

NeuroShell Trader

The Disparity Index can be easily implemented in the NeuroShell Trader by combining a few of the NeuroShell Trader's over 800 indicators. First select '**New Indicator ...**' from the '**Insert**' menu and use the Indicator Wizard to create the following indicator:

$$\text{Multiply2}(100, \text{Divide}(\text{Subtract}(\text{Close}, \text{ExpAvg}(\text{Close}, 50)), \text{Close}))$$

Figure A displays the 50 period indicator on a 4-hour bar chart for GBP, along with the corresponding support and resistance lines of +3% and -2% respectively. Traders can tighten up trailing stops when prices approach these lines in an effort to preserve gains, and the indicator may also be used to scan for "black swan" type events. Traders may also take advantage of the NeuroShell Trader Professional's ability to optimize parameters such as the number of periods in the moving average for more profitable signals.

Scanning for reversal candidates, as described in the article, is easily done using the NeuroShell Trader's built in ticker scanning capability. First select '**Scan Ticker Symbols**' from the '**File**' menu to display the Scanning Wizard. In the Scanning Wizard, select the data frequency to be scanned (i.e. Daily, Hourly, 10 Minute, etc), select the ticker symbols you wish to scan, then add the indicators you wish to scan, which in this case are the 200, 50 and 20 bar Disparity Index. Once the scan is completed, you can sort the results based on any of the Disparity Index values and then check off which stocks you want to chart for further analysis and creation of trading systems.

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Figure A: NeuroShell Trader Disparity Index 4-hour bar chart for GBP.

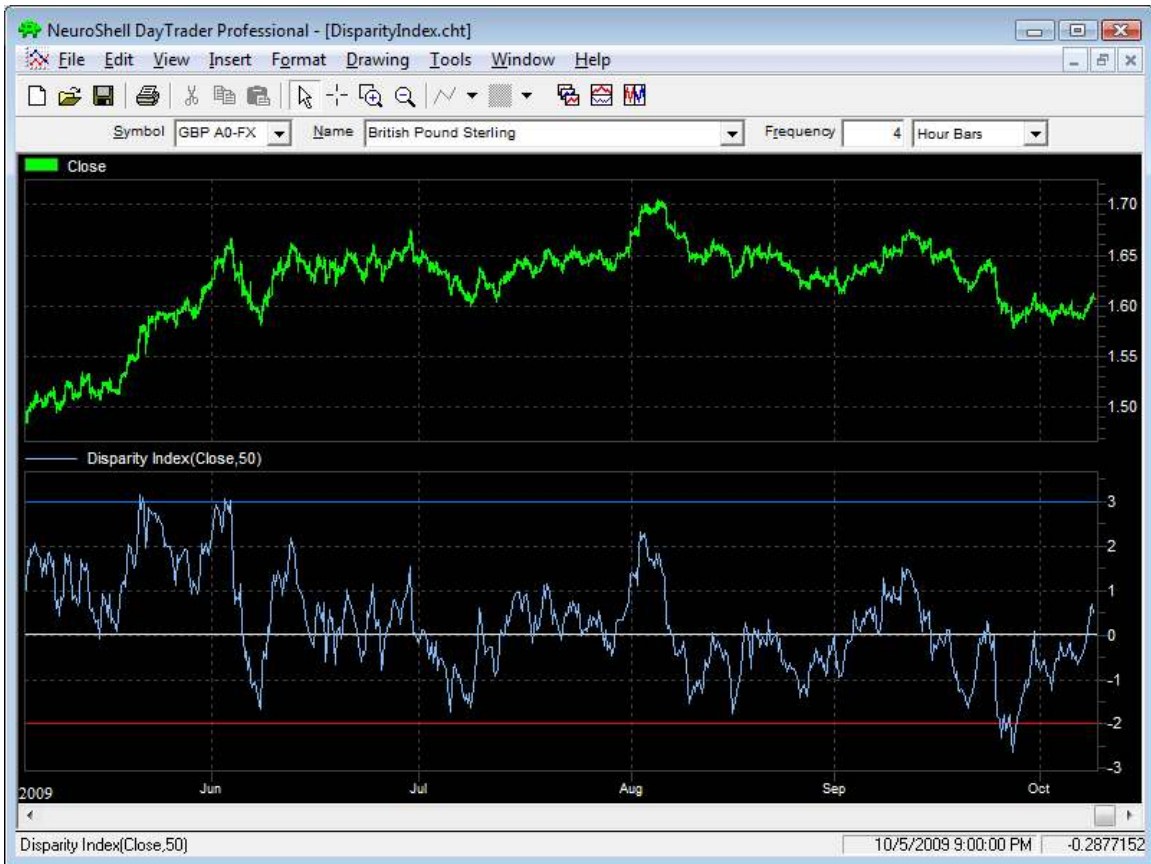


Figure B: NeuroShell Trader Disparity Index scan of NASDAQ100 stocks.

Ticker Symbol Scanning Wizard

Select the stock(s) that you wish to chart.

Instrument	Symbol	Disparity Index(Close,200)	Disparity Index(Close,50)	Disparity Index(Close,20)
<input type="checkbox"/> Apple Computer Inc.	AAPL	23.31142	8.45019	3.290526
<input type="checkbox"/> Adobe Systems Incorporated	ADBE	13.95397	5.972539	3.984343
<input type="checkbox"/> Autodesk Inc.	ADSK	7.384296	3.40338	1.373531
<input type="checkbox"/> Altera Corporation	ALTR	9.895501	2.792726	-0.4306268
<input type="checkbox"/> Applied Materials Inc.	AMAT	4.317034	0.3855278	-0.243737
<input type="checkbox"/> Amgen Inc.	AMGN	5.083691	-0.5531344	-1.079049
<input type="checkbox"/> Amazon.com Inc.	AMZN	17.25894	8.346034	5.176667
<input type="checkbox"/> American Power Conversion Corporation	APCC	-20560.16	-1275.102	-75.02859
<input type="checkbox"/> Apollo Group Inc.	APOL	9.27303	7.298445	4.644617
<input type="checkbox"/> Activision Inc.	ATVI	8.576617	6.585295	5.345304
<input type="checkbox"/> ATI Technologies Inc.	ATYT	6.240272	-6.284914	-6.995174
<input type="checkbox"/> Bed Bath & Beyond Inc.	BBBY	15.74139	3.106511	0.05700638
<input type="checkbox"/> Biogen Idec Inc	BIIB	-2.094005	-1.952931	-2.2658
<input type="checkbox"/> Broadcom Corporation	BRCM	12.61969	-0.2822903	-3.05779
<input type="checkbox"/> Cadence Design Systems Inc.	CDNS	19.39849	11.54243	5.404776
<input type="checkbox"/> CDW Corporation	CDWC	10.77769	1.949792	0.7969638
<input type="checkbox"/> Celgene Corporation	CELG	6.751958	3.31952	1.218838
<input type="checkbox"/> Chiron Corporation	CHIR	9.282412	3.3701	1.527398
<input type="checkbox"/> Check Point Software Technologies Ltd.	CHKP	15.42988	6.375702	3.473474
<input type="checkbox"/> C.H. Robinson Worldwide Inc.	CHRW	8.538773	2.275805	0.4332704
<input type="checkbox"/> Comcast Corporation	CMCSA	0.9629613	-1.26013	-3.318994
<input type="checkbox"/> Comverse Technology Inc.	CMVT	6.250674	3.55283	1.173955
<input type="checkbox"/> Costco Wholesale Corporation	COST	12.41802	7.727571	3.167402
<input type="checkbox"/> Cisco Systems Inc.	CSCO	14.05987	5.772815	2.547411

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