NeuroShell Trader

A comparison of the backtests of the four price swing identification methods in Domenico D'Errico's article "Detecting Price Swings" can be easily implemented in NeuroShell Trader. Simply select 'New Trading Strategy …' from the 'Insert' menu for each of the different systems and enter the following in the appropriate locations of the Trading Strategy Wizard:

Pivot High/Low Trading Strategy
BUY LONG CONDITIONS:
   Pivot Point: Top Flag(High)
SELL LONG CONDITIONS:
   BarsSinceFill>=X(Pivot High/Low Trading Strategy,20)
SELL SHORT CONDITIONS:
   Pivot Point: Bottom Flag(Low)
COVER SHORT CONDITIONS:
   BarsSinceFill>=X(Pivot High/Low Trading Strategy,20)

Bollinger Bands Trading Strategy
BUY LONG CONDITIONS:
   CrossAbove(Close,BB Low(Close,20,2))
SELL LONG CONDITIONS:
   BarsSinceFill>=X(Bollinger Bands Trading Strategy,20)
SELL SHORT CONDITIONS:
   CrossBelow(Close,BB High(Close,20,2))
COVER SHORT CONDITIONS:
   BarsSinceFill>=X(Bollinger Bands Trading Strategy,20)

RSI Cross Trading Strategy
BUY LONG CONDITIONS:
   CrossAbove(RSI(Close,5),30)
SELL LONG CONDITIONS:
   BarsSinceFill>=X(RSI Cross Trading Strategy,20)
SELL SHORT CONDITIONS:
   CrossBelow(RSI(Close,5),70)
COVER SHORT CONDITIONS:
   BarsSinceFill>=X(RSI Cross Trading Strategy,20)

RSI + Higher low/Lower High Trading Strategy
BUY LONG CONDITIONS: [All of which must be true]
   A<=B(RSI(Close,5),30)
   A>B(Low,Lag(Low,1))
SELL LONG CONDITIONS:
   BarsSinceFill>=X(RSI + Higher low/Lower High TS,20)
SELL SHORT CONDITIONS: [All of which must be true]
   A>=B(RSI(Close,5),70)
   A<B(High,Lag(High,1))
COVER SHORT CONDITIONS:
   BarsSinceFill>=X(RSI + Higher low/Lower High TS,20)

If you have the NeuroShell Trader Professional, you can also choose whether or not the 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 strategy.

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.

<div align="right">

Marge Sherald, Ward Systems Group, Inc
301 662 7950, E-mail sales@wardsystems.com
http://www.neuroshell.com

</div>

Figure 1: A NeuroShell Trader Chart showing the found different price swing systems and a comparison of their system equity lines for SPY.