NeuroShell Trader

The Seasonality trading system described by Perry Kaufman can be easily implemented in the NeuroShell Trader. To calculate the monthly return frequency of the past four years, select '**New Indicator …**' from the '**Insert**' menu and use the Indicator Wizard to create the following indicator:

MonthlyFreq:
CategoryAverage(A>B(%Change(Close,1),0), Month of Year(Date), 84)

To create a Seasonality 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(*MonthlyFreq*, SelectiveMin(*MonthlyFreq*, LastBusinessDayOfMonthFlag(Date), 12)))
LastBusinessDayOfMonthFlag (Date)

SELL SHORT CONDITIONS: [All of which must be true]
A=B(*MonthlyFreq*, SelectiveMax(*MonthlyFreq*, LastBusinessDayOfMonthFlag (Date), 12)))
LastBusinessDayOfMonthFlag (Date)

After entering the system conditions, 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 system.

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 the seasonality system applied across 8 seasonal stocks.