NeuroShell Trader

Implementing an artificially intelligent genetic algorithm as described by Domenico D'Errico & Giovanni Trombetta can be easily implemented in NeuroShell Trader. To create the candlestick pricing patterns, select '**New Indicator** …' from the '**Insert**' menu, use the Indicator Wizard to create the following indicators:

```
AvgPrice:          Avg4( Open, High, Low, Close )
MedPrice:          Avg2( High, Low )
MedBodyPrice:      Avg2( Open, Close )
```

To create the 3 rule trading system, select '**New Trading Strategy** …' from the '**Insert**' menu and enter the following in the appropriate locations of the Trading Strategy Wizard:

```
BUY LONG CONDITIONS: [All of which must be true]
    A<B(Lag(AvgPrice,1),Lag(MedPrice,3))
    A<B(Lag(MedBodyPrice,0),Lag(MedPrice,2))
    A<B(Lag(MedBodyPrice,1),Lag(MedBodyPrice,2))

SELL LONG CONDITIONS:
    BarsSinceFill>=X(Trading Strategy,8)
```

Use NeuroShell Trader's genetic algorithm optimizer to find optimal parameters by setting the lag parameter ranges to a range of 0 to 5. Using the NeuroShell Trader Power User version, you can further test the robustness of the system using genetic algorithm walkforward optimization which evaluates out of sample performance of systems that re-optimized regularly on newer data.

Users of NeuroShell Trader can go to the STOCKS & COMMODITIES section of the NeuroShell Trader free technical support Website to download a copy of any of the traders' tips.

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Figure 1: A NeuroShell Trader Chart showing a genetically optimized candle pattern trading system.

Figure 2: The results of applying NeuroShell Trader's walk forward genetic algorithm optimization with 8 walk forwards of 6 month out of sample data sets.