

NeuroShell Trader

The ETF rotation strategy described by Markos Katsanos can be easily implemented in the NeuroShell Trader. Select 'New Indicator ...' from the 'Insert' menu and use the Indicator Wizard to create the following indicators:

Relative Strength Indicator:

RSMK: $\text{Mul2}(\text{ExpAvg}(\text{Momentum}(\text{Ln}(\text{Divide}(\text{Close}, \text{S\&P500 Close})), 90), 3), 100)$

Volume Flow Indicator:

TYPICAL: $\text{Avg3}(\text{High}, \text{Low}, \text{Close})$

CUTOFF: $\text{Multiply3}(0.2, \text{StdDev}(\text{Momentum}(\text{Ln}(\text{TYPICAL}), 1), 30), \text{Close})$

VAVE: $\text{LagAvg}(\text{Volume}, 1, 130)$

VC: $\text{Min2}(\text{Volume}, \text{Multiply2}(2.5, \text{VAVE}))$

MF: $\text{Momentum}(\text{TYPICAL}, 1)$

VFI: $\text{Divide}(\text{Sum}(\text{IfThenIfThenElse}(A > B(\text{MF}, \text{CUTOFF}), \text{VC}, A < B(\text{MF}, \text{Negative}(\text{CUTOFF})), \text{Negative}(\text{VC}), 0), 130), \text{VAVE})$

To create a rotation trading system on a chart with a chart page for each of the 2 ETFs, 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):

$\text{RSMK} = \text{ChartPageMax}(\text{RSMK})$

$A > B(\text{RSMK}, \text{MovAvg}(\text{RSMK}, 20))$

$A > B(\text{VFI}, 0)$

SELL LONG CONDITIONS (1 of which must be true):

$\text{AND4}(\text{A} = \text{B}(\text{RSMK}, \text{ChartPageMin}(\text{RSMK})))$

$\text{A} < \text{B}(\text{RSMK}, \text{MovAvg}(\text{RSMK}, 20))$

$\text{A} < \text{B}(\text{RSMK}, \text{Lag}(\text{ChartPageMin}(\text{RSMK})), 1)$

$\text{A} > \text{B}(\text{VFI}, 0)$

$\text{AND2}(\text{A} < \text{B}(\text{Close}, \text{MovAvg}(\text{Close}, 50)),$

$\text{A} < \text{B}(\text{Close}, \text{Multiply}(0.97, \text{Lag}(\text{Close}, 1)))$

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.

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Figure 1: A NeuroShell Trader Chart showing the RSMK indicator and trading system.