THE NETPICKS INFORMER
Savvy strategies for profitable traders.

LETTER FROM THE DEVELOPER

Getting cold where you are? Yep, it's that time of year. Seasons change. What else has changed?

Market volatility has returned in abundance. After a quiet summer we had a return to our favorite market conditions starting in September. It hasn't let up since. Good news for all of us.

This time of year it is all about change and not just the seasons and the volatility.

In the next few months we'll be introducing brand new trading systems and educational courses. This is actually the longest stretch of time in our history where we have not been offering new products. The Trend Jumper, Keltner Bells and the Premier Trader University have provided plenty of opportunities and consistency and remained our focus over the last 3-4 years.

> **" An investment in knowledge always pays the best interest. "**
>
> **–Benjamin Franklin**

The good news though is we never stop working. We've been quietly developing our latest trading systems the last few years. Incorporating everything we've learned and observed about the markets over the last few years not to mention since we were founded way, way back in 1996.

The more we trade, teach and develop the more we learn as well. That process never stops.

In the immortal words of Benjamin Franklin: "An investment in knowledge always pays the best interest."

Couldn't agree more. And, my buddy Ben also said: "Tell me and I forget, teach me and I may remember, involve me and I learn."

As you know, in recent years we have stressed that our trading systems attack the challenge of getting you to profitability from all angles. It's not enough for us to just lecture to you or send you DVDs like so many other services. We always make the extra effort and incorporate live, in the market training along with our recorded materials. Not to mention we typically will teach our systems live in addition to the recorded support materials.

In nearly 19 years of being a trading education provider I have rarely seen anyone become successful just reading a book. Or watching a video. Or installing an indicator. Instead, success comes from the multi-pronged approach. Sure, books, videos and articles are great. But, it has to extend well beyond that.

We're excited to introduce our new trading systems to you soon and rest assured we've covered all the bases to learning and your success. Next time you get an email from us – be sure to open it and read it because it's likely to be the next great trading opportunity for you.

Mark Soberman

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THE SINGLE MOST IMPORTANT INDICATOR

by TJ Noonan

Very smart people have invented all kinds of indicators to put on price charts to help us make heads or tails out of what price action is likely to do next. Indicators that tell us when a market is overbought or oversold help us determine when we might want to start looking for trades in the opposite direction. Momentum indicators, moving averages, volume, trend, support/resistance, you name it! There are more indicators than any one trader will ever know what to do with. Most of them are misunderstood, misused and lead to losses. How can I say that? Simple! Most traders lose money so it just seems to me to be a logical conclusion.

I believe that any one or select combination of a many different indicators can prove to be valuable and help us determine profitable trade opportunities. I'm sure of it in fact. A winning combo is not so elusive. But unless one uses the one single most important indicator of all, the likelihood of being able to succeed at trading, no matter what combo of 'other' indicator one uses, is nil to none. After successfully calling trades in a live traderoom for nearly 7 straight years, of this I am most sure.

So what is this magical all important indicator that holds so much power, that your very own trading success depends on it more than anything else? This indicator will work with any market, timeframe or style of trading. It is an indicator like no other, with absolutely nothing in common with any other indicator or trading tool you have ever used or heard of. Oddly, it's not even an indicator that you can put on a chart. It's far more powerful than that. This indicator will even tell you IF you stand a chance to succeed as a trader or if you are doomed to lose your hard earned capital, like most people who try to trade.

What amazes me, even more than the power of this simple all important indicator, is how many people don't know of its existence or how to use it when they finally discover it. Worse, is that when one is finally told of this indicator, it is either ignored, or brushed off as an amusing afterthought. Every now and then a person losing at trading will find their way back to this indicator and finally give it some serious thought. Fewer still might actually begin to put it to work and in so doing the person trying to trade would have taken their first step to actually becoming a trader; one with a real chance at success.

The single most important indicator that you just have to use if you hope to succeed at trading is... drum roll please... Your actions! Yep! You heard me right. This is where eyes glaze over, where most people will move on, ignore what I'm telling them or merely chuckle to themselves with amusement while thinking, 'what bull*$%t!' And those are the people who will continue to chase, continue to make every mistake in the book, continue to lose their money, and continue to not drink the water like the dumb thirsty horse, that was just shown the water; ironically, sticking to the pattern, all actions that will be ignored, to the detriment of the person's hope to become a successful trader.

Your actions 'indicate' everything you need to know at this exact moment in time for your advancement as a trader. Think about it and you will see that it is 100% true. Moreover, it doesn't matter what indicators you put on your chart if you do not pay attention to what your actions are telling you about your trading. It's a realism that no one can escape from.

You've heard the phrase 'action talks, bull-dung walks,' right? You've probably heard it said a slightly different way. The way I like to think about it is that 'actions are the only language worth listening to.' Not words. Words are meaningless if not backed up by actions. Listen to the 'actions.' That's where the real truth is revealed. It's not what one says. It's what one does!

It requires a large dose of humility, honesty and being humble to be able to listen to what your own actions are telling you. Yet within the language of your very own actions are the answers to why you are either succeeding or failing at trading. What you do 'indicates' several critical things about your trading, as well as what precisely is the next step that you must take to get yourself onto the pathway to success. That's a pretty powerful indicator, wouldn't you say? Think about it. What you do actually indicates:

- WHY you are trading
- What you want from your trading
- What you are doing to achieve your goals (goals you might not fully understand if you don't listen to your actions)
- What you are afraid of
- What you respect
- What you don't respect
- Whether or not you are succeeding or failing
- What you need to work on to stop losing
- What you need to work on to succeed

Here are some examples that will help you better understand why I put this indicator above and beyond all else. In fact, they are actually questions whose answers make my point loud and clear for those with the humility to answer them honestly.

- How many times do you intervene with your trade against your tradeplan rules? Why do you do that? Your very own actions indicate the answer.
- Do you even have a tradeplan? It requires action.
- Did you research it yourself? Did you backtest it, forward test it and practice it? These are actions that indicate one of the above bullet points. Or, lack of actions if you haven't done them.
- How many times do you ditch a market or strategy for another? It seemed to work when you first were interested, but after a few losses, you've had enough and are moving on to something else? Come on! Be honest or you won't get it. We call this chasing performance and it is the grim reaper to a person-trying-to-trade's bankroll. These are actions that are indicating to you critical information! Are you paying attention to what this is 'telling' you? If so, what are you doing about it? If not, then why not? Better take action before the grim reaper lays your account to rest.
- How many times do you trade just to make back a loss outside of your tradeplan? Do you even have a tradeplan? (Yes, I know I asked this already!) Listen to your actions.
- How many times do you give your profits back to the market? Didn't your tradeplan have a goal strategy in place? Need I ask again, do you even have a tradeplan? Why did you do that? What are your actions indicating to you?
- Do you believe in your tradeplan? Or, do you just think you believe in your tradeplan? Realize that your actions will indicate the truthful answer to this question. You can't talk yourself into believing in something. That won't work. You have to do the stuff that creates belief. It is something that must be acquired by the things that you do. Are you doing those things? Why not?

- Fear, greed, fun, thrills, ego are all the wrong reasons for trading. Yet they are all reasons that are indicated by your very own actions! No MACD, price channel or moving average is going to reveal this to you. In fact, no combo of indicators will give you this all important information about your trading. Only your actions will indicate the true reason that you are trading. Moreover, your actions will indicate exactly what you are asking for and what you are most likely to get.

It took me a long time to discover this indicator. I was resistant to the truths it offered. I wasn't honest enough to recognize what I was being told by my very own actions. Once I finally ate a large plate of steaming humble pie, I was finally able to understand the language of my actions and to acknowledge what they were indicating to me and it was at that point that everything began to change for me. We actually do get what we want from the market.

There's only one real reason to trade and that is to make money. Most traders lose money yet they are getting exactly what they are asking for. Not what their asking for by the words they speak. Words are meaningless. They are getting what they are asking for with the only language that actually matters. Their actions! Yet, like any language, it is not so easy to learn how to understand it. To understand your actions, you have to be able to understand yourself. Apply yourself and you can do it though. Your words say that you do want to be a successful trader, right? Back it up with actions. If you are honest and humble, your actions will be understood and they will indicate what it is you need to do to get on the winning track. Then, as Michael Jordan would say, just do it!

Your actions ARE the single most important indicator. If you don't pay attention to them, your chances of succeeding will be completely dependent upon good luck. So if you decide to remain thirsty and ignore this all important indicator, let me be the first to wish you, Good Luck! You're going to need it.

TAKE TARGETS THE MARKET GIVES YOU

by Shane Daly

Your trade is in profit so how can you keep the majority of it and not give too much back?

Structure as a means to exit your trade and turn the paper profits into account profits is a sound methodology used by retail traders and institutions.

For this article, I am going to cover longs however the same principles apply to short trades.

Trending Markets = Rhythm

We know that markets make higher highs and lows when moving up and the opposite when heading south. A higher high can only be made when price is pulling back and depending on your trading method, this presents both long and short opportunities.

Looking at the following chart, we can see that price is in an overall uptrend.

1. **Price makes a higher high and starts to pull back**
2. **Price puts in a higher low and starts to rally**
3. **Price puts in a lower high and starts to drop**

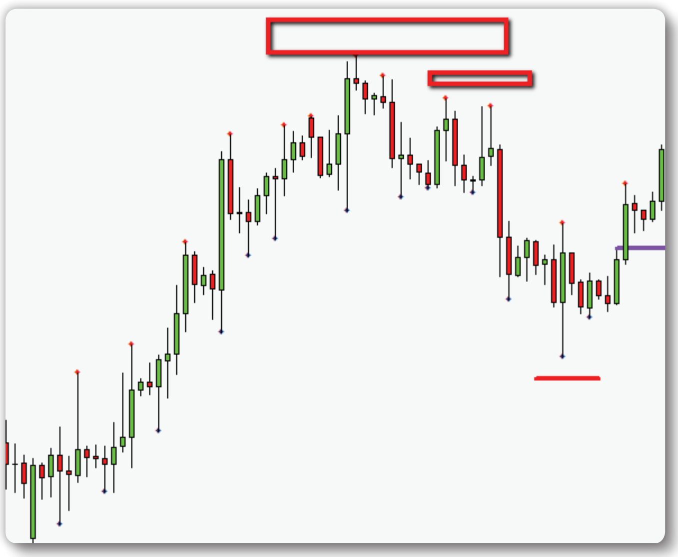
Many people see the rhythm broken and start to think shorting the market is the right play. Price slams through the low and those that didn't short when the move at #2 stalled pile in on the break.

Catching Trend Changes

For you though, you know that trying to catch the trend turns (selling the high in this case) is difficult and you also know that two leg corrections are pretty common. You are looking to buy into the uptrend that is not truly broken. With that, let's turn to the trade we covered in an earlier article.

This chart shows the buy at an area where price was supported.

What makes sense at this point? Let's look at what has probably occurred.



All those that went short have their stops in either of the two red boxes. What we are not sure of is the strength of those levels. What is the conviction of those sellers? We won't know their conviction until price comes back to those areas where a few events could take place:

- **Price can rally right through those levels**
- **Price can be rejected short**
- **Price can find balance near the top of the swing**

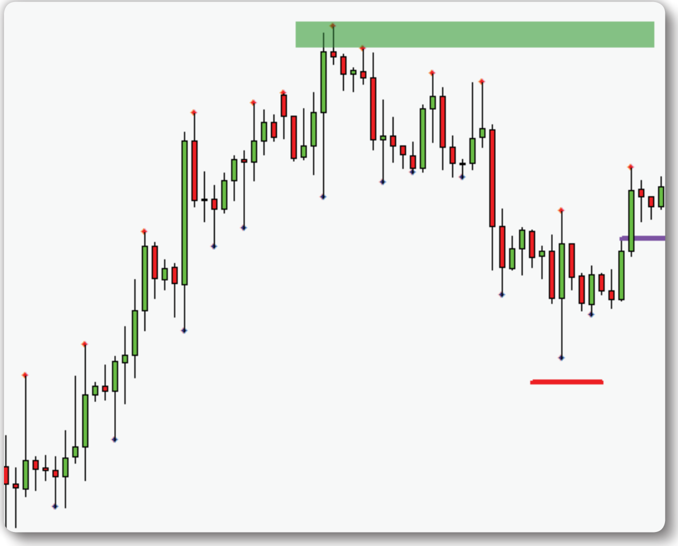
We don't know what will happen but we know this:

If price rallies through the levels, those that sold near the highs will have to cover by buying which will drive your long position up pretty quickly. It will also confirm that the uptrend is still intact.

If price is rejected short, there is a good chance our stops will be hit.

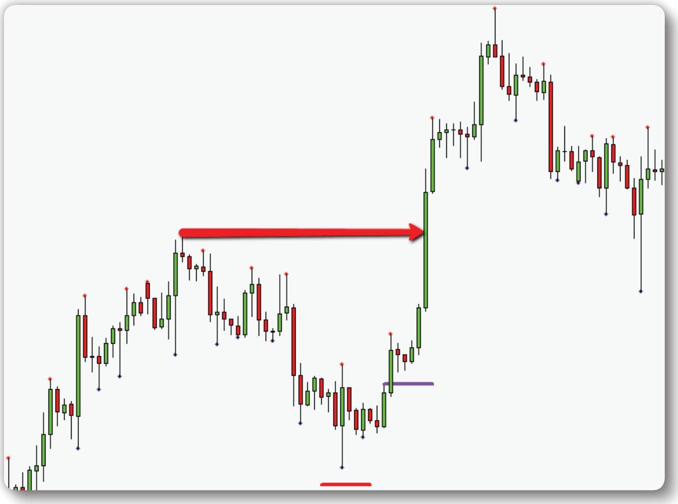
If price finds balance and consolidates, our patience will certainly be tested. Those that lock in some profit may find their stops hit on failed breaks short.

Conclusion? Use those areas as profit taking levels.



By having a take profit in those areas we are using the structure of the market, the rhythm of the market, and accepting a few scenarios can play out in those areas to objectively put some money into our trading accounts.

Do you leave a runner? Is this the best way to take a profit? This next chart will show you how price reacted to those highs.



The shorts were ripped out of their positions and longs were driven upwards 226 from entry while full position exits banked 82 pips.

Was it a good play? Before you say yes or no, look at this scenario.

You may say you would not have bought the lows but it's obvious some did. They may have seen a big rally up and then taken the first pullback in fear of missing "the big move". Other may have skipped the first retrace but after seen the big green candle, were waiting for the next pullback to buy.

Taking Profits At Objective Levels

As you can see, there is nothing guaranteed or perfect in trading. Understanding Context, Structure, and the Psychology (CSP) of the masses can be a huge plus in enabling you to add money to your account on a consistent basis.

Using these types of levels for profit taking can be a consistent way to add to your account because it takes into account the CSP. Using the scale out and trail type of exits can make this more effective and I will cover that in a future article.

ANOTHER FREE INDICATOR?

by Ron Weiland

What if I told you we had found the "Best of the Best" Free indicator out there? Would you skip right down to the bottom of the article and just download it? I hope not, here's why!

Everyone has heard the saying, "Nothing good is Free", well that is not always the case. You know McDonald's was recently giving away free coffee. Now it may not be gourmet or a starbucks, but heck it can save you a few bucks and there were no tricks.

How about airports or hotels and free Wi-Fi, or the free breakfast. Don't you find value in those two items? They might trick you a little bit and have a higher room rate, because the breakfast is included, but I know those are some of the things I look for when comparing room rates.

So, what do the companies want from you when they offer you something free, like a "Holy Grail" indicator or a free download e-book? They want your time or your contact info, like email or SMS! You don't realize how valuable that information is.

Most of the things folks offer are garbage and so it is not worth your time. Many of them want you to sit through some sales webinar to get this free item. You probably get 2 or 3 emails a day offering you something for your time. Just attend this webinar or watch this video and enter your email.

We here at Netpicks are not that much different. We want your business and know that your time is very valuable. So, we need to up the game a little bit. Here is what we do;

We need to offer you some education that will change your trading

- We need to offer you some education that will change your trading forever!
- We want to give you something that will make you money!
- We want to show you how you should not waste your money any place else!

So, what do you think, are you ready to give us your email address? Not yet? What do we need to do to sweeten the deal? What if I gave you that "Best of the Best" free indicator?

Take a look at these last two Forex trades, over 700 pips in profit on the EURUSD. There were many more pips made earlier this year as well. Are we Crazy? How could we give this away for free? Because we value your time and attention.

We want your business, so if we give you something with HUGE VALUE, you will come back and take a look at what we sell!

There you go. We can't hide from live trades. That is why we trade in a live room 4 days a week with our system and our clients. They make money, we make money! So, if you are not making money. You need to make a change! You need to find a Team of Traders that will work with you and trade along side of you until you become successful! That is what Netpicks is all about.

Are you ready for the "Best of the Best" Free Indicator? Are you really ready? Can you handle it? Ok, we trust you; you just need to trust us. Here you go, use it wisely and Great Trading!

www.premiertraderuniversity.com/tjnew/download.html

THE GAP BETWEEN TRADE PLANNING AND EXECUTION

by James Kessick

One of the biggest problems a trader faces is **bridging the gap between trade planning and execution**. Think about it for a minute. How many times do hear a trader asked if they did what they *said* they were going to do? How many times is the answer "No"? Getting from a strategy looking good on paper to real-world trading performance is what it's really all about.

Why is it so common that traders struggle with this issue?

Have I got issues Doc?

The first idea that many people will consider is that it must be a psychological issue. But there's **a big difference between psychological problems that come out during trading and natural emotional responses caused certain types of situation**. Sure, different individuals might have varying degrees of tolerance, but frustration after a series of losses for example is a reasonable emotion to experience.

So if it's not about some kind of psychological malfunction, then what?

Do you know what you're doing?

The issue that I often see is that **people aren't particularly confident in what they're doing** and this can be rectified with a little guidance. Understanding what it is that you are trying to achieve and what constitutes reasonable results can go a long way towards settling nerves and allowing a trader to simply execute how they have planned to do so. **Clarity of mind and consistency of approach** will help you to start to realize the potential of your strategy.

The idea behind a strategy

Let's say that you have some day trading strategy – you've seen the stats and you know that it's performed well in the past. But when you trade it, it seems like you can barely turn a profit.

The idea behind a strategy often gets lost when you're executing it. So a strategy that's really great for trending markets for example, is clearly not going to be especially effective when markets are trading in the middle of a range. Now this might seem fairly obvious, but it's the higher time frame to your own that will drive your setups and it's not always easy to extricate yourself from the bs when you're in the thick of a volatile trading session.

And here's where **market preparation** comes in. As part of your pre-trading preparation, taking the time each day to **look at a daily chart and assess what the overall market conditions have been and are therefore likely to be**, can really help you to align your strategy with what *the market wants to do* – you should always try to apply your day trading strategy when it's likely to be at its *most effective*.

Confidence in a plan

Just in case anyone is in any doubt about the importance of back-testing, let me make things clear – if you don't back-test your strategy, you won't know how it has performed over time and you will be left with doubts about how effective it is. If you are left with doubts, **you won't execute flawlessly every time a setup presents itself to you**.

But there are at least a couple of other really important benefits to back-testing. The first is that it helps you to **think in trade sets** and this is essential to making sure you stick to your plan even if it looks like you might take a loss. A trading edge plays out not over a single trade but over many trades.

The second benefit is that if you back-test in a particular way (which I'll come to in just a moment) it can really help you to **iron out any ambiguity in the rules of your trade plan** because you see so many trades in such a short space of time. Diligence in covering trade plan ambiguity can help you to **master the hard right edge of your charts**.

Entries/Targets/Stops

One of the simplest things you can start to do in order to remove any trade plan ambiguity is to employ a mechanical trade management scheme. If you know where your entries/targets/stops are before you take your trade, **there can be no mistake as to where you should have executed**.

The Trend Jumper system uses just such a method. But the really great thing is that it dynamically adjusts the size of the trade based on the conditions when the setup formed.

continued on next page

But what do I do?!

The trouble with back-testing is that people frequently don't know how to do it. They have a set of rules and assume that unless you're a programming or math wiz, they'll not be able to back-test properly. But this just isn't the case. Of course there are a number of great pieces of back-testing software about, but all you really need is **a way to record your theoretical trades**. This could be done simply in an Excel spreadsheet or even better using the Ultimate Trade Analyzer (UTA) Excel spreadsheet – and the standard version is absolutely free.

But the key to this and going back to the idea of ironing out trade plan ambiguity, is manually advancing your charts bar by bar and paper trading the setups as they appear. You'll be making lots of decisions in a short space of time and you'll see where the holes in your plan are before you attempt to trade it for real.

Frustration and a loss of discipline

Back to the natural emotional responses to difficult situations. Being frustrated by a series of unfortunate losses is perfectly normal. But our subsequent actions do not need to be defined by the emotions themselves. You wouldn't go around hitting people every time someone annoyed you. So you need not retaliate when the market makes you frustrated either.

If you have problems with how you deal with trading frustrations, there are a few ways you can rebalance things: –

- **Mental conditioning and rehearsal** – go through tough trading scenarios many times in order to dampen the emotional response with practice.
- **Limit your self-destruct response with risk limits** – this means having a daily loss limit at your broker to at least disrupt any costly trading outside of your plan.
- **Be physically and mentally balanced** – when you're out of balance, frustration can get to you much more quickly and you can end up boiling over.

Get into the habit of circuit-breaking your frustration – e.g. by using slow deep breathing, mantras, getting up from your trading desk and taking a walk, physical exertion.

Trade Planning and Execution

Bringing trade planning and execution together sounds like an easy task but as anyone who has traded for even a short time will recognize, it's not always such an easy task. Make sure that you know exactly how you will trade before you do, be confident in your strategy's ability to perform and disassociate your actions from any frustration you might feel and you will be well on your way towards bridging the gap between trade planning and execution.

IS PROFITABLE TRADING CLOSER THAN YOU MIGHT THINK?

by Mike Rykse

As we head into the home stretch of the 2014 trading year, it's always important to check in on your trading goals for the year. Part of this process in my own trading is also to take a look at the success rate of the trading industry as a whole. It's interesting to talk with traders on a regular basis to hear how successful people have been with their trading. To be perfectly honest, the numbers leave a lot of room for improvement for most traders. We poll the attendees of our sales webinars to get a feel for the success rate in the trading industry. It's amazing how low the overall success rate really is. I have heard people say industry wide that less than 5% of traders are consistently profitable. I would say the results from our polls are higher than this 5% number but not by much. So why is it so hard to trade profitably? What do so many fail? How does a trader get over to the profitable side?

> **"Many of life's failures are people who did not realize how close they were to success when they gave up..."**
>
> **–Thomas Edison**

I ran across the following Thomas Edison quote over the weekend. "Many of life's failures are people who did not realize how close they were to success when they gave up…" The truth is many traders are closer to being successful than they realize. Trading is a hard but very rewarding job. The rewards are endless if you put in the hard work to become a disciplined trader. However, this is often times where many trading dreams get derailed.

To trade with consistency you have to have a detailed plan in place for approaching the markets. While there are many products out there that promote trading systems which help develop that detailed trade plan, the real issue is with the actual trader. It's a lot like heading to the gym to get a work out in. Come January 1 there will be a whole segment of society that will come up with New Year's resolutions, with many of those focused on personal health. As a result, gyms worldwide will see their busiest months of the year. However, come May 1 many of those gym goers will have given up on their goals. Why? Even though the thought of living a longer healthier life or having that beach body in shape for the summer months seems good enough to motivate, the bottom line is people don't like the pain and hard work required to be successful with these goals. Trading is much the same way. Becoming a consistently profitable trader takes hard work that is often times too much for people to overcome.

The biggest reason traders fail in my opinion is the overall dislike of being wrong on a regular basis. Looking at my overall winning percentage for the year across all trades that I have taken, I can clearly see that I'm wrong on average 4-5 times out of every 10 trades. Doesn't seem that impressive right? However, here I am going into November with a really profitable year going. The reason I am able to see success is that I know where my edge is at and that is in my system. If I can take all trades throughout the year that meet my system criteria, then I will be successful in the end. However, if I give up after every losing streak then I'm left missing all the winners and winning streaks.

It's amazing how year after year I look back over my results to see that most of my profits are made within a few short windows of time. I never know when these blocks of time will occur so all I can do is keep taking the trades as they come, knowing that the odds of success are in my favor.

Sure taking the trades as they come, surviving the pullbacks, trusting the odds that your system gives you are all easier said than done. So what can we do to put steps in place for ourselves to become disciplined traders? Here are some of the steps that I use as a guide:

1. **Find your system and trust it religiously by taking all trades.**
2. **Trade small to control risk. Grow the account slowly so swings in the equity curve are easier to handle.**
3. **Keep a trade journal. Document all trades so you can learn from success and failure. Prove to yourself that the odds are in your favor.**
4. **Control emotions. Losers happen get used to it! Never get too high or too low. Stay consistent.**
5. **Be open to change. Most people fail because they do the same thing over and over expecting different results. If a market or your approach doesn't work make a change!**

I know these 5 steps aren't rocket science but neither is trading! Often times we make it complex when it doesn't have to be. Keep things simple and put the 5 steps listed above into your trading going forward. Using these 5 steps won't mean the end of all losing trades but it will mean you put your focus on overcoming the roadblocks that make most traders stumble. Now is a perfect time to get a head start on your New Year's trading resolutions. Put some of these steps into practice and you will be well on your way to reaping the benefits of a great business.

EXCEL WITH TRADESTATION

by Will Feibel

In previous articles we covered the use of custom indicators and paint bars to visualize special conditions and create unique trading strategies not available in the standard TradeStation toolbox. The next step in this progression is to code your strategies using TradeStation's EasyLanguage programming language. That's a great approach if you have programming experience or decide to invest the time needed to learn it, and TradeStation has a couple of PDF books that can help you learn, the EasyLanguage Essentials and the EasyLanguage Functions and Reserved Words, available on their website. An alternative however is to use a spreadsheet program to perform your analysis. You could use a free spreadsheet like that available in the OpenOffice Suite or you could use Excel, which may already be on your computer. We'll use Excel 2007 for this article.

Before we can perform any analysis we need to get the TradeStation chart data into Excel. This process is quite simple and consists of the following steps:

Load a chart of the instrument that you want to analyze into TradeStation. You need to decide on the instrument, the time

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frame (daily, hourly, 5 minute, 377 tick, etc.) and the amount of data (how many bars of data or a date range). In Figure 1 we are loading ten years worth of daily AAPL data.

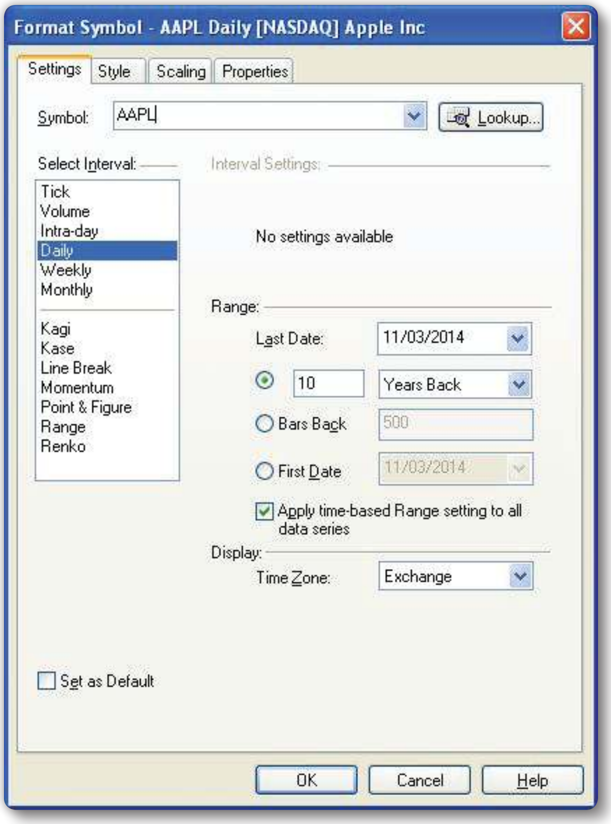
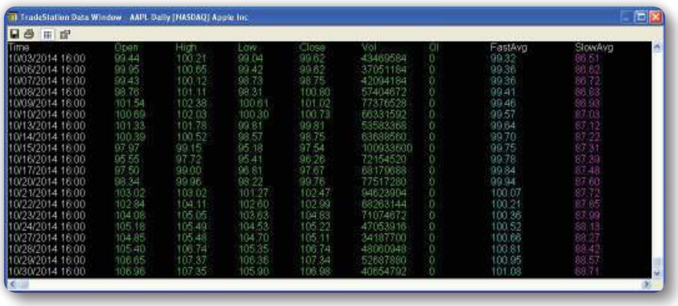


Figure 1 – AAPL data

Open the TradeStation Data Window using the File/View/Data Window menu sequence. Once it's open click on the "Show All" icon on the top of the Data Window and this will expand it to include one row for every bar on the chart. In our example the first row is for the Nov 3, 2004 bar. Notice that each row has the date and time, open, high, low, and close price, plus volume and open interest. You may not need all of these data elements and you can easily exclude them from your Excel import. Note that if you have any indicators on the chart you will also see the values of those indicators displayed. In Figure 2 you'll see the data window for the AAPL chart but I've included a 50 period and a 200 period moving average which we'll use in our analysis.


TradeStation Data Window AAPL Daily [NASDAQ] Apple Inc

Time	Open	High	Low	Close	Vol	OI	FastAvg	SlowAvg
10/03/2014 16:00	99.44	100.21	99.04	99.62	43469584	0	99.32	86.51
10/06/2014 16:00	99.95	100.65	99.42	99.62	37051184	0	99.36	86.62
10/07/2014 16:00	99.43	100.12	98.73	98.75	42094184	0	99.36	86.72
10/08/2014 16:00	98.76	101.11	98.31	100.80	57404672	0	99.41	86.83
10/09/2014 16:00	101.54	102.38	100.61	101.02	77376528	0	99.46	86.93
10/10/2014 16:00	100.69	102.03	100.30	100.73	66331592	0	99.57	87.03
10/13/2014 16:00	101.33	101.78	99.81	99.81	53583368	0	99.64	87.12
10/14/2014 16:00	100.39	100.52	98.57	98.75	63688560	0	99.70	87.22
10/15/2014 16:00	97.97	99.15	95.18	97.54	100933600	0	99.75	87.31
10/16/2014 16:00	95.55	97.72	95.41	96.26	72154520	0	99.78	87.39
10/17/2014 16:00	97.50	99.00	96.81	97.67	68179688	0	99.84	87.48
10/20/2014 16:00	98.34	99.96	98.22	99.76	77517280	0	99.94	87.60
10/21/2014 16:00	103.02	103.02	101.27	102.47	94623904	0	100.07	87.72
10/22/2014 16:00	102.84	104.11	102.60	102.99	68263144	0	100.21	87.85
10/23/2014 16:00	104.08	105.05	103.63	104.83	71074672	0	100.36	87.99
10/24/2014 16:00	105.18	105.49	104.53	105.22	47053916	0	100.52	88.13
10/27/2014 16:00	104.85	105.48	104.70	105.11	34187700	0	100.66	88.27
10/28/2014 16:00	105.40	106.74	105.35	106.74	48060948	0	100.81	88.42
10/29/2014 16:00	106.65	107.37	106.36	107.34	52687880	0	100.95	88.57
10/30/2014 16:00	106.96	107.35	105.90	106.98	40654792	0	101.08	88.71

Figure 2 – Data Window

Save the Data Window contents to your computer by pressing the "Save" icon on top. This will open up a "Save As" window and you'll need to name the file and tell TradeStation where to place it. In this case we'll name the file "AAPL Data" and place it on the Desktop as shown in Figure 3.

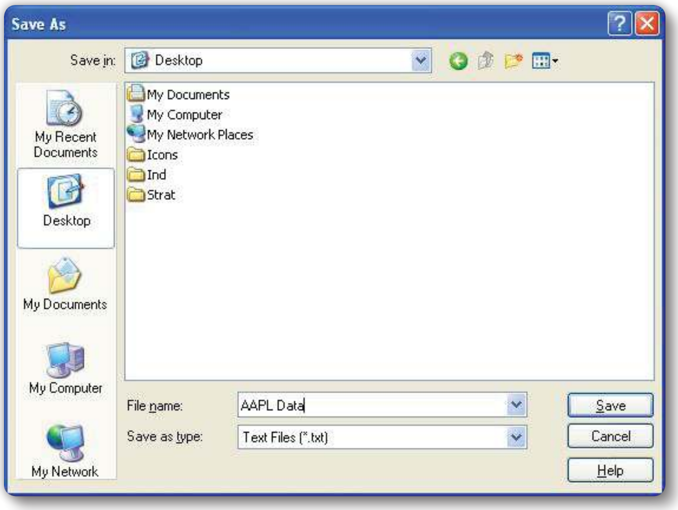


Figure 3 – Save the Data

Now you're ready to import the AAPL data into Excel. In Excel use the menu and select Open, then in the Open window select "Text Files" in the "Files of Type" dropdown menu. Select Desktop as the location and pick the "AAPL Data" file, as shown in Figure 4.

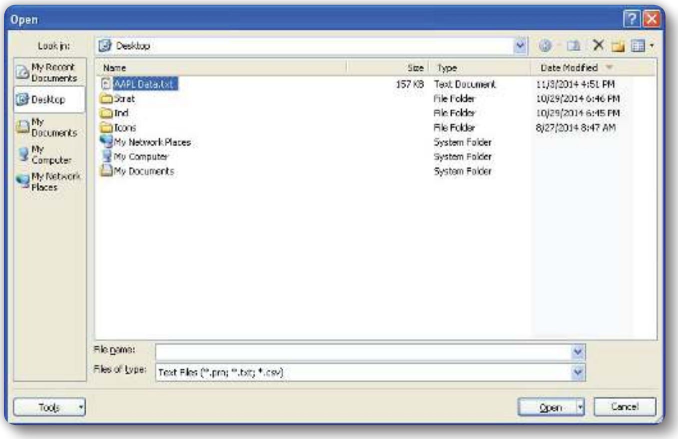


Figure 4 – Load the AAPL Data

After you press the Open button Excel will launch the Text Import Wizard. In Step 1 leave the default settings (Delimited, Start Import at row 1). In Step 2 under Delimiters check the Comma box and you'll see the image in Figure 5.

Figure 5 – Comma Delimiter

In Step 3 we have the opportunity to perform some special formatting of the different columns or exclude columns from the spreadsheet. You can leave everything at default and Excel does a good job of determining the data type. We will however exclude the Open Interest column from our import so we click on the column and select the "Do not import column" button as shown in Figure 6.

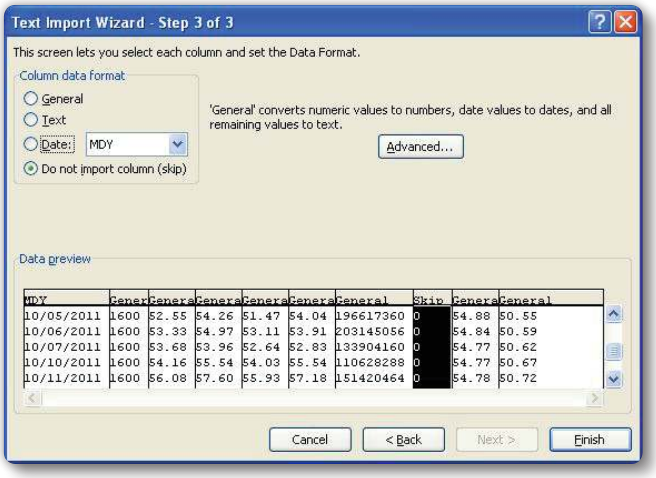


Figure 6 – Exclude Data Column

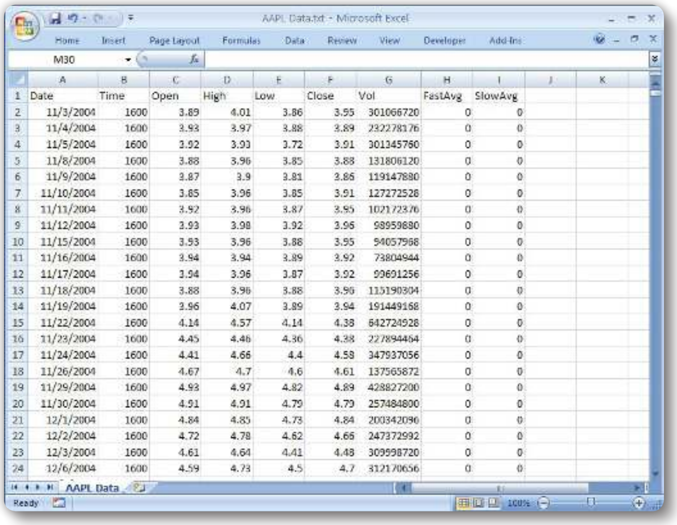


Figure 7 – AAPL Data Spreadsheet

Press the Finish button and Excel will load the data into a new workbook. The data will be very basic and unformatted but you are now ready to perform your own analysis. Figure 7 shows the basic spreadsheet.

You are now ready to perform your own analysis of the AAPL data without needing to learn to program, simply use your Excel skills to manipulate the data. As a simple example let's assume that you want to know the average range of the daily AAPL price bars over the entire ten year period or maybe only over the last year. That's simple, create a new column in the spreadsheet that calculates the range (high minus low) and then use the built in AVERAGE and STDEV functions to calculate average and standard deviation. In Figure 8 we show the result. We've also applied one of the standard formatting options to make the spreadsheet more attractive and easier to read.

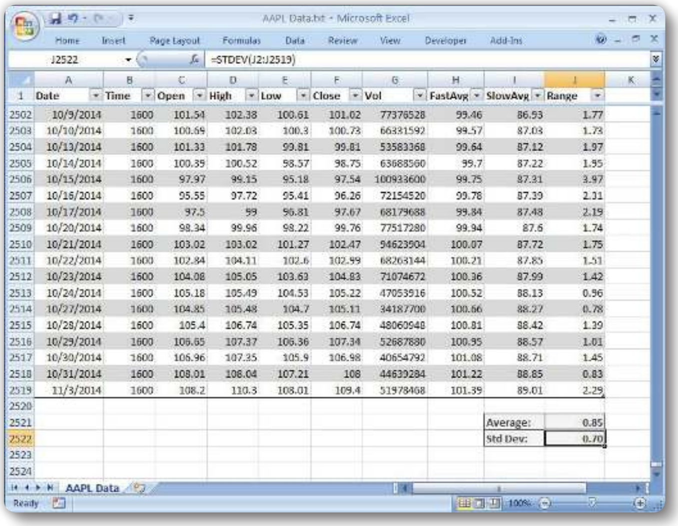


Figure 8 – Average and Standard Deviation

You can of course create more complex analyses using the Excel capabilities. You may for example want to determine if AAPL is a stock that has strong and lengthy trends. To ascertain that you could calculate the number of days where price is above or below both the fast and slow moving average while the moving averages confirm the direction (fast higher than slow for long, fast below slow for short) out of the total number of days. Or you could look for candle patterns based on the high/open/low/close of consecutive bars, or determine duration and size of price moves once certain levels are exceeded, or count how often floor trader pivot levels are violated, etc. etc. We may revisit some of these in future articles.

It often seems that you need to be a programmer in order to analyze large amounts of price data. Hopefully this article has shown you that this is not the case, that you can indeed become your own analyst by using the simple spreadsheet skills that are already a part of your personal toolbox. Now load up some data and start analyzing!

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THE TEACHER APPEARS WHEN THE STUDENT IS READY

by Jane Fox

I started trading back 1999 and made more money than I've seen in a lifetime. Unfortunately I lost it all within the next year when the market turned down. It didn't take long to realize I didn't know what I was doing and the only reason I made so much was because, as the saying goes, "Even a monkey throwing darts at a chart could have made money in 1999."

If I wanted to be a "trader" I knew I had to learn how to trade in all markets. So I started my search.

I lost track of that search over the years because I was hired by an online trading firm to write articles on technical analysis but the whole time I knew I was missing something. I was finding all the things I was espousing becoming mostly rhetoric and not much substance. Some of the oratory I found unsettling was, "Let your profits run and cut your losses." What does that really mean? How much profit? At what point do you cut your losses? You cut them too short and you'll never make it as a trader. Then the one that really started to grate on me was all the different "Holy Grails" out there. Everyone seemed to have a different indicator, a different way of manipulating price and volume, so they just knew what the market was going to do.

Then I found Mark Douglas' book Trading in the Zone and knew that I had found for what I had been searching for years. It was a Zoneplan, or better yet, an automated plan. I knew I needed an automated system so I could take the emotion out of trading but, more than anything, I started to realize, all the hard work had to put in well before you ever entered a trade. This would keep the actual art of trading very very simple. An interesting side note was that ever technical analysis article I had published up to this point, and there were many, finished off with, Plan your trade and trade your plan. Little did I know way back then, even before I read Mark Douglas' book, I knew actually what I needed. This book just put words to it.

No need to go into what happened in the years from when I read Douglas' book to present day but suffice to say, by 2012 I had become very discouraged and was almost ready to throw in the proverbial towel. I didn't know how to find a plan let alone how to automate it.

Although I expected the same old, same old, I decided to attend one more class, and from this one course I walked away with the answers. This particular course virtually changed my life, or to be less dramatic, my trading life. I truly mean this, it changed the trajectory of my trading career. Interestingly, if I had taken this class at any other time in my career it probably wouldn't have made the difference it did. You know the proverb, "The teacher appears when the student is ready."

This class introduced me to Quantitative Trading. Trading that did not involve any kind of guessing and was your pure "Plan your trade and trade your Plan."

From this course, I got the basic algorithmic code from which I could learn the syntax I needed to code my ideas. From this course I learned the software I needed. From this course I found the best data provider. From this course I got everything I needed to springboard me into my own algorithms.

I don't want to bore you with all details (probably too late for that) but after hours and hours (and I mean hours) of work and thousands of dollars I coded all the strategies I considered were the best of the best, optimized them, tweaked them to make them better and put them together into the QiT portfolios.

There is a lot more to this story, how I took algorithms and made them my own but that will for another day.