 0.801 somewhere between the other two.
>While the predicted signal seems to follow well low frequency phases
>(slightly lagged one may observe), it gets out of synch when abruptly
>moving between extremes at high frequency.
Correct, because it's a half way house, you get part of some results and part of others.

Mark Simpson
Bowfort Technologies Inc.

Quote.com

Date :7/22/2005 4:18:31 PM Poster : Ward.net Webmaster

Today, 7/22/05, Quote.com ticks have been updating yesterday's bar, 7/21, all day as far as we can tell, for many stocks. Quote.com tech support has been unavailable, so it is unclear if they even know. So please inspect your data carefully today and Monday if you are a Quote.com subscriber.

Re: Quote.com

Date :7/25/2005 9:57:27 AM Poster : Ward.net Webmaster

Update on this issue, Monday July 25, 2005:

As far as we can tell, some Quote.com servers have missing data for daily stocks either on 7/21 or 7/22, probably depending on which server you get on. We managed to get all the data when we got on server cc15a (209.202.236.35). So if you are using daily bars, make sure you have no missing data for 7/21 or 7/22. If you have missing data, try deleting the files from the Server/data folder in the NeuroShell Trader 4 folder when NeuroShell is down, and then bringing NeuroShell back up and reloading data. Tell Quote.com of the problem - if you can't get them, it isn't you - we can't get them either.

On 7/22/2005 4:18:31 PM Ward.net Webmaster wrote:
Today, 7/22/05, Quote.com ticks have been updating yesterday's bar, 7/21, all day as far as we can tell, for many stocks. Quote.com tech support has been unavailable, so it is unclear if they even know. So please inspect your data carefully today and Monday if you are a Quote.com subscriber.

The paradox

Date :7/25/2005 7:50:23 PM Poster : Alan Rhodes

I will start with the assumption that the one common trait of the "New Market Wizards" is that they were either all doing something that nobody else had ever done before, or doing it differently (my interpretation).

I plan on periodically reviewing the posts and capturing what is said in a summary document. That way we have one central document that contains all thoughts as we approach the mindset needed to do things differently.

It was my discussions with Marc Simpson that got me thinking about things differently, and he already shared what he told me.

The paradox is that the wide open discussions that will ultimately lead to something different that works has the potential to open it up to the world, in which case it will no longer be different.

Side note #1 - If you do not hear from me for a while, it is becuase I am on a forest fire. The next time I go I expect to be gone all August.

Side note #2 - NeuroShell is back to acting normal on my computer.

Re: The paradox

Date :7/26/2005 10:20:54 AM Poster : Mark Simpson

>The paradox is that the wide open discussions that will ultimately lead to
>something different that works has the potential to open it up to the world,
>in which case it will no longer be different.

That's a very good point, and is why I'm not providing pre-baked cookies (as Marcel says). If I did, the cookie would be soon eaten and there would be no more. By learning how to build our own cookies, everybody ends up with a different cookie. Sure they may have flour, butter, sugar and eggs in, but they're all different.

Also, if you can't bake cookies yourself, then you're always reliant on someone else to bake them for you. In terms of longevity, this is a risky situation to be in, in my opinion.

However, I don't claim to have all the answers either. I've been on this journey for a while, as most of you have, and I've picked up a few things along the way. That's why I encourage other people to share the information they've picked up too.

The Cookie Monster
Bowfort Technologies Inc.

Re: The paradox

Date :7/26/2005 2:30:14 PM Poster : Marcel

Alan,

First of all welcome as an active contributor, I'm sure I'm not the only one appreciating it.

I fully subscribe to the summary document. In fact I was planning to draft it last weekend, but I'm more than happy that someone else was quicker than me.

With reference to "baking the cookies", I hope this document can contain the most important recipes to build a successful system. Well, it won't be that simple: Everybody can bake with the help of a recipe, while the document produced herein will only be useful for those who have followed the discussion and its evolution.

For me one of the most important statements made so far from Mark is (http://www.ward.net/cgi-bin/Forum/Forum_Article.asp?a=2540):
"The issue for a lot of people (me included when I started off) was that I didn't truly understand what a neural net was doing. I treated it as a magical black box, which did things that were truly wonderful, but I wasn't sure how :-). Now I regard NN's as being dumb functional estimators that depend on clean data with a relationship being fed to them. Essentially you have to do the leg work first with the inputs/outputs you're providing. If there is a function there, the neural net will find it, and the clever part is that it saves you having to figure out the relationship. But the relationship MUST be there first."

The above very well documents the paradigm shift from experimentalist (when you build systems based on trial and error) to methodist (when you emphasize on and apply systematic procedures).

Is this maybe what you refer with "It was my discussions with Marc Simpson that got me thinking about things differently, and he already shared what he told me."?

Regards, Marcel

On 7/25/2005 7:50:23 PM Alan Rhodes wrote:
I will start with the assumption that the one common trait of the "New Market Wizards" is that they were either all doing something that nobody else had ever done before, or doing it differently (my interpretation).

I plan on periodically reviewing the posts and capturing what is said in a summary document. That way we have one central document that contains all thoughts as we approach the mindset needed to do things differently.

It was my discussions with Marc Simpson that got me thinking about things differently, and he already shared what he told me.

The paradox is that the wide open discussions that will ultimately lead to something different that works has the potential to open it up to the world, in which case it will no longer be different.

Side note #1 - If you do not hear from me for a while, it is becuase I am on a forest fire. The next time I go I expect to be gone all August.

Side note #2 - NeuroShell is back to acting normal on my computer.

Re: The paradox
Date :7/28/2005 2:27:13 PM Poster : Alan RHodes

Actually Marc made me run through the S&P experiment which taught me two things. First, the magic number 4. That reminded me about the 4 period lag in the Hilbert transform, and I realized that 4 is a relatively fixed number. Until then I assumed lag varied.

The second thing was the importance of context. I plugged a moving average into the S&P experiment: (MA, Lead(MA),1 Lead(MA),2 etc. I found it totally not predictive of anything, no matter how much lead I gave. I needed a MACD to work. That taught me the importance of context and got me thinking about that more.

Most important, he caught me at a time when I realized my project plan based on the yellow brick road was not going to work. I started to wonder if it was possible to do things differently, and he convinced me that it was possible.

One of my jobs has been and starting again is a project manager. Since in the systems design business we are sometimes doing things that have never been done before, often times there is a "figuring out what we need to know" phase, "figuring out how to do what we need to do" phase, and a "doing it" phase.

Ideally what I would like to see is a project plan that evolves over time that ultimately tracks all lessons learned and does ultimately leads to a very profitable trading system. The lessons learned becomes critical as part of the contÐuning quality improvement.

As the document evolves though, it will reach a point where I will not want it posted on a public forum like this.

And I have to confess, besides needing to be organized, I need something like working on a project plan so I do not feel overwhelmed. I was already learning two new software packages at work (Nessus - our security software and SMS - our configuration management software). Yesterday I started learning Microsoft Project. Though relatively easy, I started to feel totally overwhelmed. I was not excited about coming home, tackling studying my friends work, figuring out the experiment Marc posted with the sine wave, and figuring out what Marc is doing with some other work. The way to deal with those feelings is to have somebody to talk to and help organize your thoughts and feeling like a team.

It gets back to what motivates me. I guess I have a dream of retiring, trading six months a year, fighting forest fires 2-3 months a year, and spending the money I earn trading and fighting forest fires the other 3 months. Also I love talking about this stuff and experimenting. Flip side, I totally hate reading about the math. My daughter was tested for reading disabilities and the person said it was obvious from my speech patterns that she inherited it from me. But what makes awful at reading math makes me good at things as meeting facilitation. And I have been often told I am a great math teacher. And when I got my BS in computer science, everybody wanted me as a study partner since I helped organize their thoughts from what they read in the book.

I am home on a/l waiting for bark dust to be delivered, and I need to figure out why they are late. Catch you later.

Re: The paradox
Date :7/30/2005 4:36:45 PM Poster : Mark Simpson

>Actually Marc made me run through the S&P experiment which taught
>me two things. First, the magic number 4. That reminded me about
>the 4 period lag in the Hilbert transform, and I realized that 4
>is a relatively fixed number. Until then I assumed lag varied.
It does vary. 4 is about the lowest you can get away with an amount of
minimum amount of smoothing that can produce money (taking into account
normal trading factors). I tend to focus on this
value because I want minimum lag but enough of a signal to be useful.

I.E. If you're smoothing 2 periods, then you have 1 bar (approx of lag), but the
signal is so active that it's no use.

If you say took an SMA of 100 periods, then the lag would be very appreciable.

A good ball park is that with conventional indicators, lag varies from 0.5 - 0.25
times the length of the indicator.

>The second thing was the importance of context. I plugged a moving average into
>the S&P experiment: (MA, Lead(MA),1 Lead(MA),2 etc. I found it totally not
>predictive of anything, no matter how much lead I gave. I needed a MACD to
>work. That taught me the importance of context and got me thinking about that more.
This is because price is a value that changes, i.e. over time (unless you're learning
on purely sideways motion), then the neural net will see data that is nothing like
what it trained on, therefore learning is tough. As
an SMA is just a smoothing on price, it's the same result.

MACD on the other hand is repeating. I.E. It's centered around zero, and maintains
roughly the same range throughout the data series. So the neural net can learn.

>a. Wavelets -- I have barely touched the surface on this, and I doubt I
>will be able to without custom programming (frequency and amplitude all
>have meaning, and I cannot look at trends without programming). I can
>predict major moves with Wavefin, but I cannot predict which way they will go.
Direction is not an issue, you can always make volatility based trades with
options. I.E. If you buy a call or a put at the same time, then if the move is
large enough, then one becomes worthless and the other one adds value.
Option trades are obviously risky though and it's recommend to take
an options course first if it's new to you.

Incidentally, volatility is inherently easier to predict in general than price. If
you have a system that predicts price correctly 60% of the time, I would say that predicting volatility would be correct 80% of the time from my experimentation.

Mark Simpson
Bowfort Technologies Inc.

Thread Discussions
Date :7/26/2005 10:51:37 AM Poster : Alan Rhodes

Attached is a beginning attempt to summarize the thoughts going through my head as I read the posts. Feel free to add to it and make a group thought, not an Alan interpreatation of group thought.

I have not covered the Sine Wave thought exercise yet since I do not have the advanced indicator set, and stupidly beatingmy brain against the wall, had not yet read the solution. Also it was so counter intuitive that initially I had zero ideas as to what was a solution that would not curve fit to a sine wave.

THread_discussions_072505.doc

Re: Thread Discussions
Date :7/26/2005 12:40:28 PM Poster : Mark Simpson

Alan,

That's a good summary.

Here's the answer to this one:

>b. Using the concept of setting stop losses at 50% of your gains on a 50%
> profitable systems, what does that mean in real life? In other words, when
> Marc says "yes, profit targets. Pick your entry price and say add "1-2%" to it.",
> how did he develop the figure 1-2 %? And does that mean you set your stop
> losses to (0.5-1%?

1-2% is just an arbitary value to mean picking "Small profits". It's not set in stone, I
just picked that to cover comissions and make a small bit of profit and be an
amount we'd see for most securities (and I err'd on the conservative side).
Some securities won't be able to manage 2% consistantly, and some securities
could be able to manage say 10% consistantly. The target depends on how much volatility there is in what you're trading. Essentially you need to tune it to an amount that is consistantly successful, i.e. avoid being greedy.

Also, it depends on how predictive your entry signal is. If it's good, you can
likely up your targets.

To be successful at this strategy you obviously need low comissions.
Cheap commissions with a good hands on trading interface can be found at http://www.interactivebrokers.com in case you're not getting the best deal with
your broker. Also, for all you international folks, IB allows you to exchange money
at close to interbank rates, for when you're changing into your local currency.

Regarding the stop loss. To me a stop loss is a function of risk. I always would
want a stop loss in case (due to equipment problems or tradable/market/world events),
however if I have a better model, the risk profile will be different than
a poor model and stop losses would be different.

A consistantly good approach would be to have your stop loss at half the value of
your target. With that approach alone, you could consistantly make money with a 50% successful system. However, the model may preclude this from happening.
E.G. If you have a model that consistantly heads down before it heads up, you could
get stopped out every time.

It's very much a personal decision,
and one that NST allows you to simulate with trading strategies. Money management
is a seperate topic (and one I'm not going to get into as there are many
good books written on it), however be aware that with a good model, bad money
management techniques can sink you.

Mark Simpson
Bowfort Technologies Inc.

Re: Thread Discussions
Date :7/26/2005 2:57:53 PM Poster : Steve Eberbach

Mark: "E.G. if you had a model that consistently heads down.....you could get stopped out every time."

Conversely, you could achieve negative slippage by using limit orders to reverse your position instead of stop orders! That is what I meant earlier by most often "trying" to trade against your rules instead of just with them, and having multiple sets of conditions for reversing position. How can this be done? In NST I write a trading strategy using different conditions for both limit and stop orders and let the optimizer tell me which way is working best.

While I cannot propose a trading system which works consistently using this idea, I can say that I have learned a lot about price behavior which I would never know if I had not tried it.

Steve Eberbach

On 7/26/2005 12:40:28 PM Mark Simpson wrote:
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good books written on it), however be aware that with a good model, bad money
management techniques can sink you.

Mark Simpson
Bowfort Technologies Inc.

Superfical semi-full disclosure

Date :7/28/2005 10:15:02 AM Poster : Alan Rhodes

Since the primary premise of my job is that the best decisions are made when all available information is on the table, I figured I should practice what I preach.

Attached is a superficial snapshot in time of where I am at using NeuroShell to develop trading systems. It is superficial since I need to get the gym. It is only a semi-disclosure since I have a good friend I work with, and I cannot divulge ideas he taught me or less frequently I have developed jointly with him. There are also some ideas which I will be pursueing thanks to some emails from Marc, but I have a funny feeling he will divulge all these thoughts anyway since he alluded to them already, such as normalizing time.

This is no big deal since I think there is not enough information for anybody to develop the killer trading system from my disclosure since I have not been able to do so, so secrecy is not important.

THread discussions_072705.doc

Neural Net search for Functional Dependence

Date :7/28/2005 5:18:02 PM Poster : James Siebert

Greeting fellow data explorers,

I have been exploring Neural nets & data-mining for several years now,
and Neuroshell Trader software for a little over a year.

I have been intrigued by the free exchange of ideas in this forum,
and thought I might have something to contribute.

Neural Nets should be no more a mysterious "Black Box"
than are the results from say a mathematical equation.

From a Math perspective, when you crank input values
into a Function, you should get quite "predicatable" output values
back out, as the result.

Example: given the function

f(x) : x^2 -2x + 1

if you feed it 5 as input you would expect 16 as a result ...
very predictable. no problem.

A problem may arise, however when I tell you I just got a result of 25
can you tell me what the input was?

Yes, you can always solve the equation

25 = x^2 -2x + 1 for x

25 = (x-1) * (x-1)

25 = (x-1)^2

5 = (x-1)

5 + 1 = x (some equations are not so easy to solve)

However, what do you do when you only think (theorize) there is
a predictive function there, but you have no idea what the equation should be?

There's nothing to solve, only a hunch to prove, or disprove.

This is where Neural Nets (NN) can help.
Since NN use math to try to "approximate" the functional relationship
between inputs and output (assuming such a relationship actually exists).
This is especially helpful when "Noise terms" make the hope of finding a nice, neat equation nearly impossible.

NN try to constuct a generalized Formula or Polynominal
that closely estimates of the relationship between inputs and outputs.

NN tell us if there is any merit to our theories. (aka. any correlation)

A trained NN should be able to take a set of unknown Input Values
and make an "very educated guess" about what the Output value should be.

I picture NN as a "function machine" like this

f(x,a,b,c) ==> y

the mission of this NN machine
(really a multi-term polynominal, with various weighted coefficients)

is to keep adjusting an input's importance, until each input is "assigned"
its appropriate "functional role" [its weight] within the "context" of all the other
functional inputs used.

It does this by Minimizing Prediction Errors
and Maximizing Predictive Successes
(thru iterative feedback adjustments based on x:y Correlation r-Scores)

Neural Nets cannot predict anything (accurately)
IF the "theorized functional dependence" between inputs and outputs
is faulty, and does not really exist.

Here's are a couple xls, the illustrate the concept of Correlation predictions in action.

Functional_Dependence_and_Predictions.xls
Functional_Dependence_and_Predictions_3D.xls

Also shows what happens to r-scores when Noise is introduced,
and a possible technique for Noise correction (using previous Lagged Output result, as an input)

Thank all for the many interesting posts,
Hope you find the xls examples helpful.

James S.

(newbie)

Re: Neural Net search for Functional Dependence

Date :7/29/2005 9:13:26 AM Poster : Marcel

Thank you James, you are welcome to contribute anytime! You may however have to send the XLS files to forum@ward.net, otherwise we won't be able to appreciate them...
Rgds, Marcel

Re: Neural Net search for Functional Dependence

Date :7/29/2005 1:09:40 PM Poster : Ward.net Webmaster

He sent them. We were just a little slow attaching them. They are there now.

On 7/29/2005 9:13:26 AM Marcel wrote:
Thank you James, you are welcome to contribute anytime! You may however have to send the XLS files to forum@ward.net, otherwise we won't be able to appreciate them...
Rgds, Marcel

Re: Neural Net search for Functional Dependence

Date :7/29/2005 9:24:43 AM Poster : Alan Rhodes

Since James is my friend whose ideas I said I would not disclose, I would encourage you to get him to disclose as much as possible.

Data Feeds for Neuroshell Trader Professional

Date :7/29/2005 5:14:21 PM Poster : Buzz

New to the program. Anyone have a favorite data feed they can recommend for the program. Looking for one that has price data as well as other economic or fundamental data on the economy such as daily interest rates. Also not so pricey. Lookinh for EOD data. Any recommendations?

Re: Data Feeds for Neuroshell Trader Professional

Date :7/29/2005 7:23:00 PM Poster : Alan Rhodes

I have used
1. Esignal - I like the forex futures data since it is a full day, not US market hours, making models match the way my eye used to work. Also really like the fact that they have live people helping you.
2. Reuters - I like the fact that it is a true no brainer to use. Lots of indices. Futures data is totally thumbs down. You can cheat by paying for two months of data, setup your computer in ten minutes to download 15-20 years of everything for systems development, wait overnight for it to happen, then close your account.
3. Quote.com - I only used intraday, so no opinion about EOD. They claim full Forex, but it was only market hours data. Lots of indices, possibly the most. Almost went ballistic two years ago when I tracked a trade for two weeks, was about to place it, then had a technical problem where I had no data feed for 5 days. They blamed Metastock and Metastock blamed them, so not sure.
4. CSI - Plus is the fact that they offer everything. Also their multi-market analyzer is super cool. Downside is that it is a bear to use.

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Re: Data Feeds for Neuroshell Trader Professional

Date :7/30/2005 8:23:18 AM Poster : Steve Cantley

Hi Buzz,
I can recommend CSI very highly. Reasonable prices, clean stock and futures data, and access to a wealth of econometric data as well.

htph://www.csidata.com

Good luck,
Steve

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/6/2005 6:24:50 PM Poster : Maciej

Hi Steve,

How do you get your CSI data into NSDT? As a txt or CSV file?

Regards,

Maciej

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/8/2005 3:35:19 AM Poster : Strategist

The simplest way is to create your custom portfolio in either CSIM or MS format, both Metastock formats which are directly readable by NST without conversion. I have been using CSIM without problems.

Strategist

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/10/2005 4:32:16 PM Poster : Maciej

Thanks for the info.

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/8/2005 10:59:07 AM Poster : Steve Cantley

There are several ways to do this. I use a txt file. CSV also works, as does Metastock format. I don't remember if CSI format works -- I'm not at home and can't check for several days.

Hope that helps.

Steve

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/8/2005 11:20:21 AM Poster : Ward.net Webmaster

There are two articles on ward.net you may want to read:

Using Daily Data From CSI's Unfair Advantage Database (12/31/2002) in the Tips and techniques section

Accessing CSI Data Files (6/5/2001) in the Changes in Documentation section

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/21/2005 8:04:27 PM Poster : stretto

This is a complicated issue, because there are so many variables between the data services themselves and each individual's computer, internet connection speed, etc. I found that for my purposes Telechart (http://www.worden.com) was the best overall solution. (Be aware that the Telechart data must be exported to Metastock format before it can be

read by Neuroshell, but this process is easy to set up and can be automated.) I hope this recommendation is of some help.

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/24/2005 4:41:36 PM Poster : Maciej

If you need futures then I'd seriously consider using CSI which also needs converting to Metastock format. It has a lot of useful information for futures. I also use Esignal but am not impressed by the NSDT interface into Esignal as it seems flaky. Its some time since I used Prophet and I believe its improved. That leaves me quote.com which when it works (see the forum for quote.com issues) is ok for stocks but incomplete for futures. Overall I'd like to see a CSI interface to NSDT.

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NeuroShell should read CSI EOD data fine, as long as you aren't trying to get it directly out of their Unfair Advantage Database. We are aware of many eSignal problems that you have, but in the US at least, our users do not report them (there are a couple of others in Europe). Lately we have to say eSignal is stable but Quote.com has a number of issues. Prophet now has continuous futures EOD, adjusted and non-adjusted, which may make them more attractive than either Quote.com or eSignal for futures traders.

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Re: Data Feeds for Neuroshell Trader Professional

Date :8/24/2005 9:46:00 PM Poster : Richard Buzel

Thanks for your input everyone.

My research comes up with prophet @ 39.95 per month or 399.00 per year (neuroshell deal) for all their EOD database including futures; which offer continuous contracts and can be adjusted or non adjusted. Sounds like a pretty good deal to me. I used prophet in the past and hope they are operationally ok. I will try and let you know.

Thanks again,
Rich Buzel (BUZZ)

I
On 8/24/2005 5:23:18 PM Ward.net Webmaster wrote:
NeuroShell should read CSI EOD data fine, as long as you aren't trying to get it directly out of their Unfair Advantage Database. We are aware of many eSignal problems that you have, but in the US at least, our users do not report them (there are a couple of others in Europe). Lately we have to say eSignal is stable but Quote.com has a number of issues. Prophet now has continuous futures EOD, adjusted and non-adjusted, which may make them more attractive than either Quote.com or eSignal for futures traders.

On 8/24/2005 4:41:36 PM Maciej wrote:
If you need futures then I'd seriously consider using CSI which also needs converting to Metastock format. It has a lot of useful information for futures. I also use Esignal but am not impressed by the NSDT interface into Esignal as it seems flaky. Its some time since I used Prophet and I believe its improved. That leaves me quote.com which when it works (see the forum for quote.com issues) is ok for stocks but incomplete for futures. Overall I'd like to see a CSI interface to NSDT.

On 8/21/2005 8:04:27 PM stretto wrote:
This is a complicated issue, because there are so many variables between the data services themselves and each individual's computer, internet connection speed, etc. I found that for my purposes Telechart (http://www.worden.com) was the best overall solution. (Be aware that the Telechart data must be exported to Metastock format before it can be read by Neuroshell, but this process is easy to set up and can be automated.) I hope this recommendation is of some help.

On 7/29/2005 5:14:21 PM Buzz wrote:
New to the program. Anyone have a favorite data feed they can recommend for the program. Looking for one that has price data as well as other economic or fundamental data on the economy such as daily interest rates. Also not so pricey. Lookinh for EOD data. Any recommendations?

Using NN to test a Hunch about Z-Score

Date :7/30/2005 2:50:31 PM Poster : James Siebert

Hi again

I've always had an interest in Z-Scores,
since I learned about them in Statistics course at college.

Z-Scores have many benefits as a Indicator.

Here are a few:

1) They normalize the data series
2) They introduce no lag to the data
3) They allow "apples to apples" comparisons
4) They "score" today's value within the "context"
of all the values in the Z Lookback Window
(each Z-Score has built-in context)
5) They act like a relatively smooth Oscillator

Well what about my Z-Score "hunch"?

Since Z-Scores measure values in units
of "Standard Deviation" (SD)
and SD's represent a "partitioning"
of the sample group into similar sub-groups,

I've always imagined this as:

Z-Scores between 0 and 1 were "run of the mill"

and
Z-Scores moving from 1 and 2 indicate
"something significant is happening"

and
Z-Scores greater than 3 indicate
"something very unusal is happening"
(within the context of the Z window)

In other words,
"Z-Scores don't stay above 3 for long."
Conversely, there is a tendency for Z values
to return to the Mean Value (Z = 0 SD)

The Z-Score calculation is designed
to "normalize" the sample data, in such a way that
0 is always the "average" value for the sample group.

SO ... my theory is this:

Since the day to day movement of the Z-Score
resembles an Oscillator centered on 0,

When that Oscillator is moving up,
and crosses above some Threshold near 1 SD,
I should pay attention, and probably Buy.

And when that Oscillator starts to correct,
moving back to the center
I should probably Sell.
This Move back should be indicated by
the Z-Score crossing below some Threshold near 2 SD.

SO, I asked myself,
How can I use NeuroShell
to prove or disprove this Z-Score Theory?

If the Theory holds up,
How can I use NeuroShell
to improve upon the predictive results of the Theory?

Attached is a series of simple NeuroShell test charts
to explore this Z-Score Theory.

Results here lead me to believe
that this Z-Score Entry-Exit plan has potential:

ZScore_Theory_Experiment.zip

Zip File includes 5 progressive NeuroShell charts
that illustrate my "test plan" to validate the Theory:

001) Theory_Z1SD-Z2SD 001_A INTC Validated NN 23.cht
002) Theory_Z1SD-Z2SD 002_A INTC Implement TS2 12.cht
003) Theory_Z1SD-Z2SD 003_A INTC Retrain NN 25.cht
004) Theory_Z1SD-Z2SD 004_A INTC Implement2 TS1 34.cht
005) Theory_Z1SD-Z2SD 005_C INTC Optimized TS3 18.cht

The Goal/Result of each Chart:
---

001) Build the Indicators that represent the Theory;

Use a Neural Net Prediction, to see if a profitable
"Solution Space" exits for the Inputs Variable

f(x,a,b) ==> y

f(ZScore Value, Entry Threshold Value, Exit Threshold Value) ==> Profitable Trade

The UNOPTIMIZED NN, using default inputs, got 23% profit

Check. Theory has a solution space. (It has merit)
---

002) Build a Trading System using the "validated" Indicators;

This is the "conduct the Experiment" [Implementation] phase.

My 1st Trading System, using the using default Indicators from 001

performed poorly (-1%)

A visual inspection of TS1 Entry and Exits points
told me the problem was on the Exit-side.

It seems that "failures" were occurring
on those cases where Z-Score Values never reach as high a 2 SD
(the crossbelow(2) Exit trigger never fires in those cases)

SO, in the 2nd TS, I added another Exit condition to deal with this.
(this extra crossbelow(1), in effect acts like a STOP)

Check. TS2 captures the theoretical SD Profit Range
(12% profit, good but not good enough, onward)
---

003) Time to Revisit the NN Validation process,
taking into account the extra Trigger,
called for by Implementation test (002)

This time I let the NN OPTIMIZE to find the
the "best" Input Parameters (per NN approximation).

Re-testing the Modified NN, is still profitable,
and improves upon the original NN (23%), with a 25% profit.

I plug in the New Thresholds found by NN-tuning
into ALL the Original Indicators.

1.0 becomes 0.51 GoLong
2.0 becomes 1.38 ExitLong

Check. Including a 2nd Exit trigger, as a STOP,
improves the profitability "Solution Space" for the NN.
---

004) I conduct the TS "Implemenation Experiment" again.
This time using the NN-tuned Profitable Thresholds,
in also TS conditional triggers.

1.0 becomes 0.51 GoLong
2.0 becomes 1.38 ExitLong

Trading System 1 now gets 34% profit (1 Exit Trigger)
Trading System 2 now gets 16% profit (2 Exit Triggers)
using the NN recommended Entry/Exit Thresholds.

TS2, the one with the "stop" improves from 12 to 16%
But TS1 has improved MUCH more (from -1 to 34%)

It's seems the Adjusted SD thresholds,
are now LOW enough,
that the upper "cross-below" Exit (2-SD)
are NO longer resulting in missed Exits.

The 2nd "stop-gap" exit (002) is no longer needed,
and does not help capture as much the profit (TS2),
once the appropriate SD Thresholds are used by both TS.

SO ### My orignal Z-Score SD Theory appears to hold water;
it's just that my human-estimate of the Range 1 to 2 SD
needed some tweaking, provided by NN search algorithms. ###

Check. Theory looks promising (34% promising)
---

005) Took the profitable TS1 from (004)
and attempted to optimize it further in TS3,
by Parameter Input Optimization,
and various Training objectives.

The best result I could get with extra TS tuning was 18%

No Check. TS1 in chart 004 seems to capture
the Profitable up-legs (INTC) with the most accuracy (34%)

==========

Addendum: additional testing & extensions on Theory

This Z-Score Theory still should be further tested.

1) By starting with TS1 Chart 004, I would
try it with several different Stocks to
see if the NN-tuned SD Threshold values
are "generic" or "specifically-tuned" to Intel Price series.

2) By starting with TS1 Chart 004, I would
try to "mirror" the Entry and Exit conditions
for the Short Trades, as well, and not just Long.

Negative Z-Scores should behave similarly to
Positive Z-Scores, except that Negative Z-Scores,
tell you the Price is moving BELOW the Norm
(with Norm defined as 0 within the context of the Z-window)

==========

as a general rule I using NN for
testing, validating, and tuning Ideas. (rough cut prototypes)

and TS for making those Ideas
interact with the Data Series
in an Objective, True or False matter.
In Trading Systems, I'm looking to construct
Logical rules, Conditions, and Triggers,
that are well-defined, with little ambiguity. (finished consistent application)

I want to be able to Know Why a trade fails
(ie. be able to "measure" the failure points)
Neural Nets make such objective measurements
quite difficult.

"Out of Sample Signals" may accurately "approximate"
the N-Dimensional Solution surface (when it exists)
but at those points where OS Signal predicts incorrectly
you usually have no clue as to Why.
And so little idea what to fix in the NN,
without a lot of "trial and error".

Comments, questions ?
(if you read this far, thanks)

Take care

James S.

(Newbie)

Z-Scores Hunch some Follow-up Tests

Date :7/30/2005 4:10:17 PM Poster : James Siebert

Short Postscript:

I acted on my recommendation (at the end of last email)

> This Z-Score Theory still should be further tested.

> 1) By starting with TS1 Chart 004, I would
> try it with several different Stocks to
> see if the NN-tuned SD Threshold values
> are "generic" or "specifically-tuned" to Intel Price series.

WELL I did just that ...

This Trading System and its NN-tuned Threshold parameters
seem to be "generic" (at least generic for "tech stocks" anyways)

Here are the results from my quick follow-up tests

ZScore_Theory_followup_tests.zip

004_a AMD 32%
004_a MSFT 14%
004_a NVDA 84%
004_a ORCL 14%
004_a SUNW 24%
004_a SYMC 30%

Perhaps I was too quick to post my Z-Score Theory. (LOL)

I threw it together yesterday as an Example exercise.

Did not realize it might be conisistently profitable,
se la vie.

Feel Free to use the Theory,
to improve upon it and to use for trading.
(my contribution to the Forum,
and the "free exchange" of Ideas.)

Let me know what improvements you come up with.

If you strike it big with the Z-Score Cross System,
drop me a Post Card.

later

James S.

==========
Notes: my file naming conventions

number like 004 indicate version number in series

Alpha_Tags: _A, _B, _C, or _D indicate Level of Optimization (none to full)

Number at the end indicates the Annual Percent gain of the System

TS# right before end indicates which Trading System had the Profit

NN# right before end indicates which Neural Net had the Profit
==========

Re: Z-Scores Hunch some Follow-up Tests

Date :7/31/2005 6:46:26 PM Poster : Mark Simpson

Hi James,

You're spot on with Z-Score. Try this out though and see if it performs better,
just go short on a Zscore > X and long on a ZScore <X where X is some value <> +- 2.
You'll find it works pretty much on any security.

I see ZScore as a certain class of at least zero lag (and arguably leading) indicator.
This is a probability class of indicator. Kind of like this:

If you were to say, what is the probability of an event happening? Now take a contrarian
view, and say if Z-Score reached this high a value, what is the likelyhood of it turning around and heading the other way. As more extreme values happen less frequently it's
reasonable to assume that they will revert the more extreme they are.

So it becomes a trade off. I.E. The more sure you want to be that it will revert, the higher the absolute value you look for. But that comes at the expense of trades. I.E.
3 SD events happen less frequently than 2 SD events.

Also, you'll note things like 3SD events will often show up at the same time in many
stocks at once due to a "market". So just saying, I'll scan the market for 3SD events
might not be too useful either if you want to trade frequently.

With the probability type indicators you can achieve 60-80% successful trades
depending on how extreme the level is that you're looking for. You can get even higher
success rates, but then you don't get enough signals to be practical. This is a zero-lag
technique that can be used to remove the 4 bars of lag at entry.

Another probability type indicator is the "Probability of a Turning Point" type of
indicators in the Turning Points add on. And pretty much anything that indicates an
extreme value of something with zero lag, that you can take a contrarian
approach with.

However, say RSI being an extreme value won't work, because it's not zero lag in the
first place.

Also, bear in mind that looking for a peak/valley in Z-Score would add lag for peak/valley
detection.

Another gotch ya is trend. Sometimes a longer term trend with shorter term Z-Score
can end up with the ZScore not producing the required action, and the Z-Score
starts reverting to the mean prematurely, as of course the mean is now following the trend. However, this doesn't happen often enough to cause any major problem
if you don't use excessively short Z-Scores.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/1/2005 3:57:04 PM Poster : James Siebert

>On 7/31/2005 6:46:26 PM Mark Simpson wrote:
>Hi James,

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>just go short on a Zscore > X and long on a ZScore > <> +- 2.
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>if you don't use excessively short Z-Scores.

>Mark Simpson
>Bowfort Technologies Inc.

==========

Mark

Thanks for the pointers on Z-Score
Very Helpful.
Especially the "gotchas" at the end.

I never thought about Z-Score being
"eclisped" by a longer-window of the Trend.

In the case of a long-term Trend,
if the price is continually going up
what is the Norm, in that Context?
It must be going up too,
but it's still going to be ploted as 0.
Z-Scores can be misleading in this situation.

Thanks's for that tip, I never realized this.

====

I've tried to build your ZScore system.
Letting TS optimize for the best Thresholds
between -2 and +2.

Results were very interesting.

I found there were several way to
set up Entry and Exits,
whether or not they had "common" or
"independent" Threshold Search spaces.

Here were the best Results I could get, so far:

TRADING STRATEGY #4

Theory_Z-2SD-Z+2SD 014_C INTC Implement3 TS4 19.cht

Intel Corp:OTC (INTC)
19% Annual Profit (last 24 months)

TRADING RULES { Optimized for ((W-L)*Profit) }

BUY LONG CONDITIONS:
CrossAbove(ZScore(Price-4,15),Mul2(1,1.41)) < Go Long >

SELL LONG CONDITIONS: [1 of which must be true]
CrossBelow(ZScore(Price-4,15),Mul2(1,1.66)) < Same as Go Short >
CrossBelow(ZScore(Price-4,15),Mul2(1,-2)) < Stop Loss >

SELL SHORT CONDITIONS:
CrossBelow(ZScore(Price-4,15),Mul2(1,1.66)) < Go Short >

COVER SHORT CONDITIONS: [1 of which must be true]
CrossAbove(ZScore(Price-4,15),Mul2(1,1.41)) < Same as Go Long >
CrossAbove(ZScore(Price-4,15),Mul2(1,0.75)) < Stop Loss >

I'll have to keep exploring this.

ZScores2-2_SineReversals.zip

(Zip File contains SD -2 to +2 Zscore ranges.
plus the Tangent Reveral analysis xls, described below)

==========

Mark, you mentioned another useful probability indicator

"Probability of a Turning Point" which sounds intriguing.

(any hints on how to do this would be appreciated)

I've noticed that with a "smoothed" momentum indicator
you can usually find the Tops (Bottoms) (ie Turning Points)

by taking the 1-Day Velocity
and looking for it to go
from Positive to Negative for Tops
and from Negative to Positive for Bottoms

Top: CrossBelow(Velocity(MomOsc,1),0)
Bottom: CrossBelow(Velocity(MomOsc,1),0)

The smoother the Momentum Oscillator the better the reversals
(smoothing without introducing lag seem to be
the "ultimate" trick needed here)

[BTW Ehler's Book: "MESA and Trading Market Cycles", pg 50-51

describes a cool way to do just that,
get a 0-Lag Smoothed Momentum Indictor.
But it requires Variable Window Indicators for SMA & Momentum,
with the Window parameters equal to the QuarterCycle;
I've built the DLLs for this with PowerBasic,
with very promising results, so far.]

Anyways, back to Velocity Reversal points,
I started to examine this using SineWaves in Excel.

When I take the Ratio of

(CycleMax - CyclePoint) / Velocity(CyclePoint,1)

I notice something VERY interesting:

Just before each SInewave Bottom (conversely Top)
there is an "early warning" of the Pending Reversal:

One day before the Sine actually reverses
This "Converging Tangent" Ratio grows to at least 3 times
it's previous value, sometimes there is a 10-fold increase,
immediately afterwhich the Ratio Reverses signs.
(ie. It has crossed the Zero-Slope Tangent,
and starts to head back "uphill")

Note: in the days leading up to this Bottom Reversal,
the 1-Unit Deltas of this Ratio, just grow GRADUALLY,
less than (1.0 * Previous Ratio).
And then suddenly explode: (3.0+ * Previous Ratio)

I've many a few attempts to re-build this as an Indicator,
against market data, with little success so far.
either the My Cycle Max windows are off,
or the inherit Lag in the Hilbert Dominant Cycle
is interfering with the Indicator precision.

SO My current Quest IS to build
a Zero-Lag or Low-Lag CYCLE Inidictor,
by measuring Phase Angles,
and extrapolating the angle to CycleLength.
I'm making good progress with this.

anyhow

thanks for your feedback
talk to you later.

James

Re: Z-Scores Hunch some Follow-up Tests

Date :8/4/2005 6:13:59 AM Poster : Marcel

All,

> I've tried to build your ZScore system.
> Letting TS optimize for the best Thresholds
> between -2 and +2.
>
> Results were very interesting.

By following up on the above example and applying what we discussed in earlier threads, a logical consequence would be to try to predict the ZScores indicator with a TDNN.

Theory_Z-2SD-Z+2SD 099_C INTC Test (data saved).zip

At first sight the Out of Sample signal seems to look promising with a Correlation(r) of around 0.5, but a closer look will evidence the introduction of a nasty lag. To be precise a lag of 4 days, which corresponds to the number of days we attempt to predict in the future. Another observation is that the lagged inputs do not contribute to a better result. Any moving average would do a better job! What is wrong here?

Thanks, Marcel

Re: Z-Scores Hunch some Follow-up Tests

Date :8/9/2005 5:54:58 AM Poster : Mark Simpson

>On 8/4/2005 6:13:59 AM Marcel wrote:
>All,

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>Thanks, Marcel
It's important to remember that when using the Z-Score, we're looking for a contrarian
position on a threshold being reached. I.E. When we reached +2SD we might want
to go short. When we reach -2SD we want to go long. (bear in mind 2SD is a little on the low side).

I.E. You're building a NN to predict Z-Score in the chart you provided. However most
of the time Z-Score isn't too meaningful, it's only at the extremes that we're interested.
An NN learns the data you provide it and not a subset of it, unless you specify the subset only (i.e. exclude the rest) by some other means.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/10/2005 2:43:26 PM Poster : Marcel

> On 8/9/2005 5:54:58 AM Mark Simpson wrote:
> It's important to remember that when using the Z-Score, we're looking for
> a contrarian position on a threshold being reached. I.E. When we reached
> +2SD we might want to go short. When we reach -2SD we want to go long.
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> However most of the time Z-Score isn't too meaningful, it's only at the
> extremes that we're interested. An NN learns the data you provide it and
> not a subset of it, unless you specify the subset only (i.e. exclude the rest)
> by some other means.

I understand what strategy makes Z-Score interesting, i.e. to look for extreme values (+/- 2SD) that make a turning point highly probable. I have also to admit that it's not to meaningful to build a NN to predict Z-Scores - well, it was just another experiment... Btw, the NN did really a great job (this with reference to building a NN to learn a RSI)!

But the reason I wrote the above was because of that 4 bars lag that gets introduced when plotting on the same chart the Actual signal and the Out of Sample signal. It's a pure technical question that I can formulate also as follows: Why does the Actual signal get shifted to the left by the number of predicted bars in future? It seems to me that the engine does this for learning purposes - but "Actual" means exactly the one that is occurring, so why shift it?
Maybe it's up to Ward Systems to reply...

Regards, Marcel

Re: Z-Scores Hunch some Follow-up Tests

Date :8/10/2005 5:07:34 PM Poster : Ward.net Webmaster

The Actual signal is not shifted differently than the Out-of-sample signal. Both are plotted on the bar dated when the prediction is made, not the day the prediction is to come true. Both are for the same number of bars into the future. You may be seeing some other effect, like the one described in the tip on this site by this name:

What If Your Predictions are Just Time Lags of Your Actual Output? (OR Another Reason Not to Predict Close) (8/31/1998)

On 8/10/2005 2:43:26 PM Marcel wrote:
> On 8/9/2005 5:54:58 AM Mark Simpson wrote:
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Maybe it's up to Ward Systems to reply...

Regards, Marcel

Re: Z-Scores Hunch some Follow-up Tests

Date :8/11/2005 4:13:24 AM Poster : Marcel

> On 8/10/2005 5:07:34 PM Ward.net Webmaster wrote:
> The Actual signal is not shifted differently than the Out-of-sample signal.
> Both are plotted on the bar dated when the prediction is made, not the day
> the prediction is to come true. Both are for the same number of bars into
> the future. You may be seeing some other effect, like the one described
> in the tip on this site by this name:
>
> What If Your Predictions are Just Time Lags of Your Actual Output?
> (OR Another Reason Not to Predict Close) (8/31/1998)

Thanks, this explains it!

Best Regards,
Marcel

Re: Z-Scores Hunch some Follow-up Tests

Date :8/10/2005 9:29:49 PM Poster : James Siebert

On 8/10/2005 2:43:26 PM Marcel wrote:
>>>>>>>>>>>>>
But the reason I wrote the above was because of that 4 bars lag that gets introduced when plotting on the same chart the Actual signal and the Out of Sample signal. It's a pure technical question that I can formulate also as follows: Why does the Actual signal get shifted to the left by the number of predicted bars in future? It seems to me that the engine does this for learning purposes - but "Actual" means exactly the one that is occurring, so why shift it?
Maybe it's up to Ward Systems to reply...

Regards, Marcel
>>>>>>>>>>>>>

Marcel

I was confused by this initially too.

I believe these NST Help Topics
may explain what's going on:

Cheers

James

Tools Menu

Options Choice

Predictions Tab

Help on this is:
==========

Use the prediction options to select which data series get displayed when completing a prediction and which data series to display in the Existing Data/Calculations list.

For more information regarding the prediction data series versus the prediction signal data series refer to Using Predictions.

Choose the Insert new prediction settings:

· Insert prediction signal data series – After you have finished creating a prediction, using this option will display the prediction data series on the chart with predicted data values on the same bar they were predicted (For example the 2-day prediction for July 5th would be shown on July 3rd.). This results in predictions that can be used in other indicators or trading strategies prior to the actual result occurring.

· Insert prediction data series – After you have finished creating a prediction, using this option will display the prediction data series on the chart with predicted data values on the bar for which they are being predicted (For example the 2-day prediction for July 5th would be shown on July 5th.). This results in prediction values that can not be used in other indicators until the actual result is already know. This also results in the prediction values being displayed on the chart on future bars that have not yet occurred.

Select Existing data/calculations settings:

· List walk-forwards and current network data series - shows all of the walk-forwards and current network data series in your Existing data/calculations settings.

· List prediction data series - displays both the prediction and the prediction signal data series. If not selected, then only the prediction signal data series will be displayed in the Existing Data/Calculations list.

==========
Help on:

Using Predictions

NeuroShell Trader produces two versions of a prediction, a version meant to be displayed on charts that is labeled "Out of Sample" and a version meant to be used as input to predictions and trading strategies that is labeled "Out of Sample Signal".

When adding a prediction to a chart or creating an indicator to be displayed on a chart, you may want to use the "Out of Sample" version of a prediction. The reason to do this is so that all predictions and indicators with predictions as inputs, will be placed on the graph at the date in which it is being predicted for. Doing so aligns the predictions to the actual prediction line for easy comparison and enables the prediction line and indicators based upon the prediction to extend out into the future.

When adding a prediction to a trading strategy/prediction or creating an indicator to be used in a trading strategy/prediction, NeuroShell Trader will only allow selection of the "Out of Sample Signal" version of a prediction. It does this so that when the prediction is used as an input, you are using a predicted future value on the day it is predicted instead of an old predicted value for the current day.

Having these two versions of a prediction available may create a problem if you try to add an indicator from your chart that uses an "Out of Sample" prediction as one of its inputs to a trading strategy or prediction. You should not add this indicator as an input because the indicator displayed on your chart contains the "Out of Sample" version of a prediction. Instead you should rebuild this indicator so that it uses the "Out of Sample Signal" version of the prediction. By rebuilding the indicator, you will be using a predicted future value on the day it is predicted instead of an old predicted value for the current day.

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Re: Z-Scores Hunch some Follow-up Tests

Date :8/7/2005 6:40:17 AM Poster : Mark Simpson

On 8/1/2005 3:57:04 PM James Siebert wrote:

>Mark, you mentioned another useful probability indicator
>"Probability of a Turning Point" which sounds intriguing.
>(any hints on how to do this would be appreciated)

Buy the "Turning Points" add on from ward, and insert the following indicators:

PeakProbB
ValleyProbB

>I've many a few attempts to re-build this as an Indicator,
>against market data, with little success so far.
>either the My Cycle Max windows are off,
>or the inherit Lag in the Hilbert Dominant Cycle
>is interfering with the Indicator precision.
I always feel a little uneasy with the concept of a Dominant Cycle.
I believe there are times when a primary cycle that is bigger than the others
does exist, but they are small instances in time, and many of the other times we
see a DC, it's a few cycles superimposed. And as you suggested because of the lag,
it can be quite often gone before it's spotted.

So though I see spectrum analysis as a good solution to HUP (assuming you use
the correct kind of spectrum analysis), I don't see assuming there's one frequency instead of a spectrum is the best thing to do. I.E. DC is kind of a half way house
between non-adaptive and a spectrum analysis where we're assuming there's only one component in the spectrum (or another way of looking at it, is an adaptive indicator)

Although obviously the concept of 1 frequency is certainly better (and more adaptive), than just a regular indicator that is fixed in period.

The other issue is detecting all frequencies instantaneously without normalizing time
means that you don't have any longevitity. I.E. The underlying time base (the rate
of trading in our case) is changing constantly and doesn't persist for long, generally
by the time you've measured it, it's gone. We'll talk about this when normalizing time
(later discussion). You'll see that by fixing the time issue first, all most all indicators (including things like DC, will perform better).

>SO My current Quest IS to build
>a Zero-Lag or Low-Lag CYCLE Inidictor,
>by measuring Phase Angles,
>and extrapolating the angle to CycleLength.
>I'm making good progress with this.
You're in the right ball park certainly.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/8/2005 12:59:59 AM Poster : James Siebert

Mark

I've agree with you and I also:

"feel a little uneasy with the concept of a Dominant Cycle.
I believe there are times when a primary cycle that is bigger than the others
does exist, but they are small instances in time, and many of the other times we
see a DC, it's a few cycles superimposed."

as you summarized quite nicely.

It seems only "natural" that several different cycles
are occurring simultaneously,
even if only due to the different "time horizons"
of the various traders and particpants in a market
(Day, Swing, Short, Intermediate, Long-term views, etc).

The KST (thanks to M. Pring) seems to
address these "sub-currents" nicely.
I've gotten very good NN results with KST,
after letting the NN find the appropiate window lengths,
for each time horizon.
However, seemed too much like curve-fitting,
and usually did not project forward well.

I've been focused on Hilbert DominantCycle lately
largely because of Ehlers [Cybernetics p 108]
when he insists/believes:

"Although all this is going on with cycle components,
the enduring characteristics is that generally
only one tradable cycle at a time is present
for the data set being used. I [Ehlers] prefer
the term Dominant Cycle to denote that one component."

I use his Hilbert DC code extensively, but it does
have many drawbacks:
1) Lag (4-8 days, depending on the reference)
2) doesn't handle trends well
3) is based on the differential on H & L of current bar (why these)
4) uses 5-bar Median smoothing to dampen Phase Angle noise.
5) ignores Neg. Phase Angles (calls it going backward in time)
6) Hilbert Sampling algorithm is poorly explained.
7) Ehlers does not address sub-component frequencies.

But the alternative Fournier Transform
which can find the SubComponents that make up a Cycle,
has an assumption for "stationary dataset"
(ie all the sub-component Cycle Lengths
will remain fixed over time.
This is hardly a given in market data.)

I've found Hilbert DC a good "generalization" and model,
and it has helped me learn the Cycle Math involved.
And I'm hoping to improve upon it, myself.
In the meantime I've got to use some sort ofcycle detection.
(I've alos been looking to Channel Breakouts, as an alternative,
and a "lag-less" way to tell a Trend may be starting,
and conversly a Cycle is ending)

This weekend I determined the algebraic solutions
to calcing the 1-day lead to any 2 component SineWave
(its just an idealized solution, for now,

using noiseless data of 2 sine waves, but its a start)
The calced Lead follows the component curve perfectly,
and requires as inputs only the "Cycle Lengths"
and "Amplitudes" of each Sub-component.

and it appears the Lead can be adjusted
forward all the way up to a half cycle lead.
(a 10-day Lead, where the min CycLength is 20-Day)

Mark, thanks for taking the time to
go over my posts
and for the helpful Feedback

James Siebert

==========
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Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/9/2005 11:41:36 AM Poster : Mark Simpson

On 8/8/2005 12:59:59 AM James Siebert wrote:
>Mark

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>address these "sub-currents" nicely.
>I've gotten very good NN results with KST,
>after letting the NN find the appropiate window lengths,
>for each time horizon.
>However, seemed too much like curve-fitting,
>and usually did not project forward well.
The formula has SMA's in which introduce lag. This is an example of
a normal multiple time frame system. Essentially you can use multiple time frames
to resolve some of the uncertainty about direction. The only issue is that the longer time frames have more lag. Still MTF'ing a system is better than not.
Also check out:

http://www.dspguru.com/info/faqs/fir/basics.htm

you can design FIR and IIR filters that you can easily implement in NST which
have similar properties to things like KST and some of the ones sold as zero lag or near
zero lag moving averages.

MTF'ing however comes back to a similar discussion about cycles. I.E. Is 3 timeframes really enough?

>I've been focused on Hilbert DominantCycle lately
>largely because of Ehlers [Cybernetics p 108]
>when he insists/believes:

>"Although all this is going on with cycle components,
>the enduring characteristics is that generally
>only one tradable cycle at a time is present
>for the data set being used. I [Ehlers] prefer
>the term Dominant Cycle to denote that one component."
I've always had an issue with this one. I'm not downgrading Ehlers
work by any means, he does superb and sound analysis, and I recommend
people read his books as he has a non-conventional approach. However I do have
issue with the DC, because an FFT
will show a spectrum at many frequencies. Even if you can see a clear cycle going on,
you'll notice there's normally at least a longer term cycle superimposed on top.
In reality a clear cycle would be traded out virtually immediately, so the next
issue becomes detecting a cycle before it's gone.

>I use his Hilbert DC code extensively, but it does
>have many drawbacks:
>1) Lag (4-8 days, depending on the reference)
>2) doesn't handle trends well
A trend can be viewed as a longer term cycle. Hence multicycle activity which
hilbert can't resolve.

>3) is based on the differential on H & L of current bar (why these)
He doesn't say in his book, but he's likely using (H+L)/2 for noise reduction.
You could use anything here, even (O+H+L+C)/4 for slightly better noise
reduction.

>4) uses 5-bar Median smoothing to dampen Phase Angle noise.

>5) ignores Neg. Phase Angles (calls it going backward in time)
My advice is not to ignore Negative Phase Angles. Time going backwards can
be very indicative of events.

>But the alternative Fourrier Transform
>which can find the SubComponents that make up a Cycle,
>has an assumption for "stationary dataset"
>(ie all the sub-component Cycle Lengths
>will remain fixed over time.
>This is hardly a given in market data.)
You can also use a windowed FFT to sample non-stationarity. However you still
need the start and end of the data to start at 0, and the end point is precisely the
point we need the most precision, which normally meanse you have to
throw FFT's out of the window.

I did have a statistician friend of mine once suggest that instead of applying a
hanning window to the data before FFT'ing it, if you imaginged price on the usual
horizontal line, then you could rotate the 2D plane to make price start/end at 0.
(obviously we'd be dealing with Z-Scored price or some other normalization).
I abandoned that idea purely because it would add noise to the FFT which
I didn't have enough knowledge about the math involved to remove, however it
might be worth a try for you (let me know how you get on with it, if you do).

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/7/2005 9:35:18 AM Poster : Mark Simpson

On 8/1/2005 3:57:04 PM James Siebert wrote:

>When I take the Ratio of
>(CycleMax - CyclePoint) / Velocity(CyclePoint,1)
>I notice something VERY interesting:
>Just before each Sinewave Bottom (conversely Top)
>there is an "early warning" of the Pending Reversal:

>One day before the Sine actually reverses
>This "Converging Tangent" Ratio grows to at least 3 times
>it's previous value, sometimes there is a 10-fold increase,
>immediately afterwhich the Ratio Reverses signs.
>(ie. It has crossed the Zero-Slope Tangent,
>and starts to head back "uphill")

That shape looks very similar to a sigmoid or hyperbolic tan function rotated
90 degrees. Also if you check out the tan function and mirror it, it looks
similar.

http://mathworld.wolfram.com/Tangent.html

Price distributions aren't normal, and you want bigger sensitivity in the extremes.
I.E. Your indicator provides greater sensitivity at the turning points of the sine
wave, which is better than assuming normality.

How does it do on real data?

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/8/2005 1:17:43 AM Poster : James Siebert

> How does it do on real data?

That's the Problem,
Seems that real data is too noisy
and jumps past or obscures the "early warning"

However I think I gave up on this too quickly.
It occurred to me later,
that the way I was finding the "previous max" was "flawed"

I should not be using a "fixed window" Price High Lookback
but a "variable window" Max function.
(once against how far to look back for the max is problematic)

What's the time horizon of the "immediate cycle"?
My early warning calc is subtracting against
this "high water" mark, which is no problem in a Sine Wave.

But in market data when is the recent high
"too recent" or not "recent enough"

So I'm forced to go back to Hilbert DominantCycle again to tell me
the "just right" Lookback window, (or likely: 1.5*HDC Window)

But is this accurate enough to peg the recent top?
Not sure, will have to check it out some more.

The early warning idea seemed interesting
and has potential if anyone can figure out
how to get a handle on it. That's why I posted it.

Thanks again for the feedback

(I was thinking if might be related to the arctan,
or something like that,
especially with the Infinity as one reversal,
an the Zeros at the other.)

James

=======

On 8/7/2005 9:35:18 AM Mark Simpson wrote:
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How does it do on real data?

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/2/2005 7:18:34 AM Poster : Marcel

James,

I've gone through your example step by step. It was interesting to follow someone else's approach, and to see that more and more substantial knowledge is shared in this forum.

I took the opportunity to learn a bit more about Z-Scores, from my perspective yet another way of generating a valuable and useful signal. From my experience however, models based on traditional trading strategies (like crossovers, breakouts etc.) are limited in nature. Yes, you can optimize (curve fit) them to work particularly well for certain instruments or market situations, but when you try to generalize or adapt them to broader or longer market conditions, they miserably fail to deliver the expected performance - at best you can cover your expenses. I base this observation a) on a large number of tests I've done myself, and b) on the simple fact that if this perfect conventional model would exist, it would have been found by someone else years ago...

That's the reason why I'm taking a second chance with NN's. If we learn to correctly apply the predictive potential inherent to NN's, I think we are a) moving onto a ground that is pretty unexplored and untested by thousands of predecessors (mainly due to the unlimited number of concepts one can implement), and b) adding a powerful and promising technology to the traditional trading strategies (hence an enrichment, complimentary).

The journey that Mark is taking us thru is paramount to achieve this goal, in my opinion we have a unique chance to learn and discuss principles and concepts that no book or lesson can teach.

Best Regards,
Marcel

On 7/30/2005 4:10:17 PM James Siebert wrote:
Short Postscript:

I acted on my recommendation (at the end of last email)

> This Z-Score Theory still should be further tested.

> 1) By starting with TS1 Chart 004, I would
> try it with several different Stocks to
> see if the NN-tuned SD Threshold values
> are "generic" or "specifically-tuned" to Intel Price series.

WELL I did just that ...

This Trading System and its NN-tuned Threshold parameters
seem to be "generic" (at least generic for "tech stocks" anyways)

Here are the results from my quick follow-up tests

ZScore_Theory_followup_tests.zip

004_a AMD 32%
004_a MSFT 14%
004_a NVDA 84%
004_a ORCL 14%
004_a SUNW 24%
004_a SYMC 30%

Perhaps I was too quick to post my Z-Score Theory. (LOL)

I threw it together yesterday as an Example exercise.

Did not realize it might be conisistently profitable,
se la vie.

Feel Free to use the Theory,
to improve upon it and to use for trading.
(my contribution to the Forum,
and the "free exchange" of Ideas.)

Let me know what improvements you come up with.

If you strike it big with the Z-Score Cross System,
drop me a Post Card.

later

James S.

==========
Notes: my file naming conventions

number like 004 indicate version number in series

Alpha_Tags: _A, _B, _C, or _D indicate Level of Optimization (none to full)

Number at the end indicates the Annual Percent gain of the System

TS# right before end indicates which Trading System had the Profit

NN# right before end indicates which Neural Net had the Profit
==========

Re: Z-Scores Hunch some Follow-up Tests

Date :8/2/2005 10:14:56 AM Poster : Mark Simpson

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This model that James is talking about is a conventional model being used with
unconventional thinking. I.E. Crossovers can work if you have zero-lag indicators.
And it will work on most things too. Quite often you can use conventional models in
unconventional ways and get them to work if you consider the lag issue.

>That's the reason why I'm taking a second chance with NN's. If we learn to correctly >apply the predictive potential inherent to NN's, I think we are a) moving onto a ground >that is pretty unexplored and untested by thousands of predecessors (mainly due to >the unlimited number of concepts one can implement), and b) adding a
powerful and >promising technology to the traditional trading strategies (hence an enrichment, >complimentary).
But don't overate the NN, they are a very useful tool, but only a part of the package.

I'd say 50% is thinking about how to design good models, 40% is building your
good inputs, and 10% is about the NN. The NN just saves a lot of work in figuring out
the meaning of the 40%.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/3/2005 12:03:41 PM Poster : Marcel

Mark,

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> work if you have zero-lag indicators. And it will work on most
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> unconventional ways and get them to work if you consider the
> lag issue.

That's an interesting comment, I had given up completely conventional models with the reasons I mentioned above. So let's discuss "unconventional ways". Are these linked/limited to the paradigm of feeding zero-lag indicators? Are there other tricks we should be aware of?

> I'd say 50% is thinking about how to design good models, 40% is
> building your good inputs, and 10% is about the NN. The NN
> just saves a lot of work in figuring out the meaning of the 40%.

Do you build models that make no use of NNs? Models that are solely relying on Trading Strategies?

Thanks, Marcel

Re: Z-Scores Hunch some Follow-up Tests

Date :8/9/2005 5:22:53 AM Poster : Mark Simpson

On 8/3/2005 12:03:41 PM Marcel wrote:
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There are many ways. You can use conventional models in unconventional ways, or
you can just be unconventional from the start. But it all hinges out of
truely understanding lag, and the model design, once you have that beat,
actually doing it is relatively simple.

>> I'd say 50% is thinking about how to design good models, 40% is
>> building your good inputs, and 10% is about the NN. The NN
>> just saves a lot of work in figuring out the meaning of the 40%.

>Do you build models that make no use of NNs? Models that are solely relying on >Trading Strategies?
Yes I do. I only use an NN if the relationship isn't obvious and if it's necessary.
An NN is like any other tool, there's times when you need it and times when you don't.
If you can't figure out a function, then the NN does it for you.
Incidentally it's always worth running through an NN on paper (or
NST's neural network training example I referenced earlier), just to learn how simple
NN's are in concept and how a simple concept can generate something so powerful.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/11/2005 9:05:03 AM Poster : Marcel

Mark – thanks v.m. for the feedback, really appreciate.

Now a personal comment to the Forum:

I'm honestly getting a bit lost with Z-Scores, Horst etc. The main reason is that my knowledge about statistics is pretty rusty, since I never had the chance or necessity to make use of it since I left university – many years ago. I don't know what other fellows feel, but for me in order to keep up with this thread, I need to go back pretty far to the basics, a lot of effort that prevents me from contributing or adding any value to the discussion.

I don't want this thread to stop, please continue as much as needed. As a silent reader, I will do whatever I can while refreshing my notions of statistics. On the other hand, there are a number of other discussions that have been left suspended, and that I would appreciate to see resumed.

On top of my head some examples:
- Classes of indicators that work, and why they work
- How to identify the rest that don't and maybe a bit about how to fix them
- Teach a NN to learn RSI or any other indicator
- The curve fitting discussion
- Normalizing time; by fixing the time issue first, most indicators will perform better
- Filtering (DSP) techniques in our models

Thanks a lot!
Marcel

> On 8/9/2005 5:22:53 AM Mark Simpson wrote:
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Re: Z-Scores Hunch some Follow-up Tests

Date :8/11/2005 6:39:47 PM Poster : Mark Simpson

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>silent reader, I will do whatever I can while refreshing my notions of statistics.
> On the other hand, there are a number of other discussions that have been
>left suspended, and that I would appreciate to see resumed.
Yes we have side tracked a bit. But lets just summarize this a bit and bring it
back in scope to avoid some confusion. This is because Z-Score in particular
is a pretty useful thing to use, so we don't want to throw it out.

I'm deliberately simplifying it for description purposes.

Essentially Z-Score is nothing miraculous, it just measures probability, another
way of thinking of it is like this:

Zscore is a measure of how rare the value of bar is compared to the bars in window
(periods). I.E. If price was meandering around a 2% range, and then suddenly jumped up or down by 10% in either direction, then a jump down might be flagged as a
low zscore of say -3 and a jump up might be flagged as +3. The 2% range might be
a zscore in the range -1 to +1 as the stock moved around in the -1% to +1% range (i.e. a 2% range). I.E. You can think of more extreme values of zscore as measuring
improbable or unusual events.

It also doubles up as normalization, i.e. bringing things into a reasonable range and
centered around zero.

Another approach to z-score is that the more extreme the value is, the more likely the
data point is meaningful, and that at some point it's likely to return to normal.
I.E. If we go down one day by 10% in price, and Z-Score signals -3, then the following
days it is quite likely to want to head back (things don't go straight up or straight down
more often than not).

So if you got a value of say -1 to +1, then you would say that it was a pretty normal occurance. -2 or +2 would be less frequent, -3 or +3 would be even less frequent and
so on.

The periods in the Z-Score should be set to something that is a reasonable sample
length, i.e. a good number of bars, generally in the 100-300 range, you want to
capture some history so you can see what's abnormal, but not too much, that
abnormal becomes normal.

Now onto hurst. ZScore assumes normality, all that is, is when you plot say
returns of price on a histogram (technically log returns, but lets keep it simple), that
the histogram follows a certain shape, often known as the normal distribution or the bell
curve. Most random processes follow this same bell curve and it's just a statistical
way of saying, well, something is normal. If the stocks were random, then they would
follow this same bell curve.

However, the curves follow something called a Hurst Distribution more closely. All
a hurst distribution is, is a bell curve with fatter tails. I.E. The more extreme values
in return in price would be more frequent than a random process would suggest.
Hurst spotted this when analyzing flood data in the Nile, i.e. it wasn't a normal
distribution, and he formalized this kind of data.

So, the question becomes, is a ZScore right to use? The answer is yes. However
a Hurst distribution would give a slightly better model, which is why the discussion
started about building a Hurst Score. It's not needed for this by any means, but
it's some interesting research.

>On top of my head some examples:
>- Classes of indicators that work, and why they work
>- How to identify the rest that don't and maybe a bit about how to fix them
>- Teach a NN to learn RSI or any other indicator
These ones we've already discussed to some degree. So lets finish off these.
Over to you guys.

>- The curve fitting discussion
>- Normalizing time; by fixing the time issue first, most indicators will perform better
>- Filtering (DSP) techniques in our models
Lets finish off the top 3 first before going on to these. There are a lot of messages
so far, and with many discussions going on it's getting a little confusing.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/2/2005 11:13:45 AM Poster : James Siebert

Marcel

Thanks for the feedback,
and taking the time to look at my Charts.

I tend to agree with you regarding
"generalized" solutions.

If there was a "Golden Goose" Trading System,
someone (or overuse) would had squashed by now.

I like the metaphor of "Supply and Demand better.
If and when "inefficiencies" exist in a Market,
an alert observor can take advantage
of an inefficieny, until it becomes "common knowledge"
and the overall Market adjusts accordingly.

When this happens, the "edge" evaporates.

There was a day when SMA(20) - SMA(50) Oscillator
was a "killer system". Not any more.

The Fact that SMA(200) acts as the final support level,
is because everyone expects to be such.

Usually, if the Price punches thru 200 day average,
look out, as you can expect the "bottom to fall out."

This "inefficiencies" theory, I believe,
is main reason it is so hard to find
a good Trading System using the QQQQ or MSFT.

These stocks are so "high profile" that
any "market inefficiencies" there were found long ago,
by someone, (several someones)
and are already be accounted for, in the current behavoir

I think however such "inefficiencies"
likely exist in other "unpopular" markets,
which do not get the same level of scrutiny
as the MSFTs of the world. The problem with
such "below the radar" stocks is that they
may not be liquid enough to support
reliable patterns and signals.
(another area to research, how to identify these)

Marcel, one more observation I would make,
and this has been the focus of much of my latest research,
is that "traditional trading strategies
(like crossovers, breakouts etc.)" you refer to
can be leveraged back to life
by applying them SELECTIVELY.

When combined with a Good "Market_Mode" Indicator
a traditional system can work surprisely well.

A "Market_Mode" Indicator attempts to tell you
if the Price Series is behaving in
Cycle_Mode or Trending_Mode. (aka. Range-Bound vs Breaking Out)

The Selection Rule is:
Use a "Momentum Reveral" System while in Cycle_Mode.
Use an "Average Oscillating" System while in Trend_Mode.

The catch here, is finding a Good "Market_Mode" Indicator.
VHF is one, Ehler's MESA is another,
Elher's Hilbert Dominant Cycle also helps,
Murray Ruggerio has yet another custom indicator
to detect Cycles.

But they all have problems.
Yet as imperfect as they are,
I believe they still give you that "edge"
that the average market participant does not have.

I'm working on my own Cycle Detection system now
that hopefully while have minimal Lag, when perfected, (fingers crossed)
and provide an edge over other "Market_Mode" Indicators,
if even for only a short while, until similar
Indicators are constructed by other participants.

Marcel as you note, NN is new ground,
and represent unexplored territory,
who's promise is
that may hold untapped resources (ie. "inefficiencies").
They won't say under-utilized for long,
with great tools like NS which make NN math accessible,
to average traders.

The ray of hope here though,
is that with N-Dimensional ways of combining
input signals, and the likely limitless possibilities
for finding NN Solution Spaces,
the chance of NN have a "self correcting" on a market and
due to "common knowledge" factor, is less likely.

That's my take anyways

Cheers,

James S.

On 8/2/2005 7:18:34 AM Marcel wrote:
James,

I've gone through your example step by step. It was interesting to follow someone else's approach, and to see that more and more substantial knowledge is shared in this forum.

I took the opportunity to learn a bit more about Z-Scores, from my perspective yet another way of generating a valuable and useful signal. From my experience however, models based on traditional trading strategies (like crossovers, breakouts etc.) are limited in nature. Yes, you can optimize (curve fit) them to work particularly well for certain instruments or market situations, but when you try to generalize or adapt them to broader or longer market conditions, they miserably fail to deliver the expected performance - at best you can cover your expenses. I base this observation a) on a large number of tests I've done myself, and b) on the simple fact that if this perfect conventional model would exist, it would have been found by someone else years ago...

That's the reason why I'm taking a second chance with NN's. If we learn to correctly apply the predictive potential inherent to NN's, I think we are a) moving onto a ground that is pretty unexplored and untested by thousands of predecessors (mainly due to the unlimited number of concepts one can implement), and b) adding a powerful and promising technology to the traditional trading strategies (hence an enrichment, complimentary).

The journey that Mark is taking us thru is paramount to achieve this goal, in my opinion we have a unique chance to learn and discuss principles and concepts that no book or lesson can teach.

Best Regards,
Marcel

On 7/30/2005 4:10:17 PM James Siebert wrote:
Short Postscript:

I acted on my recommendation (at the end of last email)

> This Z-Score Theory still should be further tested.

> 1) By starting with TS1 Chart 004, I would
> try it with several different Stocks to
> see if the NN-tuned SD Threshold values
> are "generic" or "specifically-tuned" to Intel Price series.

WELL I did just that ...

This Trading System and its NN-tuned Threshold parameters
seem to be "generic" (at least generic for "tech stocks" anyways)

Here are the results from my quick follow-up tests

ZScore_Theory_followup_tests.zip

004_a AMD 32%
004_a MSFT 14%
004_a NVDA 84%
004_a ORCL 14%
004_a SUNW 24%
004_a SYMC 30%

Perhaps I was too quick to post my Z-Score Theory. (LOL)

I threw it together yesterday as an Example exercise.

Did not realize it might be conisistently profitable,
se la vie.

Feel Free to use the Theory,
to improve upon it and to use for trading.
(my contribution to the Forum,
and the "free exchange" of Ideas.)

Let me know what improvements you come up with.

If you strike it big with the Z-Score Cross System,
drop me a Post Card.

later

James S.

==========
Notes: my file naming conventions

number like 004 indicate version number in series

Alpha_Tags: _A, _B, _C, or _D indicate Level of Optimization (none to full)

Number at the end indicates the Annual Percent gain of the System

TS# right before end indicates which Trading System had the Profit

NN# right before end indicates which Neural Net had the Profit
==========

Re: Z-Scores Hunch some Follow-up Tests

Date :8/3/2005 8:46:23 AM Poster : Mark Simpson

>The Fact that SMA(200) acts as the final support level,
>is because everyone expects to be such.
>Usually, if the Price punches thru 200 day average,
>look out, as you can expect the "bottom to fall out."

That reminded me of another zero-lag (questionable leading) indicator.
Support and Resistance lines.

>This "inefficiencies" theory, I believe,
>is main reason it is so hard to find
>a good Trading System using the QQQQ or MSFT.

>These stocks are so "high profile" that
>any "market inefficiencies" there were found long ago,
>by someone, (several someones)
>and are already be accounted for, in the current behavoir

Try plotting a distribution of log percent returns of the market. You'll
initially think it's normal, but if you look closely, you'll see the tails are considerably
fatter. The opportunity is still there, and it's in the tails, you just have to find it, and it's
not what the majority are doing. This is partly the reason I don't provide a complete
trading system that works, more ideas that can be put together. Essentially
if you provide a trading system, and it's used by enough people then the opportunity
will be traded out, however many people with different systems still leave the
potential there.

However as skills improve overall and analysis progresses, I'm sure years into the
future the techniques we're learning now will no longer work, so it's important to keep
on top of things.

>The catch here, is finding a Good "Market_Mode" Indicator.
>VHF is one, Ehler's MESA is another,
>Elher's Hilbert Dominant Cycle also helps,
>Murray Ruggerio has yet another custom indicator
>to detect Cycles.
Also check out entropy type indicators and fractal dimension.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/3/2005 11:05:24 AM Poster : James Siebert

On 8/3/2005 8:46:23 AM Mark Simpson wrote:

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>trading system that works, more ideas that can be put together. Essentially
>if you provide a trading system, and it's used by enough people then the opportunity
>will be traded out, however many people with different systems still leave the
>potential there.

Mark

Thanks again, I've read a little bit about
"fat tails" distribution (Hurst distribution,
1st seen in patterns of Nile River Floods)
but never realize that the tails
"were the profits were".

("Fat Tails" are roughly equivelent to
seeing many more Event occurrences > +-3 SD,
than one should expect when data has "Normal" Distribution
[a Bell-Shaped curve, due the "laws of averages',
and will Normally have "skinny tails", few events >|3|.])

"Fat tails" in the data imply that at the Extremes,
other behavoir is kicking in besides the "laws of chance".

If true, How does this effect your
Contarian Z-score return to the Norm system?
It would seem there might be a profitable"trading zone"
between 2 and 3 (4?) SD if "Fat tails" are normal situation?

I like you're focus on tools over systems,
that tends to be my focus as well.
You can tell a "good carpenter"
by his adeptness with a wide variety of tools.
And by the number of tools in his toolbox.

My boss has a saying,
meant to promote creative problem-solving:

"If your only tool is a hammer,
then every problem looks like a nail"

IE. what other Tool might work?

>>The catch here, is finding a Good "Market_Mode" Indicator.
>>VHF is one, Ehler's MESA is another,
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>>Murray Ruggerio has yet another custom indicator
>>to detect Cycles.

>Also check out entropy type indicators and fractal dimension.

I have an interest in both of these topics,
but as of yet have been unable to find practical ways
to apply them to Market Time Series Data.

Although, I was starting to see some Fractal patterns
in my 4-Cluster Analysis system,
alluded to in my Correlation Xls (at bottom)

I was observing the sequence of event hits
striking within each Cluster circle,
seemed to "bunch together" in
into "tiered signal blocks" as Events
alteranated between Clusters
(ie was not random,
could see Trend Changes forming, like Clouds on the horizon)

Mark, thanks again for your insights and direction.

Sorry, my last message yesterday had so many typos,
I did not have time to proofread it. (I got a day job)

Be kind when you evaluate my "quiz answers".
The "physics of zero-lag" is still quite new to me,
and I'm learning more about this daily.
I took a shot, given what I "think I know" now.

Thank for putting together such challenging questions.

Best regards,

James S.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/7/2005 1:48:12 PM Poster : Mark Simpson

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Yes, that's correct, it is similar to Hurst, and Fat Tails are the norm. You
only have to look at market crashes, and other major movements in price to see
that some of would be extremely infrequent (thousands or millions of years)
based on a normal distribution. However in real life they happen a lot more frequently.
So that said, you look for the fat tails, and trade those.

Z-Score models it okay if we bear in mind extreme values happen more frequently
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When we normalize time, this will start dropping into place.

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Re: Z-Scores Hunch some Follow-up Tests

Date :8/8/2005 2:33:47 AM Poster : James Siebert

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I like that idea, "a Hurst Score instead of a Z-Score"
I'll have to put that one
on my to-do research list.

---
no time like the present...

to kick off this Hurst subject
here is the "best" reference
I have which tries to
define Hurst exponent/distributions

(Note: it seems to be
trying to "normalize"
the scale of phenomenon Magnitude against
the scale of time horizon for counting
those phenomenon Events.
I'm imagining Earthquake Size vs Frequency.)

Here's the text:
==========
The quantity in question is the "rescaled range R/S",

which is essentially the range R(Delta-t) of the data
over the time interval Delta-t. ...

For a white Gaussian noise,
the ratio R/S tends to be constant, for large Delta-t.

In a sense , both R and S measure
the range of data,
but R "looks" at the data linearly
and S is based on the squared data.

For some processes this yields no new information
and R/S is ... constant, that is proportional to Delta-t^0.

This is not so for numerous geophysical records,
such as floods, ...

For a Brownian function
R/S is proportional to Delta-t^0.5,
reflecting the long-range dependence,
or "persistence" hiding behind the brown process. ..."

[Scatter charts:

X: Time (Log scale: 1 to 10000)
Y: "R/S" (Log scale: 0.1 to 1000)

Event Points: such as Floods
tend to fall on a diagonal line
which has the slope of the Delta-t Exponent;
Example: the records of Nile River Droughts
for instance has a slope of 0.9]

"The Hurst exponent, defined by

H = log(R/s) / log(Delta-t),

is a convenient measure of the persistence of
statistical phenomenon."

==========

["Fractals, Chaos, Power Laws" M. Schroeder, pg 129-130]

Clear as mud eh?

Isn't technical math fun?

Seems like this may have something
to do with normalizing events on different Time Scales?

It seems the linear lines in the R/S vs Time plots
are "ironing out" what we normally consider
jagged Fractal Phenomenon into what appear
to be "straight lines".

later

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=======

On 8/7/2005 1:48:12 PM Mark Simpson wrote:
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Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores: Hurst Distributions

Date :8/8/2005 1:51:28 PM Poster : James Siebert

some more geeky details
on Hurst Distributions

Definition:
==========

Hurst Exponent: A measure of the bias in Fractional Brownian Motion.

H = 0.50 for Brownian motion.

0.50 < H < 1.00 for persistent, or Trend-reinforcing series.

0 < H < 0.50 for an anti-persistent, or mean-reverting system.

The inverse of the Hurst exponent is equal to alpha,
the characteristic exponent for Stable Paretian distributions.

The fractal dimension of a time series, D, is equivalent to 2-H.

from
http://financial-dictionary.thefreedictionary.com/Hurst+Exponent

==========

Concpetual Description:

==========

2.1. "Fractal" Dynamics

The statistical paradigm against which the sequence of increments
from a chaotic dynamical process
is typically contrasted is that of a white noise process.

"White noise" typically refers to a sequence whose increments
are independently and identically distributed
with zero mean and finite variance.

Brownian motion, a well-known paradigm in finance,
is a white noise process for which
the independent increments are identically normally distributed.

A fractal time series is one which is statistically "self-similar"
(apart from scale) regardless of the time frame
over which the increments of the series are observed.

For example, a sequence of daily observations
would exhibit similar statistical characteristics to
sequences of weekly, monthly, or yearly observations,
and the scale of the observations
would be a direct function of the length of time involved.

Brownian motion, as a white noise process
which exhibits these time series properties,
is as Schroeder (1991) notes,
"the paradigm of random fractals."

However, during the 1960's Benoit Mandelbrot,
"the father of fractal geometry", believed that
securities returns did in fact follow a fractal time series
but that Brownian motion was not an adequate statistical description
of the true stochastic process generating securities returns.

In order to resolve this inadequacy,
Mandelbrot worked in two perpendicular directions to expand
the class of fractal time series.

One direction involved relaxing the assumption of finite variance,
which introduces what Mandelbrot termed the "Noah Effect."

The other direction entailed relaxing the independence assumption,
thereby allowing for a "Joseph Effect."

The Joseph Effect (see Mandelbrot (1972)) is named after
the biblical story in which Joseph
prophesied that the residents of Egypt
would face seven years of feast
followed by seven year of famine.

This effect denotes the property of certain time series
to exhibit persistent behavior
(such as years of flooding
followed by years of drought
along the Nile River basin)
more frequently than would be expected
if the series were completely random,

but without exhibiting any significant short-term (Markovian) dependence.

To describe such processes, Mandelbrot broadened the idea of Brownian motion
into the class of stochastic processes
called "fractional" Brownian motion (fBm),

or, using the noise analogy, "flicker noises."

Fractional Brownian motions exhibit complex,
though linear, long-term dependencies
and are characterized by a parameter called the Hurst exponent (H),

which denotes the level of long-range dependence in the data
and generally ranges from 0 to 1.

If H=0.5, then the fractional Brownian motion will
have no long-term persistence,
and the result is standard Brownian motion,
or white noise.
...

==========

from pg 1-2 of Pdf:

http://scholar.lib.vt.edu/theses/available/etd-082799-103026/unrestricted/Chap2.pdf

(Note: the math here hits "rocket science" status, very quickly,
though the intro is the best I seen yet on the subject of Hurst Distributions.)

later

James S.

==========
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Re: Z-Scores: Hurst Distributions

Date :8/9/2005 12:15:08 PM Poster : Mark Simpson

On 8/8/2005 1:51:28 PM James Siebert wrote:

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Incidentally Mandelbrot released recently a new book called "(Mis)Behaviour of Markets".
I purchased a copy a few weeks ago. It's a tough read with no specifics, but it does
discuss Hurst and Normalizing Time. However he only has a way to simulate
normalizing time, not to actually achieve it. It's also written in his usual flamboyant
style and contains a lot of history.

It's worthy of reading it and putting on your Technical Analysis bookshelf up there
with the 3 Ehlers books as it certainly helps with some of the concepts we have and will be discussing.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores: Hurst Distributions

Date :8/10/2005 1:36:39 AM Poster : James Siebert

Still researching Hurst thru Google.
starting to get to the real math behind it:

"Using the Scaling Analysis to Characterize
Financial Markets"

http://xxx.lanl.gov/PS_cache/cond-mat/pdf/0302/0302434.pdf

Be sure to check out the Conclusions and Appendix in the pdf

I'm beginning to think a "Practical Hurst Score"
might be obtained be tweaking the formula
for the Gaussian Normal Curve
(aka. Probability Distribution Function)
since the Z-Score actually measures the probabilities
under the various sections of this Curve.

http://amsglossary.allenpress.com/glossary/browse?s=p&p=64

The probability of Event x
occurring within a sample population, which has
a Gaussian Normal Curve distribution,
is given by this forumla:

p(x) = [sqrt(N) / (SD * sqrt(2*pi))] * ...

e raised to [[-N *(x - mean(x))^2] / [2 * Variance]]

where
Variance is Square(SD)
N is the sample size (ie Lookback window)
Mean is the SMA of x in the Lookback window.

Not exactly simple, but not rocket science either
Many of the terms can be created from NS Indicators.
Looks to me we just need to figure out
the "Hurst-way" to calculate Standard Deviation. (?)

Take for example,
The probability of Event x (say Price Move +$2)
given the last 30 days where the Price has
been range bound (+ or - $1) [the context]

A ZScore for this would likely be in the +3 Tail region,
(Because it takes 3x the Normal Variation [1SD] to get there)

however
What would the Event x 's HScore be?
if such "episodic" price run-ups,
though uncommon, are NOT exactly rare occurrences?

Since the H-Curve distribution is probably "squatter"
with "fatter" tails regions,
"a Price Move of +$2" should be MORE likely,
(easier to reach)
and may repeat in clusters, or in a "run-up" Epoch,
(similar to an era of "price gain floods" [or a breakout Trend])
(such price-run examples exist: Google, Taser, Ebay, etc.)

Given such a sample,
comprised of many "Epoch" price deltas,
the Mean may skew towards the + side,
and the H-Score may acutally be LESS than +3 SD (more like 2.5)
instead of greater than 3, with ZScore (given pure random population)

I've research "Skew" measures before,
and they definitely seemed to pre-clude run up periods
(or down periods for Neg Skews)

I'll let you know if I get anywhere with this

take care,

James Siebert

==========

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Bowfort Technologies Inc.

Re: Z-Scores; Hurst Distributions

Date :8/10/2005 12:32:47 PM Poster : James Siebert

some more "real math" on
Fractal Dimensions and

"Estimating the Hurst Exponent" (has lots of graphics)

http://www.bearcave.com/misl/misl_tech/wavelets/hurst/

It occurred to me also
that the Student's t-test

may be another way to
arrive at the same destination of calcing a Hurst-Score.

Since Student's t-test are designed
to give you Squatter Distribution Curves with Fatter Tails
(ie non-normal distributions):

Student's t-test (site has very good Intro to Stats)

http://projectile.is.cs.cmu.edu/research/public/talks/t-test.htm#glance
----

The actual Flood/Drought Epochs we see in Price data series

might be due to the "degrees of freedom" effect
used in calcing Student t Deviations ???
(which are always > 1)

The SD of a t Distribution is defined by:

df / (df -2)

for instance a t-sample of 10
has a SD of 1.28
[9 / 7]

by contract a "Normal" Gaussian Distribution has a SD of 1.0

just my creative thought, for the day. ;)

[Note: here's "degrees of freedom" conceptual example:

If I tell you I need an average of 5, based on any 4 random numbers,
What numbers can I use to get this result?

you can "freely" choose the first 3 out of 4 numbers for me
(say 8, 3, -2)
BUT that last number, given the 1st three,
IS NOT FREE to be anything.

IE the Last Choice is determine by the 1st Three Choices
aka
my sample of 4 Numbers, in this example, "has 3 degrees of freedom".
df = (n - 1)

Question: what must that last choice be?

(x + 8 + 3 + (-2)) = 20

x + 9 = 20

x = 20 - 9

x = 11

the average of (11 + 8 + 3 + (-2)) = 5

end of example]

Bottom line is ZScore assumptions
(data has 0-Mean, & Variations of 1 SD)

May NOT always accurately describe the Data Series in question
and a new way of calcing this comparison metric
may be approriate
(Hurst Exponent, Student's t-test, etc)

James Siebert

=======

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On 8/10/2005 1:36:39 AM James Siebert wrote:

Still researching Hurst thru Google.
starting to get to the real math behind it:

"Using the Scaling Analysis to Characterize
Financial Markets"

http://xxx.lanl.gov/PS_cache/cond-mat/pdf/0302/0302434.pdf

Be sure to check out the Conclusions and Appendix in the pdf

I'm beginning to think a "Practical Hurst Score"
might be obtained be tweaking the formula
for the Gaussian Normal Curve
(aka. Probability Distribution Function)
since the Z-Score actually measures the probabilities
under the various sections of this Curve.

http://amsglossary.allenpress.com/glossary/browse?s=p&p=64

The probability of Event x
occurring within a sample population, which has
a Gaussian Normal Curve distribution,
is given by this forumla:

p(x) = { sqrt(N) / (SD * sqrt(2*pi)) } * ...

e raised to {[-N *(x - mean(x))^2] / [2 * Variance]}

where
Variance is Square(SD)
N is the sample size (ie Lookback window)
Mean is the SMA of x in the Lookback window.

Not exactly simple, but not rocket science either
Many of the terms can be created from NS Indicators.
Looks to me we just need to figure out
the "Hurst-way" to calculate Standard Deviation. (?)

Take for example,
The probability of Event x (say Price Move +$2)
given the last 30 days where the Price has
been range bound (+ or - $1) [the context]

A ZScore for this would likely be in the +3 Tail region,
(Because it takes 3x the Normal Variation [1SD] to get there)

however
What would the Event x 's HScore be?
if such "episodic" price run-ups,
though uncommon, are NOT exactly rare occurrences?

Since the H-Curve distribution is probably "squatter"
with "fatter" tails regions,
"a Price Move of +$2" should be MORE likely,
(easier to reach)
and may repeat in clusters, or in a "run-up" Epoch,
(similar to an era of "price gain floods" [or a breakout Trend])
(such price-run examples exist: Google, Taser, Ebay, etc.)

Given such a sample,
comprised of many "Epoch" price deltas,
the Mean may skew towards the + side,
and the H-Score may acutally be LESS than +3 SD (more like 2.5)
instead of greater than 3, with ZScore (given pure random population)

I've research "Skew" measures before,
and they definitely seemed to pre-clude run up periods
(or down periods for Neg Skews)

I'll let you know if I get anywhere with this

take care,

James Siebert

==========

On 8/9/2005 12:15:08 PM Mark Simpson wrote:
On 8/8/2005 1:51:28 PM James Siebert wrote:

>The Joseph Effect (see Mandelbrot (1972)) is named after
>the biblical story in which Joseph

Incidentally Mandelbrot released recently a new book called "(Mis)Behaviour of Markets".
I purchased a copy a few weeks ago. It's a tough read with no specifics, but it does
discuss Hurst and Normalizing Time. However he only has a way to simulate
normalizing time, not to actually achieve it. It's also written in his usual flamboyant
style and contains a lot of history.

It's worthy of reading it and putting on your Technical Analysis bookshelf up there
with the 3 Ehlers books as it certainly helps with some of the concepts we have and will be discussing.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores: Hurst Distributions
Date :8/10/2005 12:42:24 PM Poster : James Siebert

Maths & Computers for Biologists

http://www-micro.msb.le.ac.uk/1010/default.html

(this site is the one with the very good intro to Stats,
previous link was more of advanced Stats material)

...remember statistically, anything's possible...

James Siebert

Re: Z-Scores: Hurst Distributions
Date :8/10/2005 4:18:52 PM Poster : Mark Simpson

On 8/10/2005 1:36:39 AM James Siebert wrote:

>I'm beginning to think a "Practical Hurst Score"
>might be obtained be tweaking the formula
>for the Gaussian Normal Curve
Incidentally, Ehlers mentions the Fischer Transform for making non-normal
distributions normal in one of his books, which maybe another approach
or of some use to you (although I haven't gone into the math in much detail).

I like your apparoach regarding the Hurst approach, I can't wait to see the results.

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores: Hurst Distributions
Date :8/16/2005 2:16:05 PM Poster : James Siebert

>>
On 8/10/2005 4:18:52 PM Mark Simpson wrote:
On 8/10/2005 1:36:39 AM James Siebert wrote:

>I'm beginning to think a "Practical Hurst Score"
>might be obtained be tweaking the formula
>for the Gaussian Normal Curve
Incidentally, Ehlers mentions the Fischer Transform for making non-normal
distributions normal in one of his books, which maybe another approach
or of some use to you (although I haven't gone into the math in much detail).

I like your apparoach regarding the Hurst approach, I can't wait to see the results.

Mark Simpson
Bowfort Technologies Inc.
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Hurst Research a progress report:
==========

Key Principles:

Time Series Price data
usually behave as if they are
in 1 of 3 Modes:

---

1) "Random Walk" Behaviour:

Hurst Exponent = 0.5

Model: Flip a "fair" coin (50/50 odds H/T)

H: Price = Price1 +0.25
T: Price = Price1 -0.25

Assumption is that today's price move
has "no memory" of yesterday's price move.

(consolidation periods are difficult to predict)

---

2) "Persistent" Behaviour:

Hurst Exponent = greater than 0.5, up to 1.0

Model: Flip a "weighted" coin (70/30 odds H/T)

H: occurs 7 out 10 times
Price moves in SAME direction as yesteray's move (+-0.25)

T: occurs 3 out 10 times
Price moves in OPPOSITE direction as yesteray's move (+-0.25)

Assumption is that today's price move
is positively correlated to yesterday's price move(s)

(trends tend to persist, and continue)

---

3) "Reversion to the Mean" Behaviour:

Hurst Exponent = less than 0.5, down to 0.0

Model: Flip a "weighted" coin (30/70 odds H/T)

H: occurs 3 out 10 times
Price moves in SAME direction as yesteray's move (+-0.25)

T: occurs 7 out 10 times
Price moves in OPPOSITE direction as yesteray's move (+-0.25)

Assumption is that today's price move
is negatively correlated to yesterday's price move(s)

(cycles tend to correct, and reverse)

Many researchers believe that stock markets

predominantly exhibit Hurst Exponents between 0.5 and 1.0.
(persistance behaviour, where prices
have some degree of "memory" or "momentum" of the recent past)

["auto-correlation" is the technical term, which uses
math that is similar to TDNN in concept]

This is supposedly due to Fractal properties of Time Series data,
when observed with respect to many different Time Scales.
(for example when comparing SMA(50) to SMA(200) etc)

Put simply:
Price Moves DO NOT usually behave like they are following
a "fair" coin flipping model. There is something other
than "pure chance" at work here!

(Of course we all knew this already,
or else we probably would not had purchased NST ;)

I'm currently researching how to measure the Hurst Exponent directly
as opposed to taking the Statistical Curve tweaking approach.

I discovered I needed to understand the metrics
and what was being sampled in Hurst analysis,
before I could see what to tweak within the Gaussian Model.

cheers

James Siebert

Re: Z-Scores Hunch some Follow-up Tests

Date :8/9/2005 12:01:59 PM Poster : Mark Simpson

On 8/8/2005 2:33:47 AM James Siebert wrote:
>to kick off this Hurst subject
>here is the "best" reference
>I have which tries to
>define Hurst exponent/distributions

>(Note: it seems to be
>trying to "normalize"
>the scale of phenomenon Magnitude against
>the scale of time horizon for counting
>those phenomenon Events.
>I'm imagining Earthquake Size vs Frequency.)

>Clear as mud eh?

>Isn't technical math fun?

>Seems like this may have something
>to do with normalizing events on different Time Scales?
Correct. The math is ugly, but if you except the premise that markets are
fractal in nature, then you have to fix the time base first (normalize time)
before you analyze them with fractal tools.

Also, check out fractal D, it can be used to denote the complexity of the market
you're modelling. Essentially the higher the fractal D, the more variables you need
to build a model. Or alternatively just trade when fractal D is low for instance.

I.E. If you're sampling things, then you want to sample them on a regular basis.
People assume because a clock ticks on a regular basis, i.e. it's linear
process, then markets trade on the same basis and then they execute their
indicators on this linear timebase.

Or another way of looking at it is, if there was a river and we need to measure effects
on the banks of the river by erosion etc., would we get better result, by just sampling every minute, or would we get better results by measuring the flow rate and using
that to denote our measurement?

Mark Simpson
Bowfort Technologies Inc.

Re: Z-Scores Hunch some Follow-up Tests

Date :8/3/2005 1:10:21 PM Poster : Marcel

James,

Thanks for the additional comments and the directions you are giving wrt Market_Mode. I came to the similar conclusion years ago, but never could afford the time to further explore this path.

At this point in time, I however feel the need to make a few steps back, to simplify a bit this discussion and decompose it in digestible pieces: Let's assume that either a) we are focused on an instrument that follows purely a cycle (or a trend) mode, or b) we have a separate system that is able - for a particular instrument - to distinguish the cycle from the trend phases. How do we build the 2 subsystems that can independently and successfully generate signals for those two modes?

Personal note: When implementing a NN, sooner or later I find myself doing fuzzy "trial and error", and I'd so much like to manage the process in a more structured manner. In other words, I honestly don't yet feel comfortable of mastering the process and be able for example to build these 2 independent subsystems, so that they deliver expectable results. I may be looking for inexistent perfection, but I'm sure many other (silent) forum visitors are having (or had) this same experience.

Best Regards,
Marcel

Re: Market Mode and Decision Rules

Date :8/4/2005 1:02:48 AM Poster : James Siebert

>On 8/3/2005 1:10:21 PM Marcel wrote:
>James,

>Thanks for the additional comments and the directions you are giving wrt >Market_Mode. I came to the similar conclusion years ago, but never could afford >the time to further explore this path.

>At this point in time, I however feel the need to make a few steps back, to >simplify a bit this discussion and decompose it in digestible pieces: Let's >assume that either a) we are focused on an instrument that follows purely a
> cycle (or a trend) mode, or b) we have a separate system that is able - for a >particular instrument - to distinguish the cycle from the trend phases. How do >we build the 2 subsystems that can independently and successfully generate >signals for those two modes?

Marcel

Here's the basic "floorplan" I've come up with
when I'm building a TS that can handle, as you say
"2 subsystems that can independently and
successfully generate signals for those two modes"
(both trend & cycle signals at the same time.)

The Stages: 1) get the materials, 2) build the structure:

1) At minimum, I get (build) 8 True/False indicators and

2) then combine them with OR & AND (Boolean operators)
to create signals which tell me
whether to Enter or Exit a position.

NOTE: this "Decison Rule" system is largely
the result of my 15+ years of programming for a living.

TS system may not look obvious at first,
and can take some tweaking, especially on the Exits,
But this methodology can result in "Mode Trades"
that do not step on each other, and work concurrently. :)

Of course the timelessiness of the Position Switches
based on the Mode Signal changes, will only
reflect the Quality of you Mode indicator.

(VHF is an easy one to start with; Vertical Horizontal Filter)

Get the materials:

====== Get at least 8 True or False indicators =======
====== Each of these Indicators should evaluate to 1 or 0

MARKET MODE ENTRY:

1) TrendMode = using your favorite Mode Indicator
2) CycleMode = using the same Mode Indicator

(I sometimes use "TrendMode = 0" to indicate "CycleMode".
It's important that the Trend and Cycle Modes do not overlap)

TREND ENTRY/EXIT: (will combine with TrendMode)

3) Bias_Long_SMA =
Is Price less than the SMA of Price?
(then likely to go up)

4) Bias_Short_SMA =
Is Price more than the SMA of Price?
(then likely to go down)

CYCLE ENTRY/EXIT: (will combine with CycleMode)

5) Reversal_Long = Did your Momentum Velocity just go from + to - slope (0)
6) Reversal_Short = Did your Momentum Velocity just go from - to + slope (0)

MARKET MODE EXIT: (use as Exit Signal only)

7) 1stTrend = If 1st Day of Trend: Exit any Cycle-based position
8) 1stCycle = If 1st Day of Cycle: Exit any Trend-based position

(these last 2 are harder to construct,
and to harder to see in action,
but basically these Single-Spike Flags
indicate the End of one Mode and
the Start of the next Mode.
(ie. time to close last "mode position",
and start the next one.)

==========

Build the TS Structure:

====== Combine the 8 True or False indicators =======
====== with Boolean Operators (AND & OR) ===========

NOTE: the combined Indicators must still
evaluate to either True or False, when
joined together in "Compound" Decision Rules:

LONG ENTRY: (any 1 is True)

TrendMode AND Bias_Long_SMA ====> (1 & 1) GoLong
CycleMode AND Reversal_Long ====> (1 & 1) GoLong

LONG EXIT: (any 1 is True)

TrendMode AND Bias_Short_SMA ====> (1 & 1) ExitLong
CycleMode AND Reversal_Short ====> (1 & 1) ExitLong
1stTrend ==========================> (1) ExitLong
1stCycle ==========================> (1) ExitLong

SHORT ENTRY: (any 1 is True)

TrendMode AND Bias_Short_SMA ====> (1 & 1) GoShort
CycleMode AND Reversal_Short ====> (1 & 1) GoShort

LONG EXIT: (any 1 is True)

TrendMode AND Bias_Long_SMA
CycleMode AND Reversal_Long
1stTrend ==========================> (1) ExitShort
1stCycle ==========================> (1) ExitShort

Using just "half" of this system work as well
(just Long Trades, or just Short Trades)

==========

NOTES on System Flexibility and Tweaking:

1) I'm constantly lookly to improve the 8 T/F Indicators,
espcially the Market_Mode Indicator

2) Including 1stTrend and 1stCycle Exits,
usually results in more trades with less downdraft.

3) Removing 1stTrend and 1stCycle Exits,
usually results in longer trades with more Gains.

4) Combining 1stTrend and 1stCycle with NOT (Bias_etc) indicators,
can makes them more precise. (ie. Exit trigger fires less)

5) It's helpful to have a TrendMOde Indicator that can
distinguish between UpTrendModes and DownTrendModes
(although the Bias Indicator's (3 & 4) recommended by Ehlers,
do a pretty good job of Predicting Direction,
depending on SMA window. Also I've that Parabolic SAR,
can work as a Bias Entry indicator as well.)

6) Momentum Reversal Indicator sometimes
work better when reversed (Short for Long)
depending on Window size used to create them,
Qtr, Half, Whole, Fixed; and how Reversal is measured.
(RMI can be a useful substitute here.)

7) If unsure how to get T or F (1 or 0) Indicators;
Hint I mostly use "Relational" category for these.

8) The Compound Rules can be made more complex
(like checking for 1 of 2 different Bias Indicators, using OR.)

This is just the basic Floorplan, but the design
can be customize to suit you Indicator preferences.

==========

Marecl, I hope that helps.
I've developed this TS strategy over many, many weeks,
of hard work, and am slightly hesitant to post it.

BUT in the spirit of information sharing and synergy
there you go ... gratis.

Marcel, por for vour,

can you give me a brief summary
on how you've been building and testing
0-lag indicators. Is TDNN the primary way
to verify 0-lag?

BTW How's trading going for you?
I've got "writer's block" on getting started, here.
No TS seems "good enough" so far.

stay curious

later

James

Heisenberg, Filters and Lag

Date :8/1/2005 9:52:54 AM Poster : Mark Simpson

So far we now know how to use neural nets successfully and we have a plan to
design a model. We have the exits figured, but we still need a 3 bar lag
at most or 0 bar lag ideally, indicator for entry to make a system that we would trade.
(We consider 4 bar lag entry and 0 bar at exit, a marginal profit case, so 3-0 is what we're aiming for, 0-0 is ideal, and you could argue is something you approach not
reach).

The question becomes, how do we achieve this, and to do that, the first stage is to
truely understand lag. Once we understand lag, we can figure out how to identify
zero lag indicators.

So, what is an regular indicator?

Most of the time, an indicator is really just a filter. E.G. SMA, RSI.
You feed data into a filter, and filtered data comes out of a filter. The filter
normally has some effect, i.e. it smoothes the data/removes noise, or
has some other predetermined effect so essentially its function(inputs)=output
where inputs is the input data plus lags of the inputs, and output is the filtered output.

For instance a Simple Moving Average (SMA) of close and of say 5 periods is:

(close + Lag(Close,1) + Lag(Close,2) + Lag(Close,3) + Lag(Close,4)) / 5

On a side note here, you can immediately see the similiarity to a TDNN mentioned
earlier. I.E. You could build a TDNN neural network to imitate practically any filter/indicator out there, afterall a TDNN is just the same, the only difference is it learns
the function instead of being given a mathematical expression for the function.
I leave this as an exercise to simulate say something like RSI with a TDNN.
When you create a TDNN to implement a function, you can also think of it as just
an indicator builder, i.e. you have the ability to create any indicator automatically and
the neural net constructs the best one for the job.

Filters are used regularly in electronics (long ago in analog, and commonly in digital these days), and what we're really doing here with our indicators in NST is
digital signal processing (DSP). I.E. We're using mathematical techniques
to implement our filters instead of analog techniques (electronic capacitors/resistors/inductors etc.)

If you consider price to be: signal+noise
Then filter(signal+noise)=signal

Now, when we start thinking of indicators as really filters, a few things start falling into
place.

First of all, we can use most DSP techniques in our models. We can also
use analog techniques but convert them to digital. This opens up a new realm
of indicators that we either don't see often, or aren't currently used at all in technical analysis. The issues in DSP are very similar to trading. Often they want to remove
noise, often reduce lag (or adjusting for phase), deal with quantization noise
(in our case quantization noise is 1 bar at any timeframe). Other areas that use
DSP heavily are astro physics and computer vision amongst many disciplines, and
many techniques can be borrowed from these areas.

Secondly, it's lag. Filters used for smoothing generally exhibit lag. It's a fact of
life and stems from the Heisenberg Uncertainty Principle (HUP) (all you Star Trek
fans, forget about transporters for a moment :-)). HUP can be applied to many
areas of physics, but how it applies to us is as follows.

The HUP states that you can't achieve both accuracy in the frequency and time
at the same time. One is the traded off against the other.

In terms of trading, frequency is the signal we're trying to get to without the noise, e.g.
the output of an SMA is the signal. Time is the location of the feature within time,
i.e. lag. 0 lag means we have accuracy in time, but then we don't have a signal (accuracy in frequency). 4 bars lag on an RSI means we have inaccuracy in Time
(we have lag), and are accurate in frequency (the RSI output).

You can have either/or frequency/time, but not both, and you can different levels or
trade offs inbetween.

An exercise to look at lag is to take the ZSineWave from earlier and feed it into an SMA.
Try:

1. Adjusting the frequency of the sine wave. You'll see the sine wave become attenuated at certain frequencies. Any pattern?

2. Looking at the lag. How much lag does the SMA add? How much phase is that
equivalent to?

3. Do other indicators have the same lag. What's the minimum lag you can get?

So essentially we have a fixed physical limit, and a big problem. We must get rid of
noise and get to the signal with zero lag. We need zero lag, because we need to model
the most recent bar on the chart. We already know that most indicators produce a minimum of 4 bars lag, and that won't do.

We know from earlier that with a cause and effect model, that we're modelling the effect
when we model price, so we're already late to the party. We don't want to be additionally late due to our indicators, so we need to approach zero lag.

I regard the HUP as a brick wall. Many people drive along a road and stop at the brick
wall. The brick wall is fixed and can't be moved. The majority of people look at the brick
wall, analyze it's mortar, try pushing on it, try figuring out techniques to dissolve the
brick wall. A JCB could knock down the brick wall, but we don't have a JCB
in this analogy :-). The reality is it's a brick wall and the brick wall is fixed, and a physical limitation. (and I've spent many hours trying to get through that brick wall
too)

So, now I've thoroughly depressed you, don't give up Technical Analysis yet.

The point is, forget about trying to push through the brick wall....

How about just going around it?

There are 4 classes/techniques I'm aware off (there maybe more, others who
know them, please contribute) that you can use to go around the wall. Some are relatively easy to use, some are more complex.

1. Deal with HUP.
If we need accuracy in the time domain, then we have to forego a signal and
acquire one via another means. I.E. Look for our answer by analyzing with
inaccuracy in the frequency domain and accuracy in time domain, or
some level inbetween. Wavelets for instance allow you that trade off. This approach
is commonly called Multi-Resolution analysis and tends to be complex.
It's an area my research is currently targetted in, but is something that I keep
close to me.

2. Probability.
James did a good job of introducing this topic. Essentially probability is
the likelyhood of something happening. The strongest use of probaility
based indicators tends to be using a contrarian view point. This is because
contrarian is zero lag. I.E. You take the opposite position while price is
going in a certain direction. The stronger the likelyhood, the
the more sure you can be of the result, but the less signals you get. You'll never be
100% accurate (and I don't believe any technique ever could be), but having 80%
confidence can be very good, and it allows you to tune your system to provide the
best.

3. Data Relationship
Some stocks can lead others, i.e. one stock moves, another might move a few
days later. Changes in the price of oil could have a knock on effect on retail.
Correlation between certain stocks could be high (correlation pairs), such that
when stocks become uncorrelated you can be reasonably sure
they will return to correlation and you can trade that move. These are
all "relationship" types, i.e. series1 leads series2. Because you know the
relationship between the 2 series, then you can predict series2 from series 1 and
you've removed lag. It can be tough to find these relationships and the obvious
ones are often traded away, but if you dig deep enough you can find them.

4. Model Cause
Forget trying to model the cause (price) and model the effect (the dynamics
of all traders working in different timeframes). Fundamentals also slot in this
category. (however bear in mind the data for these can be late). Again, it's
another area that can be frought with difficulty because of the amount of analysis
involved.

Out of 1,2,3,4: 1&4 are the hardest to achieve. and 2 is easier than 3, so unless you
have an indepth view of the market that makes 3 easier, it's quite often easiest to begin with the probability class type trades.

Mark Simpson
Bowfort Technologies Inc.

Re: Heisenberg, Filters and Lag

Date :8/1/2005 6:29:38 PM Poster : James Siebert

Mark

Thanks for the great summary of the system plan
the group has been working on.
It's given me a chance to catch up.

I particularly like the "Brick Wall" analogy for HUP,
and the "go around it" solution. (teleporting?)

Wavelets seem to be a good compromise
between the Freq & Time dimensions.
(the math is perplexing though)

here's the link that 1st helped me understand Wavelets:

http://users.rowan.edu/~polikar/WAVELETS/WTtutorial.html

I like your decomposition of SMA into
a trainable TDNN. Wow! great insight.
I'll have to explore this.

A few days ago I applied TDNN you described to
to Ehler's "0-Lag Smoothed Momentum" using the Q's
and got the best gain on the QQQQ I've ever seen:
(89% annual gain)

SimpsonLag_EhlersMomentumSMAqZ 010_A QQQQ TS2 89.cht

(File not included, because of DLLs)

as I read it, Ehler's Algorithm is:

EhlersMomentumSMAQtr:

VariableMomentum(VariableSMA(Close,QtrCycle),QtrCycle)

[MESA Book pg 50-51]

Thanks for the concept of TDNN,
I was not thinking in these terms before.

Mark you described a possible solution as:

> 3. Data Relationship
> Some stocks can lead others, i.e. one stock moves, another might move a few
> days later. Changes in the price of oil could have a knock on effect on retail.
> Correlation between certain stocks could be high (correlation pairs), such that
> when stocks become uncorrelated you can be reasonably sure
> they will return to correlation and you can trade that move. These are
> all "relationship" types, i.e. series1 leads series2. Because you know the
> relationship between the 2 series, then you can predict series2 from series 1 and
> you've removed lag. It can be tough to find these relationships and the obvious
> ones are often traded away, but if you dig deep enough you can find them.

Here's a xls I put together a few months ago
which illustrates such a Leading Correlation

Euro_Yen_Dollar_LinXY.zip

Euro had a very strong leading
relation on the Dollar R^2 = 0.824
(SEE: 4th Chart down)

NOTE: this correlation was for 100 days in 1999

Used Pearson XY Correlation
to determine if a move in the Euro
resulted in a equivelent move in the Dollar.

The predictive strength of the Euro delta (X axis)
in fore-shadowing the opposite Dollar delta (Y axis)
as indicated
by the tightly grouped scatter points
around the diagonal Correlation Trend Line. (neg Slope)

The more widely dispersed the x-y points (Euro:Yen)
the less predictive influence a move in x
will have over a move y.

(Corelations > 0.7 indicate strong Probabilities
with 90% confidence levels or better)

ANOTHER possible Zero Lag Indicator may be "Cluster Analysis"
(the Charts at the bottom of Xls show such Clusters)

About 6 months I spent several weeks exploring this.

The math was messy, but the results were very good.
And the Clusters could be optimized as well,
(after a lot of perspiration setting up ranges).

"Cluster Analysis" is a well established Data Mining Technique.

Figuring out how to apply principles to
Time Series Market data was a trick, however.

The basic Idea is, that Events in an X-Y Scatter Chart
tend to group together into "similar Population" subsets,
(aka Clusters.)

Such Clusters tend to share similar properties. (ie. same signal)

If you've ever seen the Star Chart

that classifies Stars into Giant, Dwarfs, Normal, etc.
based on Luminosity vs Temperature,
then you've seen "Cluster Analysis" at work.
(SEE Link: for Hertzsprung-Russell diagram)

http://www.clustan.com/clustering_v_decision_trees.html
(Site has a good description of "Cluster Analysis")

The idea is to isolate the ranges of the properties
which identify "similar Events" (or types of Stars)

I found that by normalizing X Data Series
and Y Data Series, using Z-Scores (of course)

then by using simple Circles, centered at (+-1SD),(+-1SD)
I would have a mechanism for
measuring "similar Price Events" (x-y Events)

(and a way to take advantage of any Leading Correlations,
Like Increase in Euro ==> Decrease in Dollar)

By counting Events which "hit" within the Circle
and optimizing what the Circle radius should be (in units of SD),
using NS traning.

Then Tradable Triggers and identifiable signals,
can be built into a concise system of rules.

NOTE: I was able to simulate the Cluster Boundary
using Pythagorus Distance formula, centered at (+-1SD),(+-1SD)

Given any Event x and y how far is (x,y) from center C?
Is that distance less than the Circle Radius
(at Cluster1 (+1SD,+1SD))?

if so, then tally another Cluster1 Event
and so on. this can Result in early identification
of trend changes, counter-trend strength etc.

later

James

Re: Heisenberg, Filters and Lag

Date :8/7/2005 1:18:35 PM Poster : Mark Simpson

On 8/1/2005 6:29:38 PM James Siebert wrote:

>Wavelets seem to be a good compromise
>between the Freq & Time dimensions.
>(the math is perplexing though)
It does tend to be ugly. One of the main issues with wavelets is what you
pick as the mother wavelet. However the mother wavelet still starts/ends at
0 which means that you get End Point Distortion and HUP is the limit. The
EPD essentially varies according to the scale of the wavelet.

Also, because it's analyzed in terms of a mother wavelet, then the result
is in terms of a mother wavelet which can be difficult to use.

>Here's a xls I put together a few months ago
>which illustrates such a Leading Correlation
>Euro had a very strong leading

You're a wiz with excel, and the analysis is sound. Try it out in NST,
you'll find NN's do quite well with leading correlation type models. If you don't
want to use clustering, there's a clustering add-on that will likely do the trick too.
Nice work.

Mark Simpson
Bowfort Technologies Inc.

Re: Heisenberg, Filters and Lag

Date :8/8/2005 1:49:56 AM Poster : James Siebert

Mark

Thanks again for looking at the correlation xls
and taking time to comment.

Yes, you might say, that I "excel" with Excel.
(chuckle, sorry)

Indeed I find Excel to be a very powerful tool for
brainstorming, prototyping, and visualizing concepts.
There are times I wish NST was more like Excel,
but I imagine there are many very good reasons why it isn't.

A WYSIWYG chart-like view of before/after NN
Solution Landscapes would be VERY cool, in NST,
but that's probably expecting too much, given the limits of 3-D Graphics.
However, being able to "post back" optimized parameters calcs,
as new Indicator SubCharts, right from the Results Tab,
is probably very do-able. (this is a task, that I always want, but rarely do)

I frequently build my ideas in Excel first,
to see if the idea has any merit, and what the formula should be,
and then rebuild the calcs in NS to validate the theory.

Re: correlation analysis xls.

I was very amazed when I saw
the Euro was negatively correlated the Dollar,
to such a significant degree;
It was predictive even 3 days in advance
(see the Charts down and to the right, and
check Chart Titles, for Days Lead.)

I did at the time, try to do something with this in NS,
but jumped straight to TS (skipping NN)
and was primarily focused on
using X:Y Correlation Rsq Scores (>= 0.7)
as a triggering threshold for Trade Entries.

Now I think I might of been off track with this approach.
I couldn't get consistent results, at the time,
with just the Correl Peaks above a certain threshold.
(frequently the Rsq drops below 0.7 on a day to day basis,
(not sure why?)
and by itself Rsq tells you nothing about
the direction or timeliness of the move.)

I should look at this some more,
especially since I learned that intermarket Correlations
can be a source "untapped" Zero-Lag trading systems. :)

Thanks for the tip about Cluster Analysis Add-on;
I will need to find out more this tool, as well.

James S.
=======

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Mark Simpson
Bowfort Technologies Inc.

Re: Heisenberg, Filters and Lag

Date :8/7/2005 6:52:10 PM Poster : Marcel

Mark et al,

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For anyone who stands in front of the wall wondering what to do next, I can only advise to experiment as much as possible – reading or listening to others won't probably provide the necessary confidence that you learned your lesson. For me, I've taken simplified time series like the modulated sine curves and I've started to test one indicator after another, until I learned that there is no conventional way one can gain high probability about future price direction (buy/sell signal) without introducing this killing lag of 3-4 days. If you don't believe in it yet, take all your unsatisfactory models and lead the inputs by 1 or 2 days – you will be surprised!

Despite my own HUP lesson, I still questione myself: What do the hundreds of people out there that claim to be successful with NN really do? Next to all those that give up before ever having had one single working model, I assume that the majority of them are sitting there by the brick wall, some of them fighting hard to get through. And yet some of them claim to be successful... Are their models only lucky shots? Or did they find a hole in the wall? If I read the "interviews with Real Traders" on the NeuroShell.com site, I can hardly believe they have all gone around the wall...

What's your opinion on this?

Now a few replies to the original article:

> An exercise to look at lag is to take the ZSineWave from earlier and feed it into
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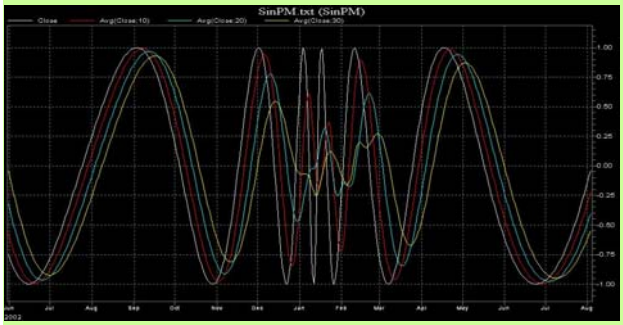
The above can be partially demonstrated by using one of the charts I posted here in a previous article (http://www.ward.net/cgi-bin/Forum/Forum_Article.asp?a=2591). By adding a 10, 20 and 30 days SMA to the phase (or frequency) modulated sine wave, we get the following picture:



Two considerations become evident:
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higher frequency >> smaller SMA amplitude
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What is less evident but trained eyes will have observed, is that at high frequency the SMAs behave strangely, introducing something that looks like resonance frequencies (see yellow line at the center of the picture). It seems as if there are different phenomenons going on when the averaged period of the SMA is greater than the sine wave frequency.

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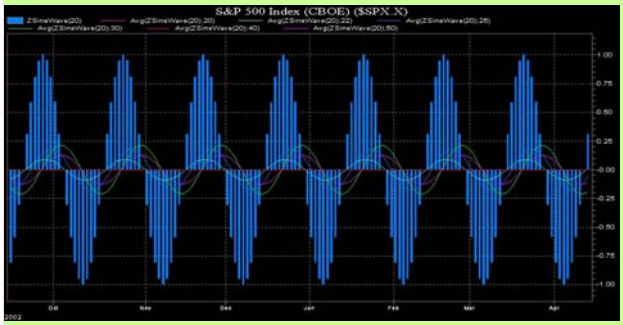

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(You will think now: "If only stock prices charts would look like sine waves...")

Well, let's look at the lag then. Plot SMAs of 4, 6, 8, 10 etc. and you will see that the lag is roughly 0.5 * averaged period of the SMA. The more the averaged period gets closer to the sine wave period, the more their amplitude tends to zero – when greater, they resurge from zero with an inverted shape.

So, sorry to disappoint, but the SMA(22) above is nothing else than an inverted sine wave – unfortunately lagged by 11 bars, therefore useless for our objective of predicting!

How much phase does lag equate to for a SMA? If base period = 20 and lag = 2, Phase is 360°2/20 = 36 degrees = Pi/5 radians. It follows (lc = lag coefficient):
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I hope the above helps to move a step forward.
Best Regards,
Marcel

Re: Heisenberg, Filters and Lag

Date :8/8/2005 5:15:36 AM Poster : Mark Simpson

>On 8/7/2005 6:52:10 PM Marcel wrote:
>Mark et al,

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>(buy/sell signal) without introducing this killing lag of 3-4 days. If you don't
>believe in it yet, take all your unsatisfactory models and lead the inputs by
>1 or 2 days – you will be surprised!
You're wize in your approach and I can see now that you've truely got it (and pretty

fast too).

It took me about 1 month to formulate the concepts in my head and probably around a year to be comfortable with it and identify solutions (the 4 methods I discussed in previous emails). There was a lot of double questioning of myself going on in that time. Essentially it's a completely new way of thinking about things, and gives you the ability to look at any model and say, "Yes this could work", or "No this definately does not work". Then you can just concentrate on building the things that do work.

>Despite my own HUP lesson, I still questions myself: What do the hundreds >of people out there that claim to be successful with NN really do? Next to >all those that give up before ever having had one single working model, I >assume that the majority of them are sitting there by the brick wall, some >of them fighting hard to get through. And yet some of them claim to be >successful... Are their models only lucky shots? Or did they find a hole >in the wall? If I read the "Interviews with Real Traders" on the NeuroShell.com >site, I can hardly believe they have all gone around the wall...

I think you'll find that many of the "Real Traders" on Neuroshell.com have actually gone around the wall, judging by limited information you can glean from their vague (of course they wish to protect their Intellectual Property) descriptions of their system. Sometimes people accidentally find their way around the wall without realizing the wall is there, but they've been testing some methods/ideas extensively and noticed one of them works, and stick with it and develop it. These tend to be probability based, or based on some data series leading another. Statisticians/Mathematicians who put their skills to trading also tend to start off with probability based methods because of their familiarity with it and the methods, so are generally successful earlier on.

The other point is all these indicators don't seem to be much use, can be very useful if you feed a truely leading data series to them.

The other thing that goes on is curve fitting. Some people convince themselves that a conventional approach works by misusing the tools they have.

For instance (and we'll demonstrate this later in the curve fitting section), you can take any indicator (lets say an RSI for example), and genetically optimize to fit say 4 or 5 trades, and it will work very well. Now if you take say 10 indicators and put them into the model, you can now build a model validated on say 100 trades, and get good results with optimization. However it either works for a little while then stops working and they have to re-optimize, or it never works in real time.

Essentially you can piecewise linear fit a curve, and that process people sometime hit upon, but often don't understand why. That is one technique to make a conventional model work. Personally I have it on my "risky" list, purely because it's more difficult to produce on going results than with other techniques for getting around HUP. We'll go into that more on the section about curve fitting.

So overall, it's not all bad news. Most people are stuck at the brick wall, and we have to do a little more leg work to get around it. The people at the brick wall often think we're crazy, because the brick wall is what most people do, and masses must always be right.

However ironically, we need to model the masses and to do this we need to be aware of what they're doing to get ahead (leading) of the masses.

Also, NST is an extremely powerful toolkit. Used in the correct way, these tools are dynamite. In my opinion it's the best toolkit out there. Practically any indicator you need has already been coded (even new ones in TASC), and you have serious neural networks and genetic optimization. However, like any extensive toolkit, you have to be careful that you stick your head up above it all and have a look around. The point being that it is way too easy to sit on the ground amongst your array of tools, trying to figure if this new tool you're learning is the single answer to the issue. You couldn't build a chair with just a hammer, and also if you need a clamp to hold the chair whilst building, only one clamp out of the 40 you have may work for the task in hand.

I'll reply to the rest when Ward have attached the images (probably Monday).

Mark Simpson
Bowfort Technologies Inc.

Re: Heisenberg, Filters and Lag

Date :8/8/2005 9:27:26 AM Poster : chris wong

i got over the brick wall marcel as soon as i realized the brick wall was only in my head. i used to think i had to find the keys to some magic kingdom where i'd discover the holy grail. then i came to understand that you have to see the glass as half full, not half empty. you have many somewhat good systems around you, stochastics, crossovers, simple neural nets, ideas on this forum, etc. together they are more than a full glass. the concept of diversified portfolios has been around for decades, why not diversify systems by finding ways to make them work together or confirm one another, as well as apply them to a diversity of stocks? giving credit where it is due, i got this idea from the ai college, but i don't think mr. ward invented the concept, because it is also old. read example 6 to get going on the concept, but i found things don't need to be nearly as complex as example 6. once you realize there is no brick wall you realize making good systems is not rocket science - e pluribus unum.

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I hope the above helps to move a step forward.
Best Regards,
Marcel

Re: Heisenberg, Filters and Lag

Date :8/9/2005 5:38:33 AM Poster : Marcel

Chris,

You are addressing an essential psychological aspect, the half full / half empty glass. Setting realistic expectations, managing drawbacks or cut losses are some of the fundamentals all of us have to deal with – while building our models, testing them and finally when they are implemented. I see the "holy grail" to be a nice dream at the very beginning, quickly moving into background when frustration and deception inevitably arises. Despite being replaced by other targets like technical challenges, personal education or researcher instincts, I believe it has to remain there as a nice dream, giving us direction and underlying motivation.

I also think there is not one single "brick wall", all of us have our own one(s). Through discussion we can find similarities, and together we can quicker find ways how to circumvent or overcome them. In these past threads we have been discussing the HUP (Heisenberg Uncertainty Principle) "brick wall", which is a very important eyes opener. I have a number of models implemented on the basis of example 6 which I trade, but for reasons stated previously I don't consider them to be behind this "brick wall". I encourage you to go through all the articles posted here in the past 6 weeks, and if you think we are missing out something, please enlighten us.

Thanks, Marcel

> On 8/8/2005 9:27:26 AM chris wong wrote:
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Heisenberg, Filters and Lag: Lag Exercises

Date :8/1/2005 10:31:24 AM Poster : Mark Simpson

Here's a few exercises that help figure out if an indicator is zero lag or lagging.

1. Z-Score. James has already mentioned that Z-Score is zero lag. But
if it has a Simple Moving Average in it's calculation, and a Simple Moving
Average has lag, then why is Z-Score zero lag?

2. Is RSI lagging or zero-lag and why?

3. If you were to sell short on RSI>80 would that be zero-lag?

4. Are bollinger bands zero lag?

5. If we smoothed a Z-Score, would that be zero lag?

6. If oil lead retail, and we did a RSI of oil and looked for extreme values of RSI
would that be zero lag?

7. If we have an indicator Lag(SMA(Close,5),3) is that zero-lag?

8. If we created a crossover indicator,
Crossover (price, Lag(SMA(Close,5),3)) would that be zero-lag?

9. If we were to train a neural net to learn RSI, would that neural net be zero-lag?

10. If we had an indicator which provided the probability of price being a peak
or valley, and a peak was Lag(Close,1)>Lag(Close,2) AND Close
And here's some tougher ones:

a) If we did an Fast Fourier Transform of price, would we have zero-lag?

b) Under what circumstances would a crossover be zero lag?

c) When can a zero-lag indicator be considered leading?

d) What technique do you use to make a lagging indicator zero-lagged?

e) How many neurons in your average ant (you've actually read this far? :-))

Mark Simpson
Bowfort Technologies Inc.

Re: Heisenberg, Filters and Lag: Lag Exercises

Date :8/1/2005 8:56:57 PM Poster : Steve Eberbach

I have succesfully used Z-score when using GRNNs which demand better normalizing.
I convert most everything to Z-scores.

What is quite interesting is to use "future" Z-scores (as a target), whereby the daily fluctuation is zero lag, by virtue of using "today-unsmoothed" compared in relation to a future range defined by the standard deviation of future movement over an interval.. So the smoothed part is only a normalization, not entirely based on daily fluctuation. This is a useful target, I have found. Partly zero lag, partly leading. An excercise to bend your brain: Is a Z-score comparing 5-day smoothed close with future 5-day standard deviation of open, high, low, close from 5 day future smoothed mean zero lag? Negative lag?

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Re: Heisenberg, Filters and Lag: Lag Exercises

Date :8/1/2005 11:36:27 PM Poster : James Siebert

Here goes nothing, my educated guesses:

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Average has lag, then why is Z-Score zero lag?

Z-Score rates the likeliness of an Event
(how unusual is it).
Z-Score do not tell you where tomorrow's price is headed,
like a SMA(5) would for 5 days ago.

Flip a coin 5 times in row, with all Heads,
Z-Score(30) would be somewhere around 3 or more,
but the next flip could easily be heads again,
however probabilities says that the "mean will return"
should lead you to bet on Tails.

2. Is RSI lagging or zero-lag and why?

Lagging, RSI calculation keeps averaging
and carrying forward yesterdays values,
then adding todays value to the mix.

The indicator has a "memory" of the past
and today's up or down move, attempts to
adjust that memory in today's direction,
if only slightly.

3. If you were to sell short on RSI>80 would that be zero-lag?

I would guess Yes, since RSI "can't stay oversold forever"
in other words it's likely to correct
and revert to the mean (50) soon.
(caveat, break out trends, can postpone the correction)

4. Are bollinger bands zero lag?

I think Yes, since they are rely on Standard Deviation
and the "probability" of Prices returning
from the outer Bands back to the Center Channel (0 SD),
is very good.

5. If we smoothed a Z-Score, would that be zero lag?

No, averaging the Z-Score, would cause the smoothed line
to follow the Z-Score direction but only "after the fact"
ie lagged.

6. If oil lead retail, and we did a RSI of oil and looked for extreme values of RSI
would that be zero lag?

maybe, if we are assuming the RSI correction from extremes
would also occur in Retail RSI, shortly afterwards.

Would be better to you use Pearson X-Y Correlation
between Oil and Retail, and determine which indicators
are related. Maybe RSI is NOT the determining factor (X)
preceding the Retail indicator (Y),
but maybe it's the Oil Momentum Indicator
that leads Retail instead

7. If we have an indicator Lag(SMA(Close,5),3) is that zero-lag?

NO, 5+3 days of Lag = 8 days of Lag.

Without the trick of 90 degree Phase-shift (QtrCycle Lag)
Usually Lag + Lag cannot not be converted to Lead.

Qtr trick is due to the Identity of Sines and Cosines

y(t) = A Cos(wt + Theta) = A Sin(wt + Theta + (PI/2))

Where Theta is Phase Angle change
and (PI/2) is the QtrCycle Phase shift (90 degrees)
and wt is the angular frequency (rate of the cycle change)

8. If we created a crossover indicator,
Crossover (price, Lag(SMA(Close,5),3)) would that be zero-lag?

Possibly Yes, depending on how it is used.
Once a price crosses a Average line,
it tends to stay there for a while,
until the cycle progresses or
the trend corrects.

I use
CrossOver(Price, SMA(Price)) as a "Long entry bias"
CrossBelow(Price, SMA(Price)) as a "Short entry bias"
in conjuction with my MarketMode Indicator (for Trend)

If "Trend_Mode" goes to True,
I look at the "SMA Bias" to determine if
Entry should be either Long or Short.

"A Price above Average tends to stay above Average"
and v.v.

9. If we were to train a neural net to learn RSI, would that neural net be zero-lag?

Don't know, maybe 0-Lag?
It could be that the Net
learned to anticipate the "Return to Mean" behaviour,
as it approximated/learned the "profitable" solution spaces.

10. If we had an indicator which provided the probability of price being a peak
or valley, and a peak was Lag(Close,1)>Lag(Close,2) AND Close

This indicator would have 1-day lag, since the middle value
out of the 3, is the one being estimated, as the peak.

And here's some tougher ones:

a) If we did an Fast Fourier Transform of price, would we have zero-lag?

No, we'd have the Frequency Compenents in the data,
how often it repeats, but not when it will.
(units of cycles, not days)

b) Under what circumstances would a crossover be zero lag?

when it's used as contrarian bet,
as when the crossover of an extreme threshold
indcates a likely return to the mean.

c) When can a zero-lag indicator be considered leading?

when it's in Cycle_Mode and a Phase-shift is applied
to project future Cycle stages into "leading info" now (see answer 7)

d) What technique do you use to make a lagging indicator zero-lagged?

1) pass it thru a Z-Score.

2) pass it thru Bollinger Band calcs.

3) find a Leading Correlated Indicator in another market
which precedes the lagging indicator of interest.

4) Analyze it with wavelets,
for both "some" Time and "some" Frequency data simulataneously.
Wavelet minimize the HUP tradeoff
between the Timeliness and the Accuracy of Signal data.

5) Find ways to minimize or reduce the Noise like (H+L+O+C)/4
or maximize the Signal (like Momentum)

6) decompose the Lagging Indicator into component parts,
add those to a Neural Net, so the context of the Lags can be "learned"
and bought forward into the present.

7) 90 degree Phase-shift (Quarter Cycle shift)
if market is in Cycle Mode

likely more ??

e) How many neurons in your average ant (you've actually read this far? :-))

100 per ant x 100,000 per colony x goal-seeking behavoir patterns
= very intelligent action, for a dumb insect. ;)

Re: Heisenberg, Filters and Lag: Lag Exercises

Date :8/5/2005 8:08:25 PM Poster : Mark Simpson

>Here goes nothing, my educated guesses:
>1. Z-Score. James has already mentioned that Z-Score is zero lag.
> But if it has a Simple Moving Average in it's calculation, and a Simple
> Moving Average has lag, then why is Z-Score zero lag?

>Z-Score rates the likeliness of an Event (how unusual is it).
>Z-Score do not tell you where tomorrow's price is headed,
>like a SMA(5) would for 5 days ago.

>Flip a coin 5 times in row, with all Heads,
>Z-Score(30) would be somewhere around 3 or more,
>but the next flip could easily be heads again,
>however probabilities says that the "mean will return"
>should lead you to bet on Tails.
Correct. The way I see it is a little different.
ZScore = (X - SMA(X,N)) / Standard Deviation(X,N)

Where X is price and N is the number of periods. Essentially (because N is
large and not 1), is:

ZScore = (X - Smoothed) / Smoothed
I.E. SMA and Standard Deviation are both indicators which are a calculation on
many seperate values, i.e. lag is introduced.

However X is zero lag (assuming you're using price).

So we really have:

ZScore = (0 Lag - P lag) / P Lag
Where P is some amount of lag between say 0.5N and 0.25N (from earlier post).

Now from a maths point of view (and James being a statistician can likely put it
together more formally than I can), the 0 lag component is the
major component that effects the series, because P Lag changes slowly throughout time.

Therefore because it's the major component it effects the result more, therefore ZScore
itself is zero lag.

>2. Is RSI lagging or zero-lag and why?

>Lagging, RSI calculation keeps averaging
>and carrying forward yesterdays values,
>then adding todays value to the mix.

>The indicator has a "memory" of the past
>and today's up or down move, attempts to
>adjust that memory in today's direction,
>if only slightly.
Correct.

>3. If you were to sell short on RSI>80 would that be zero-lag?

>I would guess Yes, since RSI "can't stay oversold forever"
>in other words it's likely to correct
>and revert to the mean (50) soon.
>(caveat, break out trends, can postpone the correction)
That's an interesting way of thinking about it, i.e. using a lagging indicator in a contrarian
use to make it leading.

What I've found personally is that using something like Z-Score and then using contrarian is better because you have a zero lag (arguably leading) followed by zero-lag
contrarian, rather than (with RSI) lag, plus then a zero-lag technique. I.E. RSI
even when used in a leading sense, still contains a chunk of lag in it.

>4. Are bollinger bands zero lag?

>I think Yes, since they are rely on Standard Deviation
>and the "probability" of Prices returning
>from the outer Bands back to the Center Channel (0 SD),
>is very good.
I'd say yes and no. Because BBands are:

SMA(X,N) +- (mult * StandardDeviation(X,N))

Mult is a constant. And SMA/StandardDeviation are not zero lag. That's the No.

The yes would be due to the same reasons as the last question. I.E. Contrarian use at
a certain level, i.e. a BBand breakout, but again it would have the same issue with lag.

>5. If we smoothed a Z-Score, would that be zero lag?

>No, averaging the Z-Score, would cause the smoothed line
>to follow the Z-Score direction but only "after the fact"
>ie lagged.
Correct.

>6. If oil lead retail, and we did a RSI of oil and looked for extreme values of RSI
>would that be zero lag?

>maybe, if we are assuming the RSI correction from extremes
>would also occur in Retail RSI, shortly afterwards.
Correct. I.E. The RSI of oil, (which has an amount of lag, lets say for this example 4
bars), precedes the move in Retail by at least 4 bars to be zero lag.

>Would be better to you use Pearson X:Y Correlation
>between Oil and Retail, and determine which indicators
>are related. Maybe RSI is NOT the determining factor (X)
>preceding the Retail indicator (Y).
>but maybe it's the Oil Momentum Indicator
>that leads Retail instead
Correct. Incidently another thing that is worthy looking at is serial correlation within
a stock itself.

>7. If we have an indicator Lag(SMA(Close,5),3) is that zero-lag?

>NO, 5+3 days of Lag = 8 days of Lag.
Yes and no. If you take the indicator itself, the answer is a plain no.
However it can be used as an effective trend exit signal. It's commonly called
DMA (Displaced Moving Average) and seems a weird concept at first.
Essentially you're displacing a 5 day moving average, and by doing that it
gets you the responsiveness of a 5 day moving average, but can be used as a trend

termination (or entry) signal because it's been displaced enough in time
to move it out of the way of being whipsawed. Plot it on a chart and you see it can
work for when price>DMA (or conversely).

>Without the trick of 90 degree Phase-shift (QtrCycle Lag)
>Usually Lag + Lag cannot not be converted to Lead.

>Qtr trick is due to the Identity of Sines and Cosines

>y(t) = A Cos(wt + Theta) = A Sin(wt + Theta + (PI/2))

>Where Theta is Phase Angle change
>and (PI/2) is the QtrCycle Phase shift (90 degrees)
>and wt is the angular frequency (rate of the cycle change)
Advancing phase will work, however you have to be careful to make sure that you
have a good analysis of phase/frequency in the first place.

>8. If we created a crossover indicator,
>Crossover (price, Lag(SMA(Close,5),3)) would that be zero-lag?

>Possibly Yes, depending on how it is used.
>Once a price crosses a Average line,
>it tends to stay there for a while,
>until the cycle progresses or
>the trend corrects.

>I use
>CrossOver(Price, SMA(Price)) as a "Long entry bias"
>CrossBelow(Price, SMA(Price)) as a "Short entry bias"
>in conjuction with my MarketMode Indicator (for Trend)

>If "Trend_Mode" goes to True,
>I look at the "SMA Bias" to determine if
>Entry should be either Long or Short.

>"A Price above Average tends to stay above Average"
>and v.v.
I accidentally answered that one in 7. (and your correct) :-)

>9. If we were to train a neural net to learn RSI, would that neural net be zero-lag?

>Don't know, maybe 0-Lag?
>It could be that the Net
>learned to anticipate the "Return to Mean" behaviour,
>as it approximated/learned the "profitable" solution spaces.
If you train a neural net to learn RSI, then it will have as much lag as RSI. However,
you could always try to teach it Lead(RSI,4), but you're going to come up against HUP
and the neural net will become very poor at predicting.

>10. If we had an indicator which provided the probability of price being a peak
>or valley, and a peak was Lag(Close,1)>Lag(Close,2) AND Close

>This indicator would have 1-day lag, since the middle value
>out of the 3, is the one being estimated, as the peak.
Correct.

>And here's some tougher ones:

>a) If we did an Fast Fourier Transform of price, would we have zero-lag?

>No, we'd have the Frequency Compenents in the data,
>how often it repeats, but not when it will.
>(units of cycles, not days)
Correct. Also (and this one is important if you're ever doing frequency analysis using FFT's for trading), an FFT has to start and end at zero, otherwise you get significant
noise throughout the spectrum. Because of this a hanning window (or other window)
that makes the data end (and start) at zero is commonly used. Unfortunately the
area you want to model is the end point, i.e. the most recent bar. So you've
just wiped out any possible chance of doing any reasonable analysis because you've
introduced significant End Point Distortion (EPD) from the FFT requirements themselves.

>b) Under what circumstances would a crossover be zero lag?

>when it's used as contrarian bet,
>as when the crossover of an extreme threshold
>indcates a likely return to the mean.
Plus, when you're crossing over a zero lag indicator.

>c) When can a zero-lag indicator be considered leading?

>when it's in Cycle_Mode and a Phase-shift is applied
>to project future Cycle stages into "leading info" now (see answer 7)
Good thinking and right, but HUP is the gotcha.

>d) What technique do you use to make a lagging indicator zero-lagged?

>1) pass it thru a Z-Score.
That would still be lagged.

>2) pass it thru Bollinger Band calcs.
Still Lagged

>3) find a Leading Correlated Indicator in another market
>which precedes the lagging indicator of interest.
Correct.

>4) Analyze it with wavelets,
>for both "some" Time and "some" Frequency data simulataneously.
>Wavelet minimize the HUP tradeoff
>between the Timeliness and the Accuracy of Signal data.
Minor lag, but you get some distortion that has to be handled from
the process itself.

>5) Find ways to minimize or reduce the Noise like (H+L+O+C)/4
>or maximize the Signal (like Momentum)
Momentum introduces lag however, as you normally need longer momentums
to produce a usable signal.

>6) decompose the Lagging Indicator into component parts,
>add those to a Neural Net, so the context of the Lags can be "learned"
>and bought forward into the present.
Good thinking.

>7) 90 degree Phase-shift (Quarter Cycle shift)
>if market is in Cycle Mode
A lot of the cycle mode/trending concept tends to come from the idea
that things are consistant. I believe the issue here is are understanding of time
(which I'll go into in later posts).

>likely more ??

>e) How many neurons in your average ant (you've actually read this far? :-))

>100 per ant x 100,000 per colony x goal-seeking behavoir patterns
>= very intelligent action, for a dumb insect. ;)
I checked this one out, just out of interest. A Cataglyphis ant has about 960,000 neurons which is pretty impressive, and I presume it varies a lot depending on the
ant in question.

Incidently in case you're wondering why we can't build an ant brain tomorrow. The
issue is processing time. Neurons in living matter are relatively slow, but can
all fire as a network as once, i.e. they all like individual basic processors that can
all fire in parallel. On a computer you have a serial computer processing a parallel
concept, so each neuron has to be processed in turn. Though a computer neuron is much faster than the biological one, the serial processing makes any
network of neurons of reasonable size a lot slower. And of course parallel
computing isn't really up to the task either at this stage. Maybe in the future...

Mark SImpson
Bowfort Technologies Inc.

Re: Heisenberg, Filters and Lag: Lag Exercises

Date :8/8/2005 3:15:35 PM Poster : James Siebert

>>Mark's Quiz Question 1

>>1. Z-Score. James has already mentioned that Z-Score is zero lag.
>> But if it has a Simple Moving Average in it's calculation, and a Simple
>> Moving Average has lag, then why is Z-Score zero lag?

>> James's answer for Question 1

>>Z-Score rates the likeliness of an Event (how unusual is it).
>>Z-Score do not tell you where tomorrow's price is headed,
>like a SMA(5) would for 5 days ago.

>>Flip a coin 5 times in row, with all Heads.
>>Z-Score(30) would be somewhere around 3 or more,
>>but the next flip could easily be heads again,
>>however probabilities says that the "mean will return"
>>should lead you to bet on Tails.

>Mark observations on Z-Score

> Correct. The way I see it is a little different.
> ZScore = (X - SMA(X,N)) / Standard Deviation(X,N)

> Where X is price and N is the number of periods.
> Essentially (because N is large and not 1), is:

> ZScore = (X - Smoothed) / Smoothed

> I.E. SMA and Standard Deviation are both indicators which
> are a calculation on many seperate values,
> i.e. lag is introduced.

> However X is zero lag (assuming you're using price).

> So we really have:

> ZScore = (0 Lag - P lag) / P Lag

> Where P is some amount of lag
> between say 0.5N and 0.25N
> (from earlier post).

> Now from a maths point of view
> (and James being a statistician can likely put it
> together more formally than I can),

> the 0 lag component is the
> major component that effects the series,
> because P Lag changes slowly throughout time.

> Therefore because it's the major component
> it effects the result more,
> therefore ZScore itself is zero lag.

So Why is Z-Score 0-lag?

If you use N = 30

(which I usually do with Z-Score
since most statisticians consider
30 the minimum Sample Size,
with a "good" degree of accuracy, around 90% Confidence)

and assume P lag is one half the N window:

P Lag = 0.5N = 0.5 * 30 = 15 days Lag

then

ZScore = (0 Lag - P lag) / P Lag

becomes

ZScore = (0 Days Lag - 15 Days lag) / 15 Days Lag

= -15 / 15

= -1

Not sure was this tells you?? (a measure of probablity?)

I always thought Z-Scores were 0-lag
since they were measuring/predicting
by using "probability",

and classic probability has "no memory" of the past
(non-conditional Probability, with replacement).

or in layman terms:
"each coin flip is independent of the last one"

A ZScore of +3 today, does not prevent me
from seeing a -3 Score tomorrow.

This type of move is not so easy in
a Lagging Indicator, like SMA:

There is a "certain interia" that must be reversed
within the SMA data series, for such a move.
One day's Value cannot "move the curve" so quickly.
There is a "degree of continuity" that must
be maintained in the Indicator from Day to Day.
(SMA is always "slow to react")

In the ZScore, each Daily Score is "discontinuous"
from the last one. Z-Scores can vary "all over the map",
although they usually don't.

What gives the ZScore its usefulness is its built-in "context".
A ZScore is a "measure of variability"
given the context of the last 30 Days. (or whatever N)

It's an "adaptive scale" where
the the ruler's always adjusting to the most recent data.
The variation it measures, tells you
"how unusually is today's Value relative to the recent median value"

This unusual-ness in measured in units of Standard Deviation (SD).
ZScores series tend to occur (distribute) as a classic "Bell Curve".

And a classic "Bell Curve" has:

68% of events happen between -1 SD and +1 SD
95% of events happen between -2 SD and +2 SD
99% of events happen between -3 SD and +3 SD
and very exceptional stuff is < -3 or > +3 (Thin-tails)

If "Hurst Distribution" applies, instead of a normal "Bell Curve"

then we would likely have Distribution probablities
something like this (just my guestimates):

60% of events happen between -1 SD and +1 SD
90% of events happen between -2 SD and +2 SD
95% of events happen between -3 SD and +3 SD (Fatter-tails)
99% of events happen between -4 SD and +4 SD (Fatter-tails)
and very exceptional stuff is < -4 or > +4 (Fatter-tails)

That's what I know about Z-Scores

I'm still trying to get a theoretical basis
for the Math behind 0-Lag and P-Lag,
which is new adventure for me.
(and part of my motivation for
taking part in the forum)

Mark thanks again
for the constructive comments on the Quiz

James Siebert

Re: Heisenberg, Filters and Lag: Lag Exercises

Date :8/9/2005 12:40:02 PM Poster : Mark Simpson

On 8/8/2005 3:15:35 PM James Siebert wrote:

>So Why is Z-Score 0-lag?

>If you use N = 30

>(which I usually do with Z-Score
>since most statisticians consider
>30 the minimum Sample Size,
>with a "good" degree of accuracy, around 90% Confidence)

To me, I'd be looking at N being 100-300. We're looking for the mean to be a "norm",
i.e. we don't want to get caught out in short trends etc. This flys in the
face of statistical practice of 30.

>and assume P lag is one half the N window:

>P Lag = 0.5N = 0.5 * 30 = 15 days Lag

>then

>ZScore = (0 Lag - P lag) / P Lag

>becomes

>ZScore = (0 Days Lag - 15 Days lag) / 15 Days Lag

>= -15 / 15

>= -1

>Not sure was this tells you?? (a measure of probablity?)
Sorry, I wasn't clear on this and I see the confusion. I should have said:

Z Score = Something with no lag minus something smoothed all
divided by something smoothed.
We know that something smoothed has lag, but we're looking at the global picture
of what Z Score is, i.e. which is the major component that effects the Z-Score value.

Because something smoothed by definition changes by small amounts from bar to bar,
e.g. an SMA changes by small amounts bar to bar, then from a "Bar to Bar" perspective, terms 2 and 3 (something smoothed) effect the bar to bar change of
ZScore by a small amount. The only thing that effects the bar to bar change by a large
amount is price itself (which is Zero Lag). So you can call it virtually "zero lag".

I know this sounds like a flimsy argument from the above and I'm sure there's a more
formal mathematical way of putting it, but as they say, the
"Proof is in the eating", so you only have to verify a ZScore against price to see that it
is indeed zero-lag (i.e. peaks and valleys exhibit no lag).

Essentially what I'm looking at in my thinking is the major components in the
indicator and how each contributes to lag, maybe we could come up with some kind of
mathematical set of operations, i.e.:

(and these are just quick guesses)
0 Lag - N Lag = 0 Lag
0 Lag + N Lag = 0 Lag
N Lag * N Lag = N Lag
N Lag (N Lag) = 2^N Lag
0 Lag * N Lag = N / 2 Lag

These set of operations would make it easier to formalize these definitions, by reducing
indicators into these components above so you could figure out an indicators

effect on lag.

If I'm still not being clear enough, let me know and I'll try to formalize the concept another way.

Mark Simpson
Bowfort Technologies Inc.

Normalizing time

Date :8/1/2005 10:41:48 AM Poster : Alan Rhodes

Attached is a data file of intraday data (15 minute QQQ) if anybody wants to experiment.

qqqq.csv

MARKET MODE and Decision Rules (correction)

Date :8/4/2005 1:15:15 AM Poster : James Siebert

James Siebert wrote:

[at the end of TS Stage 2 outline]

> LONG EXIT: (any 1 is True)

> TrendMode AND Bias_Long_SMA
> CycleMode AND Reversal_Long
> 1stTrend ==========> (1) ExitShort
> 1stCycle ==========> (1) ExitShort

This last Exit Block has significant TYPOS
and should actually read:

SHORT EXIT: (any 1 is True)

TrendMode AND Bias_Long_SMA =====> (1) ExitShort
CycleMode AND Reversal_Long =======> (1) ExitShort
1stTrend ==========> (1) ExitShort
1stCycle ==========> (1) ExitShort

Sorry for any confusion
this may have caused.

James S.

Re: MARKET MODE and Decision Rules (correction)

Date :8/4/2005 11:21:42 AM Poster : James Siebert

James previously wrote:

>TREND ENTRY/EXIT: (will combine with TrendMode)

>3) Bias_Long_SMA =
>Is Price less than the SMA of Price?
>(then likely to go up)

>4) Bias_Short_SMA =
>Is Price more than the SMA of Price?
>(then likely to go down)

==========

I believe these Trend_Bias Conditions (previously posted)
may be stated backwards as well. (sorry)

I looked at some of my previous TS,
and usually they GoLong
if Price MORE than the SMA of Price, (not LESS)
and v.v.

I tried to find the Ehler's reference for this,
but could not locate it.

The TS Floorplan I present will still work,
you just may need to try out different indicators
as your Bias and Reversal Indicators.

The Point is This:

If I tell you (or your Mode_Indicator tells you)

"The Market just went in Trend_Mode,
quick Enter a Trade",

What indicator would you use
to tell you if that Trade should Go Long or Go Short?

(without looking at the Chart)

What Yes/No indicator can you use TODAY,
that will tell you the likely
Direction of the Trend,
which is starting today? (There are several)

Whatever indicator you would use
THAT Indicator should become the basis your:

Bias_Long_MyIndicator
Bias_Short_MyIndicator

(3 and 4)

Similar reasoning applies to
to the Reversal Indicators, (used in Cycle_Mode)

If told "the Market just went into Cycle Mode",
what indicator would you use to
determine if the New Position should
be Long or Short? (besides looking at the chart)

This Floorplan should be customized to YOUR own preferences,
think of it as your house,
you need to be comfortable
in the living space.

The TS floorplan has worked for me,
it may work for you as well.

later

James

Re: MARKET MODE and Decision Rules (correction)

Date :8/8/2005 8:23:48 AM Poster : Marcel

James,

Thanks a lot for your detailed description on your "floorplan", really appreciate your candidness and generosity. As you can see in my previous post, I spent the past few days hitting my head against the "brick wall", just to make sure it hasn't become movable or breakable in the meantime... If I don't get other time constraints, I should be able to go through your "floorplan" step by step in the coming days, and I would be glad to revert to you with my findings.

In the meantime – thanks again.
Cheers, Marcel

What's HUP with the Weather?

Date :8/4/2005 10:58:50 AM Poster : James Siebert

Our Weather forecaster just predicted
another "Heat Wave".

In this part of Oregon, a "Heat Wave"
consists of two 90 degree F days in a row.

Since they predicted the last "Heat Wave" correctly,
I'm slightly more inclined to take
this latest prediction more seriously:
(and dress accordingly; keep shades closed, etc)

The prediction looked something like this:

MO TU WE TH FR
H 79 85 91 95 96
L 56 60 65 68 71

Usually the further out the Prediction
the less seriously I take it.
(I usually ignore the Forcast more than a week out)

But since the Actual M, T, W High Temps, this week
were quite close to their Forecasts,

I am wear a Tee-Shirt today at work (Thur).

So what's this got to do with HUP?
(Heinsenburg Uncertainty Principle)

I've always visualized HUP to be a trade-off
between the "Precision & Timeliness" of
constantly changing data. (time series data)

If I wanted, I can always go back and lookup
the Temps from last week with nearly 100% Accuracy,
but the Timeliness of that info would be next to 0.

"Hindsight is always 20-20",
but can this post-dated precison,
help me decide what to wear tommorow?
(a timely decision)

Can I go Hiking this weekend?
or will it be to Hot?
Should I just stay indoors and work on Trading Systems?

These are some of my everyday HUP dilemmas.

On top of that there are some Weather Forecastors
I have more "Confidence" in than others,
even though they all look the same 3-4 Computer Models.
Each weather person "selects" what they see
as "significant" info from the models,
based on what they personally have "learned"
from experience.
(ie their internal NNs shape their individual Forecasts)

Some Practical applications to explore:

If the long-term Trend says
"expect a Hotter and Drier Summer than Normal",
should I invest in more Tee-Shirt,
and plan more trips to the Coast? (where it's cooler).

If an unexpected Cold Front brings in
a string of Cloudy Days, should I
still rely on tommorow's forecast that orignally predicted 90?

Should I put more weight on the Friday evening Forecast,
than the prior Forecasts during the week,
as I am planning my weekend activities?

Hint: the closer the prediction is to occurring, (timeliness)
usually the more confidence I place in it. (accuracy)

What are some other "generalised observations"
can we make about this simple HUP Weather analogy?

How can we extract "signal data" from the past reports,
that might help us more precisely gauge future actions?

How is weekly, monthly, seasonal summary statistics
relevant to planning for next week, next month, next year?

If I give you a prediction like this

MO TU WE TH FR
H 55 51 52 55 53
L 42 44 43 45 42

What can you tell me about the weather pattern?

"You can't know everything,
but that shouldn't stop you from trying." ;)

later,

James Siebert

Re: What's HUP with the Weather?

Date :8/9/2005 6:10:52 AM Poster : Mark Simpson

On 8/4/2005 10:58:50 AM James Siebert wrote:
>Our Weather forecaster just predicted
>another "Heat Wave".

>In this part of Oregon, a "Heat Wave"
>consists of two 90 degree F days in a row.

>Since they predicted the last "Heat Wave" correctly,
>I'm slightly more inclined to take
>this latest prediction more seriously:
>(and dress accordingly; keep shades closed, etc)

>The prediction looked something like this:

># MO TU WE TH FR
>H 79 85 91 95 96
>L 56 60 65 68 71

>Usually the further out the Prediction
>the less seriously I take it.
>(I usually ignore the Forcast more than a week out)

>But since the Actual M, T, W High Temps, this week
>were quite close to their Forecasts,
>I am wear a Tee-Shirt today at work (Thur).
>-------
>So what's this got to do with HUP?
>(Heinsenburg Uncertainty Principle)

>I've always visualized HUP to be a trade-off
>between the "Precision & Timeliness" of
>constantly changing data. (time series data)

>If I wanted, I can always go back and lookup
>the Temps from last week with nearly 100% Accuracy,
>but the Timeliness of that info would be next to 0.

>"Hindsight is always 20-20",
>but can this post-dated precison,
>help me decide what to wear tommorow?
>(a timely decision)

>Can I go Hiking this weekend?
>or will it be to Hot?
>Should I just stay indoors and work on Trading Systems?

>These are some of my everyday HUP dilemmas.

>On top of that there are some Weather Forecastors
>I have more "Confidence" in than others,
>even though they all look the same 3-4 Computer Models.
>Each weather person "selects" what they see
>as "significant" info from the models,
>based on what they personally have "learned"
>from experience.
>(ie their internal NNs shape their individual Forecasts)

>-------
>Some Practical applications to explore:

>If the long-term Trend says
>"expect a Hotter and Drier Summer than Normal",
>should I invest in more Tee-Shirt,
>and plan more trips to the Coast? (where it's cooler).

>If an unexpected Cold Front brings in
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>than the prior Forecasts during the week,
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>Hint: the closer the prediction is to occurring, (timeliness)
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A superb analogy.

Also, there's another point that applies to trading.

If it's say predicted to be (Canadian version eh :-)):

M - 20C
T - 35C
W - 36C

and you were looking for a warm day then would a prediction with Tuesday being 35C
be more likely to be a warm day (say over 25C), than a prediction for Tuesday of 26C.

I.E. If your prediction mechanism is could, are more extreme predictions
more accurate if you have a general direction you wish to go in?

Mark Simpson
Bowfort Technologies Inc.

Can't activate neuroshell trader professional.

Date :8/6/2005 11:08:47 AM Poster : Richard Buzel

Am I doing something wrong? Got email with password with serial # and password for activation. Used it for this tech site and it works. But to activate program for first itme it doesn't work. What's up? Can someone please advise? Thanks.

Re: Can't activate neuroshell trader professional.

Date :8/6/2005 4:32:07 PM Poster : Ward.net Webmaster

For some reason our automated system put you in one database but not the other. We've now added you in, so you should be able to activate. We apologize and we'll check into why it failed on Monday.

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How Does the Optimize Work

Date :8/10/2005 4:40:20 PM Poster : Maciej

Can anyone explain how the optimizer works? My problem can be summarized as follows:
I setup a trading strategy based simply on entry signals. It gives good results. However I note that it would have been even better if some sort of stop were to be employed.
So I add protective stops to see how to improve matters.
What happens is that my entry signals start disappearing and the results are a significantly degraded.
As my entry signals have been frozen, ie I do not allow any further optimization as I select just the values that have been optimized on the previous optimization I would have expected them to continue to trigger entries in exactly the same way and merely to have the stops optimised.
This does not seem to occur - Can anyone explain?

Re: How Does the Optimize Work

Date :8/16/2005 1:09:20 PM Poster : Maxwel Craven

Any time a stop changes, then you have a different situation with regard to possible re-entry. Ie, you have the ability to get in earlier if you get an entry signal. Am I wrong?

Max

On 8/10/2005 4:40:20 PM Maciej wrote:
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Re: How Does the Optimize Work

Date :8/16/2005 3:35:03 PM Poster : Maciej

The answer is yes and no. If the entry signals were adjustable then your assessment would be correct. However what I'm doing is a two step process whereby I optimize for entries with no stops. I then cast these entries in stone by not allowing any changes, ie range is zero range as from 1 to 1 and add stops with large ranges. I would have expected the optimizer to try to get the ideal stops. This does not seem to happen. Without NSDT, this is the way I work, I get some interesting entry signals and try to improve matters with some money management techniques such as stops.

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Re: How Does the Optimize Work

Date :8/17/2005 8:58:53 AM Poster : Maxwell Craven

Do you have any kind of entry and exit rules? Even if you freeze the optimizer, it seems to me that a stop gives the entry rules a chance to execute at an earlier bar than would have been possible without the stop. If any one entry rule has a chance to execute earlier because of the stop, it seems to me the entire sequence could be thrown off. You should be able to compare sequences and see if this is the case.

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This does not seem to occur - Can anyone explain?

Re: How Does the Optimize Work

Date :8/18/2005 4:18:28 PM Poster : Ward.net Webmaster

See if your problem is because you don't have the "Long/Short entries exit existing short/long position" checked. When you have only entries, the entries act as exit signals. But when you have entries and stops, then the stops are the only exit signals unless that option is checked.

On 8/16/2005 3:35:03 PM Maciej wrote:
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This does not seem to occur - Can anyone explain?

Re: How Does the Optimize Work

Date :10/14/2005 2:50:16 AM Poster : vvv999vvv

Hi, Maciej

I experienced the same problem, only way you can achieve good results is simply only SAR entry conditions.

After you optimize your strategy, the range of optimization has changed, if you want to re-optimize it by adding more conditions, change the range of optimization again before you start training, cos the last result's range may limited your optimization.

Another way you can try is add the trailing stop and exit conditions but no train, ie, press cancell after you add the conditions are added.

On 8/10/2005 4:40:20 PM Maciej wrote:
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Pre-processing Data Series: Smoothing

Date :8/11/2005 12:17:15 PM Poster : James Siebert

Now for
Something fun and practical:

For those of you looking
for a easy way to "smooth" your data series
with minimal lag

Ehlers implies a way to do this is:

Smoothed Indicator = (P0 + 2*P1 + 2*P2 + P3) /6

where
P2 = Lag(Price,2)
etc.

He says this
Smoothed Indicator will have only a lag of 1.5 Days

[pg 111 Ehlers, Cybernetic Analysis]

Smoothing attempts to "remove"
the noise from the data series,
leaving you with the "just the Signal"
that is "hidden" in the series.

(I believe this is an example of a FIR Filter
that Mark Simpson referred to earlier.)

I'm a big fan of pre-processing your data.
(the less noise to have,
the more accurate NN & TS Triggers will be. :)

Pre-processing can include
detrending,
filtering,
normalizing,
rescaling,
and of course Z-Scores,
which I feel is one of the easier ways to normalize,
assuming your data follows "random walk" behavior.

(thus the Hurst digression, is this assumption valid?)

Another quick and easy way to Normalize your data that
I've read about recently is called the "Decimalize" method:

NormDecimal = Price / 1000

This has the result of "transforming" your
Price series into an Oscillator, moving between 0.0 & 1.0

Any other Normalization Favorites out there?

I would like to hear about them,
we can exchange recipes.

see ya

James S

Re: Pre-processing Data Series: Smoothing

Date :8/12/2005 3:24:55 PM Poster : Marcel

> On 8/11/2005 12:17:15 PM James Siebert wrote:
> I would like to hear about them, we can exchange recipes
> ...

James,

That's a good subject to briefly "touch and go", thanks for initiating.

My view is that there are hundreds of smoothers / filters. The choice depends on:
a) What compromise am I willing to take (signal clarity vs lag)?
b) For what objective do I need it?
c) Simple personal preference?

But one thing to consider first is whether you want to smooth Close only, or whether you wish to include OHL, which may also contain important pieces of "information". For a quick and dirty trial I normally use Close, but I like to add OHL (OHLC/4) in the fine-tuning phase. (See also http://www.ward.net/cgi-bin/Forum/Forum_Article.asp?a=2507).

The most important aspect is however that you can't have both at the same time, signal clarity and accuracy (no lag). For reasons we discussed in earlier threads ("What needs to be achieved to build a profitable Neural Net?"), I personally tend not to sacrifice accuracy. A lag of >1 bar is a killer, especially when this signal is then used as input to an indicator, which in turn adds another few bars. If the signal is used standalone (e.g. crossovers), I may however prefer to further reduce noise and accept a higher lag.

Once we have understood the tradeoff between signal clarity and lag and we know for what purpose we need to filter, it's only a matter of personal preference and resources at disposal. Without offending anybody, I'm a little fan of Jurik's products. To quickly smoothen a signal, I'd just average it with a JMA. But again, there are many other alternatives that are comparable.

One interesting option I've stepped into lately is the use of Wavelets as filters.
Try Sub(Close;WaveletFilterHaar(Close;1;100)) or Sub(Close;WaveletFilterHaar(Close;2;100)). The first is still "choppy", but introduces a lag of only 0-1 bars. The second is smoother and the lag is 0-2 bars. If you average both, you may like the output pretty much – it's as good as many expensive indicators...

This is only a little positive side finding while digging into this fascinating chapter. I'm still in an experimental mode wrt Wavelets and I've still lots of material to read on the subject, but I'd appreciate if we could add this topic to the "to-do" list...

Regards,
Marcel

Re: Pre-processing Data Series: Smoothing

Date :8/14/2005 1:11:09 PM Poster : James Siebert

Marcel

Thanks for the WaveletFilterHaar ideas.
I just tried them out, they are very effective smoothers,
with minimal lag. Cool idea.

Thanks for the references on previous threads;
I had skimmed through these before, and
I will review them again, so I can get in sync with
the previous goals and plan of the group.

Sorry if my posts have gone a little off track.
I've only been trying expand on & illustrate ideas
being discussed. I realize Math (& Stats)
are not everyone's favorite subjects.
But it kind of goes with the Neural Net territory.
Most "Killer" systems will have a key Math priniciple(s)
at their core.

Math can (sometimes) be fun.

thanks again for your comments

James Siebert

==========
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Re: Pre-processing Data Series: Smoothing

Date :8/16/2005 8:34:37 AM Poster : Marcel

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James,

Again, absolutely no problem with the discussion on Z-Score and Hurst, please continue to do so – It's my problem if I can't contribute... I'm currently testing a model with Z-Scores and although I'm reasonably happy with the signals in a Cycle-Mode, all advantages get wiped off with mistrades (contrarian position taken too early) in the Trend-Phases.

I agree that Math is fun – no question!!

Regards,
Marcel

Re: Pre-processing Data Series: Smoothing

Date :8/16/2005 9:46:35 AM Poster : Alan RHodes

You may wish to try filtering trades based on the value of a trending indicator, such as VHF.

On 8/16/2005 8:34:37 AM Marcel wrote:
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Re: Pre-processing Data Series: Smoothing

Date :8/15/2005 9:11:44 PM Poster : Alan Rhodes

I would appreciate you posting any good articles you have on wavelets. I'll ask James to post the tutorial he sent me.

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Date :8/16/2005 11:19:11 AM Poster : Marcel

> On 8/15/2005 9:11:44 PM Alan Rhodes wrote:
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James,

There's tons of very good material on the Web, simply Google with "Wavelets", the best are on the first 3 pages. Based on what's available, I don't think you need to purchase any books. On my side, I'm considering implementing one of the free codes as NST DLL...

Regards, Marcel

Re: Pre-processing Data Series: Smoothing

Date :8/16/2005 2:36:19 PM Poster : James Siebert

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Alan

here's the link
to more of the better sites I've seen on wavelets

http://users.rowan.edu/~polikar/WAVELETS/WTtutorial.html

Can't say that I understand all the math that's listed here,

But the conceptual overview (& the impressive 3-D Charts)
helped me to understand how wavelets attempt
to preserve "some of" both "precision and timeliness"
of information conatined in the data signal, concurrently.

Wavelets appear to be a compromise of information,
but may be one of the better "solutions" out there
for "getting around" that brick wall of Heinsenberg.

(the trick here seems to be knowing
"where to look" in the Wavelet's 3 dimensions,
and at what Resolution of details,
to dial in the Wavelet Microscope)

Many thanks to the professor
who posted the site.

hope you find it helpful,
as well.

cheers

James Siebert

Re: Pre-processing Data Series: Smoothing

Date :9/20/2005 4:16:24 AM Poster : vvv999vvv

For a better smoothing, a 3 pole super smoother is much better as described by the same book

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Any other Normalization Favorites out there?

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see ya

James S

Teach a NN to learn RSI or any other indicator

Date :8/13/2005 2:29:36 PM Poster : Marcel

> On 8/11/2005 6:39:47 PM Mark Simpson wrote:
> >On top of my head some examples:
> >- Classes of indicators that work, and why they work
> >- How to identify the rest that don't and maybe a bit about how to fix them
> >- Teach a NN to learn RSI or any other indicator
> These ones we've already discussed to some degree. So lets finish off these.
> Over to you guys.

Well, I will take the 3rd off the list to start. So, let's learn RSI(5), and let me describe how I approached this step by step...

To begin with, I took the default wizard parameters, changed the Output to predict "RSI(Close;5)" and the training objective to "Maximize Correlation", fed the NN with time-delayed changes in Close (change of today, yesterday, day before yesterday etc.) and let it learn. No surprise (can't be that easy right?), correlation close to zero!

I told myself "the guy must have a hard time to translate changes into a bound indicator (0-100) like RSI", so started to add to the input little pieces of the RSI formula, like segregating advancing from declining changes, averaging them out, perform the ratio etc. I tried really many things, but never got a better correlation than 0.1!

After a few hours I had enough – I decided to see what happens if I would feed RSI(5) straight away, anyhow I wasn't that far anymore... Correlation = 0.124. That's when I realized that I was not only teaching the NN to learn RSI, but also to predict it – Mission impossible!

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Simplified to the extreme you can say: "For those indicators that you would usually plot in the price section of your TA chart, use the current + lagged PRICE inputs. For those that you would usually display beneath the price chart, use current + lagged CHANGES in price".

Regards,
Marcel

Re: Teach a NN to learn RSI or any other indicator

Date :8/29/2005 9:05:03 PM Poster : Mark Simpson

Hi Marcel,

That's correct. It's quite incredible when you think about it. You only need the input
to an indicator and it's output, and you don't need to know anything about how
the indicator works. It also demonstrates that as long as the relationship is there,
the neural network can learn it extremely effectively.

Mark Simpson
Bowfort Technologies Inc.

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>Regards,
>Marcel

Re: Teach a NN to learn RSI or any other indicator

Date :1/6/2006 11:43:40 PM Poster : John Takacs

Marcel and Mark Simpson:

Marcel, thank you very much for bringing this up. It certainly adds a new dimension to the product.

To both Marcel and Mark:

Other than having it learn any indicator (the obvious benefit), what else can this do?

What I mean is, after you have trained it to learn, for example RSI, of what benefit is it to use your new RSI indicator, when your new RSI indicator is simply the old RSI indicator?

John

On 8/13/2005 2:29:36 PM Marcel wrote:
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Re: Teach a NN to learn RSI or any other indicator

Date :1/9/2006 5:59:07 PM Poster : Mark Simpson

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It's not intended to use instead of RSI, or trade with, it's an exercise in how
NN's learn. Think of it as a test bed. By testing with something that is known, you can experiment to find out what works.
I.E. If you can emulate RSI with a Neural Net, then you can learn what a Neural Net
needs to successfully learn.

Neural nets are very effective at learning things that can be predicted, and very
poor at learning inputs with heavy noise or no or little meaning.

Essentially they way I look at it is, instead of just plugging things into a Neural Network and seeing what works, start from the other way around. Start with something that works, model it, learn why it works, and then you know what you need to find to
make a good model. I.E. A more targetted approach.

However that said, there is one thing that the test bed can be applied to, if you ever
have a black box indicator, then just provide inputs and the black box output to the NN
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Regards
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Bowfort Technologies Inc.

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Regards,
Marcel

Re: Teach a NN to learn RSI or any other indicator

Date :1/12/2006 8:26:13 PM Poster : Sunny

Mark,

That was brilliant!

I am presumming that you chose no optimization for this prediction.
Do you do walk forwards for this prediction of the RSI(5) using close + lags of close as inputs?
Do you use all available neurons or only some?

Now you have a trained prediction with a high correlation.
(Does it make any difference if you choose instead of maximizing correlation to choose to minimize the average error?)

Do you enter the output of this highly correlated prediction into another prediction as an input?

1st prediction uses close + lags of close as inputs and as the predicted ouput the RSI(5).
2nd prediction uses the out of sample of the 1st prediction as input, and as the predicted output.....?

Do you again try as the predicted output the same RSI(5) or something different?
In this case the number of days to predict in the future is something (1 or more days), and there are some walk forwards....

Regards,

Sunny

On 1/9/2006 5:59:07 PM Mark Simpson wrote:
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Regards,
Marcel

Re: Teach a NN to learn RSI or any other indicator

Date :1/16/2006 1:11:05 PM Poster : Mark Simpson

> I am presumming that you chose no optimization for this prediction.
Correct.

>Do you do walk forwards for this prediction of the RSI(5) using close + lags of close as inputs?
Yes

>Do you use all available neurons or only some?
I use the default, although extra neurons won't make much difference anyway, because
the neural network doesn't have an issue learning the relationship.

>Now you have a trained prediction with a high correlation.
(>Does it make any difference if you choose instead of maximizing correlation to choose
> to minimize the average error?)
I haven't tried it, but essentially it shouldn't make much difference.

The key is that you have zero noise because your training data (RSI) is an exact calculation on the input (close and lags of close). When a neural network has everything it needs,
essentially tweaking the controls won't make too much change. When the neural network doesn't
have everything it needs, tweaking the controls can make a huge difference, but you can't
necessarily trust the results either.

>Do you enter the output of this highly correlated prediction into another prediction
> as an input?
You could do. But remember, you can't trade this. It's an exercise. All you've done is
built a NN to learn RSI, and just using the RSI indicator (without an NN) will produce a slightly
superior result.

Regards
Mark Simpson
Bowfort Technologies Inc.

Re: Teach a NN to learn RSI or any other indicator

Date :1/13/2006 10:23:22 AM Poster : Steve Ward

Mark said: "Neural nets are very effective at learning things that can be predicted, and very poor at learning inputs with heavy noise or no or little meaning."

I'm not as concerned about noise as Mark is, because nets have actually long been used for signal noise removeal. It may depend on what "heavy" means, but I'm more concerned about non-repeating patterns, which is certainly one case of "little or no meaning". I have two charts in the attachment to illustrate.

Click here to download the illustration charts

First I built a text file with repeating numbers x, then made a sine wave from them sin(x). Sin(x) goes from -1 to 1, so I added +- 0.3 to the sin wave as noise. I loaded them into a chart which is "repeat patterns with noise (data saved).chf". Given the repeating pattern as the single input, I predicted the noisy sine wave, including 1 year out-of-sample evaluation. As you can see, the prediction cleaned up all the noise and produced a pretty clean sine wave. You can repeat the experiment with even bigger noise if you want to, or try more hidden neurons for tighter fitting.

Next I made a non-repeating series of incrementing numbers (I hate to call that a pattern) and made a sine wave from them. They are in the chart "non-repeating patterns (data saved).chf", I inserted another prediction where I tried to predict even the non-noisy sine wave using the non-repeating numbers as the input. As you can see, the net failed miserably - it had no idea what the pattern was. Why? Because if patterns don't repeat, the net has no way of extrapolating the non-linear curve. The output repeated, but the input didn't.

Of course if you do some preprocessing on the non-repeating numbers, like dividing them by 6.28318, and making the remainder of that division the one input, then the net works because the patterns now repeat. (The math geeks among you will understand what I did.)

The moral of the story - neural nets only work where there are historical patterns of input/output pairs that repeat over time, even if they are noisy.

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Marcel

One question on normalization

Date :8/14/2005 11:18:55 PM Poster : Alan Rhodes

I have been reading lots of great posts since clearing my head from dust from working on forest fires (action too slow to get much smoke). Though I could use a little slowing down overall in the rate of new subjects, I do have one question.

Several of the posts imply that predictions should be totally normalized (I define that as zero based). I do not understand why that is good.

It seems to me that would work well during a cycle mode, but during a trending mode I would expect the prediction to drift around zero in whatever method you use to normalize the data.

Earlier one person suggested using the culmination of percent change. I am going to work on developing a variation of that. I tried that once and got the same problem I had with other non-normalized predictions. The problem with many non-normalized predictions is that the best predictors are the current values of what you are predicting. In other words, if the current value of what you are predicting goes up, the neural network raises the value of prediction. If the current value goes down, the prediction goes down.

Also earlier Mark implied that Z-Score based systems can fall apart during trending mode. This is probably related to the fact that such systems are by nature zero based.

Noob Question: Weighted Moving Averages...

Date :8/27/2005 12:04:53 PM Poster : NStrader

I'm new to trader, so apologise if I cannot see the wood for the trees...

I cannot find WMA's in trader - are they there?

> ***Re: Noob Question: Weighted Moving Averages...***
>
> Date :8/28/2005 8:26:44 AM Poster : Ward.net Webmaster
>
> You probably don't have all your options on. Go to Tools menu, then Options, then Wizards Tab. Use the Select All button to turn on all options. If you haven't done this previously, a lot more indicator categories will show up.
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>
> > ***Re: Noob Question: Weighted Moving Averages...***
> >
> > Date :9/4/2005 9:25:40 AM Poster : NStrader
> >
> > Thank you for your swift response - that did the trick :)
> >
> > On 8/28/2005 8:26:44 AM Ward.net Webmaster wrote:
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Pest found on file

Date :8/27/2005 12:46:34 PM Poster : Sunny

I recently tried to download the following file:

Volume Weighted Moving Average (VWAP) Indicator (5/2/2005)

I got an alert that the file was infected with a Trojan Pest.

Regards,

Sunny

> ***Re: Pest found on file***
>
> Date :8/29/2005 11:25:35 AM Poster : Ward.net Webmaster
>
> Our virus detectors and anti-spyware do not show a problem with that download. Virus detectors work by searching for strings in the source code that match strings in known virus code. Sometimes there are false positives. Sometimes if you search again after download the warning goes away. However, if you still don't get a clean reading, and IFyour email account WILL ACCEPT attachments, we will email you the dll and tpl files as attachments. (Contact technical support).
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> Regards,
>
> Sunny
>
> > ***Re: Pest found on file***
> >
> > Date :9/3/2005 11:34:00 PM Poster : Sunny
> >
> > Webmaster,
> >
> > Thank you for your reply. I did attempt to redownload the file; however, I continue to have the same problem. I have a program that tells me that the file contains the following pest:
> >
> > Trojan-downloader.win32.qdown.h
> >
> > Regards,
> >
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> > Our virus detectors and anti-spyware do not show a problem with that download. Virus detectors work by searching for strings in the source code that match strings in known virus code. Sometimes there are false positives. Sometimes if you search again after download the warning goes away. However, if you still don't get a clean reading, and IFyour email account WILL ACCEPT attachments, we will email you the dll and tpl files as attachments. (Contact technical support).
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Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :8/30/2005 2:24:54 PM Poster : Mark Simpson

This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's by understanding the principles of this that it can be better used to advantage. The GA is a very powerful tool if used correctly, if used incorrectly it can sink you.

You've probably come across the following problem, you build your system, keep optimizing various types of system until you find one that does well, then you trade it in realtime, and poof, that well performing system eats you alive. If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into our "function", and then see how well the function works (performance). However it doesn't do too well, so we use the optimization feature in NST (a GA) to alter the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance if you had 5 indicators with a total of 10 possible parameters, then to try every possible combination would take a long time. Trying every possibility is a brute force method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA uses a targetted approach. I.E. You guess a local peak to begin with. It probably isn't the highest peak, so you guess again. Then using a chromosome/gene model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members survive to keep going, until you can make no more "reasonable" improvement. I.E. Your solution evolves to find the best answer just like life on earth. What's happening is your taking spot readings over the range and homing in on the highest mountain.

A GA has a fitness function (in this case the height of the mountain), in the case of trading, it's your goal. The GA is a tool to help us fit the curve. A brute force method can be better than a GA, but if a GA doesn't reach the correct answer, it will likely reach one that's close. I.E. In the trade off between brute force and a GA, GA is really only the practical way to go, although brute force may be occasionally a little more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect coin toss predictor. We toss 3 times, and get heads each time. Therefore we optimize our solution, and build a perfect coin tosser that always generates heads as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be reasonably confident that we haven't incorrectly curve fitted the data, we need 30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time. If you tested with adequate data, you'd have found out that it really was poor in the first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time, you'd likely make money on some and lose money on others. Just like tossing a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks not others, so you plug in 100 stocks to find out which ones do well and which ones do poorly, and keep the good ones. Well you've just incorrectly curve fitted by another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then your sample is no longer truely representative of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.

Again, just another form of incorrect curve fitting for the same reason as the last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly curve fit. Anywhere where you pick and choose, or try different things open you up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and this is where these threads about design models come into the picture. Start off with a goal, and design a model to fit that goal, don't just guess at methods or indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

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4. Use sufficient data to test with.

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6. Never pick and choose results, stocks or anything else. (At least not without being aware of it and knowing the effect).

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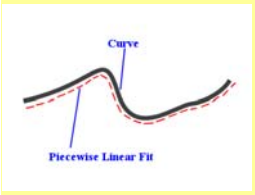
USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :8/31/2005 6:23:43 PM Poster : James Siebert

Mark

Glad to see your in-depth explanation on "curve fitting"

Thanks a lot. It helps.

I never knew there were so many ways to
run into this problem.

I especially like your description
of the "finding the highest peak in a range of mountains"

-attached are a couple of xls I put together,
to illustrate some Mountain Terrains
in the SMA parameter space - SMA_Lanscapes.zip

I have always visualized that NN train,
by "rolling a marble around" in a Parameter Solution Space,
trying to find the Lowest spot, in that terrain.

The Lowest spot represents the "Minimum Prediction Error",
for the given combination of Input Parameters,
intersecting at that point.

Sometimes "the marble gets stucks" in a local valley,
before it finds the actual bottom (a lower valley)

Some questions

1) when NN get stuck at such a local minimums,
does it help to:

a) increase training time

b) increase number neurons

c) increase walk-forwards episodes

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e) change training objective

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2) how often should NN be re-trained,
when the Solution Space Terrain may change over time?
(for example, a stock SMA may change Cycles
from 30 day to 50 days, in a matter of weeks)

3) Is curve-fitting, getting stuck in a local Minimum,
or stuck in a "stale or obsolete" Prediction Terrain?
Or something else entirely?

4) Does the Piece-Wise Curve fitting you describe
have anything to with using/retraining
with very short Time Horizons?
(fitting short time window Nets to the "ideal curve",
what ever "the ideal" is)

Thanks in advance,
for any more light you can shed on this subject

James Siebert

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's by understanding the principles of this that it can be better used to advantage. The GA is a very powerful tool if used correctly, if used incorrectly it can sink you.

You've probably come across the following problem, you build your system, keep optimizing various types of system until you find one that does well, then you trade it in realtime, and poof, that well performing system eats you alive. If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into our "function", and then see how well the function works (performance). However it doesn't do too well, so we use the optimization feature in NST (a GA) to alter the parameters to the indicators to make the function fit the curve better.

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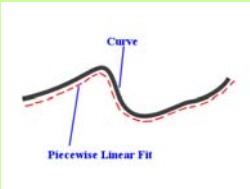

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting, What it is, how to avoid it and how to use it to advantage

Date :9/1/2005 11:41:00 AM Poster : Mark Simpson

>I especially like your description
>of the "finding the highest peak in a range of mountains"
That one I've seen in a few places in descriptions of GA, so it's not my description as such.

>-attached are a couple of xls I put together,
>to illustrate some Mountain Terrains
>in the SMA parameter space - Those are good charts. You have a knack of visualizing these things well.

>Sometimes "the marble gets stucks" in a local valley,
>before it finds the actual bottom (a lower valley)

>Some questions

>1) when NN get stuck at such a local minimums,
>does it help to:

>a) increase training time
I'd guess a yes on this one (depending on the neural net architecture being used).

>b) increase number neurons
I'd say yes on this one. (though not guaranteed in every case).

>c) increase walk-forwards episodes
If you train on different data, you could get different results, so I'd say yes.

>d) increase data inputs
Again, different data, so I'd say yes.

>e) change training objective
Different data, so different surface for the ball to move around on so yes.

>f) reduce net inputs
Different data, so again yes.

Those are my gut reactions. However, the key point is change the data, and you'll likely either end up in a different local minimum, or the global minimum.

Bear in mind that a local minimum may not be bad if global minimum - local minimum approaches zero.

The other thing I'd like to add is that the settling in a local minimum can be highly dependant on these 2 things:

1. The type of Neural network you're using. Some handle learning better than others.

2. The shape of the surface. I.E. A surface that is busy is more likely to have local minima, than a surface which is flat or curved.

>2) how often should NN be re-trained,
>when the Solution Space Terrain may change over time?
>(for example, a stock SMA may change Cycles
>from 30 day to 50 days, in a matter of weeks)

1. My initial reaction on this would be to wait for the discussion on Time Normalization, and the answer will become clearer, however in the meantime:

In theory if you had everything correct, then why would a NN need to be retrained? So that begs the question, what's changing to require the need to retrain? I.E. Why is the solution space terrain changing over time? ;-)

NN's we've figured out before are simple function imitators. So if the function we're using is varying over time, either we should fix that OR supply some indicator (an adaptor) which measures the adaptation in the function to the NN OR piecewise linear fit it.

The only problem with piecewise linear fitting an NN using backprop, is the amount of time needed to adequately train and test(walkforwards) an NN, which means that the pieces are generally too long. So backprop generally doesn't work too well for piecewise linear fitting unless the function varies extremely slowly over time. So generally piecewise linear fitting is best done with the GA instead of an NN.

>3) Is curve-fitting, getting stuck in a local Minimum,
>or stuck in a "stale or obsolete" Prediction Terrain?
>Or something else entirely?
Curve fitting means different things to different people. My interpretation is that if you've reached a local minima that is acceptable, then you've curve fitted your function (which is good). If your local minima is not acceptable, then you've incorrectly curve fitted (or poorly curve fitted).

So if you took an NN, the data you're training against, or your out of sample is the function you're trying to approximate, and your NN output is what you're trying to approximate it with. So say you were training on 6 day percent change in close, then the actual 6 day percent change in close would be the function you're approximating, and the NN's prediction of a 6 day percent change would be your approximation. The accuracy of your prediction would be how well you curve fitted. If you did something incorrect in your thinking, e.g. didn't use enough training data and got a good approximation, then you've curve fitted well (got a good result), but you've incorrectly curve fitted becuase of the method used.

That's for an NN, for a trading strategy, then it's all about trades. Your optimization objective is your actual, and your strategy results are your appoximation.

>4) Does the Piece-Wise Curve fitting you describe
>have anything to with using/retraining
>with very short Time Horizons?
>(fitting short time window Nets to the "ideal curve",
>what ever "the ideal" is)
Correct. It's the same thing. The piece-wise curve fitting is the reason why it works.
The example I provided used a GA, but the principle can be applied to NN's and
other techniques.

Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :9/2/2005 7:52:20 PM Poster : James Siebert

Mark

Thanks for your detailed replies to my questions,
about Solutions Terrains and Local Minimums.

Your answers made me realize that
curve-fitting is not necessarily a "bad thing".
A well-trained NN will in effect
be a "substitute curve" for the actual input factors
and their complex interactions.

The closer the "substitute" (NN) represents
the "actual" behavoir, the more predictive power it will have.

Optimization allows the substitute terrain
to "form-fit" to the actual terrain.

So when does "over-optimization" occur, with negative effect?

Until recently I though this had something to do
the NN "memorizing the data", as opposed to
"responding to it" in a natural, inherit way

Now it seems "the closer the curve the better"
should be the rule of thumb (?)
(assuming inputs, actually models
existing dependant relationships)

==========

Regarding your Comments:

>>>>>>>>
>The other thing I'd like to add is that the settling in a local minimum can be highly
>dependant on these 2 things:

>1. The type of Neural network you're using. Some handle learning better than others.
>>>>>>>>

What are some different Types?
TDNN, Crossovers, Market Mode Filtering,
Correlated Inputs, Signal Components, etc?

Or by "Type" are you referring to
Objectives, Neurons, # of Inputs,
# of Walk-forwards, level of Optimization?

Comment 2:

>>>>>>>>>
>>2) how often should NN be re-trained,
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>>>>>>>>

Don't Market Behavoirs change over-time?
one model can't anticipate those changes, can it?

(ex. Sector Rotation, or Spectuaition Bubbles bursting, etc)

Another way of putting this,
How often should a NN be retrained,
and for what reasons?

Note: I'm looking forward to
furthur discussions on Time Normalization,
and piece-wise fitting, and adaptive indicators.

Thanks again

James Siebert

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :9/3/2005 12:46:11 PM Poster : Mark Simpson

Hi James

>Your answers made me realize that
>curve-fitting is not necessarily a "bad thing".
>A well-trained NN will in effect
>be a "substitute curve" for the actual input factors
>and their complex interactions.
A piecewise linear approach works, however DOF must be small, otherwise
the pieces are too large to fit. I.E. you can't piecewise linear fit a sine wave with
a line that is half the cycle length. However you could fit it with a line that is 1/100 of
the cycle in length.

So in reality, most models have too much DOF to be viable for a piecewise linear fit
approach. You really want to be aiming for 1 DOF to be viable, i.e. "30 trades" to test
in most cases. Because each line piece has to be statistically valid as well as small
to be assured that the model works.

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I mean architecture of neural nets/learning methods. I.E. Back propogation,
LVQ, PNN, GNN, Kohonen etc. They have different learning methods, so
some are better at local minima type issues than others for a particular solution.

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>Another way of putting this,
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Yes, market behaviours do change over time, but this change is a variable, and if
you can quantify it and measure it, then you are essentially either giving the neural
net the ability to account for this via an extra input, or you fix the data for this before
providing it to the NN, in which case the NN need not change. Remember that
a NN can only reproduce what it has learnt before. If you don't account for this, then you're left with either trading things that don't change their behaviour, or using a piecewise linear approach.

In my opinion, a lot of the reasoning for people saying, the "market changes over time",
is because of people assuming that time is linear. They are too tied to a clock concept. The market has a "rate", which will become apparent when we discuss time normalization when the curve fitting/piecewise linear discussion is wrapped up.

I really wanted to save this to the time normalization discussion, but as a taster, consider the following. Regarding the bubble, if the bubble was stretched out and the surrounding area compressed, is it still a bubble? What happens to indicators
during bubbles? I.E. Should you be using indicators with shorter periods, or
longer periods during a bubble? Are things the same pre, bubble and post? How
could they be made the same to remove the bubble? We'll answer these questions.

Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :10/21/2005 9:33:41 AM Poster : Dan

Mark,

I really appreciate your helpful tip regarding 30 trades per DOF, and read another of your articles that suggests: "Calculate the number of Degrees of Freedom in your model (DOF) - aka variables, and validate the model with 30 trades per degree of freedom."

I wonder if you could clarify how to calculate DOF. Does one simply count each indicator in a system as one variable, or, in the case of indicators that have more than one optimizable parameter does one count every optimizable parameter in every indicator as a variable?

Thanks again for the helpful articles,

Dan

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
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over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for
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Well, our curve is heads/tails, but we took such a small sample (of size 3), that
we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be
reasonably confident that we haven't incorrectly curve fitted the data, we need
30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
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There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting, What it is, how to avoid it and how to use it to advantage

Date :10/22/2005 4:38:30 PM Poster : Mark Simpson

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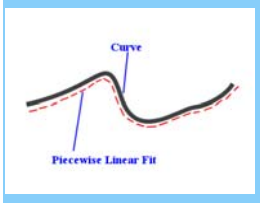

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Date :10/24/2005 8:17:47 AM Poster : Dan

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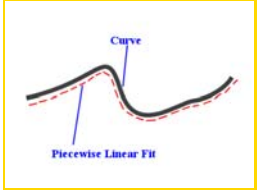

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Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/10/2005 9:21:15 AM Poster : Dan

Mark,

I've been working on some models using the 30 trades per DOF guideline, and am beginning to see some possibilities emerge. However, I am hitting a particular snag consistently, and I wonder if you (or the Ward folks) have any insight/suggestions. It seems like the number of trades I need to validate a model demands

about 5 yrs. of testing; the resulting equity curve (while profitable overall) is consistently flat toward the right edge of the chart, where I need to start trading.

For example, let's take a simple 2 indicator crossover system (I am using some add-on indicators). I optimize 2 indicators for longs, and 2 indicators for shorts. (I like for values for longs and shorts to be different b/c the market accelerates downward more quickly than upward.) This equals 4 variables, therefore the model would need 120 trades to validate. In addition, I like to use an exit indicator, which sometimes I will optimize as linked for longs/shorts. This brings the minimum no. of trades up to 150-180 depending on whether the exit variables for long/shorts are linked or not.

I find that I need to go about 5 yrs. back in order for the model to accumulate that many trades. No matter what objective I use to optimize the equity curve (max return * equity curve corr. is my favorite), the GA seems to produce results that are great in the first 3 yrs or so, but, again, mostly flat for the last year or so.

Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

Many thanks for your kind attention--

Dan Melton

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For instance, if you were to trade say 10 stocks randomly for a period of time,
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a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks
not others, so you plug in 100 stocks to find out which ones do well and which ones
do poorly, and keep the good ones. Well you've just incorrectly curve fitted by
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Again, just another form of incorrect curve fitting for the same reason as the
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So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly
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USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

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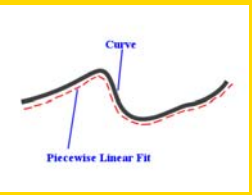

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Mark Simpson
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Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/14/2005 12:13:25 PM Poster : Mark Simpson

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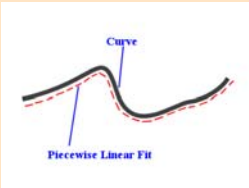

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Mark Simpson
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Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/15/2005 11:05:45 AM Poster : Dan

Mark,

I'm attaching an example chart--a simple out-of-the-box crossover system from the Cybernetic Indicator add-on using Adaptive RVI. From here I sometimes elaborate with alternative exits and/or stops (results roughly similar). I'd also like to combine this with another system that kicks in when the market is trending as opposed to range-bound, but here is where I get into trouble in needing so many trades to account for the DOF for what is essentially two systems combined into one.

In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

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Mark Simpson
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Re: Curve fitting, What it is, how to avoid it and how to use it to advantage

Date :11/20/2005 3:00:07 PM Poster : Mark Simpson

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reach one that's close. I.E. In the trade off between brute force and a GA, GA is
really only the practical way to go, although brute force may be occasionally a little
more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect
coin toss predictor. We toss 3 times, and get heads each time. Therefore we
optimize our solution, and build a perfect coin tosser that always generates heads
as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that
we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be
reasonably confident that we haven't incorrectly curve fitted the data, we need
30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
If you tested with adequate data, you'd have found out that it really was poor in the
first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time,
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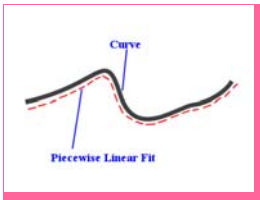

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Mark Simpson
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Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/22/2005 12:39:52 PM Poster : Steve Eberbach

Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

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So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect coin toss predictor. We toss 3 times, and get heads each time. Therefore we optimize our solution, and build a perfect coin tosser that always generates heads as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be reasonably confident that we haven't incorrectly curve fitted the data, we need 30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
If you tested with adequate data, you'd have found out that it really was poor in the first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time, you'd likely make money on some and lose money on others. Just like tossing a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks not others, so you plug in 100 stocks to find out which ones do well and which ones do poorly, and keep the good ones. Well you've just incorrectly curve fitted by another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then your sample is no longer truely representative of your population.

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So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly curve fit. Anywhere where you pick and choose, or try different things open you up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and this is where these threads about design models come into the picture. Start off with a goal, and design a model to fit that goal, don't just guess at methods or indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

3. If using a GA, use it at the end of the process, i.e. as a final improvement to an already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is always paper trading.

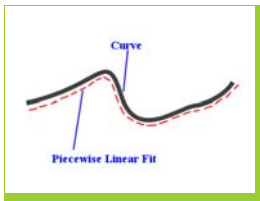
6. Never pick and choose results, stocks or anything else. (At least not without being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/25/2005 2:12:37 PM Poster : Sunny

Steve,

I was quite intrigued by your description of using "...moving z-score plus standard deviation (two variables)...." for changing volatility. I was wondering if it would be possible for you to post an example of how you accomplish this. I attempted several ways of combining them; however, I have to admit that I failed miserably in my trials.

I would include to your wish list (from Steve) the ability to see information pertinent to each prediction on a chart shown as a table. Sometimes it is handy to have a list of different types of information for each prediction.

For instance, I work with several predictions on a chart at once, and sometimes I make mistakes with regards to the setup of some of these predictions. A list showing the number of neurons used for predicting in each prediction, the objective function used (for instance, maximize winners minus losers), the minimum and maximum dates for training, what is being predicted, what inputs were included, etc.

It seems kind of irrelevant information, but when you make a mistake with several tens of predictions, it takes a while to find the prediction causing a problem. A list showing the information from different predictions would allow a quick glimpse to find if one of the predictions was not "lined up" with the others.

Best regards,

Sunny

On 11/22/2005 12:39:52 PM Steve Eberbach wrote:
Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

Steve Eberbach

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
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In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

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>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

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It's difficult to provide exact reasons without seeing the model, however these are some
points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests
that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do. So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
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If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy the model works).

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>I wonder if you could clarify how to calculate DOF. Does one simply
>count each indicator in a system as one variable, or, in the case of
>indicators that have more than one optimizable parameter does one
>count every optimizable parameter in every indicator as a variable?

Hi Dan,

DOF means a lot of different things to different people, however the way I approach
it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

Model Inputs: RSI(5) on 1 security.
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,x,y) on 1 security where x/y are optimized.
Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try
different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators
to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters
on 1 security
Answer: 1 DOF (as you need to validate the model on something)

Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you
manually choose a value through experimentation, 1 DOF gets added.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing
over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for
what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's
by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink
you.

You've probably come across the following problem, you build your
system, keep optimizing various types of system until you find one that does well,
then you trade it in realtime, and poof, that well performing system eats you alive.
If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you
have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function
of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to
design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into
our "function", and then see how well the function works (performance). However
it doesn't do too well, so we use the optimization feature in NST (a GA) to alter
the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance
if you had 5 indicators with a total of 10 possible parameters, then to try every
possible combination would take a long time. Trying every possibility is a brute force
method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA
uses a targetted approach. I.E. You guess a local peak to begin with. It probably
isn't the highest peak, so you guess again. Then using a chromosome/gene
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So lets try some examples of incorrectly curve fitting with a few examples.

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coin toss predictor. We toss 3 times, and get heads each time. Therefore we
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For instance, if you were to trade say 10 stocks randomly for a period of time,
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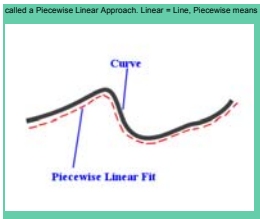

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/25/2005 4:49:15 PM Poster : Steve ward

The Prediction Wizard always uses z-score, as do the add-ons AT2 and NI. ANI, however, has no normalization across inputs, so only there is it really necessary to normalize across inputs. Normalization over time (detrending) is really where you need to be careful. Use indicators that are already normalized (like RSI, etc) or if using raw prices, then use change, percent change, spread from a moving average or index, etc.

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Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

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3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

Model Inputs: RSI(5) on 1 security.
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,x,y) on 1 security where x/y are optimized.
Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try
different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators
to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters
on 1 security.
Answer: 1 DOF (as you need to validate the model on something)

Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you
manually choose a value through experimentation, 1 DOF gets added.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing
over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for
what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's
by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink
you.

You've probably come across the following problem, you build your
system, keep optimizing various types of system until you find one that does well,
then you trade it in realtime, and poof, that well performing system eats you alive.
If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you
have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function
of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to
design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into
our "function", and then see how well the function works (performance). However
it doesn't do too well, so we use the optimization feature in NST (a GA) to alter
the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance
if you had 5 indicators with a total of 10 possible parameters, then to try every
possible combination would take a long time. Trying every possibility is a brute force
method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA
uses a targetted approach. I.E. You guess a local peak to begin with. It probably
isn't the highest peak, so you guess again. Then using a chromosome/gene
model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members survive to keep going, until you can make no
more "reasonable" improvement. I.E. Your solution evolves to find the best answer
just like life on earth. What's happening is your taking spot readings over the range
and homing in on the highest mountain.

A GA has a fitness function (in this case the height of the mountain), in the case of
trading, it's your goal. The GA is a tool to help us fit the curve. A brute force method can be better than a GA, but if a GA doesn't reach the correct answer, it will likely
reach one that's close. I.E. In the trade off between brute force and a GA, GA is
really only the practical way to go, although brute force may be occasionally a little
more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect
coin toss predictor. We toss 3 times, and get heads each time. Therefore we
optimize our solution, and build a perfect coin tosser that always generates heads
as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that
we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be
reasonably confident that we haven't incorrectly curve fitted the data, we need
30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
If you tested with adequate data, you'd have found out that it really was poor in the
first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time,
you'd likely make money on some and lose money on others. Just like tossing
a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks
not others, so you plug in 100 stocks to find out which ones do well and which ones
do poorly, and keep the good ones. Well you've just incorrectly curve fitted by
another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then your sample is no longer truely representative
of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the
last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly
curve fit. Anywhere where you pick and choose, or try different things open you
up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're
opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and
managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and
this is where these threads about design models come into the picture. Start off
with a goal, and design a model to fit that goal, don't just guess at methods or
indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

3. If using a GA, use it at the end of the process, i.e. as a final improvement to an
already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is
always paper trading.

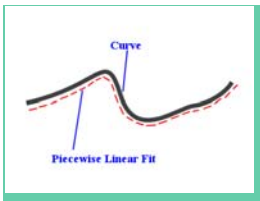
6. Never pick and choose results, stocks or anything else. (At least not without
being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you
need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is
called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/26/2005 6:41:50 PM Poster : Steve Eberbach

Sunny:

What I use is a spreadsheet called WaveWi$e to convert my files to log-normalized format, and Z-scores for the log normalized version of the data. This I do because I use very long data sets for stocks which range over 50 years' time to find the cycles which have persisted the longest time first, or even more relevantly, the cycles and correlations which have "always" made a comeback even if they almost disappear for a while. When run through the nets, if the neural net's lookback window is different from the one I chose, there will be a doubly applied z-score normalization.

I append an abbreviation, such as "Z40" to, for example, DJICLOSE, to indicate the input dow jones industrials close, z-score of a 40 bar moving window. I also keep the standard deviation associated with that 40 bar window, which is otherwise discarded information when just normalizing by z-score. That standard deviation represents the average variance from the 40 bar moving average, the average amplitude of variance from that moving average. The z-score represents "how many" of these standard average variances (differences squared) the present bar's value is from the moving average at the present bar. If both the z-score and the associated 40 bar standard deviation are available to the neural net as choices for input, then the neural net can "decide" if the local (40 bar) variance has any modulating effect on the significance of the normalized input, the z-score.

So, in the case of Steve Ward's add-ons or the prediction wizard, you would add another input, "DJICLOSESD40" if your window length, the "look back length" was 40 bars, along with the existing input, "DJICLOSE" which was normalized with the lookback window size, 40 bars, to give your network information of local volatility from which that normalization was automatically derived by the network's normalizer. So besides normalization "across inputs" as Steve points out, you also have normalization "across time intervals".

Steve

On 11/25/2005 4:49:15 PM Steve ward wrote:
The Prediction Wizard always uses z-score, as do the add-ons AT2 and NI. ANI, however, has no normalization across inputs, so only there is it really necessary to normalize across inputs. Normalization over time (detrending) is really where you need to be careful. Use indicators that are already normalized (like RSI, etc) or if using raw prices, then use change, percent change, spread from a moving average or index, etc.

On 11/22/2005 12:39:52 PM Steve Eberbach wrote:
Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

Steve Eberbach

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
Hi Dan,

First of all, you're not using an out of sample test as such, because the optimization date range is the same as the paper trading date range. Though this isn't causing the flat spot, it doesn't provide validation of the model either. I.E. you're validating the performance of the model with exactly the same data you're curve fitting the model to work best with. In NST you can seperate out the paper trading date range from the optimization range. However when you do that, you'll see the model doesn't perform too well anymore.

Regarding the flat spot. As Steve said, the market dynamics have changed. If you put a volatility indicator on that same chart, you'll see that around the beginning of 2003, volatility significantly dropped. The model worked well in a high volatility situation but not in a low volatility situation. Unfortunately, the DOF issue precludes you from producing a new model yet, i.e. you don't have enough recent data.

Assuming the model did successfully validate in paper trading at some point in time, then the only other way around the change in market this would be to normalize time, i.e. change the underlying data, this would produce volatility which was consistant and indicators which were "better behaved".

Mark Simpson
Bowfort Technologies Inc.

On 11/15/2005 11:05:45 AM Dan wrote:
Mark,

I'm attaching an example chart--a simple out-of-the-box crossover system from the Cybernetic Indicator add-on using Adaptive RVI. From here I sometimes elaborate with alternative exits and/or stops (results roughly similar). I'd also like to combine this with another system that kicks in when the market is trending as opposed to range-bound, but here is where I get into trouble in needing so many trades to account for the DOF for what is essentially two systems combined into one.

In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

On 11/14/2005 12:13:25 PM Mark Simpson wrote:
Hi Dan,

>I've been working on some models using the 30 trades per DOF guideline, and am
>beginning to see some possibilities emerge. However, I am hitting a particular snag
>consistently, and I wonder if you (or the Ward folks) have any insight/suggestions.
>It seems like the number of trades I need to validate a model demands about 5 yrs.
>of testing; the resulting equity curve (while profitable overall) is consistently flat
>toward the right edge of the chart, where I need to start trading.

>For example, let's take a simple 2 indicator crossover system (I am using some
>add-on indicators). I optimize 2 indicators for longs, and 2 indicators for shorts.
>(I like for values for longs and shorts to be different b/c the market accelerates
>downward more quickly than upward.) This equals 4 variables, therefore the model
>would need 120 trades to validate. In addition, I like to use an exit indicator, which
>sometimes I will optimize as linked for longs/shorts. This brings the minimum no. of
> trades up to 150-180 depending on whether the exit variables for long/shorts are
>linked or not.

>I find that I need to go about 5 yrs. back in order for the model to accumulate that
>many trades. No matter what objective I use to optimize the equity curve (max return
>* equity curve corr. is my favorite), the GA seems to produce results that are great
>in the first 3 yrs or so, but, again, mostly flat for the last year or so.

>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do. So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

The GA always tries to fit over the data you provide it, i.e. if you use the GA over 8 years, then the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

2. Regarding DOF, you can't really cheat as such. However you can make better indicators that
have fewer DOF. It's feasible to build an indicator (assuming the 2 indicators you are using are the same in the short and long), such that you have 2 indicators for long and short with a 3rd variable which essentially determines
essentially becomes the adaption between short and long, that would give you 3 DOF and save 1 DOF, as currently you have duplication of information, essentially you're removing correlated information by removing that 1 DOF.

If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy the model works).

3. Also watch out for lag. I get the impression (although you don't explicitly say), that you're
using lagging indicators.

If possible, post your model to the forum, and we can take a further look at it.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 10/22/2005 4:38:30 PM Mark Simpson wrote:
>I really appreciate your helpful tip regarding 30 trades per DOF, and read
>another of your articles that suggests: "Calculate the number of Degrees of
>Freedom in your model (DOF) - aka variables, and validate the model with
>30 trades per degree of freedom."

>I wonder if you could clarify how to calculate DOF. Does one simply
>count each indicator in a system as one variable, or, in the case of
>indicators that have more than one optimizable parameter does one
>count every optimizable parameter in every indicator as a variable?

Hi Dan,

DOF means a lot of different things to different people, however the way I approach
it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

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to find one that works on 1 security.
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on 1 security.
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So if you let the optimizer choose a value, 1 DOF gets added. If you
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We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time,
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So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the
last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly
curve fit. Anywhere where you pick and choose, or try different things open you
up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're
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There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

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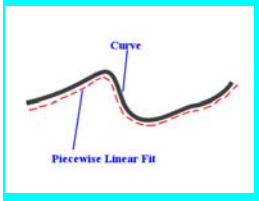

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/29/2005 7:36:29 AM Poster : Sunny

Steve,

Thank you for your thorough description.

I tried several different variation; however, there is something that I am doing wrong, and I would like to check with you on what I am doing:

Non-normalized

DJI-C

Lag(DJI-C, 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),1), 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),40), 40)

Normalized

ln(DJI-C) - lag(ln(DJI-C),1)

ln(DJI-C) - lag(ln(DJI-C),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),40),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)

The normalized inputs are placed in a prediction.

I predicted the percentage change in the open.
The number of trading days into the prediction from the next open were 4.
I tried this both with optimization and without it.
I tried 4-walkforwards of 3-months.
I chose both long and short positions.
I used the trading rules greater than or less than zero.
The training objective was to maximize winners – losers.
The maximum training set size was 5 years.
The minimum training set size was 4 years.
Maximum number of hidden neurons during training were 80

The results that I got were not very good so I am sure that I did not follow your ideas correctly, but I am not sure where I am messing this up.

Regards,

Sunny

On 11/26/2005 6:41:50 PM Steve Eberbach wrote:
Sunny:

What I use is a spreadsheet called WaveWi$e to convert my files to log-normalized format, and Z-scores for the log normalized version of the data. This I do because I use very long data sets for stocks which range over 50 years' time to find the cycles which have persisted the longest time first, or even more relevantly, the cycles and correlations which have "always" made a comeback even if they almost disappear for a while. When run through the nets, if the neural net's lookback window is different from the one I chose, there will be a doubly applied z-score normalization.

I append an abbreviation, such as "Z40" to, for example, DJICLOSE, to indicate the input dow jones industrials close, z-score of a 40 bar moving window. I also keep the standard deviation associated with that 40 bar window, which is otherwise discarded information when just normalizing by z-score. That standard deviation represents the average variance from the 40 bar moving average, the average amplitude of variance from that moving average. The z-score represents "how many" of these standard average variances (differences squared) the present bar's value is from the moving average at the present bar. If both the z-score and the associated 40 bar standard deviation are available to the neural net as choices for input, then the neural net can "decide" if the local (40 bar) variance has any modulating effect on the significance of the normalized input, the z-score.

So, in the case of Steve Ward's add-ons or the prediction wizard, you would add another input, "DJICLOSESD40" if your window length, the "look back length" was 40 bars, along with the existing input, "DJICLOSE" which was normalized with the lookback window size, 40 bars, to give your network information of local volatility from which that normalization was automatically derived by the network's normalizer. So besides normalization "across inputs" as Steve points out, you also have normalization "across time intervals".

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Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

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On 11/20/2005 3:00:07 PM Mark Simpson wrote:
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Mark Simpson
Bowfort Technologies Inc.

On 11/15/2005 11:05:45 AM Dan wrote:
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In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

On 11/14/2005 12:13:25 PM Mark Simpson wrote:
Hi Dan,

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>in the first 3 yrs or so, but, again, mostly flat for the last year or so.

>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some
points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests
that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do. So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

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the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

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have fewer DOF. It's feasible to build an indicator (assuming the 2 indicators you are using are the same in the short and long), such that you have 2 indicators for long and short with a 3rd variable which essentially determines essentially becomes the adaption between short and long, that would give you 3 DOF and save 1 DOF, as currently you have duplication of information, essentially you're removing correlated information by removing that 1 DOF.

If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy the model works).

3. Also watch out for lag. I get the impression (although you don't explicitly say), that you're
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Bowfort Technologies Inc.

On 10/22/2005 4:38:30 PM Mark Simpson wrote:
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>count every optimizable parameter in every indicator as a variable?

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it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

Model Inputs: RSI(5) on 1 security.
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,x,y) on 1 security where x/y are optimized.
Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try
different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators
to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters
on 1 security.
Answer: 1 DOF (as you need to validate the model on something)

Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you
manually choose a value through experimentation, 1 DOF gets added.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing
over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for
what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's
by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink
you.

You've probably come across the following problem, you build your
system, keep optimizing various types of system until you find one that does well,
then you trade it in realtime, and poof, that well performing system eats you alive.
If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you
have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function
of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to
design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into
our "function", and then see how well the function works (performance). However

it doesn't do too well, so we use the optimization feature in NST (a GA) to alter
the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance
if you had 5 indicators with a total of 10 possible parameters, then to try every
possible combination would take a long time. Trying every possibility is a brute force
method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA
uses a targetted approach. I.E. You guess a local peak to begin with. It probably
isn't the highest peak, so you guess again. Then using a chromosome/gene
model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members survive to keep
going, until you can make no more "reasonable" improvement. I.E. Your solution evolves to find the best answer
just like life on earth. What's happening is your taking spot readings over the range
and homing in on the highest mountain.

A GA has a fitness function (in this case the height of the mountain), in the case of
trading, it's your goal. The GA is a tool to help us fit the curve. A brute force method can be better than a GA, but if a GA doesn't reach the correct answer, it will likely
reach one that's close. I.E. In the trade off between brute force and a GA, GA is
really only the practical way to go, although brute force may be occasionally a little
more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect
coin toss predictor. We toss 3 times, and get heads each time. Therefore we
optimize our solution, and build a perfect coin tosser that always generates heads
as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that
we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from
before that to be
reasonably confident that we haven't incorrectly curve fitted the data, we need
30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
If you tested with adequate data, you'd have found out that it really was poor in the
first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time,
you'd likely make money on some and lose money on others. Just like tossing
a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks
not others, so you plug in 100 stocks to find out which ones do well and which ones
do poorly, and keep the good ones. Well you've just incorrectly curve fitted by
another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then your sample is
no longer truely representative of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the
last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly
curve fit. Anywhere where you pick and choose, or try different things open you
up to curve fitting.

One solution might be to create another out of sample testing to get around the problem: But again, if you pick and choose between those out of samples, you're
opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and
managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and
this is where these threads about design models come into the picture. Start off
with a goal, and design a model to fit that goal, don't just guess at methods or
indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

3. If using a GA, use it at the end of the process, i.e. as a final improvement to an
already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is
always paper trading.

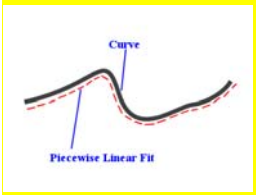
6. Never pick and choose results, stocks or anything else. (At least not without
being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you
need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is
called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve
of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/30/2005 7:36:07 PM Poster : Steve Eberbach

You specify:StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)

This does make sense to normalize the "log delta" over a 40 bar window using z-score.

But you jumped to using a 40 bar lag, similarly normalized.

I would prefer using all the lags of:StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)'

Which is the Zscore and log delta normalized close. You should derive all your lags from this normalized change, as well as other interesting indicators, such as the Cumulation of this normalized log-delta z-score normalized price called close. Not just lag 40. Lag 40 may not be relevant as other lags. 40 is just the window span I used for standard deviation of log delta over two months, which I found useful for s&p index and stocks.

Steve

Steve

On 11/29/2005 7:36:29 AM Sunny wrote:
Steve.

Thank you for your thorough description.

I tried several different variation; however, there is something that I am doing wrong, and I would like to check with you on what I am doing:

Non-normalized

DJI-C

Lag(DJI-C, 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),1), 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),40), 40)

Normalized

ln(DJI-C) - lag(ln(DJI-C),1)

ln(DJI-C) - lag(ln(DJI-C),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),40),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)

The normalized inputs are placed in a prediction.

I predicted the percentage change in the open.
The number of trading days into the prediction from the next open were 4.
I tried this both with optimization and without it.
I tried 4-walkforwards of 3-months.

I chose both long and short positions.
I used the trading rules greater than or less than zero.
The training objective was to maximize winners – losers.
The maximum training set size was 5 years.
The minimum training set size was 4 years.
Maximum number of hidden neurons during training were 80

The results that I got were not very good so I am sure that I did not follow your ideas correctly, but I am not sure where I am messing this up.

Regards,

Sunny

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Answer: 1 DOF as x is a variable parameter i.e. it can change.

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Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,x,y) on 1 security where x/y are optimized.
Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try
different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators
to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters
on 1 security.
Answer: 1 DOF (as you need to validate the model on something)

Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you
manually choose a value through experimentation, 1 DOF gets added.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing
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what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's
by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink
you.

You've probably come across the following problem, you build your
system, keep optimizing various types of system until you find one that does well,
then you trade it in realtime, and poof, that well performing system eats you alive.
If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you
have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function
of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to
design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into
our "function", and then see how well the function works (performance). However
it doesn't do too well, so we use the optimization feature in NST (a GA) to alter
the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance
if you had 5 indicators with a total of 10 possible parameters, then to try every
possible combination would take a long time. Trying every possibility is a brute force
method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA
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model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members
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So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect
coin toss predictor. We toss 3 times, and get heads each time. Therefore we
optimize our solution, and build a perfect coin tosser that always generates heads
as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that
we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data.
Remember from before that to be
reasonably confident that we haven't incorrectly curve fitted the data, we need
30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
If you tested with adequate data, you'd have found out that it really was poor in the
first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time,
you'd likely make money on some and lose money on others. Just like tossing
a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks
not others, so you plug in 100 stocks to find out which ones do well and which ones
do poorly, and keep the good ones. Well you've just incorrectly curve fitted by
another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then
your sample is no longer truely representative of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the
last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly
curve fit. Anywhere where you pick and choose, or try different things open you
up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're
opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and
managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and
this is where these threads about design models come into the picture. Start off
with a goal, and design a model to fit that goal, don't just guess at methods or
indicators that will work, start off with solid design from the ground up.

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3. If using a GA, use it at the end of the process, i.e. as a final improvement to an
already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is
always paper trading.

6. Never pick and choose results, stocks or anything else. (At least not without
being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you
need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize
frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is
called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.

I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Postcript-Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/30/2005 7:59:03 PM Poster : Steve Eberbach

Also, I prefer 100*(ln(DJI-C)-ln(lag(DJI-C),1)), since it translates changes into a "reversible" percent change indicator. By that I mean if you accumulate these changes you restore the correct shape of the logarithmic price, on a percentage return basis, even if you go back and forth between changes and integrated (cumulative) changes many times, which does not happen if you use the standard "percent change" definition.

The standard percent change definition is fatally flawed. It will ruin your predictions, with a bias which makes a rise of 100 percent change equal to a decline of 50 percent change!

Steve

On 11/29/2005 7:36:29 AM Sunny wrote:
Steve,

Thank you for your thorough description.

I tried several different variation; however, there is something that I am doing wrong, and I would like to check with you on what I am doing:

Non-normalized

DJI-C

Lag(DJI-C, 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),1), 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),40), 40)

Normalized

ln(DJI-C) - lag(ln(DJI-C),1)

ln(DJI-C) - lag(ln(DJI-C),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),40),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)

The normalized inputs are placed in a prediction.

I predicted the percentage change in the open.
The number of trading days into the prediction from the next open were 4.
I tried this both with optimization and without it.
I tried 4-walkforwards of 3-months.
I chose both long and short positions.
I used the trading rules greater than or less than zero.
The training objective was to maximize winners – losers.
The maximum training set size was 5 years.
The minimum training set size was 4 years.
Maximum number of hidden neurons during training were 80

The results that I got were not very good so I am sure that I did not follow your ideas correctly, but I am not sure where I am messing this up.

Regards,

Sunny

On 11/26/2005 6:41:50 PM Steve Eberbach wrote:
Sunny:

What I use is a spreadsheet called WaveWiSe to convert my files to log-normalized format, and Z-scores for the log normalized version of the data. This I do because I use very long data sets for stocks which range over 50 years' time to find the cycles which have persisted the longest time first, or even more relevantly, the cycles and correlations which have "always" made a comeback even if they almost disappear for a while. When run through the nets, if the neural net's lookback window is different from the one I chose, there will be a doubly applied z-score normalization.

I append an abbreviation, such as "Z40" to, for example, DJICLOSE, to indicate the input dow jones industrials close, z-score of a 40 bar moving window. I also keep the standard deviation associated with that 40 bar window, which is otherwise discarded information when just normalizing by z-score. That standard deviation represents the average variance from the 40 bar moving average, the average amplitude of variance from that moving average. The z-score represents "how many" of these standard average variances (differences squared) the present bar's value is from the moving average at the present bar. If both the z-score and the associated 40 bar standard deviation are available to the neural net as choices for input, then the neural net can "decide" if the local (40 bar) variance has any modulating effect on the significance of the normalized input, the z-score.

So, in the case of Steve Ward's add-ons or the prediction wizard, you would add another input, "DJICLOSESD40" if your window length, the "look back length" was 40 bars, along with the existing input, "DJICLOSE" which was normalized with the lookback window size, 40 bars, to give your network information of local volatility from which that normalization was automatically derived by the network's normalizer. So besides normalization "across inputs" as Steve points out, you also have normalization "across time intervals".

Steve

On 11/25/2005 4:49:15 PM Steve ward wrote:
The Prediction Wizard always uses z-score, as do the add-ons AT2 and NI. ANI, however, has no normalization across inputs, so only there is it really necessary to normalize across inputs. Normalization over time (detrending) is really where you need to be careful. Use indicators that are already normalized (like RSI, etc) or if using raw prices, then use change, percent change, spread from a moving average or index, etc.

On 11/22/2005 12:39:52 PM Steve Eberbach wrote:
Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

Steve Eberbach

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
Hi Dan,

First of all, you're not using an out of sample test as such, because the optimization date range is the same as the paper trading date range. Though this isn't causing the flat spot, it doesn't provide validation of the model either. I.E. you're validating the performance of the model with exactly the same data you're curve fitting the model to work best with. In NST you can seperate out the paper trading date range from the optimization range. However when you do that, you'll see the model doesn't perform too well anymore.

Regarding the flat spot. As Steve said, the market dynamics have changed. If you put a volatility indicator on that same chart, you'll see that around the beginning of 2003, volatility significantly dropped. The model worked well in a high volatility situation but not in a low volatility situation. Unfortunately, the DOF issue precludes you from producing a new model yet, i.e. you don't have enough recent data.

Assuming the model did successfully validate in paper trading at some point in time, then the only other way around the change in market this would be to normalize time, i.e. change the underlying data, this would produce volatility which was consistant and indicators which were "better behaved".

Mark Simpson
Bowfort Technologies Inc.

On 11/15/2005 11:05:45 AM Dan wrote:
Mark,

I'm attaching an example chart--a simple out-of-the-box crossover system from the Cybernetic Indicator add-on using Adaptive RVI. From here I sometimes elaborate with alternative exits and/or stops (results roughly similar). I'd also like to combine this with another system that kicks in when the market is trending as opposed to range-bound, but here is where I get into trouble in needing so many trades to account for the DOF for what is essentially two systems combined into one.

In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

On 11/14/2005 12:13:25 PM Mark Simpson wrote:
Hi Dan,

>I've been working on some models using the 30 trades per DOF guideline, and am
>beginning to see some possibilities emerge. However, I am hitting a particular snag
>consistently, and I wonder if you (or the Ward folks) have any insight/suggestions.
>It seems like the number of trades I need to validate a model demands about 5 yrs.
>of testing; the resulting equity curve (while profitable overall) is consistently flat
>toward the right edge of the chart, where I need to start trading.

>For example, let's take a simple 2 indicator crossover system (I am using some
>add-on indicators). I optimize 2 indicators for longs, and 2 indicators for shorts.
>I like for values for longs and shorts to be different b/c the market accelerates
>downward more quickly than upward.) This equals 4 variables, therefore the model
>would need 120 trades to validate. In addition, I like to use an exit indicator, which
>sometimes I will optimize as linked for longs/shorts. This brings the minimum no. of
> trades up to 150-180 depending on whether the exit variables for long/shorts are
>linked or not.

>I find that I need to go about 5 yrs. back in order for the model to accumulate that
>many trades. No matter what objective I use to optimize the equity curve (max return
>* equity curve corr. is my favorite), the GA seems to produce results that are great
>in the first 3 yrs or so, but, again, mostly flat for the last year or so.

>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some
points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests
that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do.
So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

The GA always tries to fit over the data you provide it, i.e. if you use the GA over 8 years, then
the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

2. Regarding DOF, you can't really cheat as such. However you can make better indicators that
have fewer DOF. It's feasible to build an indicator (assuming the 2 indicators you are using are the same in the short and long), such that you have 2 indicators for long and short with a 3rd variable which essentially determines essentially becomes the adaption between short and long, that would give you 3 DOF and save 1 DOF, as currently you have duplication of information, essentially you're removing correlated information by removing that 1 DOF.

If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy the model works).

3. Also watch out for lag. I get the impression (although you don't explicitly say), that you're
using lagging indicators.

If possible, post your model to the forum, and we can take a further look at it.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 10/22/2005 4:38:30 PM Mark Simpson wrote:
>I really appreciate your helpful tip regarding 30 trades per DOF, and read
>another of your articles that suggests: "Calculate the number of Degrees of
>Freedom in your model (DOF) - aka variables, and validate the model with
>30 trades per degree of freedom."

>I wonder if you could clarify how to calculate DOF. Does one simply
>count each indicator in a system as one variable, or, in the case of
>indicators that have more than one optimizable parameter does one
>count every optimizable parameter in every indicator as a variable?

Hi Dan,

DOF means a lot of different things to different people, however the way I approach
it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

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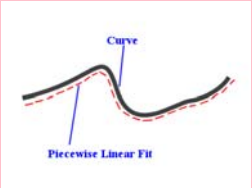

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Mark Simpson
Bowfort Technologies Inc.

Postcript-Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :12/4/2005 4:03:20 AM Poster : Sunny

Steve,

First of all, I would like to thank you for taking the time to go over this procedure with me. I am attempting to answer here your last two posts on this topic.

I tried several different combinations, and I have done two different predictions in which I am using the StndNormalZScore and lag(sub(ln(close), ln(lag(close))).

I am still unsure if I am using these indicators correctly (according to your instructions). For this reason, I have posted a chart that includes both of these predictions. I have also included data in the chart.

The chart referenced in this post can be downloaded from the following link:

Steve Eberbach (data saved).cht

Moreover, I tried these prediction both with optimization and without it. I am including the results with optimization.

In addition, one of these predictions predicts the percent change in the open while the other prediction predicts mul2(100,sub(ln(close),ln(lag(close,1))))). Interestingly, if I change this last objective for the first one (percent change in the open), the results are more similar but still not the same.

I am wondering if you meant to use this last indicator as a prediction objective or as an input for a prediction.

I tried initially a larger set of lags as you suggested (and as I understood); however, not all of these lags were relevant. In order to save time (and file space), I discarded the other lags, and I left only two within each prediction.

Would you normally include in your predictions a larger set of lags? It appears that the amount of time to predict increases rapidly with several inputs of the same. For this reason, I am wondering if the correct procedure would be to predict without optimization and to allow the prediction wizard to choose the relevant inputs.

If you don't mind taking a look, I would value your comments regarding the procedure.

Regards,

Sunny

On 11/30/2005 7:59:03 PM Steve Eberbach wrote:
Also, I prefer 100*(ln(DJI-C)-ln(lag(DJI-C),1)), since it translates changes into a "reversible" percent change indicator. By that I mean if you accumulate these changes you restore the correct shape of the logarithmic price, on a percentage return basis, even if you go back and forth between changes and integrated (cumulative) changes many times, which does not happen if you use the standard "percent change" definition.

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On 11/29/2005 7:36:29 AM Sunny wrote:
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Thank you for your thorough description.

I tried several different variation; however, there is something that I am doing wrong, and I would like to check with you on what I am doing:

Non-normalized

DJI-C

Lag(DJI-C, 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),1), 40)

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Normalized

ln(DJI-C) - lag(ln(DJI-C),1)

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The normalized inputs are placed in a prediction.

I predicted the percentage change in the open.
The number of trading days into the prediction from the next open were 4.
I tried this both with optimization and without it.
I tried 4-walkforwards of 3-months.
I chose both long and short positions.
I used the trading rules greater than or less than zero.
The training objective was to maximize winners – losers.
The maximum training set size was 5 years.
The minimum training set size was 4 years.
Maximum number of hidden neurons during training were 80

The results that I got were not very good so I am sure that I did not follow your ideas correctly, but I am not sure where I am messing this up.

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In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

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On 11/14/2005 12:13:25 PM Mark Simpson wrote:
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> trades up to 150-180 depending on whether the exit variables for long/shorts are
>linked or not.

>I find that I need to go about 5 yrs. back in order for the model to accumulate that
>many trades. No matter what objective I use to optimize the equity curve (max return
>* equity curve corr. is my favorite), the GA seems to produce results that are great
>in the first 3 yrs or so, but, again, mostly flat for the last year or so.

>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests

that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do. So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working. I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

The GA always tries to fit over the data you provide it, i.e. if you use the GA over 8 years, then the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

2. Regarding DOF, you can't really cheat as such. However you can make better indicators that have fewer DOF. It's feasible to build an indicator (assuming the 2 indicators you are using are the same in the short and long), such that you have 2 indicators for long and short with a 3rd variable which essentially determines essentially becomes the adaption between short and long, that would give you 3 DOF and save 1 DOF, as currently you have duplication of information, essentially you're removing correlated information by removing that 1 DOF.

If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy the model works).

3. Also watch out for lag. I get the impression (although you don't explicitly say), that you're using lagging indicators.

If possible, post your model to the forum, and we can take a further look at it.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 10/22/2005 4:38:30 PM Mark Simpson wrote:
>I really appreciate your helpful tip regarding 30 trades per DOF, and read
>another of your articles that suggests: "Calculate the number of Degrees of
>Freedom in your model (DOF) - aka variables, and validate the model with
>30 trades per degree of freedom."

>I wonder if you could clarify how to calculate DOF. Does one simply
>count each indicator in a system as one variable, or, in the case of
>indicators that have more than one optimizable parameter does one
>count every optimizable parameter in every indicator as a variable?

Hi Dan,

DOF means a lot of different things to different people, however the way I approach it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

Model Inputs: RSI(5) on 1 security.
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,x,y) on 1 security where x/y are optimized.
Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters on 1 security.
Answer: 1 DOF (as you need to validate the model on something)

Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you manually choose a value through experimentation, 1 DOF gets added.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink you.

You've probably come across the following problem, you build your system, keep optimizing various types of system until you find one that does well, then you trade it in realtime, and poof, that well performing system eats you alive.
If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into our "function", and then see how well the function works (performance). However it doesn't do too well, so we use the optimization feature in NST (a GA) to alter the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance if you had 5 indicators with a total of 10 possible parameters, then to try every possible combination would take a long time. Trying every possibility is a brute force method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA uses a targetted approach. I.E. You guess a local peak to begin with. It probably isn't the highest peak, so you guess again. Then using a chromosome/gene model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members survive to keep going, until you can make no more "reasonable" improvement. I.E. Your solution evolves to find the best answer just like life on earth. What's happening is your taking spot readings over the range and homing in on the highest mountain.

A GA has a fitness function (in this case the height of the mountain), in the case of trading, it's your goal. The GA is a tool to help us fit the curve. A brute force method can be better than a GA, but if a GA doesn't reach the correct answer, it will likely reach one that's close. I.E. In the trade off between brute force and a GA, GA is really only the practical way to go, although brute force may be occasionally a little more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect coin toss predictor. We toss 3 times, and get heads each time. Therefore we optimize our solution, and build a perfect coin tosser that always generates heads as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be reasonably confident that we haven't incorrectly curve fitted the data, we need 30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time. If you tested with adequate data, you'd have found out that it really was poor in the first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time, you'd likely make money on some and lose money on others. Just like tossing a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks not others, so you plug in 100 stocks to find out which ones do well and which ones do poorly, and keep the good ones. Well you've just incorrectly curve fitted by another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then your sample is no longer truely representative of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly curve fit. Anywhere where you pick and choose, or try different things open you up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and this is where these threads about design models come into the picture. Start off with a goal, and design a model to fit that goal, don't just guess at methods or indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

3. If using a GA, use it at the end of the process, i.e. as a final improvement to an already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is always paper trading.

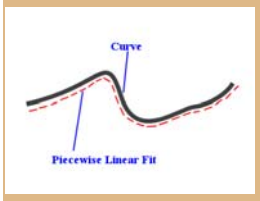
6. Never pick and choose results, stocks or anything else. (At least not without being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Postcript-Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :12/5/2005 11:04:28 AM Poster : Stephen

Mark,
Thanks for putting the chart on the web. I downloaded the chart and looked over the trading system. In the chart you used 4 different alpha values, two for the long side, and two for the short side. Shouldn't the alpha for the the trigger be the same as the indicator? This would give you 2 alphas and cut down the degrees of freedom. Looking through the code in Ehlers book I see that he always used the same alpha for the indicator and trigger. Can you explain the use of two different alphas (different alpha in trigger) in a cross over system? How does this avoid curve fitting? - Stephen

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>,* equity curve corr. is my favorite), the GA seems to produce results that are great
>in the first 3 yrs or so, but, again, mostly flat for the last year or so.

>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some
points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests
that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's
designed to do. So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

The GA always tries to fit over the data you provide it, i.e. if you use the GA over 8 years, then
the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

2. Regarding DOF, you can't really cheat as such. However you can make better indicators that
have fewer DOF. It's feasible to build an indicator (assuming the 2 indicators you are using are the same in the short and long), such that you have 2 indicators for long and short with a 3rd
variable which essentially determines essentially becomes the adaption between short and long, that would give you 3 DOF and save 1 DOF, as currently you have duplication of information,
essentially you're removing correlated information by removing that 1 DOF.

If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy
the model works).

3. Also watch out for lag. I get the impression (although you don't explicitly say), that you're
using lagging indicators.

If possible, post your model to the forum, and we can take a further look at it.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 10/22/2005 4:38:30 PM Mark Simpson wrote:
>I really appreciate your helpful tip regarding 30 trades per DOF, and read
>another of your articles that suggests: "Calculate the number of Degrees of
>Freedom in your model (DOF) - aka variables, and validate the model with
>30 trades per degree of freedom."

>I wonder if you could clarify how to calculate DOF. Does one simply
>count each indicator in a system as one variable, or, in the case of
>indicators that have more than one optimizable parameter does one
>count every optimizable parameter in every indicator as a variable?

Hi Dan,

DOF means a lot of different things to different people, however the way I approach
it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

Model Inputs: RSI(5) on 1 security.
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
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Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try
different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators
to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters
on 1 security.
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Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you
manually choose a value through experimentation, 1 DOF gets added.

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On 8/30/2005 2:24:54 PM Mark Simpson wrote:
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So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's
by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink
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You've probably come across the following problem, you build your
system, keep optimizing various types of system until you find one that does well,
then you trade it in realtime, and poof, that well performing system eats you alive.
If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you
have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function
of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to
design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into

our "function", and then see how well the function works (performance). However it doesn't do too well, so we use the optimization feature in NST (a GA) to alter the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance if you had 5 indicators with a total of 10 possible parameters, then to try every possible combination would take a long time. Trying every possibility is a brute force method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA uses a targetted approach. I.E. You guess a local peak to begin with. It probably isn't the highest peak, so you guess again. Then using a chromosome/gene model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members survive to keep going, until you can make no more "reasonable" improvement. I.E. Your solution evolves to find the best answer just like life on earth. What's happening is your taking spot readings over the range and homing in on the highest mountain.

A GA has a fitness function (in this case the height of the mountain), in the case of trading, it's your goal. The GA is a tool to help us fit the curve. A brute force method can be better than a GA, but if a GA doesn't reach the correct answer, it will likely reach one that's close. I.E. In the trade off between brute force and a GA, GA is really only the practical way to go, although brute force may be occasionally a little more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect coin toss predictor. We toss 3 times, and get heads each time. Therefore we optimize our solution, and build a perfect coin tosser that always generates heads as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically optimize with not enough data. Remember from before that to be reasonably confident that we haven't incorrectly curve fitted the data, we need 30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time. If you tested with adequate data, you'd have found out that it really was poor in the first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time, you'd likely make money on some and lose money on others. Just like tossing a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks not others, so you plug in 100 stocks to find out which ones do well and which ones do poorly, and keep the good ones. Well you've just incorrectly curve fitted by another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your sample (the good ones), then your sample is no longer truely representative of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work. Again, just another form of incorrect curve fitting for the same reason as the last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly curve fit. Anywhere where you pick and choose, or try different things open you up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and this is where these threads about design models come into the picture. Start off with a goal, and design a model to fit that goal, don't just guess at methods or indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

3. If using a GA, use it at the end of the process, i.e. as a final improvement to an already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is always paper trading.

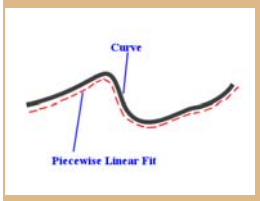
6. Never pick and choose results, stocks or anything else. (At least not without being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Postcript-Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :12/5/2005 3:16:15 PM Poster : Mark Simpson

Hi Stephen,

I think this one should have been directed towards Dan.

Mark

On 12/5/2005 11:04:28 AM Stephen wrote:
Mark,
Thanks for putting the chart on the web. I downloaded the chart and looked over the trading system. In the chart you used 4 different alpha values, two for the long side, and two for the short side. Shouldn't the alpha for the the trigger be the same as the indicator? This would give you 2 alphas and cut down the degrees of freedom. Looking through the code in Ehlers book I see that he always used the same alpha for the indicator and trigger. Can you explain the use of two different alphas (different alpha in trigger) in a cross over system? How does this avoid curve fitting? - Stephen

On 11/30/2005 7:59:03 PM Steve Eberbach wrote:
Also, I prefer 100*(ln(DJI-C)-ln(lag(DJI-C),1)), since it translates changes into a "reversible" percent change indicator. By that I mean if you accumulate these changes you restore the correct shape of the logarithmic price, on a percentage return basis, even if you go back and forth between changes and integrated (cumulative) changes many times, which does not happen if you use the standard "percent change" definition.

The standard percent change definition is fatally flawed. It will ruin your predictions, with a bias which makes a rise of 100 percent change equal to a decline of 50 percent change!

Steve

On 11/29/2005 7:36:29 AM Sunny wrote:
Steve,

Thank you for your thorough description.

I tried several different variation; however, there is something that I am doing wrong, and I would like to check with you on what I am doing:

Non-normalized

DJI-C

Lag(DJI-C, 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),1), 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),40), 40)

Normalized

ln(DJI-C) - lag(ln(DJI-C),1)

ln(DJI-C) - lag(ln(DJI-C),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),40),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)

The normalized inputs are placed in a prediction.

I predicted the percentage change in the open.
The number of trading days into the prediction from the next open were 4.
I tried this both with optimization and without it.
I tried 4-walkforwards of 3-months.
I chose both long and short positions.
I used the trading rules greater than or less than zero.
The training objective was to maximize winners – losers.
The maximum training set size was 5 years.
The minimum training set size was 4 years.
Maximum number of hidden neurons during training were 80

The results that I got were not very good so I am sure that I did not follow your ideas correctly, but I am not sure where I am messing this up.

Regards,

Sunny

On 11/26/2005 6:41:50 PM Steve Eberbach wrote:
Sunny:

What I use is a spreadsheet called WaveWi$e to convert my files to log-normalized format, and Z-scores for the log normalized version of the data. This I do because I use very long data sets for stocks which range over 50 years' time to find the cycles which have persisted the longest time first, or even more relevantly, the cycles and correlations which have "always" made a comeback even if they almost disappear for a while. When run through the nets, if the neural net's lookback window is different from the one I chose, there will be a doubly applied z-score normalization.

I append an abbreviation, such as "Z40" to, for example, DJICLOSE, to indicate the input dow jones industrials close, z-score of a 40 bar moving window. I also keep the standard deviation associated with that 40 bar window, which is otherwise discarded information when just normalizing by z-score. That standard deviation represents the average variance from the 40 bar moving average, the average amplitude of variance from that moving average. The z-score represents "how many" of these standard average variances (differences squared) the present bar's value is from the moving average at the present bar. If both the z-score and the associated 40 bar standard deviation are available to the neural net as choices for input, then the neural net can "decide" if the local (40 bar) variance has any modulating effect on the significance of the normalized input, the z-score.

So, in the case of Steve Ward's add-ons or the prediction wizard, you would add another input, "DJICLOSESD40" if your window length, the "look back length" was 40 bars, along with the existing input, "DJICLOSE" which was normalized with the lookback window size, 40 bars, to give your network information of local volatility from which that normalization was automatically derived by the network's normalizer. So besides normalization "across inputs" as Steve points out, you also have normalization "across time intervals".

Steve

On 11/25/2005 4:49:15 PM Steve ward wrote:
The Prediction Wizard always uses z-score, as do the add-ons AT2 and NI. ANI, however, has no normalization across inputs, so only there is it really necessary to normalize across inputs. Normalization over time (detrending) is really where you need to be careful. Use indicators that are already normalized (like RSI, etc) or if using raw prices, then use change, percent change, spread from a moving average or index, etc.

On 11/22/2005 12:39:52 PM Steve Eberbach wrote:
Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

Steve Eberbach

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
Hi Dan,

First of all, you're not using an out of sample test as such, because the optimization date range is the same as the paper trading date range. Though this isn't causing the flat spot, it doesn't provide validation of the model either. I.E. you're validating the performance of the model with exactly the same data you're curve fitting the model to work best with. In NST you can seperate out the paper trading dale range from the optimization range. However when you do that, you'll see the model doesn't perform too well anymore.

Regarding the flat spot. As Steve said, the market dynamics have changed. If you put a volatility indicator on that same chart, you'll see that around the beginning of 2003, volatility significantly dropped. The model worked well in a high volatility situation but not in a low volatility situation. Unfortunately, the DOF issue precludes you from producing a new model yet, i.e. you don't have enough recent data.

Assuming the model did successfully validate in paper trading at some point in time, then the only other way around the change in market this would be to normalize time, i.e. change the underlying data, this would produce volatility which was consistant and indicators which were "better behaved".

Mark Simpson
Bowfort Technologies Inc.

On 11/15/2005 11:05:45 AM Dan wrote:
Mark,

I'm attaching an example chart--a simple out-of-the-box crossover system from the Cybernetic Indicator add-on using Adaptive RVI. From here I sometimes elaborate with alternative exits and/or stops (results roughly similar). I'd also like to combine this with another system that kicks in when the market is trending as opposed to range-bound, but here is where I get into trouble in needing so many trades to account for the DOF for what is essentially two systems combined into one.

In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

On 11/14/2005 12:13:25 PM Mark Simpson wrote:
Hi Dan,

>I've been working on some models using the 30 trades per DOF guideline, and am
>beginning to see some possibilities emerge. However, I am hitting a particular snag
>consistently, and I wonder if you (or the Ward folks) have any insight/suggestions.
>It seems like the number of trades I need to validate a model demands about 5 yrs.
>of testing; the resulting equity curve (while profitable overall) is consistently flat
>toward the right edge of the chart, where I need to start trading.

>For example, let's take a simple 2 indicator crossover system (I am using some
>add-on indicators). I optimize 2 indicators for longs, and 2 indicators for shorts.
>(I like for values for longs and shorts to be different b/c the market accelerates
>downward more quickly than upward.) This equals 4 variables, therefore the model
>would need 120 trades to validate. In addition, I like to use an exit indicator, which
>sometimes I will optimize as linked for longs/shorts. This brings the minimum no. of
> trades up to 150-180 depending on whether the exit variables for long/shorts are
>linked or not.

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>many trades. No matter what objective I use to optimize the equity curve (max return
>" equity curve corr. is my favorite), the GA seems to produce results that are great
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>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
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>Many thanks for your kind attention--

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It's difficult to provide exact reasons without seeing the model, however these are some points:

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So you have your perfect model and you want to trade, but it works on some stocks
not others, so you plug in 100 stocks to find out which ones do well and which ones
do poorly, and keep the good ones. Well you've just incorrectly curve fitted by
another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your
sample (the good ones), then your sample is no longer truely representative of your population.

CURVE FITTING BY SELECTION: INDICATORS

So, instead of picking the best stocks to use in your model, you pick the best indicators, i.e. just keep plugging at it until you find indicators that work.
Again, just another form of incorrect curve fitting for the same reason as the
last.

CURVE FITTING BY SELECTION: PICKING THE BEST RESULTS

So you keep trying models until you find the best one. Again, just incorrectly curve fitting.

As you can see, this is a huge problem, there are so many ways to incorrectly
curve fit. Anywhere where you pick and choose, or try different things open you
up to curve fitting.

One solution might be to create another out of sample testing to get around the problem. But again, if you pick and choose between those out of samples, you're
opening yourself up to the same problem again.

So, incorrectly curve fitting is not 100% avoidable, but needs to be realized and
managed. Personally I follow this method to avoid it as much as possible:

1. Never try things out in a model in an untargetted approach, and
this is where these threads about design models come into the picture. Start off
with a goal, and design a model to fit that goal, don't just guess at methods or
indicators that will work, start off with solid design from the ground up.

2. Use a GA to improve good models, not to make bad models work.

3. If using a GA, use it at the end of the process, i.e. as a final improvement to an
already good model.

4. Use sufficient data to test with.

5. Always keep additional out of samples to test on. A good out of sample is
always paper trading.

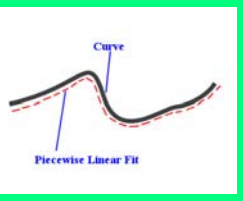
6. Never pick and choose results, stocks or anything else. (At least not without
being aware of it and knowing the effect).

7. Keep degrees of freedom low. I.E. The smaller the DOF, the less data you
need to validate which makes everything a lot simpler to test.

USING CURVE FITTING TO ADVANTAGE:

There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is called a Piecewise Linear Approach. Linear = Line, Piecewise means small pieces.



I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve of your function for a small period of time. You then reoptimize frequently to get additional small segments of lines.

Mark Simpson
Bowfort Technologies Inc.

Postcript-Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :12/5/2005 8:55:22 PM Poster : Dan Melton

Hi Stephen,

The chart you're referring to is simply the "out of the box" Adaptive RVI template that comes with the Cybernetic Indicators. The point of the post really was the problem of the flattened equity curve, which seems to be popping up in several systems I'm experimenting with. My hope was to find a fix that would cause GA to somehow give preference to solutions with an equity curve that was steeper toward the end. Instead, the benefit of the optimization seems to be weighted toward the beginning of the curve. (Mark pointed out that a major shift in volatility seems to contribute here.)

As to linking the alpha parameters: if that is so (i.e. they should be linked), it doesn't appear to be present in the template. Makes sense, though. Thanks for the thought!

Dan Melton

On 12/5/2005 3:16:15 PM Mark Simpson wrote:
Hi Stephen,

I think this one should have been directed towards Dan.

Mark

On 12/5/2005 11:04:28 AM Stephen wrote:
Mark,
Thanks for putting the chart on the web. I downloaded the chart and looked over the trading system. In the chart you used 4 different alpha values, two for the long side, and two for the short side. Shouldn't the alpha for the the trigger be the same as the indicator? This would give you 2 alphas and cut down the degrees of freedom. Looking through the code in EINers book I see that he always used the same alpha for the indicator and trigger. Can you explain the use of two different alphas (different alpha in trigger) in a cross over system? How does this avoid curve fitting? - Stephen

On 11/30/2005 7:59:03 PM Steve Eberbach wrote:
Also, I prefer 100*(ln(DJI-C)-ln(lag(DJI-C),1)), since it translates changes into a "reversible" percent change indicator. By that I mean if you accumulate these changes you restore the correct shape of the logarithmic price, on a percentage return basis, even if you go back and forth between changes and integrated (cumulative) changes many times, which does not happen if you use the standard "percent change" definition.

The standard percent change definition is fatally flawed. It will ruin your predictions, with a bias which makes a rise of 100 percent change equal to a decline of 50 percent change!

Steve

On 11/29/2005 7:36:29 AM Sunny wrote:
Steve,

Thank you for your thorough description.

I tried several different variation; however, there is something that I am doing wrong, and I would like to check with you on what I am doing:

Non-normalized

DJI-C

Lag(DJI-C, 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),1), 40)

StndDev(ln(DJI-C) - lag(ln(DJI-C),40), 40)

Normalized

ln(DJI-C) - lag(ln(DJI-C),1)

ln(DJI-C) - lag(ln(DJI-C),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),40),40)

StndNormalZScore(ln(DJI-C) - lag(ln(DJI-C),1), 40)

The normalized inputs are placed in a prediction.

I predicted the percentage change in the open.
The number of trading days into the prediction from the next open were 4.
I tried this both with optimization and without it.
I tried 4-walkforwards of 3-months.
I chose both long and short positions.
I used the trading rules greater than or less than zero.
The training objective was to maximize winners – losers.
The maximum training set size was 5 years.
The minimum training set size was 4 years.
Maximum number of hidden neurons during training were 80

The results that I got were not very good so I am sure that I did not follow your ideas correctly, but I am not sure where I am messing this up.

Regards,

Sunny

On 11/26/2005 6:41:50 PM Steve Eberbach wrote:
Sunny:

What I use is a spreadsheet called WaveWi$e to convert my files to log-normalized format, and Z-scores for the log normalized version of the data. This I do because I use very long data sets for stocks which range over 50 years' time to find the cycles which have persisted the longest time first, or even more relevantly, the cycles and correlations which have "always" made a comeback even if they almost disappear for a while. When run through the nets, if the neural net's lookback window is different from the one I chose, there will be a doubly applied z-score normalization.

I append an abbreviation, such as "Z40" to, for example, DJICLOSE, to indicate the input dow jones industrials close, z-score of a 40 bar moving window. I also keep the standard deviation associated with that 40 bar window, which is otherwise discarded information when just normalizing by z-score. That standard deviation represents the average variance from the 40 bar moving average, the average amplitude of variance from that moving average. The z-score represents "how many" of these standard average variances (differences squared) the present bar's value is from the moving average at the present bar. If both the z-score and the associated 40 bar standard deviation are available to the neural net as choices for input, then the neural net can "decide" if the local (40 bar) variance has any modulating effect on the significance of the normalized input, the z-score.

So, in the case of Steve Ward's add-ons or the prediction wizard, you would add another input, "DJICLOSESD40" if your window length, the "look back length" was 40 bars, along with the existing input, "DJICLOSE" which was normalized with the lookback window size, 40 bars, to give your network information of local volatility from which that normalization was automatically derived by the network's normalizer. So besides normalization "across inputs" as Steve points out, you also have normalization "across time intervals".

Steve

On 11/25/2005 4:49:15 PM Steve ward wrote:
The Prediction Wizard always uses z-score, as do the add-ons AT2 and NI. ANI, however, has no normalization across inputs, so only there is it really necessary to normalize across inputs. Normalization over time (detrending) is really where you need to be careful. Use indicators that are already normalized (like RSI, etc) or if using raw prices, then use change, percent change, spread from a moving average or index, etc.

On 11/22/2005 12:39:52 PM Steve Eberbach wrote:
Hi Mark: It is for this reason (changing volatility) that I have always converted all my indicators into moving z-score plus standard deviation (two variables). That way I have the inputs I need to test if there is useful information in the changes of volatility of each input. Another benefit of z-score is that the numeric indicators are nicely normalized, making it easier for me to read all my charts, since then I can put several indicators of different colors on one chart without severe vertical axis scaling problems which arise when trying to draw comparative charts.

Since Steve has written normalization into the neural nets, maybe he could include an option to simply display the input indicators as normalized for the prediction wizard, wherever these are in the memory, whether it is plus-minus a range, or z-score, or something else.

Steve Eberbach

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
Hi Dan,

First of all, you're not using an out of sample test as such, because the optimization date range is the same as the paper trading date range. Though this isn't causing the flat spot, it doesn't provide validation of the model either. I.E. you're validating the performance of the model with exactly the same data you're curve fitting the model to work best with. In NST you can seperate out the paper trading date range from the optimization range. However when you do that, you'll see the model doesn't perform
too well anymore.

Regarding the flat spot. As Steve said, the market dynamics have changed. If
you put a volatility indicator on that same chart, you'll see that around the beginning of 2003, volatility significantly dropped. The model worked well in a high volatility situation but not in a low volatility situation. Unfortunately, the DOF issue precludes you from
producing a new model yet, i.e. you don't have enough recent data.

Assuming the model did successfully validate in paper trading at some point in time,
then the only other way around the change in market this would be to normalize time,
i.e. change the underlying data, this would produce volatility which was consistant and indicators which were "better behaved".

Mark Simpson
Bowfort Technologies Inc.

On 11/15/2005 11:05:45 AM Dan wrote:
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I'm attaching an example chart--a simple out-of-the-box crossover system from the Cybernetic Indicator add-on using Adaptive RVI. From here I sometimes elaborate with alternative exits and/or stops (results roughly similar). I'd also like to combine this with another system that kicks in when the market is trending as opposed to range-bound, but here is where I get into trouble in needing so many trades to account for the DOF for what is essentially two systems combined into one.

In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

On 11/14/2005 12:13:25 PM Mark Simpson wrote:
Hi Dan,

>I've been working on some models using the 30 trades per DOF guideline, and am
>beginning to see some possibilities emerge. However, I am hitting a particular snag
>consistently, and I wonder if you (or the Ward folks) have any insight/suggestions.
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>in the first 3 yrs or so, but, again, mostly flat for the last year or so.

>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do. So the "out of sample" (provided you haven't curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

The GA always tries to fit over the data you provide it, i.e. if you use the GA over 8 years, then the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

2. Regarding DOF, you can't really cheat as such. However you can make better indicators that have fewer DOF. It's feasible to build an indicator (assuming the 2 indicators you are using are the same in the short and long), such that you have 2 indicators for long and short with a 3rd variable which essentially determines essentially becomes the adaption between short and long, that would give you 3 DOF and save 1 DOF, as currently you have duplication of information, essentially you're removing correlated information by removing that 1 DOF.

If you can get DOF really low, i.e. 1 DOF (maybe 2), then you can get into piecewise linear approach of curve fitting (you still need to at least validate on an out of sample, until you're happy the model works).

3. Also watch out for lag. I get the impression (although you don't explicitly say), that you're using lagging indicators.

If possible, post your model to the forum, and we can take a further look at it.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 10/22/2005 4:38:30 PM Mark Simpson wrote:
>I really appreciate your helpful tip regarding 30 trades per DOF, and read
>another of your articles that suggests: "Calculate the number of Degrees of
>Freedom in your model (DOF) - aka variables, and validate the model with
>30 trades per degree of freedom."

>I wonder if you could clarify how to calculate DOF. Does one simply
>count each indicator in a system as one variable, or, in the case of
>indicators that have more than one optimizable parameter does one
>count every optimizable parameter in every indicator as a variable?

Hi Dan,

DOF means a lot of different things to different people, however the way I approach it is as follows.

To me a degree of freedom is an item that can change in a model. This could be:
1. A parameter to an indicator
2. Choice of indicator
3. Choice of security

All this is pretty vague, so hopefully the following examples will clarify it:

Model Inputs: RSI(x) on 1 security where x is optimized.
Answer: 1 DOF as x is a variable parameter i.e. it can change.

Model Inputs: RSI(5) on 1 security.
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,12,26) on 1 security
Answer: 1 DOF (as you need to validate the model on something).

Model Inputs: MACD(close,x,y) on 1 security where x/y are optimized.
Answer: 2 DOF (x and y)

Model Inputs: MACD(RSI (z), x, y) on 1 security where z/x/y are optimized.
Answer: 3 DOF (x, y and z)

Model Inputs: MACD (RSI (z), x, y) where z/x/y are optimized, and then we try different stocks against it to find which ones perform best.
Answer: 4 DOF (x,y,z and stock selection)

Model Inputs: Indicator(x) where x is optimized, and we try many different indicators to find one that works on 1 security.
Answer: 2 DOF (x and Indicator selection)

Model Inputs: MACD(close,5,20) where we just guessed 5,20 as being the parameters on 1 security.
Answer: 1 DOF (as you need to validate the model on something)

Model Inputs: MACD(close,5,20) however, we tried many different values for 5 and 20 until we found the ones that worked on 1 security.
Answer: 2 DOF (becuase you were manually changing both the 5 and 20).

So if you let the optimizer choose a value, 1 DOF gets added. If you manually choose a value through experimentation, 1 DOF gets added.

Regards
Mark Simpson
Bowfort Technologies Inc.

On 8/30/2005 2:24:54 PM Mark Simpson wrote:
This thread is about curve fitting. I also refer you to Steve Ward's tips on preventing over-optimization http://www.ward.net/cgi-bin/viewtip.asp?ID=105 as a guideline for what you can do to avoid it.

So, lets start off with what a GA (Genetic Algorithm) is, to remove some of the mysticism behind the GA built into Neuroshell. Personally I believe that it's by understanding the principles of this that it can be better used to advantage.
The GA is a very powerful tool if used correctly, if used incorrectly it can sink you.

You've probably come across the following problem, you build your system, keep optimizing various types of system until you find one that does well, then you trade it in realtime, and poof, that well performing system eats you alive.

If you've done everything else correctly, i.e. tested on out samples and used walk forwards, then the chances are you've just incorrectly curve fitted without realizing it.

So what is curve fitting? If you imagine your trading system like this, you
have inputs and you have an output (trading signals). You have a black box in the middle which translates between. Essentially the output is a function
of the input. I.E. Output=f (Input1..Input N)

The output is the curve, i.e. it's a varying function, and the idea is that we have to
design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into
our "function", and then see how well the function works (performance). However
it doesn't do too well, so we use the optimization feature in NST (a GA) to alter
the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance
if you had 5 indicators with a total of 10 possible parameters, then to try every
possible combination would take a long time. Trying every possibility is a brute force
method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA
uses a targetted approach. I.E. You guess a local peak to begin with. It probably
isn't the highest peak, so you guess again. Then using a chromosome/gene
model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every
generation, the fittest members survive to keep going, until you can make no more "reasonable" improvement. I.E. Your solution evolves to find the best answer
just like life on earth. What's happening is your taking spot readings over the range
and homing in on the highest mountain.

A GA has a fitness function (in this case the height of the mountain), in the case of
trading, it's your goal. The GA is a tool to help us fit the curve. A brute force method can be better than a GA, but if a GA doesn't reach the correct answer, it will likely
reach one that's close. I.E. In the trade off between brute force and a GA, GA is
really only the practical way to go, although brute force may be occasionally a little
more superior in result.

So lets try some examples of incorrectly curve fitting with a few examples.

CURVE FITTING WITH TOO LITTLE DATA:

So we toss some coins. Coins can be heads or tails and our goal is to build a perfect
coin toss predictor. We toss 3 times, and get heads each time. Therefore we
optimize our solution, and build a perfect coin tosser that always generates heads
as the answer. So what's wrong?

Well, our curve is heads/tails, but we took such a small sample (of size 3), that
we didn't see the real picture. I.E. We tried to fit a curve where we couldn't see the whole curve. In trading, this is a classic mistake that is commonly made. We genetically
optimize with not enough data. Remember from before that to be
reasonably confident that we haven't incorrectly curve fitted the data, we need
30 trades per degree of freedom (DOF) for every variable in the model.

This shows up as, building a model that optimizes well, then trades poorly in real time.
If you tested with adequate data, you'd have found out that it really was poor in the
first place.

CURVE FITTING BY SELECTION: STOCK PICKING

We can also incorrectly curve fit by picking results, without even using a GA.

For instance, if you were to trade say 10 stocks randomly for a period of time,
you'd likely make money on some and lose money on others. Just like tossing
a coin would produce heads and tails.

So you have your perfect model and you want to trade, but it works on some stocks
not others, so you plug in 100 stocks to find out which ones do well and which ones
do poorly, and keep the good ones. Well you've just incorrectly curve fitted by
another means. (or another way of looking at it is rendered your out of sample to be in sample). This is because out of any population (the 100), if you pick and choose your
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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/23/2005 3:33:58 PM Poster : Dan

Hi Mark--

Thanks for the warning on the in-sample data. I had hoped to resolve the equity flat spot, issue, tune up with some exits if possible (i.e. DOF limits), then move on to out of sample data. But I imagine that paper trading right away might not be a bad way to
immediately chuck the weak models!

What I'm getting from your post is: find another model! Probably good advice at this point. I guess the only other option is to follow Ward's example and perhaps optimize for a shorter period (i.e. post change in volatility patterns) but accumulate trades toward DOF guidelines by optimizing over indicators.

Thanks for taking the time to look at the model and posting--

Dan Melton

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
Hi Dan,

First of all, you're not using an out of sample test as such, because the optimization date range is the same as the paper trading date range. Though this isn't causing the flat
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Bowfort Technologies Inc.

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There is another way to approach curve fitting and make it work to your advantage. At first it seems like a crazy approach, but there are good reasons why it works. That is to keep DOF small and optimize frequently.

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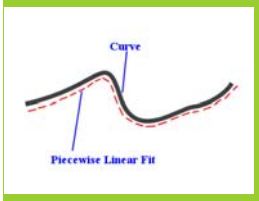

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/28/2005 7:44:57 AM Poster : Dan Melton

Whoops...I meant "accumulate trades toward DOF guidelines by optimizing over chart pages," not "optimizing over indicators".... :0

Dan Melton

On 11/23/2005 3:33:58 PM Dan wrote:

What I'm getting from your post is: find another model! Probably good advice at this point. I guess the only other option is to follow Ward's example and perhaps optimize for a shorter period (i.e. post change in volatility patterns) but accumulate
trades toward DOF guidelines by optimizing over indicators.

Thanks for taking the time to look at the model and posting--

Dan Melton

On 11/20/2005 3:00:07 PM Mark Simpson wrote:
Hi Dan,

First of all, you're not using an out of sample test as such, because the optimization date range is the same as the paper trading date range. Though this isn't causing the flat
spot, it doesn't provide validation of the model either. I.E. you're validating the performance of the model with exactly the same data you're curve fitting the model to work best with. In NST you can seperate out the paper trading date range from the
optimization range. However when you do that, you'll see the model doesn't perform
too well anymore.

Regarding the flat spot. As Steve said, the market dynamics have changed. If
you put a volatility indicator on that same chart, you'll see that around the beginning of 2003, volatility significantly dropped. The model worked well in a high volatility situation but not in a low volatility situation. Unfortunately, the DOF issue precludes
you from
producing a new model yet, i.e. you don't have enough recent data.

Assuming the model did successfully validate in paper trading at some point in time,
then the only other way around the change in market this would be to normalize time,
i.e. change the underlying data, this would produce volatility which was consistant and indicators which were "better behaved".

Mark Simpson
Bowfort Technologies Inc.

On 11/15/2005 11:05:45 AM Dan wrote:
Mark,

I'm attaching an example chart--a simple out-of-the-box crossover system from the Cybernetic Indicator add-on using Adaptive RVI. From here I sometimes elaborate with alternative exits and/or stops (results roughly similar). I'd also like to combine
this with another system that kicks in when the market is trending as opposed to range-bound, but here is where I get into trouble in needing so many trades to account for the DOF for what is essentially two systems combined into one.

In case you don't have those indicators on your machine, I'm attaching a picture also (at least you can see the equity curve).

Thanks for any other thoughts you might have!

Dan Melton

On 11/14/2005 12:13:25 PM Mark Simpson wrote:
Hi Dan,

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>beginning to see some possibilities emerge. However, I am hitting a particular snag
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>Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward
>the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

>Many thanks for your kind attention--

>Dan Melton

It's difficult to provide exact reasons without seeing the model, however these are some
points:

1. You mention that the equity curve is good at the beginning and flat at the end. That suggests
that you're running the GA on a certain period of time, and your "out of sample" is recent (presumably the flat part). A GA will generally do a good job of curve fitting because that's what it's designed to do. So the "out of sample" (provided you haven't
curve fitted by manually curve fitting, i.e. stock selection etc.) becomes the measurement of how well your model is working.
I.E. If you've validated with enough trades for the DOF and the out of sample is poor, then the model more than likely doesn't work, and the model needs refining or replacing.

The GA always tries to fit over the data you provide it, i.e. if you use the GA over 8 years, then
the results should be fairly consistant during that time (provided the market has the opportunity to make money). Which is why you need the out of sample to validate it.

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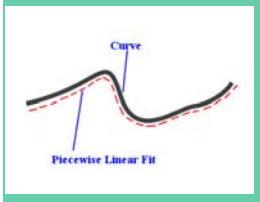

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/14/2005 3:05:03 PM Poster : Ward.net Webmaster

If it is any consolation, this is happening on our models too, and those of other users we've talked to. 2005 has been a really hard year for models, because the great patterns of 2001-2003 aren't there any longer (2004 was a transition we think). We have found relief in building models in-sample only for 2004, but optimizing over all chart pages. Then you don't lock onto great patterns from the past that no longer exist.

PS - We prefer a different terminology. Both neural nets and GAs curve fit. Curve fitting isn't a bad thing, because that's pretty much all we can do with history using just about any kind of technical models (unless you want to go with Bizarro models). It is OVER-fitting that is the bad thing. In the case at hand we're all fitting the great years because they made so much money.

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So you have your perfect model and you want to trade, but it works on some stocks
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The reason for this is because of the curve fitting. Normally we wish to fit that curve perfectly, however, any curve can be approximated by a series of small lines. This is
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I.E. If you keep Degrees Of Freedom (DOF) low so that your fit can be validated in minimal time, i.e. you're creating a small line, then it can fit (approximately) the curve
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Mark Simpson
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Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :11/17/2005 6:32:52 AM Poster : Dan

This IS good to know--thanks for passing this information and tip along!

Dan Melton

On 11/14/2005 3:05:03 PM Ward.net Webmaster wrote:
If it is any consolation, this is happening on our models too, and those of other users we've talked to. 2005 has been a really hard year for models, because the great patterns of 2001-2003 aren't there any longer (2004 was a transition we think). We have found relief in building models in-

sample only for 2004, but optimizing over all chart pages. Then you don't lock onto great patterns from the past that no longer exist.

PS - We prefer a different terminology. Both neural nets and GAs curve fit. Curve fitting isn't a bad thing, because that's pretty much all we can do with history using just about any kind of technical models (unless you want to go with Bizarro models). It is OVER-fitting that is the bad thing. In the case at hand we're all fitting the great years because they made so much money.

On 11/10/2005 9:21:15 AM Dan wrote:
Mark,

I've been working on some models using the 30 trades per DOF guideline, and am beginning to see some possibilities emerge. However, I am hitting a particular snag consistently, and I wonder if you (or the Ward folks) have any insight/suggestions. It seems like the number of trades I need to validate a model demands about 5 yrs. of testing; the resulting equity curve (while profitable overall) is consistently flat toward the right edge of the chart, where I need to start trading.

For example, let's take a simple 2 indicator crossover system (I am using some add-on indicators). I optimize 2 indicators for longs, and 2 indicators for shorts. (I like for values for longs and shorts to be different b/c the market accelerates downward more quickly than upward.) This equals 4 variables, therefore the model would need 120 trades to validate. In addition, I like to use an exit indicator, which sometimes I will optimize as linked for longs/shorts. This brings the minimum no. of trades up to 150-180 depending on whether the exit variables for longs/shorts are linked or not.

I find that I need to go about 5 yrs. back in order for the model to accumulate that many trades. No matter what objective I use to optimize the equity curve (max return * equity curve corr. is my favorite), the GA seems to produce results that are great in the first 3 yrs or so, but, again, mostly flat for the last year or so.

Any suggestions/ideas? Is there any way to ask the GA to steepen the curve toward the end of the model, or valid shortcuts around the 30 trades per DOF guideline?

Many thanks for your kind attention--

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Date :10/22/2005 7:30:49 PM Poster : Maciej

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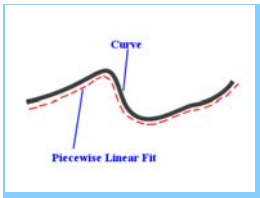

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Mark Simpson
Bowfort Technologies Inc.

Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :10/24/2005 11:10:19 AM Poster : Mark Simpson

Hi Maciej,

It's possible to do, but it has to be a time series, as standard parameters can't take indicators as parameters.

If you can provide the formula and identify the parameter you're trying to achieve a trading increment with I can tell you if it's possible or not.

If it turns out to be a time series solution, I have an indicator here that will do the job.

Mark Simpson
Bowfort Technologies Inc.

On 10/22/2005 7:30:49 PM Maciej wrote:
Mark, Are you aware of any way to force the GA to give only integer or fractional results? I trade grains and my corn futures goin steps of 0.25 so a stop of say 200.33 is not really optimal - ideally I'd like to get a result of either 200.25 or 200.50. Or is that the inherent nature of GA prevents such solutions?

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The output is the curve, i.e. it's a varying function, and the idea is that we have to design the function so that it fits that curve.

So, lets translate this to the NST world. We use a bunch of indicators to go into our "function", and then see how well the function works (performance). However if doesn't do too well, so we use the optimization feature in NST (a GA) to alter the parameters to the indicators to make the function fit the curve better.

A Genetic Algorithm (GA) is just a tool to reduce the search space. For instance if you had 5 indicators with a total of 10 possible parameters, then to try every possible combination would take a long time. Trying every possibility is a brute force method and isn't practical unless your model is extremely simple.

A GA looks at the problem differently. If we wanted to find the highest peak in a range of mountains, then visiting every mountain takes too long, so a GA uses a targetted approach. I.E. You guess a local peak to begin with. It probably isn't the highest peak, so you guess again. Then using a chromosome/gene model borrowed from biology, where you have survival of the fittest, you match the good parameters of the mountains and keep going. Essentially you keep going, at every generation, the fittest members survive to keep going, until you can make no more "reasonable" improvement. I.E. Your solution evolves to find the best answer
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For instance, if you were to trade say 10 stocks randomly for a period of time, you'd likely make money on some and lose money on others. Just like tossing a coin would produce heads and tails.

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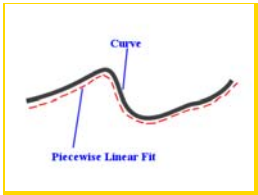

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Re: Curve fitting. What it is, how to avoid it and how to use it to advantage

Date :10/24/2005 5:02:30 PM Poster : Ward.net Webmaster

The GA can't be made to match minimum price increments on futures, but NeuroShell really needs some sort of rounding feature where prices are concerned, as in stops. However, you can probably effect this yourself by putting rounding in the stop price. For 0.25 increments, use the Quotient indicator, dividing the price by 0.25. Then multiply by 0.25. That should round what the optimizer gives to the nearest quarter point.

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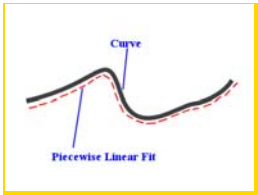

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Mark Simpson
Bowfort Technologies Inc.

Suggestions for using Fuzzy Sets add-on

Date :8/31/2005 4:59:20 PM Poster : MFK

I'm having mixed results using the Fuzzy Sets indicators, and I think the problem is lack of understanding of how to implement the sets in a trading strategy. (The fuzzy logic theory behind them makes so much sense that I'm determined to learn how to use fuzzy sets wisely. If you own this add-on and haven't read Bart Kosko's Fuzzy Thinking, do so immediately.)

First question deals with using the conditional fuzzy sets with the GA optimizer. Let's saying I'm using RSI(10) to create a buy signal. For the Sets parameter, I specify a range of 3 to 7. Here's where I get a little confused. What range do I specify for the Set parameter? According to the Help file, I probably want to start at 0 to determine if indeed the indicator contributes nothing. Do I then set the maximum of the parameter range to 7, the maximum number of sets I specified for the optimization? Or do I use the default setting, 0 to 10? I've done the latter, and I wind up with puzzling results when I look at the final trading rules; for example: 3,RSI(10),9. If I'm reading that result correctly, it means the optimizer has divided the RSI indicator into 3 sets, then is using the ninth set to produce the result. How can that be?

Second question deals with the range of data used to create the Sets parameter. The Help files says the minimum and maximum of the range is based on the values observed in the chart. Does that mean all data loaded, including data up to the most recent chart date? Or is the data limited to that used during optimization but not that used to evaluate out of sample results?

Third question seeks some observations and suggestions from experienced users. What could be causing me to get good to very good signals for buys, but few if any signals for sells? In most of my testing, I'm either in the market in a buy-and-hold position or I'm eventually stopped out by a trailing % stop. One thought I've had is I'm just not training the fuzzy sets long enough? Are these time-intensive, similar to Neural Indicators? Or is my confusion with Sets and Set causing my problem?

It would be great if we could establish a forum focused almost exclusively on fuzzy logic and fuzzy sets. (Read Kosko's book to learn why the word "almost" is required in that sentence.)

Noob Question: Difficulty with ATR DLL

Date :9/2/2005 4:30:50 PM Poster : NStrader

I'm trying to implement Average True Range as a DLL. My problem is that the code below compiles (I know its crude, but once I know it's working it could be 'boilerplated'), but NS has a hissy fit and crashes after I've registered and tried to use it. I don't think the problem is with the code but...

```
#define DLLF _declspec(dllexport)
#include <stdlib.h>

DLLF void ATR(double *high, double *low, double *close, long period, double coeff, double *outp, long numbars)
{
// Variables.....
const double noCalc = 3.4e38; // NS's standard for 'no output'.
double pastClose = 0.0; // Yesterdays Close.
double *trueRange = new double[]; // Contains True Range value.
double tr = 0.0; // stores 3 cond.'s for TR.

// Test for correct values.....
if( period == 0) // Crude error detection. Will be replaced by
abort(); // ...AfxMessageBox when I have proved that this
if( coeff == 0.0) // ...works.
abort();
if( numbars == 0)
abort();

// Set initial conditions.....
pastClose = *close; // Needed for one of the three TR numbers.

// Calc True Range and store in trueRange[].....
for (long i=0; i<numbars; i++)
{
if(i==0)
trueRange[i] = (high[i] - low[i]); // Start TR condition.
else
{
if((high[i]-pastClose) < (high[i] - low[i])) // Calc.'s TR.
tr = (high[i] - low[i]);
else
tr = (high[i]-pastClose);
if( tr < (low[i]))
tr = low[i];
}

trueRange[i] = tr; // Store TR reault.
pastClose = close[i]; // Update - look to past Close.
}

// Calc Average True Range.....
for(long l = 0; l < (period - 1); l++) // Tells NS noCalc in this range.
{
outp[l] = noCalc;
}

for(long j = 0; j < (numbars - period); j++) // Main outer loop.
{
double sum = 0.0;
for(long k = j; k < (j + period); k++) // Inner Mov Avg loop.
{
sum = sum + trueRange[k]; // Sum all TR in period.
}
outp[j+period] = ((sum/period) * coeff) + close[j+period]; // ATR calc.
}

// Tidying up loose ends.....
delete [] trueRange; // Free memory used.
}
```

I have implemented the example .dll's without problem - so I'm obviously missing something. Please, can someone help?

Re: Noob Question: Difficulty with ATR DLL

Date :9/2/2005 6:08:48 PM Poster : Mark Simpson

Try changing the line:

double *trueRange=new double[];

to:

double *trueRange=new double[numbars];

as you are accessing a pointer which doesn't point to any data.

I haven't gone through the rest of the logic in the code, but that should solve
your problem with running it. Windows doesn't handle pointer errors too elegantly.

Mark Simpson
Bowfort Technologies Inc.

Re: Noob Question: Difficulty with ATR DLL

Date :9/3/2005 12:36:43 PM Poster : NStrader

Thank you for your reply - my sanity has been saved. I will never again debug past midnight sober, if I can help it ;) Seriously though - Thank You.

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Ibasic DLL compiler now only $49.99

Date :9/8/2005 4:27:14 PM Poster : Ward.net Webmaster

It looks like the price of Ibasic Pro is now only $49.99 on www.pyxia.com. If you want to write your own indicators for NeuroShell in BASIC, this is a great deal. There is an example on this site of an Ibasic indicator.

Re: Ibasic DLL compiler now only $49.99

Date :9/26/2005 7:43:31 AM Poster : Michael J Begley

On 9/8/2005 4:27:14 PM Ward.net Webmaster wrote:
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Gentlemen,

I programmed in PL1 in college 35 years ago (please stop laughing) and did no further programming until I picked up TradeStation 2000i in 1999.

I am less concerned with how much the BASIC product costs and much more concerned with
* How easy is it to learn and use relative to Power Basic?
* Which of the 2 compilers do you plan to use for your future examples?
* Is one product more general purpose than the other?

In short do you have a recommendation?

Thanks.

Mike Begley

Re: Ibasic DLL compiler now only $49.99

Date :9/26/2005 8:42:21 AM Poster : Steve Ward

I'm the only one here old enough to remember PL1. You learned PL1 and you're worried about how easy IBASIC is to learn? If you programmed in PL1 you are smart enough to program in anything!

We haven't done any side by side tests with Power Basic, and in terms of future examples, we'll probably let our folks use whatever they want - whatever they are already used to is what they will probably use. I personally like IBASIC better than PB only because I think the method of referring to arrays passed by NeuroShell is more natural and more consistent with other array processing. Therefore I'd call it easier to use, because array passing is what intimidates people the most about programming for NeuroShell. IBASIC PRO has a 15 day free trial - download it and try it.

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Thanks.

Mike Begley

Re: Ibasic DLL compiler now only $49.99

Date :9/26/2005 10:31:21 PM Poster : Steve Eberbach

As a licensee who updates both compilers on a regular basis, I would say that both IBasic and Power Basic will continue to be supported in the future, based on the power of the user forums, and the spirit of the authors.

IBasic is certainly the less expensive, and it gets the job done well. (also support of assembler via NASM assembler using inline code in the Ibasic code.)
So it makes sense for new adopters of custom programming of dlls for NST that they would benefit economically by adopting Ibasic. Of course, if you are experienced in Power Basic, and have a license, why change? On some benchmarks, using code in the Ibasic forums, your Ibasic can run twice as fast as Power Basic. Then again, other code run in Power Basic could be faster than the same as in IBasic. If you are fussy, get both.

I certainly hope Ward Systems supports both, they deserve the support.

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Date :9/27/2005 8:07:17 AM Poster : Maciej

Sorry Steve, but there are others in this forum who've used PL/1.

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On 9/26/2005 7:43:31 AM Michael J Begley wrote:

On 9/8/2005 4:27:14 PM Ward.net Webmaster wrote:
It looks like the price of Ibasic Pro is now only $49.99 on www.pyxia.com. If you want to write your own indicators for NeuroShell in BASIC, this is a great deal. There is an example on this site of an Ibasic indicator.

Gentlemen,

I programmed in PL1 in college 35 years ago (please stop laughing) and did no further programming until I picked up TradeStation 2000i in 1999.

I am less concerned with how much the BASIC product costs and much more concerned with
* How easy is it to learn and use relative to Power Basic?
* Which of the 2 compilers do you plan to use for your future examples?
* Is one product more general purpose than the other?

In short do you have a recommendation?

Thanks.

Mike Begley

Re: Ibasic DLL compiler now only $49.99

Date :9/27/2005 9:27:42 AM Poster : Xprogrammer

I'm the oldest programmer around now that Grace Hopper passed away. Yes, I used PL1 somewhat in my career, and I must tell you it was very powerful. However, it was indeed hard to learn and pretty difficult to debug too as I recall. It was an eclectic mix of all the existing languages of the time I believe. Maybe Michael can comment on that.

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Mike Begley

Re: Ibasic DLL compiler now only $49.99

Date :10/1/2005 9:33:12 PM Poster : Michael J Begley

Thanks guys for all of the comments. I am cracking open the Ibasic help files this afternoon.

I used PL1 when I took some breadth type courses during MSEE studies. After an intro programming practices class, where I wrote an assembler, I used PL1 for assignments and projects in several mathematical pattern recognition classses. I found it VERY difficult to debug especially when the human interface with the mainframe was punched cards. I could not tell you what the roots of PL1 were. I remember looking at the source code for a matrix inversion subroutine in the Scientific Subroutine Package. What a mess! There were GOTO branches going off in all directions -- and everything else the programming practices class preached against.

Well, fortunately life is easier today!

Mike Begley

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classification nets

Date :9/17/2005 9:23:36 PM Poster : frank

Can the Turboprop 2 net be used as a classification net if given enough hidden layers or is it set up to be strictly a dynamic time series net?

Re: classification nets

Date :9/19/2005 2:12:03 PM Poster : Jennifer

I've done it before and here's how I remember doing it. Just make an indicator with lead of momentum that is 1 if the market is going up, and -1 if going down. Then use that as an output in a prediction of 0 days ahead. When the prediction is gt 0, you buy, and vice versa. I studied a different kind of ANN in school, but I don't think hidden layers matter at all.

On 9/17/2005 9:23:36 PM frank wrote:
Can the Turboprop 2 net be used as a classification net if given enough hidden layers or is it set up to be strictly a dynamic time series net?

How to speed up the startegy optimization

Date :9/20/2005 4:22:20 AM Poster : vvv999vvv

When I try to backtest a trading strategy (cross over and cross under strategy) in Forex on 15 minutes chart (started from 4/5/05)for four tickers, it took me more than two days to finished, any suggestion to speed up the optimization. TIA

Re: How to speed up the startegy optimization

Date :9/20/2005 12:25:59 PM Poster : Mark Simpson

Try these in order:

1. Change UNLOADCUSTOMDLLS from True to False in \windows\nstrader.ini
This makes sure that the dlls aren't unloaded on each interation of the optimization.

2. Constrain the optimization by setting ranges of values for each of the parameters
for each indicator.

3. Examine the model. How many indicators? How many parameters? Try to
reduce it.

4. Code it in a programming language.

5. Get a faster machine.

Regards
Mark Simpson
Bowfort Technologies Inc.

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Re: How to speed up the startegy optimization

Date :10/1/2005 3:54:56 AM Poster : vvv999vvv

Mark,

Thank you

1/ my default setting is false

2/ I have retrained the setting range

3/ it is 3 to four indicators, except a "strategy" from the default indicator, such as maxium value since order is filled

4/ all of them are indicators by Neuroshell, turning points, neural indicator and cybernatics

5/ It is a Xeon pc with 2G ram

THank you for your reply.

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Re: How to speed up the startegy optimization

Date :9/20/2005 1:41:12 PM Poster : Jennifer

There's an article here called "When Optimization is Really Slow" that helped me.

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Re: How to speed up the startegy optimization

Date :10/1/2005 3:58:04 AM Poster : vvv999vvv

Jennifer,

Thank you, I have tried to use alternative indicator to do the work, it came with not the result I expected, such as I use "Max" instead of Maxium after the order is filled.

Thank you for your reply

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Re: How to speed up the startegy optimization

Date :9/27/2005 8:24:48 AM Poster : Maciej

Plenty of aricles exists on this site.
I've found that my better strategies are already good with very little optimization.
Try to limit the ranges of your variables - It can be a bit fastidious to set up the vairables and their ranges but it pays.
Work progressively - entry+exit+stop for both long and short = max.
If you work progressively, say entries only then add exits and then stops you'll quickly get a feel for the cost of each component of a strategy. There are further articles her on why for instance stops can add to the optimization process a lot of time.

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Re: How to speed up the startegy optimization

Date :10/1/2005 4:11:20 AM Poster : vvv999vvv

Hi, Maciej

I agree, I just try to built a simple system with a few indicators

For instant, I try to smooth the data before I applied the strategy in order to reduced the whipsaw on hour chart (I think 4 hour chart will do better, unfortunately, Neuralshell has no 4 hour interval chart, it is one of its drawback),
Then I applied one cybernatic cross over and below strategies, it takes ages to finish any strategy.

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Re: How to speed up the startegy optimization

Date :10/3/2005 3:55:48 PM Poster : Maciej

I haven't tried using 4 hourly charts but there is a MT (Mulitple Timeframes) set of indicators that were donated by a fellow users available on this site. You may want to experiment with them.
I smooth data a lot. I'm particularly fond of the Jurik JMA even though I find Jurik's software keys a real pain whenever I upgrade a bios - Jurik want's the name and copy of the bios like he doesn't believe you. Otherwise the software is fine. He has some other tools to smooth data but they prbably don't lend themselves well to real-time (JMA is ok). I find that in back testing futures I can hit the 100+% returns quite easiliy but its a lot more difficult to get that in real life + you need guts to survive the drawdowns sometimes.

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Re: How to speed up the startegy optimization

Date :10/5/2005 5:19:22 AM Poster : vvv999vvv

Hi, Maciej

Thank you for reply.

THe reason I think of four hour chart is we shall have less whipsaws compare with the one hour chart, and day chart is even better on this aspect, I tried a backtest with day chart on 4 main forex pairs and returns all winner without loser by applying Cybernetic Laguerre filter, the drawback of Laguerre filter is for very long run. On the other hand, Cybernetic 2-pole and 3-pole super smoother are good, but lag always cause some troubles, as times goes on, it is getting better results.

For forex trading, the usual margin is 1%, it can return over 2000% on Lagurerre filter and 5000% on 2-pole or 3-pole filter (max over 9000% on Chf in hourly chart), personally, I recommand it is worthwhile to read on the book.

Good trade

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Suggestion for automating Neuroshell

Date :9/27/2005 9:38:05 PM Poster : Sunny

I have been thinking about how nice it would be able to go on vacation for the summer and to be able to leave Neuroshell trading on its own for me.

However, after thinking about it and talking with other users of the program, I have concluded that this would be a perfect way of losing money.

More experienced traders and users of Neuroshell have told me that this would not be possible since it would be dangerous to leave the program trading without supervision. I have thought about it, and I have come up with the same conclusion.

Suppose I had the perfect trading strategy for trading something with Neuroshell. This trading strategy would be working on intraday data. Most users (including Steve Ward) would probably say that after a few days of trading, I would require to retrain all my predictions including my trading strategy.

I don't know if they say this out of experience, or if they say this from watching a degradation of certain parameters; however, this appears to me almost a unanimous conclusion.

Now, in order to avoid this conclusion the program would have to detect these degradation of parameters itself, and it would have to retrain both its predictions and trading strategy by itself.

Alas, this currently is not possible to do since the program is unable to retrain all of its predictions and trading strategy(s) on its own, but I thought of placing this note on the forum since the good people of Ward are currently working on an upgrade to the program.

Perhaps on the next upgrade they will figure out a way for the program to test which indicators work best in predicting something. Perhaps it will even learn how to decide which inputs work best for predicting something that the program chooses on its own. Now that would be real artificial intelligence working at its best...

Regards,

Sunny

Re: Suggestion for automating Neuroshell

Date :9/29/2005 12:28:48 AM Poster : MannyL

I think maybe you asking for more of our programing friends than may be realistic, Sunny, but it sure would be nice!

Here's a request from me. I'd be curious to know if anyone else would think that such a feature would be usefull. Here goes:

I'd like to be able to "tag" a chart as "active" (or some such designation). Then have a quick key command that would have all such "tagged" charts update (as if I had opened each one idividually) and then output any new trade signals to a text file (that had the same name as the chart). Such a feature would help me go a long way towards automating the whole trading process and remove human error.

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You are essentially trying to automate the training process (for which I am coming to the conclusion that all neural network software companies should make a full disclosure to new customers -- CUSTOMER BEWARE, THE RETRAINING OF NETS MIGHT REDUCE YOUR FAMILY AND FRIEND LIFE BY A CONSIDERABLE AMOUNT) which at this stage of software development appears to be back in the dark ages since the user is actually a slave for the program in order to keep it actualized.

I have been researching some Macro software programs that do part of this; I have essentially found that you could retrain some predictions; however, once in a while I get a message, before completing the retraining process, asking me if I want to retrain the Trading Strategy (essentially popping at non predictable places in the retraining process). My Trading Strategies, as you might imagine, depend on different predictions.

This makes it difficult for me to implement a Macro strategy to retrain the nets.

I still think the ideal situation would be to have Neuroshell ask you if you want to have the nets retrained and how often.

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Re: Suggestion for automating Neuroshell

Date :10/4/2005 3:23:07 PM Poster : Steve Ward

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That is why we built Adaptive TurboProp 2 and Adaptive Net Indicators. AT2 retrains on the interval you specify, and ANI are always retraining. Even with the Prediction Wizard, I'm a little confused. All you have to do is hit the Retrain button and off it goes. If you have 50 stocks in a chart they all retrain. If you have a lot of charts, yes, they will have to be all loaded, but in release 5.0, we have a "workspace" that contains x charts - you just have to load a workspace and all the charts come up.

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Date :10/5/2005 2:35:57 AM Poster : Sunny

Steve,

My problem as far as retraining is concerned has to do with the fact that I am working with an unusually large number of predictions, and, moreover, these predictions serve as input to other predictions, and these final predictions serve as inputs to different trading strategies.

If I had a single prediction, then hitting the retrain button would be no big deal. The problem is that after I hit the retrain button on the first prediction, I have to pay attention when it completes its predictions, and then I have to open up the next prediction and repeat the process until I finish. In the meantime, I get pop up windows (at different stages of the retraining process) asking me if I would like to retrain the prediction that depends on the previous predictions as inputs, or if I would like to retrain the trading strategy.

The only reason I go through this masochistic process is due to the fact that the relationships built hold well over time. I have tried less complicated relationships with lesser number of predictions; however, the results breakdown over time.

The whole process can take several hours every weekend. I did buy sometime ago from Marge one of the indicators that you mentioned; however, I got confused as to how to enter all of the many predictions to be retrained into it, and I never actually got to use it.

My preferred scenario would be one where the program actually retrains all of these predictions on its own. This would free up a huge chunk of my time every weekend, and I could use this extra time to sleep, to relax, or to be with my family.

Best regards,

Sunny

On 10/4/2005 3:23:07 PM Steve Ward wrote:
>I still think the ideal situation would be to have Neuroshell ask you if you want to have the nets retrained and how often.

That is why we built Adaptive TurboProp 2 and Adaptive Net Indicators. AT2 retrains on the interval you specify, and ANI are always retraining. Even with the Prediction Wizard, I'm a little confused. All you have to do is hit the Retrain button and off it goes. If you have 50 stocks in a chart they all retrain. If you have a lot of charts, yes, they will have to be all loaded, but in release 5.0, we have a "workspace" that contains x charts - you just have to load a workspace and all the charts come up.

On 10/3/2005 5:21:23 PM Sunny wrote:
Manny,

Your idea runs pretty close to what I had in mind with the exception of the text file. It sounds to me like you are running some type of batch process for different securities.

You are essentially trying to automate the training process (for which I am coming to the conclusion that all neural network software companies should make a full disclosure to new customers -- CUSTOMER BEWARE, THE RETRAINING OF NETS MIGHT REDUCE YOUR FAMILY AND FRIEND LIFE BY A CONSIDERABLE AMOUNT) which at this stage of software development appears to be back in the dark ages since the user is actually a slave for the program in order to keep it actualized.

I have been researching some Macro software programs that do part of this; I have essentially found that you could retrain some predictions; however, once in a while I get a message, before completing the retraining process, asking me if I want to retrain the Trading Strategy (essentially popping at non predictable places in the retraining process). My Trading Strategies, as you might imagine, depend on different predictions.

This makes it difficult for me to implement a Macro strategy to retrain the nets.

I still think the ideal situation would be to have Neuroshell ask you if you want to have the nets retrained and how often.

Regards,

Sunny

On 9/29/2005 12:28:48 AM MannyL wrote:
I think maybe you asking for more of our programing friends than may be realistic, Sunny, but it sure would be nice!

Here's a request from me. I'd be curious to know if anyone else would think that such a feature would be usefull. Here goes:

I'd like to be able to "tag" a chart as "active" (or some such designation). Then have a quick key command that would have all such "tagged" charts update (as if I had opened each one idividually) and then output any new trade signals to a text file (that had the same name as the chart). Such a feature would help me go a long way towards automating the whole trading process and remove human error.

On 9/27/2005 9:38:05 PM Sunny wrote:
I have been thinking about how nice it would be able to go on vacation for the summer and to be able to leave Neuroshell trading on its own for me.

However, after thinking about it and talking with other users of the program, I have concluded that this would be a perfect way of losing money.

More experienced traders and users of Neuroshell have told me that this would not be possible since it would be dangerous to leave the program trading without supervision. I have thought about it, and I have come up with the same conclusion.

Suppose I had the perfect trading strategy for trading something with Neuroshell. This trading strategy would be working on intraday data. Most users (including Steve Ward) would probably say that after a few days of trading, I would require to retrain all my predictions including my trading strategy.

I don't know if they say this out of experience, or if they say this from watching a degradation of certain parameters; however, this appears to me almost a unanimous conclusion.

Now, in order to avoid this conclusion the program would have to detect these degradation of parameters itself, and it would have to retrain both its predictions and trading strategy by itself.

Alas, this currently is not possible to do since the program is unable to retrain all of its predictions and trading strategy(s) on its own, but I thought of placing this note on the forum since the good people of Ward are currently working on an upgrade to the program.

Perhaps on the next upgrade they will figure out a way for the program to test which indicators work best in predicting something. Perhaps it will even learn how to decide which inputs work best for predicting something that the program chooses on its own. Now that would be real artificial intelligence working at its best...

Regards,

Sunny

Re: Suggestion for automating Neuroshell

Date :10/4/2005 3:40:39 PM Poster : Ward.net Webmaster

All charts update automatically when you bring them up if new data is there - no tagging is necessary. In release 5.0 there is a feature we call the Trade Pump - a programmable interface that gets trades when they occur into your program. You can tag which charts send out trades. You can save trades or send them to a broker. At least one brokerage will be included. We are currently working on an example for Trade Pump that emails the trades to an email list. Maybe those things will help you.

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t tests and neural net based trades

Date :9/29/2005 12:47:20 AM Poster : MannyL

I'm working with some software that performs a Student's t test on an input series of trades so that a confidence level of profitability can be determined. (Market System Analyzer www.adaptrade.com It's vey good.) In order to be meaningful it is necessary to know the number of conditions in the trading system that if changed would change the result. The length of the moving averages in an moving average crossover system would consititute such variables. The number of inputs and the number of neurons in a neural net would certainly count as such variables as well. My question is should I be acounting for the number of weights in the net? In other words instead of adding the number of inputs and the number of neurons should I be multiplying them? Anyone have any insights here? Thanks in advance.

Re: t tests and neural net based trades

Date :9/29/2005 1:14:05 PM Poster : Steve Ward

The t test or student t test can indeed be used to calculate a confidence range of a population mean from a sample mean (in this case the sample consists of trades from a fixed system). It is a simple calculation any stat book has, so you don't really need software. Degrees of freedom for the t test in my stat book is defined as the number of observations minus the number of parameters to be estimated beforehand (e.g, if you are estimating the mean, then the number of parameters is one). It doesn't have anything to do with the number of parameters that created the model that created the population. (We aren't talking about the same degrees of freedom used to estimate standard error of a regression!) Therefore, and especially since weights are fixed in both the sample and the population, I don't consider it valid to use neurons, weights, or even inputs to the net as "parameters" to be substracted from the population size. I strongly question even defining parameters for the t test as rules or conditions in the trading strategy. However, if you want to go along with that, then our neural nets have either 2 or 4 threshold rules, depending on if you allow both longs and shorts, or reversals:

net prediction > long entry threshold
net prediction < long exit threshold
net prediction < short entry threshold
net prediction > short exit threshold

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Re: t tests and neural net based trades

Date :9/30/2005 1:13:31 AM Poster : MannyL

Thanks for the feedback, Steve. That's what I needed to know.

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Re: t tests and neural net based trades

Date :10/1/2005 6:12:46 AM Poster : chris wong

be careful with statistics. a big issue in using tests like this is making sure you sample from the right population. trades made in backtesting aren't of the same population as trades made later. use your real trades done after you have built your system to sample real trades into the future, then the t test might be more accurate. the more trades sampled the better.

On 9/30/2005 1:13:31 AM MannyL wrote:
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Re: t tests and neural net based trades
Date :10/23/2005 4:54:51 PM Poster : Greg Kramer

Student t may not be an appropriate test because the distribution of trades may not be normal.

In any event, the number of variables can be determined by opening the Trading Rules tab under Detailed Analysis for the strategy. Count every number for all conditions that wasn't linked for optimization (i.e., count each link parameter only once). The total is number of parameters.

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Re: t tests and neural net based trades
Date :11/29/2005 3:26:36 PM Poster : Sunny

Greg,

I have been working on the side with Excel. It allows me to determine what percentage of observations fall under a normal distribution, a gaussian distribution, a gamma distribution, etc. I get a number between 0 and 1 for each test that I make to determine the type of probability density that my data is most likely to match.

Once I have an answer, I can continue with other questions that are appropriate to the type of probability density at hand.

I suppose if I had the same in NS, it would be something like this:

If probability density matches normal distribution by 0.8 or more, then do the following, else, if the probability density matches a gamma distribution by 0.8 or more, then do the following.

I have been wondering if it is possible to do these types of questions in NS, but I am not sure if we have different probability densities available.

I think it would be useful if someone would make a complete statistical add-on with different statistical tests to try in NS. I wish I could do this myself; however, my programming abilities are quite limited.

Regards,

Sunny

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suggestion of include GMT on next revision
Date :10/1/2005 4:24:12 AM Poster : vvv999vvv

In trading forex, GMT time is inportant for day, week and monthy charts as you got one day less than using the EST, I remember it is the function included in the TradeStation, would like to hear your comments

Delay problem
Date :10/2/2005 6:19:04 AM Poster : vvv999vvv

I have use the cybernatic indicators on forex hourly chart, it gives very good results on trend, but serious delay on range, the trading strategy as follows:

Optimise Adaptive RVI trigger (3 pole super smoother) cross above / below Adaptive RVI (3 pole super smoother)

Any suggestions on improving the time delay of about 8 bars .. TIA

Strategy with no loser
Date :10/3/2005 6:11:38 AM Poster : vvv999vvv

For those cybernatic users,

The following startegy returns no loser, all winners, thought the return is not that big (all over 2000% for 1% margin), it applies to four main foreign currency, EUR, CHF, Jpy and GBP

Optimize Itrend trigger (Laguere filter (high+low)/2) cross above / below Itrend (Laguere filter (high+low)/2)

Re: Strategy with no loser
Date :10/3/2005 3:42:27 PM Poster : Maciej

Do you have a NSDT type formula for a Laguerre filter?

On 10/3/2005 6:11:38 AM vvv999vvv wrote:
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Re: Strategy with no loser
Date :10/5/2005 6:53:26 AM Poster : vvv999vvv

Hi, Maciej

There is a add-on from NST, Cybernetics

Also, you can found from his book of Cybernetic analysis for stocks and futures by John Ehler, imho, read his book before buy the add-ons, there is easy language and EFS code over there

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Re: Strategy with no loser
Date :10/5/2005 8:13:32 AM Poster : Sunny

vvv,

With which time frames are you using this indicator, for instance, daily, hourly, etc.?

In Laguere filter (high+low)/2) are you actually changing the PriceIn of High and low for divide(add(high, low),2)?

How many days ahead are you predicting?

What are you predicting, for instance, %change in the open?

Regards,

Sunny

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Re: Strategy with no loser
Date :10/5/2005 3:22:23 PM Poster : vvv999vvv

Hi, Sunny

It is base on day chart,

Yes, it is average of high and low, or use NST default PriveIn = Price

Use default NST setting, it is about less than 2 years

IT is utimimunm in return

Good luck, good trade

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Re: Strategy with no loser

Date :10/8/2005 11:28:06 PM Poster : Sunny

vvv,

I tried your idea with Euro on daily charts.

For input I entered the cross above from the crossover category, for instance, (Laguere filter (PriveIn) cross (PriveIn).

I placed 3 walkforwards of 6 months and 3 optimals of 6 months.
I left the % change in the open and the 10 days to predict as they were before.
I changed in training 5 years max and 4 years minim.
I chose Max winners - losers

However, I don't have any good results with this.

Is there anything else that I should change?

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Re: Strategy with no loser

Date :10/10/2005 4:57:13 AM Poster : vvv999vvv

Hi, Sunny

Rules
BUY LONG CONDITIONS:
CrossAbove(Cyber3_ITrendTrigger(Cyber14_LaguerreFilter(Price(High,Low),0.25),0.126),Cyber3_ITrend(Cyber14_LaguerreFilter(Price(High,Low),0.82),0.122))
SELL SHORT CONDITIONS:
CrossBelow(Cyber3_ITrendTrigger(Cyber14_LaguerreFilter(Price(High,Low),0.91),0.117),Cyber3_ITrend(Cyber14_LaguerreFilter(Price(High,Low),0.07),0.043))

Good trade

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Optimize ltrend trigger (Laguere filter (high+low)/2) cross above / below ltrend (Laguere filter (high+low)/2)

g

Date :10/10/2005 7:11:11 PM Poster : Sunny

Hi vvv,

I entered your formula into the trading strategy, and I did not quite obtain the number of losers that you suggested. This leads me to think that perhaps I missed something when I entered the formula; however, it appears to look like your formula. In fact, I tried it both with average(high,low) and pricein(high,low).

On the other hand, the number of losers is relatively low compared to the number of winners (I have included my trading strategy stats at the end of my post).

I tried a couple of things to make this a little more realistic.

I changed in the trading strategy the default buy a fixed number of lots for buy as many lots as possible with current account balance.

I also changed the optimization to optimize up until 6 months from now.
Therefore, there is paper trading for 6 months.

As you will be able to see, the results were not that fantastic by doing this; however, this is a good test of a model since you apply unseen data to the optimized model.

I suppose that the optimization parameters are changing through the whole price curve, and fixed parameters do not appear to be "transportable" to an untested time period.

Perhaps you or one of our more knowlegable users in the forum can address this issue.

Your model is overall better than most; however, I think you could do better by including some content into the model rather than aiming for optimized parameters, but perhaps I am assuming incorrectly that you are not including content, and you are in fact using it together with a complex relational model.

Regards,

Sunny

Enclosure: trading strategy stats

TRADING STRATEGY
Forex Chart #1.cht
Euro (EUR A0-FX)
Current
10/10/2005 5:56:09 PM

STATISTICS
Performance Statistic All Trades Long Only Short Only
Start Date 1/4/1999
End Date 10/9/2005
Beginning Price 1.1804
Ending Price 1.2115
Change in Price 0.0311
Percent Change in Price 2.6%
Annual Percent Change in Price 0.4%

Return on Trades 100.2% 59.2% 41.0%
Annual Return on Trades 14.8% 8.7% 6.1%

Return on Account 101.5% 71.7% 43.2%
Annual Return on Account 15.0% 10.6% 6.4%

Net Profit $ 1.0682 $ 0.6136 $ 0.4546
Gross Profit $ 1.2153 $ 0.6605 $ 0.5548
Gross Loss $ 0.1471 $ 0.0469 $ 0.1002
Ratio Gross Profit/Loss 8.26 14.08 5.54

Percent Profitable Trades 77.1% 82.4% 72.2%
Number Trades 35 17 18
Number Winning Trades 27 14 13
Number Losing Trades 8 3 5

Largest Winning Trade Profit $ 0.134 $ 0.134 $ 0.0986
Largest Losing Trade Loss $ 0.0415 $ 0.0383 $ 0.0415

Average Trade Profit $ 0.03 $ 0.04 $ 0.03
Average Winning Trade Profit $ 0.05 $ 0.05 $ 0.04
Average Losing Trade Loss $ 0.02 $ 0.02 $ 0.02
Ratio Avg Win/Avg Loss 2.45 3.02 2.13

Maximum Consecutive Winners 8 7 6
Maximum Consecutive Losers 3 1 2

Average Trade Span 47 bars 40 bars 53 bars
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Longest Trade Span 221 bars 126 bars 221 bars
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Largest Lots Traded 1 1 1
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Commissions Paid $ 0.00 $ 0.00 $ 0.00
Maximum Drawdown $ 0.0824 $ 0.0599 $ 0.0751
Maximum Open Trade Drawdown $ 0.0751 $ 0.0599 $ 0.0751
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On 10/10/2005 4:57:13 AM vvv999vvv wrote:
Hi, Sunny

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SELL SHORT CONDITIONS:
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Good trade

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Optimize ltrend trigger (Laguere filter (high+low)/2) cross above / below ltrend (Laguere filter (high+low)/2)

Re: q

Date :10/11/2005 2:21:13 PM Poster : vvv999vvv

Hi, Sunny

TRADING STRATEGY

emp6.cht
Euro (EUR A0-FX)
Current
10/11/2005 11:16:31 AM

STATISTICS

Performance Statistic All Trades Long Only Short Only
Start Date 5/4/2004
End Date 9/30/2005
Beginning Price 1.2098
Ending Price 1.2057
Change in Price -0.0041
Percent Change in Price -0.3%
Annual Percent Change in Price -0.2%

Return on Trades 3025.2% 1572.6% 1452.6%
Annual Return on Trades 2144.1% 1114.6% 1029.5%

Return on Account 3159.2% 1570.5% 0.0%
Annual Return on Account 2239.0% 1113.1% 0.0%

Net Profit $ 0.3816 $ 0.1897 $ 0.1919
Gross Profit $ 0.3816 $ 0.1897 $ 0.1919
Gross Loss $ 0.00 $ 0.00 $ 0.00
Ratio Gross Profit/Loss 0.00 0.00 0.00

Percent Profitable Trades 100.0% 100.0% 100.0%
Number Trades 4 2 2
Number Winning Trades 4 2 2
Number Losing Trades 0 0 0

Largest Winning Trade Profit $ 0.1434 $ 0.1375 $ 0.1434
Largest Losing Trade Loss $ 0.00 $ 0.00 $ 0.00

Average Trade Profit $ 0.10 $ 0.09 $ 0.10
Average Winning Trade Profit $ 0.10 $ 0.09 $ 0.10
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Ratio Avg Win/Avg Loss 0.00 0.00 0.00

Maximum Consecutive Winners 4 2 2
Maximum Consecutive Losers 0 0 0

Average Trade Span 73 bars 86 bars 59 bars
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Average Lots Traded 1 1 1
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Commissions Paid $ 0.00 $ 0.00 $ 0.00
Maximum Drawdown $ 0.0091 $ 0.0091 $ 0.0042
Maximum Open Trade Drawdown $ 0.0091 $ 0.0091 $ 0.0042
Required Account Size $ 0.01208 $ 0.01208 $ 0.00

TRADE BY TRADE

Date Signal Lots Fill Date Price Commission %Return Profit/Loss Cum %Ret Cum Profit/Loss
8/24/2004 Long Entry 1 8/25/2004 $ 1.2079 $ 0.00

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TRADING RULES

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All the conditions are default.

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Regards,

Sunny

Enclosure: trading strategy stats

TRADING STRATEGY
Forex Chart #1.cht
Euro (EUR A$-FX)
Current
10/10/2005 5:56:09 PM

STATISTICS
Performance Statistic All Trades Long Only Short Only
Start Date 1/4/1999
End Date 10/9/2005
Beginning Price 1.1804
Ending Price 1.2115
Change in Price 0.0311
Percent Change in Price 2.6%
Annual Percent Change in Price 0.4%

Return on Trades 100.2% 59.2% 41.0%
Annual Return on Trades 14.8% 8.7% 6.1%

Return on Account 101.5% 71.7% 43.2%
Annual Return on Account 15.0% 10.6% 6.4%

Net Profit $ 1.0682 $ 0.6136 $ 0.4546
Gross Profit $ 1.2153 $ 0.6605 $ 0.5548
Gross Loss $ 0.1471 $ 0.0469 $ 0.1002
Ratio Gross Profit/Loss 8.26 14.08 5.54

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Number Trades 35 17 18
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Optimize ltrend trigger (Laguere filter (high+low)/2) cross above / below ltrend (Laguere filter (high+low)/2)

Re: q

Date :10/11/2005 2:26:12 PM Poster : vvv999vvv

Hi, Sunny

This is the optimized rules:
TRADING STRATEGY

emp6.cht
Euro (EUR A0-FX)
(Optimal)
10/11/2005 11:22:54 AM

STATISTICS

Performance Statistic All Trades Long Only Short Only
Start Date 5/4/2004
End Date 9/30/2005
Beginning Price 1.2098
Ending Price 1.2057
Change in Price -0.0041
Percent Change in Price -0.3%
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Return on Trades 3025.2% 1572.6% 1452.6%
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Enclosure: trading strategy stats

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Euro (EUR A0-FX)
Current
10/10/2005 5:56:09 PM

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Re: q
Date :10/11/2005 3:34:00 PM Poster : vvv999vvv

Hi, Sunny,

I think I got the answer for , your question, shorten your time duration, as so long time duration make the NN too many compromise.

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For input I entered the cross above from the crossover category, for instance, (Laguere filter (PriveIn) cross (PriveIn).

I placed 3 walkforwards of 6 months and 3 optimals of 6 months.
I left the % change in the open and the 10 days to predict as they were before.
I changed in training 5 years max and 4 years minim.
I chose Max winners - losers

However, I don't have any good results with this.

Is there anything else that I should change?

TIA

Regards,

Sunny

On 10/5/2005 3:22:23 PM vvv999vvv wrote:
Hi, Sunny

It is base on day chart,

Yes, it is average of high and low, or use NST default PriveIn = Price

Use default NST setting, it is about less than 2 years

IT is utimimunm in return

Good luck, good trade

On 10/5/2005 8:13:32 AM Sunny wrote:
vvv,

With which time frames are you using this indicator, for instance, daily, hourly, etc.?

In Laguere filter (high+low)/2) are you actually changing the PriceIn of High and low for divide(add(high, low),2)?

How many days ahead are you predicting?

What are you predicting, for instance, %change in the open?

Regards,

Sunny

On 10/3/2005 6:11:38 AM vvv999vvv wrote:
For those cybernatic users,

The following startegy returns no loser, all winners, thought the return is not that big (all over 2000% for 1% margin), it applies to four main foreign currency, EUR, CHF, Jpy and GBP

Optimize Itrend trigger (Laguere filter (high+low)/2) cross above / below Itrend (Laguere filter (high+low)/2)

Re: q
Date :10/12/2005 1:19:30 PM Poster : Sunny

Hi vvv,

Thank you for your reply.

I will try it later with a shorter time frame as you suggested.

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I agree with Jenny about the StochRsi, I have also gotten decent results with it in the past. In addition, I have done some experiments with the turning points indicator, but as some of the more experienced users have pointed out lag and content are issues to consider when building a useful model.

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mj1.cht
Euro (EUR A0-FX)
Current
10/12/2005 11:49:56 AM

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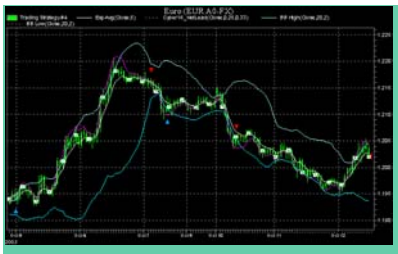

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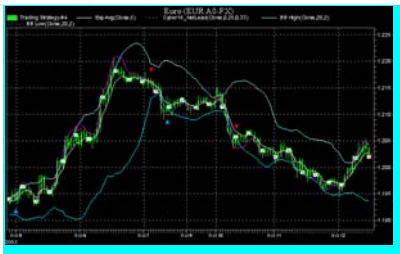

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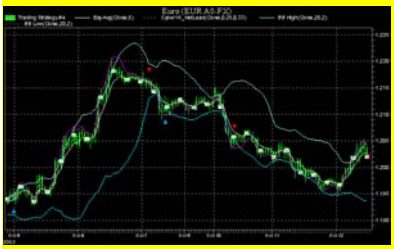

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Date :11/4/2005 3:10:44 PM Poster : Ward.net Webmaster

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Longest Winning Trade Span 87 bars 83 bars 87 bars
Longest Losing Trade Span 38 bars 27 bars 38 bars

Largest Lots Traded 1 1 1
Largest Winning Lots Traded 1 1 1
Largest Losing Lots Traded 1 1 1

Average Lots Traded 1 1 1
Average Winning Lots Traded 1 1 1
Average Losing Lots Traded 1 1 1

Commissions Paid $ 0.00 $ 0.00 $ 0.00
Maximum Drawdown $ 0.025 $ 0.0214 $ 0.0164
Maximum Open Trade Drawdown $ 0.0135 $ 0.011 $ 0.0135
Required Account Size $ 0.01289 $ 0.00875 $ 0.01289

On 10/12/2005 1:19:30 PM Sunny wrote:
Hi vvv,

Thank you for your reply.

I will try it later with a shorter time frame as you suggested.

Unfortunately, this week I am a little behind things so I will try to do this in the near future.

I agree with Jenny about the StochRsi, I have also gotten decent results with it in the past. In addition, I have done some experiments with the turning points indicator, but as some of the more experienced users have pointed out lag and content are issues to consider when building a useful model.

Some of my main goals for a good model:
1- It should work with different instruments.
2- It should pass the test of time (be useful regardless of market conditions and time).

Regards,

Sunny

On 10/11/2005 3:34:00 PM vvv999vvv wrote:
Hi, Sunny,

I think I got the answer for , your question, shorten your time duration, as so long time duration make the NN too many compromise.

Re: Strategy with no loser

Date :10/10/2005 8:35:51 AM Poster : Jennifer

Thanks. I had a similar success, a few losers, but overall very good. I also found the stochastic rsi to be excellent as a neural net input.

On 10/3/2005 6:11:38 AM vvv999vvv wrote:
For those cybernatic users,

The following startegy returns no loser, all winners, thought the return is not that big (all over 2000% for 1% margin), it applies to four main foreign currency, EUR, CHF, Jpy and GBP

Optimize ltrend trigger (Laguere filter (high+low)/2) cross above / below ltrend (Laguere filter (high+low)/2)

Re: Strategy with no loser

Date :10/10/2005 3:55:40 PM Poster : vvv999vvv

Hi, Jennifer

According to my many backtesting, I found only way you can make a big gain is not imposing any exit and trailing stop conditions, and let the trained strategy run for certain period before use it on trade in order to solve the lag problems.

Now I can easily make startegy of over 5000% gain but with lag, this will make you loss a lot in the range trade. At the meantime I am only backtesting the Cybernetic indicators, it is hard for me to found a way incorporating the turning point indicators and neural indicators and make such a gain like cybernetic on its own.

It is amazing to note that one of the forum who applied the uncertainty principle on price, if so, we should consider the duality as wil, it it a wave as well as trend.

Good luck

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Survey - How many of you are successful traders?

Date :10/5/2005 10:59:46 PM Poster : Alan Rhodes

I am just curious as to how many people in this forum are highly successful traders. I will define highly successful as grossing 50% profit per year every year over a five year period. This would exclude those who get a hot streak.

Or give me your thougts as to what makes up a highly successful trader? To me, highly successful requires two things, first a high profit margin and two sustaining it over an extended period of time. This would exclude those who get a hot streak. Also a good trader should have enough diversity so that they cannot claim a drawdown in a single market as an excuse to say why they did poorly one year (obviously, I'll make exceptions for four 100% plus years and a -20% year).

I do not expect anybody to give away any trade secrets; I am just looking for inspiration.

Re: Survey - How many of you are successful traders?

Date :10/6/2005 8:53:44 AM Poster : Steve Ward

It is clear to me why you don't think you are highly successful. It's your definition. Anybody who does that well isn't wasting time on this forum, they're enjoying their yacht! Come on, this isn't the 90's. If you don't have realistic expectations, you're going to be throwing away a lot good models and pulling your hair out for nothing. Take a look at hedge fund returns lately, and they (arguably) have the best traders in the business.

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Re: Survey - How many of you are successful traders?

Date :10/7/2005 1:28:20 PM Poster : Maciej

It looks to me as if you're confounding NSDT with trading. To me this is a tool to help me trade; it can help a lot but short of having a fully automated trading system NSDT is primarily going to give, I hope, reasonable entry, perhaps exit signals. When I reach your 50% goals then I'll be doing what Steve suggests, until then I'll make do with more modest progress and continue to try to control my emotions better when trading.

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Re: Survey - How many of you are successful traders?

Date :10/11/2005 2:17:48 AM Poster : Alan Rhodes

These are the assumptions behind all my work, and I would like your opinion if you think my assumptions are wrong.
1. It is possible to develop a trading system that is somewhat randomly successful at 70% of trades, year after year after year (allowing reoptimization of course, but a predetermined rate, not when it seems to stop working.). Though I am studying futures, let's use as an example a stock system. IF such a system was 100% accurate in 2003, 70% accurate in 2004, and 40% accurate in 2005, it would not impress me. Even though such a system is 70% successful, results are not random.
2. Such a system would have over two time's gross earnings to gross losses (actually I would be ecstatic with a system that was this successful in 10 out of ten futures markets, even with only a 40% success rate.)
3. Such as system, given enough starting capitol through proper money management in a highly leveraged market, would yield 50% per year. I realize there are far more variables in money management, and I would face large draw downs, but I am just asking about gross concepts.

I look forward to your response.

Re: Survey - How many of you are successful traders?

Date :10/31/2005 11:18:55 AM Poster : Steve Ward

Each person has to set their own goal, but if those goals aren't realistic, you are going to be throwing away good models. I suggest you set your goals according to what you could make other ways, e.g., investing or emotional trading without analytic models. In 2005 everybody including the so called experts have made less money than they did in highly trending markets or more volatile markets.

I'll just tell you what I look for, and you can take it for what it is worth to your specific circumstance. I like a smoothly rising equity curve with no BIG dips or spikes. It is nice if it made money since 2000, but the biggest test is how did it do in the past year. Almost all of my models made more money sometime during 2000-2004 even out of sample than they have in 2005, so I don't worry that there was a drop in 2005, as long as the model gets a decent return in 2005. I look for a return >20% in 2005 uncompounded.

I don't insist that the model work on every stock because I think that is unrealistic. In fact, I've lately been concentrating on DIA, SPY, and QQQQ, usually trading the emini equivalents. I like those because they are impervious to news affecting one stock or even one sector (usually). I don't even insist that a model make money on all three.

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Re: Survey - How many of you are successful traders?

Date :11/2/2005 8:02:38 AM Poster : Steve Ward

A lot. Any time you optimize you take a big chance that the optimizer will do well on the past in spite of weak rules or net inputs. Also the market is constantly changing anyway. Neural nets by themselves aren't bad if you do the right things: keep inputs and hidden neurons low, use as much training data as you can without getting ancient history in, use training data that is evenly bull and bear. When you add optimization either to nets or trading strategies, you have to be even more careful: don't optimize forever (remember the optimizer has rather arbitrary stopping criteria), don't have too many variables that are being optimized (you can limit variables from being optimized), optimize over plenty of past history (until it becomes ancient). Other things you can do include linking parameters in buy/sell rules, optimizing over several chart pages at once, using the Neural Indicators add-on (which are pretty hard to overfit even with optimization) instead of the Prediction Wizard.

Of course, if all of your rules and inputs were great (leading the market), then overfitting wouldn't exist. But given the billions of variables driving markets, that is impossible.

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I look forward to your response.

Pat on the back

Date :10/21/2005 2:31:42 PM Poster : Sunny

I had a conversation with Steve a couple of weeks ago, and I got the impression from my conversation with him that some of my posts in this forum were creating the impression that I thought that NeuroShell was a bad program.

I would like to readdress these issues in this post.

First of all, I think that Steve, Mike, Marge, Chris, and other members of Ward Systems are great. Whenever I have had an issue with the use of the program, they have been helpful and understanding of my problems, and they have made themselves available in addressing these issues.

Second, I like Neuroshell. I have invested several thousands of hours in learning how to use it correctly. It is not an easy program to master, and it requires patience and work. If I did not believe in the program, I would not even bother in posting in this forum, and I would have already done an emotional and accounting write off for this investment in term of money, time, and effort.

On the other hand, I don't detract from my suggestions in improving the program.
I want to concentrate in trading not in retraining the nets or in doing things that computers and programs should do by themselves. My suggestions are meant to generate discussion and insight from my personal experience.

I was one of the first to suggest, for instance, the use of several parallel processors and 64-bit addressing for Neuroshell, and when these features will be available, they will decrease the amount of retraining, they will increase the amount of memory available to Neuroshell, and they will decrease the time frames available for trading (tick frames anyone).

So to summarize, the good people of Ward Systems deserve a pat on the back for their pioneering effort, creativity, persistence, and humanity, and please don't confuse my posts with negativity. As I mentioned before, they are meant with the best of intentions, and if I stepped on someone's toes, then please accept a humble apology. '-'

Re: Pat on the back

Date :10/22/2005 7:23:28 PM Poster : Maciej

Sunny,

The request for multiple processors, either on the same machine or machines coupled together, has been around for a couple of years least. If my memory serves me right the orignal Neuroshell had at one time a possibility of running with a special DSP board so the concept of using more than one processor for the cpu intensive tasks is not new and certainly understood by Ward Systems. Hopefully there'll be a day when such a capability will exist.

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Re: Pat on the back

Date :10/23/2005 3:13:02 PM Poster : vvv999vvv

Steve,

In my personal opinion, this is a good program for quality users, but it is not that easy to learn and understand for most of the users.
Take me as an example, I brought 3 add-ons, in order to understand stand how to use the cybernetics, I need to read the book again and again before I can establish a trade system. I can never apply the turning point successfully on trading system, and worst is the neuro indicator, it make me completely lost on what I am doing and it is too lengthy to do the optimzation on strategy (4 days or more) on my pc with Xeon and 2G ram, or 2 days to re-train my trading startegy with less than 5 indicators on 3 months 60 min chart and 3 weeks on 15 min chart,

I admit that I there are many indicators included in the program, I wonder how many of them can understand and use by your customers, I think this is one the reasons why the sales are limited.

May I suggest that put this forum into an open forum, so other quality users can learn what neuroshell can do and make them an alternative choice.

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Re: Pat on the back

Date :10/24/2005 11:49:18 AM Poster : Maciej

I think Steve has replied already on the multiple processor. As I stated, the DSP was a long time ago for Neuroshell not for NSDT and at that time the processors were indeed vey weak. Currently when I run NSDT on a dual processor only one is used by NSDT so having two seems of limited use. Steve explained that rel 5.0 should have this multiple cpu feature. Effectively, as you explain, if you run two instances at the same time each can use a separate processor. That however does not get round the problem of shortening the time to optimize.
Overall I tend to agree more and more with remarks by others (Mark Simpson in another thread) that if you spend too much time optimizing yo're probably barking up the wrong tree.

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I would like to readdress these issues in this post.

First of all, I think that Steve, Mike, Marge, Chris, and other members of Ward Systems are great. Whenever I have had an issue with the use of the program, they have been helpful and understanding of my problems, and they have made themselves available in addressing these issues.

Second, I like Neuroshell. I have invested several thousands of hours in learning how to use it correctly. It is not an easy program to master, and it requires patience and work. If I did not believe in the program, I would not even bother in posting in this forum, and I would have already done an emotional and accounting write off for this investment in term of money, time, and effort.

On the other hand, I don't detract from my suggestions in improving the program.
I want to concentrate in trading not in retraining the nets or in doing things that computers and programs should do by themselves. My suggestions are meant to generate discussion and insight from my personal experience.

I was one of the first to suggest, for instance, the use of several parallel processors and 64-bit addressing for Neuroshell, and when these features will be available, they will decrease the amount of retraining, they will increase the amount of memory available to Neuroshell, and they will decrease the time frames available for trading (tick frames anyone).

So to summarize, the good people of Ward Systems deserve a pat on the back for their pioneering effort, creativity, persistence, and humanity, and please don't confuse my posts with negativity. As I mentioned before, they are meant with the best of intentions, and if I stepped on someone's toes, then please accept a humble apology. '-'

Re: Pat on the back

Date :10/24/2005 3:36:04 PM Poster : vvv999vvv

Maciej,

Thank you for your reply, The training results seems attractive (more than 5000% 0n 1 % margin), the lengthy time might be arised from the nature of the forex trade.

Good luck

On 10/24/2005 11:49:18 AM Maciej wrote:
I think Steve has replied already on the multiple processor. As I stated, the DSP was a long time ago for Neuroshell not for NSDT and at that time the processors were indeed vey weak. Currently when I run NSDT on a dual processor only one is used by NSDT so having two seems of limited use. Steve explained that rel 5.0 should have this multiple cpu feature. Effectively, as you explain, if you run two instances at the same time each can use a separate processor. That however does not get round the problem of shortening the time to optimize.
Overall I tend to agree more and more with remarks by others (Mark Simpson in another thread) that if you spend too much time optimizing yo're probably barking up the wrong tree.

On 10/23/2005 2:35:30 PM vvv999vvv wrote:
Maciej,

Mind to tell more on the DSP board and machines couple together in order to improve the performance, if I run two optimization at the same time, it occupies me 100% cpu usage. Also, what you think about the 2 core processors? TIA

On 10/22/2005 7:23:28 PM Maciej wrote:
Sunny,

The request for multiple processors, either on the same machine or machines coupled together, has been around for a couple of years least. If my memory serves me right the orignal Neuroshell had at one time a possibility of running with a special DSP board so the concept of using more than one processor for the cpu intensive tasks is not new and certainly understood by Ward Systems. Hopefully there'll be a day when such a capability will exist.

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Re: Pat on the back

Date :10/23/2005 1:44:09 PM Poster : Stve Ward

It was not that I thought you didn't like the program, it was that I thought you were unsuccessful, and you assured me you were not.

I do not feel suggestions imply dissatisfaction with the program. In fact, most of what is in release 5.0 are suggestions from users. However, if we aren't moving fast enough, I would recommend that you and other users with suggestions help us by making sure we have resources to hire more personnel. After all, your original purchases several years ago do not help us now. You can help us by spreading the word about NeuroShell, and voting for us in the Technical Analysis of Stocks and Commodities competition. Prospective users heed more what old users say then they heed anything that Ward Systems says. So help us help you.

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Suggestion for release 5 - max drawdown %

Date :10/24/2005 12:01:04 AM Poster : Jerry Wagner

Steve
Please include max drawdown expressed as a percentage. I run many long term research tests and the dollar drawdown is meaningless. Thanks

Re: Suggestion for release 5 - max drawdown %

Date :10/24/2005 10:03:25 PM Poster : Steve Eberbach

On 10/24/2005 12:01:04 AM Jerry Wagner wrote:
Steve
Please include max drawdown expressed as a percentage. I run many long term research tests and the dollar drawdown is meaningless. Thanks

Too bad I can't "go back" to read your name. But this tip may help:

I get around the stops-by-percent-returns problem by converting my prices to "log-delta" format: Value= Accumulate(100 * (ln (PriceThisBar)- ln(priceLastBar))). This works well for me because my trading strategy is based on setting stops (stop order and limit order) optimized by the genetic algorithm optimised on "return", not optimised price crossing "signals" to execute at market price. That way, I can set my orders in place longer before they are executed, and not be tempted to chase sudden moves when its too late, and benefit by the random fluctuations above and below the trends, with "automatic execution" at more advantageous moments when the market is more liquid.

This "log-delta" view of returns translates price movements into percent changes such that doubling is "+100%" and halving is "-100%". It is different in that losses are treated same as gains, compared to the usual definition of percent change. If you double, its 100 points, and if you go back where you were before, you lose 100 points. It's percent relative to where you were on average the last two time points, not just where you are now. That way your stops expressed in terms of value are REVERSIBLY normalized to returns, both positive and negative. Otherwise you introduce an incorrect "bias" with increasing fluctuations even with longer term average price constant! Also, it helps when you are trying to compare one trading instrument to another by return on investment.

If you used stops based on the usual "percent change" definition you could get messed up by more meaninglessness than with dollar based stops.

Alternatively, you could simply express your prices in any logarithmic format you choose.

So my suggestion would be (for version 5) to have instant conversion to the logarithmic format that is representative of percent return built right into the program numerics and its charts: PRICE (dollar) format, and RETURN (unbiased percent-delta points) format. The only parameters needed would be starting (or ending) "points", and starting (or ending) time. From there, all trading instruments can be compared "apples-to-apples".

Steve Eberbach

Re: Suggestion for release 5 - max drawdown %

Date :10/25/2005 3:43:40 PM Poster : Steve Ward

Rel 5.0 is already programmed and being tested as we speak, so it is really too late for enhancements (we're just fixing bugs now). But both of these suggestions are excellent, and they will be on our 5.1 or 5.2 list of prospective enhancements.

On 10/24/2005 10:03:25 PM Steve Eberbach wrote:

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Steve Eberbach

How does AdaptiveTurboprop2 retrain?

Date :10/24/2005 5:49:05 PM Poster : MFK

A question on day-to-day functioning of AdaptiveTurboprop2:

After initial optimization, when a net retrains, does it retrain all elements specified at setup (i.e., trainbars, aheadbars, hiddens, parameters for input indicators, etc.) or does it just retrain its internal weightings of parameters specified during original optimization?

Thanks.

Re: How does AdaptiveTurboprop2 retrain?

Date :10/26/2005 2:45:09 PM Poster : Ward.net Webmaster

AT2 only retrains weights. The other things you mentioned (trainbars, aheadbars, etc) are parameters for the training process itself, and they can only be changed by either you or the optimizer. Theoptimizer will only change them if you reoptimize. Once optimized, the net retrains itself every N bars using the parameters the optimizer found.

On 10/24/2005 5:49:05 PM MFK wrote:
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Thanks.

Release 4.8

Date :10/27/2005 3:29:32 AM Poster : Sunny

I just tested release 4.8 this week, and I am happy to inform those of you that are interested in doing forex that it is apparently working right with e-signal for the first time.

This applies in particular to weekly and monthly charts. It is now showing correctly the date for the red bar (or actual bar) on either the current week or current month. Before this release this information was showing the next week or next month as being the actual bar.

This is particularly important for me as I can now make weekly or monthly forex predictions in the middle of the week rather than only on Mondays (as with release 4.7). :)

This in addition increases my confidence in the predictions since the information shown for the actual bar includes the actual data, and it is not broken as it used to be shown before. Nice going Ward Systems!

Quote.com missing data Oct 25

Date :10/27/2005 10:15:09 AM Poster : Ward.net Webmaster

Quote.com servers in Florida got zapped by hurricane Wilma and are missing data for Oct 25. Until they fix that (if they ever do) you should connect to servers in California. You can identify them because they have 214 in their IP addresses instead of 236. Load the file continuumclient.ini into Notepad from your NeuroShell folder and rearrange the entries so that some of the 214s are on top. Change autoupdateserverlist to false so quote.com won't rearrange them again. Below are the first few lines of our ini file to show you what to do. The first two servers listed have 214 in their IP addresses. (Please be aware that the continuumclient.ini file is not a Ward Systems file, and neither is the software that uses it. It is Quote.com software that we have no control over.)

AutoUpdateServerList=false
User=Wardsystems
Server=209.202.214.23:23100 65535 01/01/1801 00:00:00 (209.202.214.23)
Server=209.202.214.27:23100 65535 01/01/1801 00:00:00 (209.202.214.27)
Server=209.202.236.21:23100 65535 01/01/1801 00:00:00 (209.202.236.21)
Server=209.202.236.31:23100 65535 01/01/1801 00:00:00 (209.202.236.31)

Annual Support Fee

Date :10/28/2005 7:32:02 AM Poster : Michael J Begley

I respectfully suggest that diverting revenue from new customers to pay support costs for old customers is not a sustainable business model. I did vote in the TASC survey but this is not the answer to this problem.

I suggest figuring out what your support costs are, reduce if possible, and institute an annual charge to get them covered perhaps with a modest profit.

It will do none of us any good if new products and product upgrades are pushed out because support is draining resources away from that effort.

Ward Systems is a great company with great products and I would like to see you guys stick around for a long long time!!!

Thanks for listening.

Mike Begley

Re: Annual Support Fee

Date :10/28/2005 1:21:12 PM Poster : Maciej

On the surface your suggestion looks sensible. However there are two factors that should also be taken into account:
a) the sophistication of the NSDT precludes a "straight out of the box" approach so a forum / support are in my view indispensible. Just witness the type of questions that are discussed. The majority of users, I suggest, that have managed to harness the power of NSDT have invested considerable time into it. The product has got simpler to use but its clear that numbers of users abuse the freedom that one gets with the product.
b) whether we like it or not bugs do occur and it seems harsh to ask us to pay for bugs that shouldn't be there.

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Re: Annual Support Fee

Date :10/31/2005 11:15:47 AM Poster : JPH

Another option would be to implement a modest charge for major releases ($50 to $100 say), while keeping 'point' releases free. Clearly a change in principle that could drift from modest cost support to expensive profit line over time. But backward release support issues would come into play if the more traditional optional upgrade choice model were to be followed, with if say the current and previous release both enjoying support.

Some more food for though.

John

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Mike Begley

Re: Annual Support Fee

Date :10/31/2005 7:04:00 PM Poster : Allan Kaminsky

Another model frequently used for 'serious' software is to allow the end-user a choice. Pay an annual maintenance fee (usually 15 - 20% of the purchase price) and get 'premium' telephone support, discounts on other products, and free upgrades on the maintained product (Mathematica, numerous other products use this model).

Users who choose to go the non-maintenance route get Email and forum support, pay upgrade fees.

I already pay annual maintenance for several products and would happily do so for NST. I want this company to succeed and will put my money where my mouth is!

TANSTAAFL.

Allan

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Mike Begley

Re: Annual Support Fee

Date :11/3/2005 7:17:40 AM Poster : Dan

I'd like to offer a very different perspective. Part of the reason NST and Ward stood out to me initially is that a.) they were honest, realistic and straightforward about the plusses and minuses of their product and b.) they were trying build relationships with their customers to help make them successful instead of squeezing them for every last penny at every turn.

NST is more expensive than some other products out there, but, once you buy, Ward takes care of you as a customer. That consideration was part of the purchase for me.

Personally, I've never bought a support contract in 15 yrs. of computer use. I think it is a way that companies put distance between themselves and customers they really don't want to deal with. I purchase as little as possible from such companies, knowing that I'm on my own with their products.

So, what I'd like to suggest is that support fees would take away something unique about the way Ward treats its customers, AND take away a salient selling point to prospective NST buyers.

Respectfully--

Dan Melton

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Mike Begley

Re: Annual Support Fee

Date :12/18/2005 2:29:29 PM Poster : stretto

I also feel that the availability of technical support as it is currently offered by Ward Systems is important to me as a user and was important to me as a prospective buyer. I also would prefer that the developers at Ward Systems spend their time improving the software rather than on the phone answering simple questions. Therefore, I would like to make a modest suggestion: update the Help file more frequently and/or expand it to include answers to the more commonly asked questions. Since it is all electronic, this would be easy to do. Incorporating the "Tips and Techniques" would also be helpful.

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Mike Begley

boolean indicator for strategy

Date :11/2/2005 4:21:33 PM Poster : Larry Burford

I have an indicator that begins with a rule (if/then) and ends with an output that is either 0 or 1. Why doesn't this qualify as a boolean indicator that can be used in a trade strategy?

Re: boolean indicator for strategy

Date :11/2/2005 4:52:13 PM Poster : Ward.net Webmaster

Try upgrading to release 4.8. It is our recollection that somewhere before 4.8, rules were added to the list of acceptable boolean indicators, even though they aren't always boolean. If you don't want to upgrade, try using A>B where A is your rule and B is zero.

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Date :11/2/2005 7:59:15 PM Poster : Larry Burford

I am currently running v4.8. And I have experimented with several of the boolean rules as a preifx. Some show up in the Custom Indicator list when accessed from the Trade Strategy wizard, some do not. Is there a help file or other article available that talks about how to create a boolean indicator? Or is this a bug?

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Re: boolean indicator for strategy

Date :11/3/2005 3:13:48 PM Poster : Ward.net Webmaster

The indicators that show up in the list of acceptable booleans are those that NeuroShell know MUST produce boolean outputs (exception, IF which is there for convenience). If you make an IF indicator, then save it as a custom indicator, no it won't show up there. However, if you first save it on the chart, then you can insert it. We suppose it could be argued that we allow IF to be inserted at all, we should allow custom saved IFs to be inserted too. We'll put this on our list of things to be investigated.

On 11/2/2005 7:59:15 PM Larry Burford wrote:
I am currently running v4.8. And I have experimented with several of the boolean rules as a preifx. Some show up in the Custom Indicator list when accessed from the Trade Strategy wizard, some do not. Is there a help file or other article available that talks about how to create a boolean indicator? Or is this a bug?

On 11/2/2005 4:52:13 PM Ward.net Webmaster wrote:
Try upgrading to release 4.8. It is our recollection that somewhere before 4.8, rules were added to the list of acceptable boolean indicators, even though they aren't always boolean. If you don't want to upgrade, try using A>B where A is your rule and B is zero.

On 11/2/2005 4:21:33 PM Larry Burford wrote:
I have an indicator that begins with a rule (if/then) and ends with an output that is either 0 or 1. Why doesn't this qualify as a boolean indicator that can be used in a trade strategy?

previous values

Date :11/4/2005 9:43:23 AM Poster : Larry Burford

Is there a way to create a custom indicator (other than making a dll) that uses a lagged value of itself in the calculation?

Re: previous values

Date :11/4/2005 3:13:28 PM Poster : Ward.net Webmaster

No, the Indicator Wizard cannot build recursive indicators. However, if you have ever programmed anything at all, it is pretty easy to use BASIC to build DLLs. Programming a DLL is like programming a subroutine - no hard to learn I/O involved.

On 11/4/2005 9:43:23 AM Larry Burford wrote:
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Cybernetic Analysis Add-on Package

Date :11/20/2005 3:19:15 PM Poster : Bob Swihart

Marge,

I enjoyed John Ehlers article, "Fractal Adaptive Moving Averages", in the October 2005 issue in the Technical Analysis of Stocks and Commodities Magazine.

I decided to purchase John Ehlers, Cybernetic Analysis Add-on Package, from Ward Systems Group.

I am very pleased with the Cybernetic Analysis because it definately helped me with my trading.

Now that I have used the package for some time, I think that anyone using Neuroshell Systems, should consider the Cybernetic Analysis Add-on Package.

I understand that Ward Systems will be selling John Ehlers Mesa Software add-on software in 2006. I am looking forward to using this system if it is anything as good as the Cybernetic Analysis add-on.

Sincerely,
Bob Swihart

Re: Cybernetic Analysis Add-on Package

Date :12/7/2005 6:25:54 AM Poster : vvv999vvv

In Cybernetics add-on, I have a little problem and hope to hear from you all

For Fisher transformation, the value should be between -1 and 1, why in the add-on, there have value up to 5 ocassionally? TIA

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Sincerely,
Bob Swihart

Re: Cybernetic Analysis Add-on Package

Date :12/7/2005 8:46:13 AM Poster : Ward.net Webmaster

Why do you think the value should be between -1 and 1?

On 12/7/2005 6:25:54 AM vvv999vvv wrote:
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Kurtosis and skewness

Date :11/29/2005 7:39:51 AM Poster : Sunny

I have been working lately with kurtosis and skewness.

Several different papers that I found suggest that these statistical tools could help to determine change in direction for time series of prices.

I was wondering if anyone here has indicators for these two measures.

Regards,

Sunny

Re: Kurtosis and skewness

Date :11/30/2005 4:15:41 AM Poster : Phil Greenwood

Sunny,

These are interesting measures - there is a compact discussion of calculating these numbers in Mathematics of Options Trading by C B Reehl - pp286-288. (I note that there is a citation in this book to Sheldon Natenburg). It appears that these calculations are pretty straightforward.

I presume you are wishing to compare short term skews and kurtosis to long term skews and kurtosis (or perhaps-erroneously-normal distribution)? If so, there may be some simple proxy approaches: A skew is going to appear when the market has been trending in a direction (in which case you will see a divergence of mean and median calculations). A sample with high kurtosis is likely to have elements of congestion and trending in it as opposed to one or the other; the diversity would account for the "fat tails" of high kurtosis.

However, perhaps you are considering your market's skewness and kurtosis with respect to the overall trading strategy? It seems to me that, in theory, using the GA to optimize over a sufficiently long sample period should take these effects into account..that is the large infrequent events should be factored into the data. The problem is what is a sufficiently long sample period? How many of these events need to be included?

Hope this is useful.

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Re: Kurtosis and skewness

Date :12/1/2005 6:06:55 AM Poster : Sunny

Phil,

I am actually trying to go the way that Mark Simpson has suggested.
If I understand his approach, this means to predict without optimizing.

My understanting of the optimization process is that we are doing the "best" curve fit possible with the indicator at hand.

The approach I am trying to follow is to predict by training NS to find patterns. However, I am doing my best to avoid optimizing. It is a difficult trade off since my best results occur when I optimize, but my level of confidence is lower when I optimize.

Several interesting articles in the net suggest that these statistical measures when combined with other approaches appear to yield interesting results. In particular, look for articles from the Federal Reserve and from Cornell Univeristy.

A simple but untested approach is to look at the sign of kurtosis. If the sign is negative, and the sign of skewness is negative, then this would imply that prices will now go lower. On the other hand if kurtosis is negative and skewness is positive, then this could suggest that prices are going higher. However, I have been unable yet to test these ideas in NS.

Moreover, I do not think that these measures will suffice by themselves in accomplishing predictability. They would be part of a more comprehensive arsenal of tools. In addition, I think that several different time frames should be explored to confirm direction.

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Re: Kurtosis and skewness

Date :12/1/2005 12:30:53 PM Poster : Mark Simpson

>I am actually trying to go the way that Mark Simpson has
>suggested. If I understand his approach, this means to predict
>without optimizing.

Hi,

Just to clarify, I'm not suggesting that you don't optimize coimpletely,
what I'm saying is.

1. With a regular approach, optimization should be the last thing, i.e. build a model that works then optimize it to improve results, don't optimize to build a working model unless you have enough data to validate your model, and the data you're modeling isn't changing fundamentally over time.

OR

2. Use a piecewise linear approach to a model, i.e. keep Degrees Of Freedom low,
and optimize frequently.

Mark Simpson
Bowfort Technologies Inc.

Re: Kurtosis and skewness

Date :12/4/2005 4:18:59 AM Poster : Sunny

Mark,

Thank you for setting me on the right path again.

As I said, I was not sure if I was understanding your approach correctly.

My understanding of the optimization process is that we are obtaining the "best" fit of something around a curve; however, I am always suspect that the future will bring some slow or fast curves that have not been seen in the past, and the optimization will fail to deal correctly with these.

For this reason, I thought that the approach of predicting patterns seemed more robust to me rather than to attempt to obtain a "best" fit for a curve by optimizing.

When you refer to "...a piecewise linear approach to a model...", are you thinking of having several different copies of the same prediction in which the maximum and minimum training set sizes vary.

For instance, I could have one copy of a prediction with a maximum of 6 years and a minimum of 4 years, and then I could have a second copy of the same prediction with a maximum of four years and a minimum of two years, and finally, I could have a third copy of the same prediction with a maximum of two years a minimum of one year. Finally, you would enter the results into a trading strategy, and you would allow the trading strategy to sort the results out.

By the way have you had any luck using kurtosis nad skewness?

Regards,

Sunny

On 12/1/2005 12:30:53 PM Mark Simpson wrote:
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Mark Simpson
Bowfort Technologies Inc.

Re: Kurtosis and skewness

Date :12/4/2005 6:12:17 PM Poster : Mark Simpson

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>fit of something around a curve; however, I am always suspect that the future
>will bring some slow or fast curves that have not been seen in the past, and
>the optimization will fail to deal correctly with these.
That is always the danger. Which is why it necessary to keep an out of sample set
seperately to test on, or to paper trade the model.

To me, I don't see fast and slow curves, I see either data that hasn't been accurately modelled with a big enough sample set for the Degrees Of Freedom of the model, or I see an adaptive process in play that isn't being accurately modelled.

Essentially the optimizers job is to find the best fit. That's it goal, and it does a fine job of achivieing it. However there is no guarantee that the best fit is the best fit for the model as a whole.

For instance, if we toss a coin twice and we get tails both times, then you could build a perfect predictor that says, everytime we toss a coin we get tails. However we'd be wrong, because we modelled our results with total disregard to the model. (Not that
I'm suggesting we model a random process :-))

>When you refer to "...a piecewise linear approach to a model...", are you
>thinking of having several different copies of the same prediction in which
>the maximum and minimum training set sizes vary.
I'm talking about optimizing frequently, but it only works when the degrees of freedom are small. I've posted quite extensively on this a few months ago, please check these
out on the forum as they have diagrams explaining the proccess. Feel free to
ask questions if they don't address what you need to know.

>By the way have you had any luck using kurtosis nad skewness?
This comes into the probability type of indicators mentioned earlier. Stocks returns
aren't normally distributed, so technically assuming normality (as kurtosis and skewness, standard deviation do) could be considered a mistake. However at some level if you're measuring the extremeness of something, it's a reasonable approximation. I.E. You could say that if you had an
event that was way outside the norm, that it is
meaningful.

Other approaches can also be the fisher transform or even the log normal distribution
approach.

The probability approach works, provided you pick events that are extreme enough. However the catch is that these events are rare, so you're out of the market a lot of
the time. The more extreme the event, the more likely that you will get a reversal.

Mark Simpson
Bowfort Technologies Inc.

Re: Kurtosis and skewness

Date :12/6/2005 9:20:43 AM Poster : Sunny

Mark,

"I'm talking about optimizing frequently, but it only works when the degrees of freedom are small."

If I have both a prediction and a trading strategy, once I have optimized both one time, then should I then optimize the next time from scratch or is optimization done using the last optimal settings?

"Stocks returns aren't normally distributed, so technically assuming normality (as kurtosis and skewness, standard deviation do) could be considered a mistake. However at some level if you're measuring the extremeness of something, it's a reasonable approximation. I.E. You could say that if you had an event that was way outside the norm, that it is meaningful."

Have you done actual experiments using kurtosis and skewness?

"Other approaches can also be the fisher transform or even the log normal distribution
approach."

My understanding of the fisher transform is that it is not suitable for non-stationary signals.

Regards,

Sunny

Re: Kurtosis and skewness

Date :12/6/2005 3:35:32 PM Poster : Mark Simpson

>"I'm talking about optimizing frequently, but it only works when the degrees of
>freedom are small."

>If I have both a prediction and a trading strategy, once I have optimized both one
> time, then should I then optimize the next time from scratch or is optimization
> done using the last optimal settings?
Personally I optimize from scratch, that way I know I'm always at the same starting point. However if you know that things haven't changed substantially, then optimizing from the last optimal settings will work fine too. But remember to specify the optimization
length.

I.E. If you optimized yesterday and were optimizing over a window of 3 days, then
the window would start from 3 days before yesterday. When you then re-optimize today, the window starts from 3 days before today etc.

> Have you done actual experiments using kurtosis and skewness?
Yes. Any biases tend to be transient in nature and identifiable by other means too.
However I recommend you go ahead an investigate it anyway, it helps with understanding probability type indicators. But make sure those percentages deltas are
logged (see earlier post), otherwise your results will be distorted.

> My understanding of the fisher transform is that it is not suitable for
> non-stationary signals.
I consider all of these approaches as less than ideal for non-stationary or infact anything other than a regular distribution. They are an approximation. Approximations can have a place however.

Ehlers Cybernetic Analysis For Stocks and Futures contains a good description of the Fisher Transform in Chapter 1.

Another way to improve the quality of results is to remove some of the non-stationarity before the analysis.

Mark Simpson
Bowfort Technologies Inc.

A simple indicator written in IBASIC

Date :11/29/2005 11:29:21 AM Poster : Steve Ward

I wanted to show everyone how simple writing indicators can be. Below is a simple indicator called ReducePrice we wrote in IBASIC ($49.99 at www.pyxia.com). This simple indicator just copies the input (close or whatever) multiplying it by 0.9. The count is the number of bars in the chart, in[] is the input array, and out[] is the output array. So it is an indicator that multiplies by 0.9:

```
export ReducePrice

sub ReducePrice(in[] as double, out[] as double, count as int)
def i as int

for i=0 to count-1
'multiply the input by 0.9 and return the result
out[i]=in[i]*.9
next i
return

endsub
```

The limitations of the eyeball test

Date :11/30/2005 4:35:59 AM Poster : Phil Greenwood

I had an insight that I wanted to share with the community here. I was reading Nassim Nicholas Taleb's book "Fooled By Randomness", pp95-97 "Bull and Bear Zoology", when I realized that there was a limitation in my intuition of how I was viewing trade indications...perhaps a few other people are struggling under this blind spot.

My simplistic approach has been that my systems should be capturing the meat of the moves. If the market went up, I should be long, or down, I should be short. Naturally this is ideal.

However, the trade signals that we identify when we optimize are something different; they are simply based on "expectation" - the aggregate product of the probabilies of outcomes and the value of those outcomes at any given point in time. And all of this is laboring under the twin interrelated assumptions that the indicators involved are meaningful, and that they will behave in the future as they did in the past as predictors of price action.

For example if, before our exit is triggered, there is a 30% chance of a 10% rise, and a 70% chance of a 2% fall we should be long! Even though the market is more likely to fall!

I know this is not simple; perhaps you're not making the same mistake, but then again, maybe you are? This is surely a limitation of eyeballing the strategy - in the chart you see the outcomes, not the probablities or expectations.

Phil

Problem with BarsSinceFill or BarsSinceActivated

Date :12/4/2005 11:31:26 PM Poster : Stephen

I am having problems with the BarsSinceFill or BarsSinceActivated (both = and >=) triggering prematurely. Using end of day data an order is generated for the following day. The following day the order is filled, but the BarsSinceFilled or BarsSinceActived is activated and a sell at market is issued for the next day. The trade is only open for a day, but the days since is = 15. Is there a problem with when the counter for the BarsSinceActived or BarsSinceFilled are reset ? I am using version 4.7.

Re: Problem with BarsSinceFill or BarsSinceActivated

Date :12/5/2005 1:27:25 PM Poster : Ward.net Webmaster

We don't think anything was fixed with them, and we aren't aware of any current bugs. First make sure you aren't exiting for some other reason. For example maybe the long/short entries exit short/long positions button is on, and an entry is causing the exit? Otherwise, send your chart to tech support. PS - list of bugs fixed in 4.8 is under Release News... on this site.

On 12/4/2005 11:31:26 PM Stephen wrote:
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Book recommendations?

Date :12/5/2005 9:01:28 PM Poster : Dan Melton

Can anyone recommend some books that focus specifically on neural net design and testing for trading? There are lots of books out there on trading, but few seem to focus on the kind of specific issues that this forum (and NST) deals with.

Dan Melton

Re: Book recommendations?

Date :12/6/2005 10:41:38 AM Poster : Ward.net Webmaster

There is an old book called Neural Networks for Financial Forecasting by Ed Gately that many of our users have found useful, even though it is now kind of old and not specifically oriented towards the NeuroShell Trader. It is out of print but Amazon usually has used copies available. Some technical libraries may either have it or can get it.

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Dan Melton

Re: Book recommendations?

Date :12/7/2005 7:42:51 PM Poster : Dan Melton

Thanks! --Dan Melton

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IBASIC

Date :12/9/2005 3:31:28 PM Poster : Steve Ward

I hate to keep harping on programming, but I get the sense many of you are wanting to build indicators too complex for the Indicator Wizard. www.pyxia.com has a holiday special on IBASIC Professional - $29.95. At that price you can't afford NOT to buy it. I keep hearing from users "I'm not a programmer." Then the next thing I hear is either "I know how to use Easy Language" or "I wrote FORTRAN and BASIC programs 20 years ago in college." With a little help from your friends here, I'm sure you could write complex indicators in IBASIC.

Re: IBASIC

Date :12/14/2005 5:41:25 PM Poster : JackR

If Ward would publish a complex example of using IBASIC it might help us "non-programmers". In the January issue of "Technical Analysis of Stocks and Commodities Marge says

"Users of NeuroShell Trader can go to the STOCKS & COMMODITIES section of the NeuroShell Trader free technical support website at www.NeuroShell.com to download a copy of the C code and corresponding DLL, along with a copy of the chart that includes the Swiss Army Knife indicator "(SWAK)

What about coding SWAK up in IBASIC and posting it here in the "Examples" section. The existing examples for IBASIC are a little thin. Since you are about to release 5.0 (hopefully) the developers should have a little time.

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Re: IBASIC

Date :12/18/2005 2:06:03 PM Poster : stretto

The issue is the time and effort required to learn the computer language, not the cost of the software. Many users may simply not have as much time as is needed- which is difficult to estimate ahead of time. If one wants to use a specific complex indicator, there are several options: 1) if it is available, you can buy the add-on 2) you can program it using the Indicator Wizard language, 3) you can hire someone to write the code for you, or 4) you can do it yourself- learn a programming laguage and write your own code. For simple indicators (like the example Steve Ward gave on his post of Nov 29), this is not necessary - simple indicators can be built with the Indicator Wizard language. When the indicators are more complex, it's harder to say- when does an indicator become (as you said in your post) "too complex for the Indicator Wizard"? At what point is it necessary to abandon the Indicator Wizard and write a .dll? If this was better understood, a better decision could be made. So, how about some information about the limitations of the Indicator Wizard language? Do you have an example of an indicator which is obviously too complex, and if so, why? How about one which is borderline- that could be done equally well either way?

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Re: IBASIC

Date :12/19/2005 1:38:25 PM Poster : Steve Ward

Ninety % of our users will never need to program their own indicator. For the other 10%, it becomes an emergency when they read about some whiz bang indicator in a book or website, and it is too complicated for the Indicator Wizard. I'm trying to get that 10% prepared now. The irony to me is when they contact us for help, they say "I can't program" but invariably one of the following is true:

1. They wrote lots of Easy Langauge code for TradeStation
2. They programmed BASIC or FORTRAN in college
3. They can write ASP code for web sites

Excuse me, then YOU CAN PROGRAM! BASIC is not that hard.

Here are the main times I think you may have to resort to a program from the Indicator Wizard:

1. You need to do iteration or setting flags or values for later testing (although the Flag indicators in Advanced Indicator Set 2, as well as the Trigger and other indicators on this site will help a lot with those).
2. You need to build a recursive indicator (one that calls itself, or uses previous values of itself).
3. You wrote a lot of indicators in the Wizard but now your model is very slow (the Indicator Wizard is, after all, not a compiler but an interpreter).

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Re: IBASIC

Date :12/19/2005 4:30:03 PM Poster : Steve Eberbach

The type of indicator I would (probably will, soon) write is not necessarily "complicated", but perhaps "difficult" using the Wizard. After all, such things as FFT or PCA are quite complicated, and there have been postings which might be translated to IBasic, such as the Maximum Entropy program on the forum (was in Power Basic).

I would think a simple Finite Impulse Response Filter with 32 coefficients would be damn hard with the wizard, and slow, too. But in Ibasic, just a modification of the sample Steve put up in the tips would do the job, and faster. The type of filters I plan to write myself are called "Hilbert Transform Filter", coefficients of which can be found as a java design program on Google, and several all-pass delay filters with delay less than one sample. I need to use a different filter design program to get these.

Steve

On 12/19/2005 1:38:25 PM Steve Ward wrote:
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1. They wrote lots of Easy Langauge code for TradeStation
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Here are the main times I think you may have to resort to a program from the Indicator Wizard:

1. You need to do iteration or setting flags or values for later testing (although the Flag indicators in Advanced Indicator Set 2, as well as the Trigger and other indicators on this site will help a lot with those).
2. You need to build a recursive indicator (one that calls itself, or uses previous values of itself).
3. You wrote a lot of indicators in the Wizard but now your model is very slow (the Indicator Wizard is, after all, not a compiler but an interpreter).

On 12/18/2005 2:06:03 PM stretto wrote:
The issue is the time and effort required to learn the computer language, not the cost of the software. Many users may simply not have as much time as is needed- which is difficult to estimate ahead of time. If one wants to use a specific complex indicator, there are several options: 1) if it is available, you can buy the add-on 2) you can program it using the Indicator Wizard language, 3) you can hire someone to write the code for you, or 4) you can do it yourself- learn a programming laguage and write your own code. For simple indicators (like the example Steve Ward gave on his post of Nov 29), this is not necessary - simple indicators can be built with the Indicator Wizard language. When the indicators are more complex, it's harder to say- when does an indicator become (as you said in your post) "too complex for the Indicator Wizard"? At what point is it necessary to abandon the Indicator Wizard and write a .dll? If this was better understood, a better decision could be made. So, how about some information about the limitations of the Indicator Wizard language? Do you have an example of an indicator which is obviously too complex, and if so, why? How about one which is borderline- that could be done equally well either way?

On 12/14/2005 5:41:25 PM JackR wrote:
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"Users of NeuroShell Trader can go to the STOCKS & COMMODITIES section of the NeuroShell Trader free technical support website at www.NeuroShell.com to download a copy of the C code and corresponding DLL, along with a copy of the chart that includes the Swiss Army Knife indicator "(SWAK)

What about coding SWAK up in IBASIC and posting it here in the "Examples" section. The existing examples for IBASIC are a little thin. Since you are about to release 5.0 (hopefully) the developers should have a little time.

JackR

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Re: IBASIC

Date :12/19/2005 6:46:09 PM Poster : stretto

Your point is well taken that knowledge of one computer language transfers to another- you still have to learn the particular syntax of the new language, but the principles are similar. Perhaps the 10% of users for whom this is relevant will read this post and it will cut down on the aggravating calls to technical support.It's also true that some of us are better at it than others, and what seems obvious to an expert can be a struggle for a novice. Picking up the syntax can be relatively easy- learning to write and debug the algorithms is another story. At least that has been my experience. For most people it may not be worth it- just buy the add-on, and if it is not available, don't bother with it. Anyway, it seems useful to have some understanding of the limitations of the Indicator Wizard language, and hopefully not to have to learn everything through trial and error. Is it possible to look at a proposed model and say "this is way too much for the Indicator Wizard" (and avoid hours of futile computer time)? Numbers 1) and 2) below are pretty clear - what has been your (or other users) experience with #3? Where have you found the tipping point to be? I realize there is no precise answer, but I would be interested in what other users have found.

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TWS 5.0 Release Prospects

Date :12/13/2005 4:58:50 PM Poster : JackR

In Steve's October newsletter he stated that 5.0 was in beta. At a presentation he made to a DC area technical trader's group about a year ago, Steve indicated that there would probably be a Broker order executing interface in 5.0. He said it would be an API type interface with one actual "working" interface to a real broker and sufficient information to adapt the API to other broker's APIs. Is this still the case?

Any clue as to when the beta will be debugged and ready for general release?

Re: TWS 5.0 Release Prospects

Date :12/15/2005 2:01:09 PM Poster : Steve Ward

Testing is coming along well and we are still planning to release not only a broker interface, but an interface to email trades as well.

On 12/13/2005 4:58:50 PM JackR wrote:
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Re: TWS 5.0 Release Prospects

Date :1/16/2006 8:17:29 PM Poster : John coleman

One of my suggestions was to use the HyperOrder API - that way you can feed signals to many different broker feeds using a single interface. :)

John

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Re: TWS 5.0 Release Prospects

Date :1/17/2006 5:28:57 PM Poster : JackR

John:

Here is a post from another thread -

In release 5.0 we will have a toolkit that will allow relatively easy hookup to several brokers, and one to Interactive Brokers already built in. Hyperorder will probably work with us to implement an interface.

So it looks like they will try to develop a Hyperorder interface. I guess Hyperorder is proprietary. Now if they would just release 5.0!

Jack

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Re: TWS 5.0 Release Prospects

Date :1/20/2006 5:32:39 PM Poster : John Coleman

HyperOrder has a very simple API that you can access through a DLL. I have a JNI for it if you are into Java.

A HO interface will allow the software to link to; Interactive Brokers Workstation,
FXCM, RefcoFX, MAN FX?, Patsystems, MB Trading and MetaTrader. It can send emails when orders are raised. http://www.hypertrader.it/hyperorder.shtml.

I have no relations to this company BTW.

John

On Trusting Models...

Date :12/19/2005 8:15:50 AM Poster : Dan Melton

A question for any who would like to offer insight: At what point do you begin trusting your models enough to trade with them (i.e. what does a good checklist look like to you)?

Thanks for your thoughts--

Dan Melton

Re: On Trusting Models...

Date :1/3/2006 6:04:28 PM Poster : John Coleman

Some successful forward tests, and have a look at your accounts equity curve. You want it to be a smooth progressive increase if possible, and it should not mirror the equity curve of the security.

There are some useful stats that NST could/should include in its analysis to help with this IMHO.

John

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One of my models

Date :12/23/2005 8:49:50 AM Poster : Steve Ward

There was a recent thread where people were asking what is a good model. I think I told someone they were expecting way too much for 2005 - which has been a really hard year. So I've put the performance results of one of my models on the web so you can see what I think is pretty good out of sample for this year. I'm actually thinking of selling signals made by it to anyone who either doesn't have NeuroShell or wants some decent signals while they are perfecting their own better models. Let me know what you think - we can discuss how good is good again if you want.

www.wardsystems.org/markettilt

You'll need Internet Explorer, Firefox won't read PowerPoint slides. You can phone me about this model, email me, or post here on the forum.

Re: One of my models

Date :1/5/2006 7:12:53 AM Poster : Dan Melton

Steve,

I think this is impressive, given that the signals are out of sample and the basket of stocks is so broad.

Dan Melton

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What is the link to download the NST chart please?

regards,
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Re: One of my models

Date :1/14/2006 1:07:00 PM Poster : Ward.net Webmaster

The model has never been attempted on FOREX. We doubt it will work on that.

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Re: One of my models

Date :1/15/2006 6:51:34 AM Poster : Sunny

Steve,

You are selling signals with a ratio of gross profit / gross loss < 2.5 and a ratio of average winners to average losers < 2. You are basing your signals based on the equity (return on trades > 15%); however, what about the risk/reward ratio?

A ratio of average winners to average losers less than 2 means that you have a very small margin of error. If one of your winners turns to be a loser, then you will have to try to make up for it in the next series of wins, but this already assumes that the next series of trades will be winners. What happens if they are not winners? You have to make more trades to try to make up for your losers.

Moreover, in your stats for the dow 30 you have a % of profitable trades between 48 - 71%. This means flipping a coin would have done just as well with many of these trades -- 50% profitable trades.

Some of your sectors such as utilities have this ratio at less than one. This means that the utility sector would lose more than they win.

I would guess that the consecutive losers statistics would be greater than one. This would mean that you would have more than one consecutive loser.

In my humble opinion your system sounds kind of risky. If market conditions turn against you, will your system be able to compensate quickly for this?

Have you included already money management of your trades into your system, or are these raw signals?

Are you basing your signals based only on price and volume, or are you doing an inter- or intramarket model which takes other variables into account? For instance, are you including stock markets in other countries, interest rates, commodity prices, etc.?

Some people will accept these kinds of ratios; however, I would not trade them since the risk/reward ratio is not skewed in my favor. The whole point of trading short term is to have the cards stacked in my favor.

I am sorry, but I expected more from you.

Regards,

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www.wardsystems.org/marketttilt

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Re: One of my models

Date :1/15/2006 10:12:10 AM Poster : Steve Ward

No, Sunny, flipping a coin would not have produced these trades. Remember, I didn't do this model in hindsight, i.e., keeping the one that worked best in 2005. The model was trained once and hasn't been changed since May. Also, please read carefully - it is a SPY model that made almost 30% but whose signals happen to have general ability on the overall market. The signals aren't supposed to do great on every sector or every stock.

But I don't claim to be the best, and yes trading is risky. This model could fail. I am hoping you indeed have a better model, and are not just suffering from unrealistic expectations for 2005. I posted my model in the first place to fight the tendency people have to think this is still the nineties.

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I haven't tried FDAX on our model. Go to www.wardsystems.org to download the chart and the 2005 signals. You'll see the link there. Just add/remove chart pages, take out SPY, and put in FDAX.

On 1/12/2006 6:06:41 PM John Coleman wrote:
I am trying to develop for the FDAX. It doesn't always follow SPY so well, have you tried it? 2004 seems worse (low volatility) than 2005 for FDAX.

What is the link to download the NST chart please?

regards,
John

On 1/5/2006 12:36:52 PM Steve Ward wrote:
The interesting part is it is exactly the same signal for all the stocks. It seems if you can get SPY right, you get many of the large caps right at the same time. If you want to download a chart and try the 2005 signals on your own stock picks, go to wardsystems.org

On 1/5/2006 7:12:53 AM Dan Melton wrote:
Steve,

I think this is impressive, given that the signals are out of sample and the basket of stocks is so broad.

Dan Melton

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www.wardsystems.org/marketttilt

You'll need Internet Explorer, Firefox won't read PowerPoint slides. You can phone me about this model, email me, or post here on the forum.

Re: One of my models

Date :1/16/2006 8:48:10 AM Poster : chris wong

sunny didn't understand the powerpoint. is there any possibility you can train your net for nasdaq, dax, ftse and other major world indexes? switching money between them with these signals could be a great strategy

On 1/15/2006 10:12:10 AM Steve Ward wrote:
No, Sunny, flipping a coin would not have produced these trades. Remember, I didn't do this model in hindsight, i.e., keeping the one that worked best in 2005. The model was trained once and hasn't been changed since May. Also, please read carefully - it is a SPY model that made almost 30% but whose signals happen to have general ability on the overall market. The signals aren't supposed to do great on every sector or every stock.

But I don't claim to be the best, and yes trading is risky. This model could fail. I am hoping you indeed have a better model, and are not just suffering from unrealistic expectations for 2005. I posted my model in the first place to fight the tendency people have to think this is still the nineties.

On 1/15/2006 6:51:34 AM Sunny wrote:
Steve,

You are selling signals with a ratio of gross profit / gross loss < 2.5 and a ratio of average winners to average losers < 2. You are basing your signals based on the equity (return on trades > 15%); however, what about the risk/reward ratio?

A ratio of average winners to average losers less than 2 means that you have a very small margin of error. If one of your winners turns to be a loser, then you will have to try to make up for it in the next series of wins, but this already assumes that the next series of trades will be winners. What happens if they are not winners? You have to make more trades to try to make up for your losers.

Moreover, in your stats for the dow 30 you have a % of profitable trades between 48 - 71%. This means flipping a coin would have done just as well with many of these trades -- 50% profitable trades.

Some of your sectors such as utilities have this ratio at less than one. This means that the utility sector would lose more than they win.

I would guess that the consecutive losers statistics would be greater than one. This would mean that you would have more than one consecutive loser.

In my humble opinion your system sounds kind of risky. If market conditions turn against you, will your system be able to compensate quickly for this?

Have you included already money management of your trades into your system, or are these raw signals?

Are you basing your signals based only on price and volume, or are you doing an inter- or intramarket model which takes other variables into account? For instance, are you including stock markets in other countries, interest rates, commodity prices, etc.?

Some people will accept these kinds of ratios; however, I would not trade them since the risk/reward ratio is not skewed in my favor. The whole point of trading short term is to have the cards stacked in my favor.

I am sorry, but I expected more from you.

Regards,

Sunny

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www.wardsystems.org/marketttlt

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Re: One of my models

Date :1/15/2006 3:59:33 PM Poster : Maxwell Craven

I've long believed that appyling litmus tests to statistics is bad practice. Having said that, it doesn't look like you loaded the chart and applied to SPY, Sunny. It shows a return of 30.3%, with a gross profit/loss ratio of 2.86, and 62.8% profitable trades. Max drawdown is only $522, and open trade drawdown of only $233. I don't know about you, but I have no chart that good, unless I train or optimize on 2005, which Steve says he didn't do.

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www.wardsystems.org/marketttlt

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Pattern Add-On

Date :12/26/2005 5:09:47 PM Poster : Maciej

Is it possible to see some charts using these Pattern Add-on indicators? It would help to clarify how best to use them

Re: Pattern Add-On

Date :12/27/2005 8:59:58 AM Poster : Ward.net Webmaster

Here's the help file which has several screen shots of charts:

patternmatcher.zip

On 12/26/2005 5:09:47 PM Maciej wrote:
Is it possible to see some charts using these Pattern Add-on indicators? It would help to clarify how best to use them

iBasic : Column by Column Processing (BYREF)

Date :12/27/2005 4:07:59 PM Poster : Stephen

When using iBasic to build a custom indicator that is using a Neuroshell indicator outputs as inputs to the custom indicator how do you ensure that the custom indicator is called after the Nueroshell indicators have finished? In other words if thinking like a spreadsheet, performing column by column processing (BYREF processing), column A (Neuroshell indicator result) has to be computed before column B (custom indicator result) is calculated. Does Neuroshell perform column by column processing or row by row processing?

Re: iBasic : Column by Column Processing (BYREF)

Date :12/27/2005 4:49:05 PM Poster : Ward.net Webmaster

NeuroShell does that for you so you don't have to worry. It knows what things feed into what (dependencies), so it calculates them in the correct order. It will not call your IBASIC code until all the inputs you are passing to it are available. We think spreadsheets do the same thing; we doubt they go column by column or row by row. BYREF usually just means you are passing pointers to the data, not passing the data itself.

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Re: iBasic : Column by Column Processing (BYREF)

Date :12/28/2005 9:18:46 AM Poster : Stephen

Thanks. I took the advice of Steve Ward and purchased the iBasic program and it is really easy to use. My question are related to plugging it as an indicator to Neuroshell.

On 12/27/2005 4:07:59 PM Stephen wrote:
When using iBasic to build a custom indicator that is using a Neuroshell indicator outputs as inputs to the custom indicator how do you ensure that the custom indicator is called after the Nueroshell indicators have finished? In other words if thinking like a spreadsheet, performing column by column processing (BYREF processing), column A (Neuroshell indicator result) has to be computed before column B (custom indicator result) is calculated. Does Neuroshell perform column by column processing or row by row processing?

iBasic: currentbar ? index into array

Date :12/27/2005 8:39:18 PM Poster : Stephen

For the iBasic function below I need the currentbar, which I use as the index into the array of values high,low,close to extract the days of interest. This function is made to be called row by row but I assume the whole array (vector) of price information is passed. How do I get the current bar number? What are the bounds on the current bar number so I can bounds check the index when it is passed to the dll?

```
export TrueRange

'Find the Maximum Value of two double floating point numbers

sub Max(value1 as double, value2 as double), double
def result as double
result = value1
if result < value2 then result = value2

return result
endsub

'Find the TrueRange
sub TrueRange(high[] as double, low[] as double,close[] as double, currentbar as int, out as double)

def value1 as double
def value2 as double
def value3 as double

if currentbar = 1
out = high[currentbar] - low[currentbar]
else
value1 = high[currentbar]-low[currentbar]
value2 = high[currentbar]-close[currentbar-1]
value3 = close[currentbar-1]-low[currentbar]
out = Max(value1,value2)
out = Max(out,value3)
endif
return
endsub
```

Re: iBasic: currentbar ? index into array

Date :12/28/2005 11:27:22 AM Poster : Steve Ward

There are two ways to call a subroutine in a DLL from NeuroShell:

1. Byvalue - each time the subroutine is called, NeuroShell passes in all the inputs you have specified for the current bar only. So if there are 1000 bars in the chart, the subroutine is called 1000 times, once for each bar in the chart. Each time it is called, you will have access to only the values for the current bar. This may be what you have been calling column by column.

2. ByArray - the subroutine is called only once. NeuroShell passes in all the inputs you have specified, each in its own array. Each array contains all the bars in the chart for that particular input, so if you are passing open, high, low, and close there will be an array for each. If there are 1000 bars, each array has 1000 elements in it. Each time the subroutine is called, therefore, you have access to ALL the bars in the chart for each input. You are also responsible for providing the output for all bars at once. This may be what you have been calling row by row. In this mode, you need access to the number of the bars in the chart (i.e., the number in each array). That is a value you can pass into the subroutine when you call the indicator "External DLL call by array" . It is called "As the number of values in the time series input(s)". You describe it where you describe the output.

If the TrueRange indicator you are writing referred only to the current bar, you could have used ByValue, but it looks at the previous bar too, so you have to use ByArray. So you have to sent up a parameter in which you receive from NeuroShell the number of bars in each array. You iterate through the whole array (starting at 0). I've re-written your main subroutine a little to show you how it is done:

```
export TrueRange


'Find the TrueRange
sub TrueRange(high[] as double, low[] as double, close[] as double, barcount as int, out[] as double)

def value1 as double
def value2 as double
def value3 as double
def currentbar as int

for currentbar=0 to barcount-1 ' iterate through bars - one at a time

if currentbar = 0 then ' this is the oldest bar, and has no previous
out[currentbar] = high[currentbar] - low[currentbar]
else
value1 = high[currentbar]-low[currentbar]
value2 = high[currentbar]-close[currentbar-1]
value3 = close[currentbar-1]-low[currentbar]

out[currentbar] = Max(value1,value2)
out[currentbar] = Max(out[currentbar],value3)
endif

next currentbar

return
endsub
```

On 12/27/2005 8:39:18 PM Stephen wrote:
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return
endsub
```

iBasic: return types

Date :12/28/2005 2:58:15 PM Poster : Stephen

Thanks, Steve

Just to make sure I understand the concepts, I rewrote the TrueRange indicator to a ByVal (row by row or bar by bar) form. This would not be as efficient as ByRef for this particular indicator, but I have other indicators I would like to write as this form. Also, I changed the return value is sent back to Neuroshell. To get the prior close I use the lag indicator built into Neuroshell. Does this look correct?

Also, to pretty up code, is there anyway to write the following "C" code in iBasic?

```
#define NAN 3.4e38
```

The constant construct only accepts UINT.

Thanks,
Stephen

```
************ ByVal Version ********************************************************************

'Find the TrueRange
'prior_close is an indicator input, lag(close,1)

sub TrueRange(high as double, low as double,close as double,prior_close as double), double

def value1 as double
def value2 as double
def value3 as double


value1 = high-low
value2 = high - prior_close
value3 = prior_close - low

out = Max(value1,value2) 'Max is a subroutine defined in a prior posting
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return out
endsub


**************************************************************************************
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Re: iBasic: return types

Date :12/28/2005 3:38:21 PM Poster : Steve Ward

Yes, that looks right to me, except you'll probably need:

```
def out as double
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I think you have mastered both types of calls. Compile and run it to make sure it gives the same values as the other one.

For the constant 3.4e38, which as you must already know is what you put in the output stream where you want a blank instead of a number, I usually just do this:

```
def missing as double
missing = 3.4e38
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endif
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endsub

Re: iBasic: return types

Date :12/29/2005 3:02:52 PM Poster : Steve Ward

I suppose I should add that the proper True Range Indicator needs the absolute values of the differences:

value1 = abs(high-low)
value2 = abs(high - prior_close)
value3 = abs(prior_close - low)

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Happy New Year

Date :1/1/2006 8:24:16 AM Poster : Steve Ward

Happy New Year from everyone at Ward Systems, and our wishes that 2006 will be very profitable for you.

suggestions: order processing/analysis

Date :1/3/2006 5:58:52 PM Poster : John Coleman

1) It would be nice if NST had a hook up to HyperOrder. Their DLL is easy to interface to, and that way orders can be fed to most of the popular brokers.

2) I'd like to see more analysis features built in, like an account equity curve, sharp ratio, all that usual stuff. At present it seems one has to work this stuff out using a spreadsheet.

Any idea if these could get into a future release?

Re: suggestions: order processing/analysis

Date :1/4/2006 8:48:13 AM Poster : Ward.net Webmaster

As a new user you may not have noticed all the equity curves we have. They are indicators, and you will find them in the category Trading Strategy: System Information". The Trading Strategy: Position Information has some good analysis tools too. Also, you may not yet have turned on all of your Wizard options. Go to Tools->Options-> Wizards. Do a Select all on all of the wizards.

The Sharpe ratio is in the optimizer. You'll find it as one of the objective functions.

In release 5.0 we will have a toolkit that will allow relatively easy hookup to several brokers, and one to Interactive Brokers already built in. Hyperorder will probably work with us to implement an interface.

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Suggestion on forum software

Date :1/7/2006 12:07:44 AM Poster : John Takacs

Greetings!

I wonder if a possible reason for the low turnout on this forum is the forum software used?

I cringe in pain every time I come here.

Being able to see all threads instantly would be great. Instead I have to click the "+" to open a thread, and then patiently wait for the 386 PC ;-) server to load the new page. This is not quite as bad as watching paint dry, but it is close.

Webmasterworld.com uses an excellent forum software. The great folks at gossamer-threads.com have a forum software for sale as well. I use their directory software on my search engine web site (1996).

I really think this forum could become a mini slashdot for traders, but the stumbling block is the forum software.

Finally, I have a 10 Mbps in country (South Korea) connection and overseas (to USA) I top out at 2 Mbps (2000 Kbps).

Regards,

John

Re: Suggestion on forum software

Date :1/8/2006 3:49:42 PM Poster : John Coleman

I +1 that suggestion. Tnx John.

Re: Suggestion on forum software

Date :1/14/2006 8:58:25 AM Poster : Jacobs

Hello,

If I read the postings within 7 days the software is fine.

If I been away for more than 7 days it´s very hard to know which postings has
been written since last time.

If I find a topic with many postings it´s very hard to read them in the correct
order. They seem to be sorted in their own logic = not by date, which I haven´t found out.

I would like see a complete list (like the list now if less than 7 days old) of all the postings since I last logged on,
a list of those that I haven´t yet read.

Regards,
/J

On 1/7/2006 12:07:44 AM John Takacs wrote:
Greetings!

I wonder if a possible reason for the low turnout on this forum is the forum software used?

I cringe in pain every time I come here.

Being able to see all threads instantly would be great. Instead I have to click the "+" to open a thread, and then patiently wait for the 386 PC ;-) server to load the new page. This is not quite as bad as watching paint dry, but it is close.

Webmasterworld.com uses an excellent forum software. The great folks at gossamer-threads.com have a forum software for sale as well. I use their directory software on my search engine web site (1996).

I really think this forum could become a mini slashdot for traders, but the stumbling block is the forum software.

Finally, I have a 10 Mbps in country (South Korea) connection and overseas (to USA) I top out at 2 Mbps (2000 Kbps).

Regards,

John

Re: Suggestion on forum software

Date :1/14/2006 1:06:09 PM Poster : Ward.net Webmaster

We're hoping to install a new forum in the next month or two. Meanwhile, we'll see we can increase to 14 days.

On 1/14/2006 8:58:25 AM Jacobs wrote:
Hello,

If I read the postings within 7 days the software is fine.

If I been away for more than 7 days it´s very hard to know which postings has
been written since last time.

If I find a topic with many postings it´s very hard to read them in the correct
order. They seem to be sorted in their own logic = not by date, which I haven´t found out.

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Regards,

John

Writing an NN

Date :1/7/2006 11:25:40 AM Poster : John Takacs

I have an idea for an NN that has nothing to do with a trading system or an indicator. It is an exit strategy type of idea. It could be more than that but here goes the description:

1) Pick your most important period moving average. The one that seems to best indicate the overall trend of your market of choice on a 5 minute bar. So, for example, let's say you like the 47 period MA.

2) If prices are beneath the 47 period MA (having tanked earlier) and are coming back to approach the 47 period MA from the bottom, perhaps over 3 - 6 bars, then you want to predict the likelihood of prices stopping at the 47 period MA and being a percentage below the 47 period MA in the next X number of bars vs continuing on through the 47 period MA, and being a percentage above the 47 period MA.

Bottom line, in the above example, knowing that prices for the current situation are going to stop at the 47 period MA would give you a edge to continue or initiate an additional short trade.

John

Re: Writing an NN

Date :1/8/2006 8:31:42 AM Poster : Matt Jarvis

Thats not a bad idea. I'd suggest using the spread between the price and the moving average, or the rate of change of the spread, maybe feeding those both into recur2 or recur2c.

On 1/7/2006 11:25:40 AM John Takacs wrote:
I have an idea for an NN that has nothing to do with a trading system or an indicator. It is an exit strategy type of idea. It could be more than that but here goes the description:

1) Pick your most important period moving average. The one that seems to best indicate the overall trend of your market of choice on a 5 minute bar. So, for example, let's say you like the 47 period MA.

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Bottom line, in the above example, knowing that prices for the current situation are going to stop at the 47 period MA would give you a edge to continue or initiate an additional short trade.

John

Fuzzy sets

Date :1/13/2006 4:40:59 AM Poster : vvv999vvv

I remember sometime ago. Steve post on his monthy news of using fuzzy sets on Elliott Waves, anyone have such experience of using such methods? TIA

Re: Fuzzy sets

Date :1/20/2006 9:20:16 AM Poster : Matt Jarvis

I like fuzzy set a lot but I have never tried them on Elliot waves.

On 1/13/2006 4:40:59 AM vvv999vvv wrote:
I remember sometime ago. Steve post on his monthy news of using fuzzy sets on Elliott Waves, anyone have such experience of using such methods? TIA

Re: Fuzzy sets

Date :1/21/2006 1:21:23 AM Poster : vvv999vvv

Matt,

Mind to disclose some of youir applications? Thamk you in advance.

I have tried it on cross over/below strategies on cybernetics, the outcome is not satisfactory.

Sometime ago, the newsletter mentioned about the use of fuzzy set on Elliott waves, unfortunately, I lost that e-mail, any body can re-post in here if available? thank you

On 1/20/2006 9:20:16 AM Matt Jarvis wrote:
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DLL documentation or hints

Date :1/13/2006 5:46:10 PM Poster : Michael Stigall

I'm interested in creating some DLLs to perform some data analysis. Specifically, I want to find a likely stock option when the NST trading system gives a new buy/sell indicator.

What series do I need to pass to the DLL to duplicate the red/blue arrows output on the chart, and how do I pass them to IBasic?

Thanks.

Re: DLL documentation or hints

Date :1/14/2006 1:11:56 PM Poster : Ward.net Webmaster

What you would do is build your trading signals in a DLL. Then interrogate the output of your DLL in the Trading Strategy Wizard. The DLL can't put the red/blue triangles out directly. So your conditions could be something like this:

A>B (your DLL output, something) Long Entry

A
On 1/13/2006 5:46:10 PM Michael Stigall wrote:
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Thanks.

Re: DLL documentation or hints

Date :1/20/2006 9:59:31 PM Poster : Michael Stigall

I already have a NST trading system which outputs the buy/sell/exit/entry flags on the chart. I'm wondering if you have any documentation on the interpretation of the buy/sell/exit/entry flags (which show up as binary flags within output text file)?

The flags are represented by:
PRED > Long entry threshold
PRED < Long exit threshold
PRED < Short entry threshold
PRED > Short exit threshold

Each of these conditions seem to output as boolean values (true or false, 1 or 0). However, the NST chart seems to look at the previous day's values and compares them to current day to determine where the blue/red exit/entry arrows are placed. Is this documented?

On 1/14/2006 1:11:56 PM Ward.net Webmaster wrote:
What you would do is build your trading signals in a DLL. Then interrogate the output of your DLL in the Trading Strategy Wizard. The DLL can't put the red/blue triangles out directly. So your conditions could be something like this:

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Thanks.

Other data from eSignal

Date :1/14/2006 6:41:47 PM Poster : TRice

Is it possible to get data on a stock from eSignal other than open, high, low, and close? For example, is there a way to get for INTC the PE, Beta, and DivYld, which I can get on an eSignal quote page (.quo)?
Thanks

Re: Other data from eSignal

Date :1/17/2006 11:16:34 AM Poster : Maciej

Trading futures, I'm interested in using Open Interest for the feeds. As far as I can see it's not possible to customize the data feed to include/exclude available fields (possible enchancement for Ward to consider). I have to resort to exporting data from my data feed to say CSV format and then reading it from NSDT. OK if a bit tedious for daily data but not really practical with smaller timeframes.
It may be possible to write your own interface but that seems like a lot of work.

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Thanks

Re: Other data from eSignal

Date :1/20/2006 9:12:35 AM Poster : Ward.net Webmaster

> OK if a bit tedious for daily data but not really practical with smaller timeframes.

No the intraday feeds are not customizable. On the other hand, open interest is not something that changes on an intraday basis either. If you feed daily open interest into your intraday chart, it should show up on every bar - of course it will be the same value on every bar too. Daily feeds that you download should read open interest just fine, as well as anything else they provide on a daily basis, like fundamental data. So those who want fundamental data or other data that does not change intraday are advised to use a daily download instead of an intraday feed.

On 1/17/2006 11:16:34 AM Maciej wrote:
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Re: Other data from eSignal

Date :1/20/2006 9:18:04 AM Poster : Ward.net Webmaster

No the intraday feeds will not read what is essentially daily or even quarterly data. On the other hand, those things are not something that change on an intraday basis either. If you feed daily open interest, etc. into your intraday chart from a text file, it should show up on every bar - of course it will be the same value on every bar too, and so we question their use on an intraday chart. Daily feeds that you download should read open interest just fine, as well as anything else they provide on a daily basis, like fundamental data and the other things you mention. So those who want fundamental data or other data that does not change intraday are advised to use a daily download instead of an intraday feed. By the way, you can compute Beta yourself - we have a tip on that.

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Thanks

Re: Other data from eSignal

Date :1/24/2006 3:58:25 PM Poster : Ward.net Webmaster

We should also add that this fundamental data from eSignal is not historical. To the best of our knowledge, all you can get is a current snapshot, which would not be of much use in building models in NeuroShell. If anyone knows of a feed that supplies streaming historical fundamental data at a reasonable price, let us know (post here) and we'll try to support it. Most likely it will NOT be intraday, only daily, so we probably already do support the format.

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Thanks

iBasic: return byVal usage

Date :1/16/2006 9:15:14 PM Poster : Stephen

I am trying to use iBasic and Neuroshell byVal custom DLL calls. Below is my test of using the return from the function as the indicator output. Even sending close as a constant numeric 5 did not return anything. What am I missing in the setup of the Custom DLL calls ?

```
---------------------------------------------------------------------------------------------------
export CloseReturn

'Close Echo Test, Close sent byVal as double as Numeric, return used as indicator output byVal double

sub CloseReturn(Close as double), double

Close = Close + 1

return Close
endsub
---------------------------------------------------------------------------------------------------
```

Re: iBasic: return byVal usage

Date :1/18/2006 11:20:09 AM Poster : Ward.net Webmaster

Stephen,

This piece of IBasic code should work:

```
---------------------
export CloseReturn

declare cdecl CloseReturn(Cl as double), double

sub CloseReturn(Cl as double), double
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```

The key to success is to use the cdecl modifier to explicitly specify the calling convention. After cdecl is used, you cannot use "Close" anymore as variable name. Therefore, we changed that to Cl. We actually compiled the dll and tested it in the NST. It worked just fine.

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Re: iBasic: return byVal usage
Date :1/18/2006 10:20:43 PM Poster : Stephen
Thanks. It has been a while since I dealt with calling conventions and stacks. - Stephen

On 1/18/2006 11:20:09 AM Ward.net Webmaster wrote:
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Re: iBasic: return byVal usage
Date :1/19/2006 11:11:12 AM Poster : Ward.net Webmaster
A little further explanation might be in order. The cdecl isn't required when sending back data in an array. In IBasic it is apparantly only required when passing data thru the stack as a function return. Since we have not used that method ourselves in IBasic before, we didn't realize it either until you brought it up.

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Renaming indicators
Date :1/18/2006 2:06:55 PM Poster : Phil Greenwood
I've noticed that when you rename an indicator, you can't see the optimized settings of its parameters in the trading strategy results trading rules window.

Is there any way of backing out the naming so that the parameters are visible again? (Since I build a trading strategy on this indicator, it's a lot of work to re-do it all.)

Thanks,
Phil

Statistics on Current Market High going Higher or Current Market Low Going Lower
Date :1/20/2006 11:40:27 AM Poster : John Takacs
I was wondering if the Day Trader Professional has the ability to give me cold hard statisitcs on the following scenario:

Let's say the 30 year bond had a high of 114 26 today, and is now sitting at a low of 114 12 for the day. Let's say, I had stepped away from my desk, missed the earlier short trade and now find myself looking at the "as of this moment" low of the day. What are the statistics that based on a 14 tick down move off of the high that the market will continue lower. Reverse the scenario for a move off the high of the day.

If Day Trader Pro won't do it, any ideas?

Re: Statistics on Current Market High going Higher or Current Market Low Going Lower
Date :1/20/2006 5:25:50 PM Poster : Ward.net Webmaster
We're confused, perhaps by your use of the word statistics. Are you asking how to build a model to predict that the market will move lower once it has dropped 14 ticks? Or are you asking how many times in the past did a 14 point drop precede another drop? If the latter, take a look at our new Pattern Matcher add-on.

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Forcing NN to leave one rule alone
Date :1/20/2006 11:44:12 AM Poster : John Takacs
I have a situation where I trade off of a long term moving average on the 5 minute chart, let's say 44. If I input a buy/sell rule and have two criteria, i.e. only go long if RSI is blah blah, and closing price is above 44 MA, the NN will sometimes throw out the 44 MA. How do I avoid that?

Re: Forcing NN to leave one rule alone
Date :1/20/2006 5:23:13 PM Poster : Ward.net Webmaster
We have to ask, if you have such specific rules, why are you using a neural net at all instead of a trading strategy? What are you telling the net to do and what exactly are you feeding it?

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Re: Forcing NN to leave one rule alone
Date :1/20/2006 6:02:54 PM Poster : Ward.net Webmaster
After pondering your question more, we've decided you've use "NN" to refer to the genetic algorithm optimizer optimizing a trading strategy. If that be the case, here's the answer: either don't optimize or optimize with parameter search. Rule selection and Full optimization throw out rules.

On 1/20/2006 5:23:13 PM Ward.net Webmaster wrote:
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Re: Forcing NN to leave one rule alone
Date :1/21/2006 2:30:31 AM Poster : John Takacs
Well, in the past only taking long trades when the price is above the 50 MA and only taking short trades when the price is below the 50 MA has saved me more times than I can remember.

The above would be an example of a rule that I don't want changed or is the word adapted? In addition to not adapting the above, I don't want the above thrown out either, as is currently happening.

"Why use a neural net at all?" That is kind of a disturbing question. I'd lilke to setup a multiple indicator system without the end result being that only one indicator remains at the end. Is this not possible?

Scenario: Based on personal experience, I know that the above 50MA rule works. Based on experiments with DayTrader Pro, I know that I can find a single indicator and adapt it and it will work by itself. Knowing that I would never take a trade that violated the 50MA rule, I'd like to add 2 rules together, i.e test my 50MA rule with RSI, CCI etc.

Should be easy right? So far, anytime I have 2 or more rules in the go long / go short section, without fail, one rule is thrown out, and only one remains.

I'm I doing something wrong?

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Re: Forcing NN to leave one rule alone
Date :1/25/2006 5:29:42 PM Poster : Maciej
I've seen your type of problem. In a trading strategy when optimising it seems difficult to use the option "if 2 are true" where 2 can be any number. I use a different approach. I would and your 50MA rule with each one of the other rules and then let the optimiser select the best parameters. This way you're forcing NSDT to use your obligatory rule. So each indicator would be in the format: and(RSI, MA(close,50)) and you'd lock the value 50 not to change. Slightly tedious but it should do the trick.
There are other ways of doing something similar but I'll let others suggest their way - it might be more efficient.

On 1/21/2006 2:30:31 AM John Takacs wrote:
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Keltner Channels

Date :1/20/2006 5:27:26 PM Poster : John Coleman

Anyone know how I can get them into my studies?

TIA
John

> ***Re: Keltner Channels***
>
> Date :1/20/2006 5:34:39 PM Poster : Ward.net Webmaster
>
> We have them in our Advanced Indicator set 1 add-on.
>
> On 1/20/2006 5:27:26 PM John Coleman wrote:
> Anyone know how I can get them into my studies?
>
> TIA
> John

Targets question

Date :1/25/2006 1:42:21 PM Poster : Manny L.

I almost always find that my best out of sample returns using the Prediction Wizard in NST come from using a short lookahead (1 day usually) on percent change in open. It has always seemed to me that such a noisy target function makes the NN's job of getting good correlation with it near impossible. Yet, when I try smoother targets that inherently have better correlation with the inputs, the returns are not as good even though the out of sample signal correlates much better with the target. Is there an explaination for this behavior and is there an optimal way to develop target functions based on a given input set? Anybody else notice this? Any thoughts on the subject would be much appriciated.

> ***Re: Targets question***
>
> Date :1/27/2006 3:08:46 PM Poster : Steve Eberbach
>
> Manny:
>
> When you smooth your target, you will be adding a delay unless you compensate for it. A smooth moving average pushed ahead one bar is mostly made up of the past data. You would, for example, need to set the delay of a 3-bar moving average from 1 bar past (natural delay lagging) to one (or more) bar future (leading) in order to get an apples/apples comparison with your one bar future (leading) percent change target. That would be using at least 2 bar lookahead for a three bar moving average to get a "real" one bar lookahead.
>
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Different Objectives in Trading Strategy

Date :1/27/2006 3:25:48 AM Poster : Maciej

Can anyone point me in the direction of where to look to setup a trading strategy objective that's different from the current list of possibilities? Essentially I wish to use one of the existing objectives such as (winners-losers*profits) and multiple it by the number of bars in the trade.