

NeuroShell Trader

The Renko bar trading system described by Sylvain Vervoort was created in NeuroShell Trader's point and click indicator wizard without programming. We used the InterChart Tools Renko add-in and the Heikin-Ashi Close indicator from a previous Traders' tip to quickly create the 8-period simple moving averages of the typical price and the Heikin-Ashi average closing price.

For the example chart shown (S&P 500 Index) you can insert the indicators as follows:

1. Select 'New Indicator...' from the 'Insert' menu.
2. Choose the Averages category and select Simple Moving Average, 8 periods.
3. Substitute the Ict Renko HLC3 (0.10, 1, 1, 10, High, Low, Volume) for the default value to create the typical price indicator described in the article.
4. Create another Average indicator and this time substitute the HeikinAshiClose of the corresponding Ict Renko Bars to generate the Heikin-Ashi Average Closing Price indicator.

The InterChart Tools Renko bars are virtual bars and perform their calculations using the same methods as traditional Renko bars, but once a trading signal is generated by the Renko bar, both the trade and fill are correctly displayed on the open of the next bar of the base chart.

The base chart is a 0.10 range bar of the S&P 500 Index. The value of 0.10 virtual tick size in the Ict Renko Bars corresponds to the size of the base chart's range bar. The next two parameters represent the number of ticks used to calculate the up part of the Renko bar, followed by the number of ticks used to compute the down part. The 10 represents a multiplier that is applied to the described Renko bar's up/down ratio to realize its final size. This enables the indicators to use a different number of ticks for the up and down side of the Renko bars. Since any bar's function is to absorb noise and rising price jitter is often different from falling price jitter, our Renko bars permit an asymmetrical definition to accommodate this.

In the trading system described by the article, the trading signals occur when the average of the typical price crosses above or below the average of the HeikinAshi Close of the Renko bars. Rather than using a visual system, you could use the Trader's point and click wizard to build the crossover trading rules and allow the Trader's optimizer to identify the optimal bar size and noise absorption for a given algorithm or equity.

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.

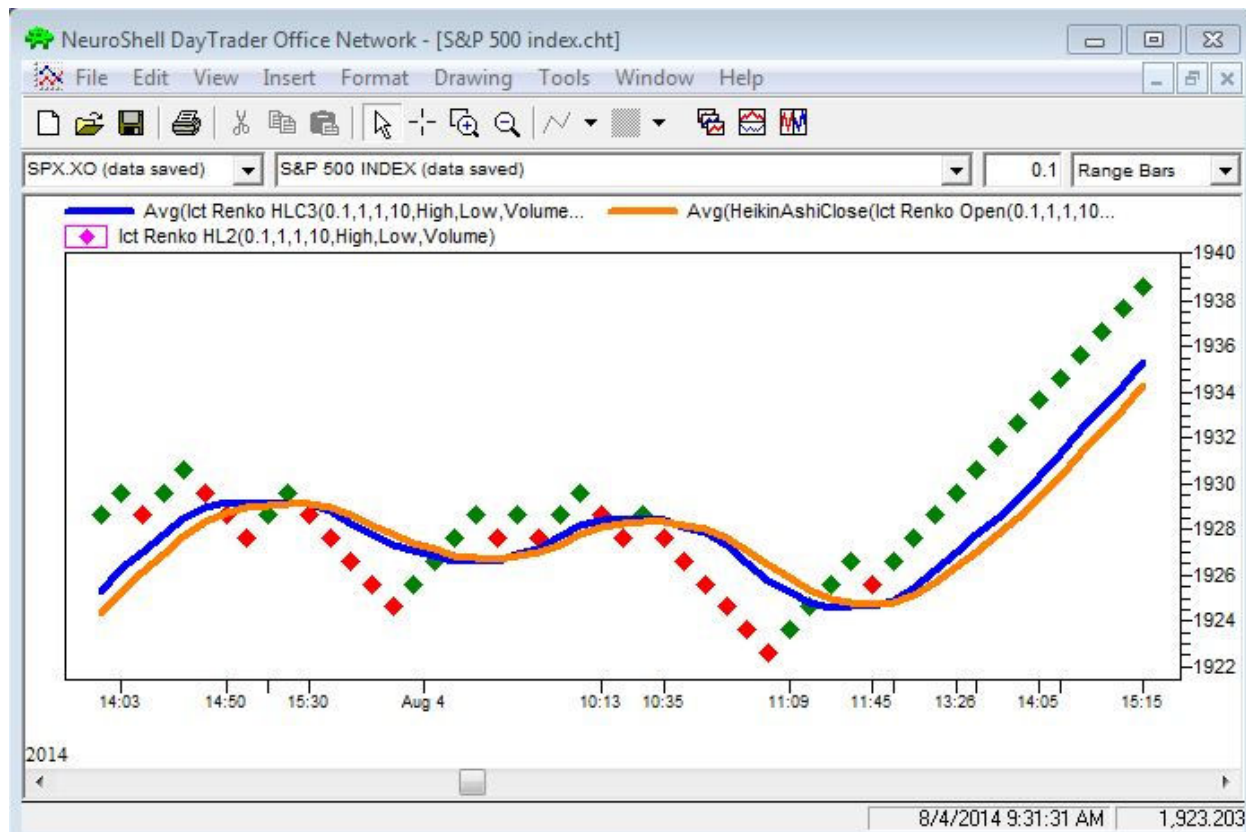


Figure 1: A NeuroShell Trader Chart displays the crossover of the eight-period SMA of the typical price and Heikin-Ashi average closing price created using the indicator wizard.