

NeuroShell Trader

The neural networks in the NeuroShell Trader can transform the visual discretionary information in the Swami charts described by John Ehlers and Ric Way into an analytical trading system. We started with 5, 10, 15, and 20 period RSI indicators, which are graphed on the chart. The 5 period RSI (pink) shows early market direction but often over reacts. We decided to feed the 5, 10, 15, and 20 period RSI indicators into a neural network in order to predict the 1 bar percent change in open. We let the genetic algorithm optimizer refine the periods to maximize the net profit and maintain a slowly rising equity curve. We limited the ranges for each copy of RSI to match the shorter to longer time frames mentioned in the article. The optimizer found that 3, 10, 15, and 20 period versions of RSI fed into a neural network made the best model. No scripting, coding, or programming of any kind was involved. The chart was created using the wizards in the NeuroShell Trader.

Users of the NeuroShell Trader Power User versions can put neural net predictions from different time frames on the same chart to expand the analysis.

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 displays different versions of RSI and the neural network prediction with trading signals.

