

PRODUCT REVIEW

eASC Trend 6.0 AOE

with COESfx

ABLESYS CORP.

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Product: Automated trading software with automatic order execution.

Requirements: Minimum: 200 MHz CPU, 128 MB RAM, 10 MB hard disk space, 56K modem and Internet account, Win 95/98/NT/2000/XP. Suggested: WinXP/2000 with 2.4 GHz CPU or more, 512 MB RAM or above, 40 GB hard disk, cable or DSL Internet account.

Price: \$188/month trial; \$1,988/year

**COESFX LEVEL 1 TRADING PLATFORM
COESFX, INC.**

255 Executive Drive, Suite 408
Plainview, NY 11803

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Internet: <http://www.coesfx.com>

Product: Foreign exchange trading platform

Requirements: Java 2 Runtime Environment (JRE)

Price: Free with funded foreign exchange trading account

by David Penn

First, the good news. Anybody who has spent any time looking at price charts knows that some of the most lucid, beautiful trending markets can be found in the daily charts of currency pairs. If you don't believe me, then take a look. Were you long for the great run in the euro back in the second half of 2004? How about getting short sterling during the summer of 2005? And I know I'm not the only one who noticed the USD/JPY in mid-sum-

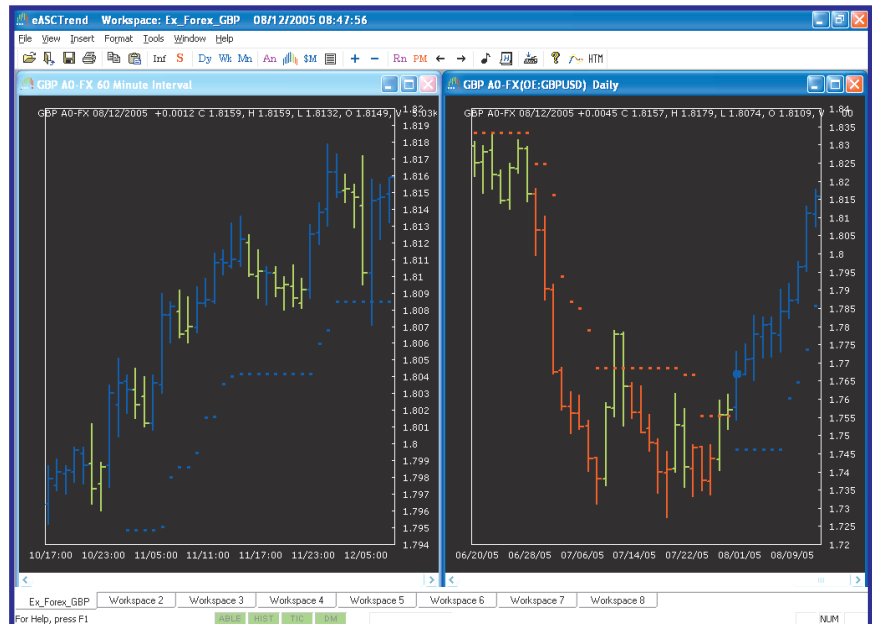


FIGURE 1: THE MAIN WORKSPACE FOR ABLESYS 6.0'S EASCTREND. Configurable dots mark stop-loss levels, while larger dots on the price bars indicate buy signals in the charts shown here.

mer 2005 who wondered whether any ride back down would be as bumpy (yet stalwart) as the ride up over the past several months.

It is little wonder that some of the traders—and trading systems—most commonly linked with trend trading have performed most admirably in the currency markets, be they George Soros or Paul Tudor Jones, John Henry or followers of the original Turtle Trading system. If the trend is your friend, then the foreign exchange market is the next best thing to that famous watering hole where “everybody knows your name.”

Now the bad news. The opportunities that a 24-hour market brings are the same ones such a market takes away. Unlike most other financial markets—at least as far as the average retail trader is concerned—the forex market never rests. Sure, volume will trail off from time to time at different hours of the day (again, that's a 24-hour day), but at any given moment, in Sydney, Tokyo, Zurich, London, Chicago, or San Francisco, trad-

ers are looking for angles to exploit—and round-the-clock market access plays a big role in uncovering those angles and soft patches where savvy traders can establish lower-risk positions and let the traders just waking up in the next time zone do all the heavy lifting of moving those positions forward.

As the kids might put it, there ain't no party like the forex party 'cause the forex party don't stop.

How does the average retail trader deal with this? Unable to stay up around the clock, for most traders the answer is obvious even if reluctantly arrived at: autoexecution. Afraid of missing that move in the EUR/JPY that you fear might arrive any hour now—but most likely after you've turned in for the night? It would be one thing for a system to alert a trader at 3:17 am that the long-awaited opportunity is *now*. But it would be another thing altogether if instead that system noted the opportunity for you, executed the trade itself, and sent the order directly to your broker—all while

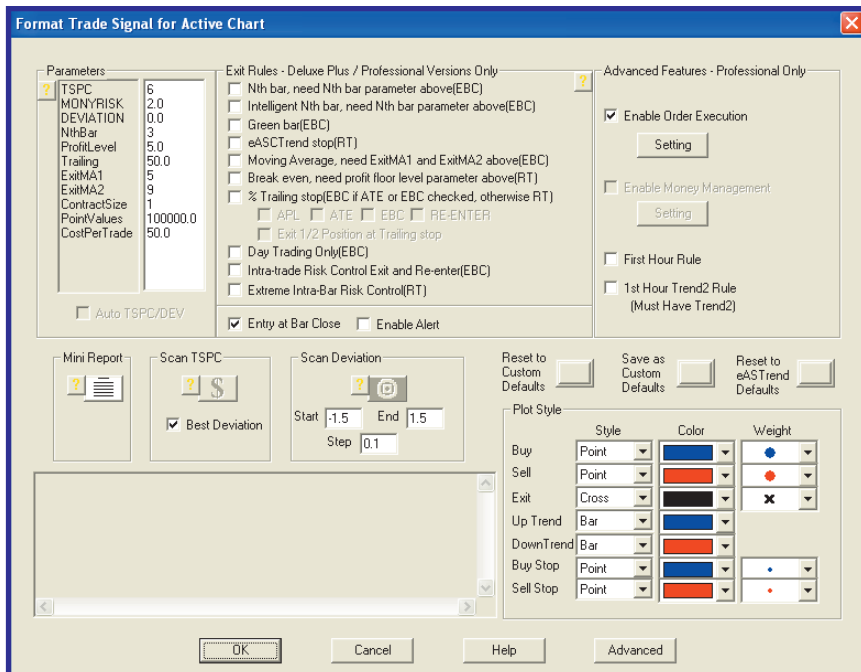


FIGURE 2: AUTOMATIC ORDER EXECUTION. This menu allows traders to set up eASCTrend for automatic order execution, as well as running the TSPC and deviation screens.

visions of sugarplums continued to dance in your dreamy head.

And this kind of peaceful and profitable slumber is precisely what eASCTrend 6.0 AOE with COESfx offers.

eASCTREND'S TIME-SOLVING

Most readers will know eASCTrend 6.0 as a top-notch market analysis package equipped with a suite of market timing signals (full disclosure: I reviewed eASCTrend 6.0 EOD—end of day—back in March 2005) (Figure 1). Far fewer readers, I suspect, are familiar with COESfx. COESfx is an “electronic currency network” or ECN, which provides traders with an Internet-based platform for trading currency pairs and crosses. COESfx is considered bias-free because it neither operates its own trading desk (no chance of brokers front-running clients) nor manipulates spreads or prices.

COESfx's Level I trading platform provides banks, hedge funds, institutions, and retail traders with anonymous, “live and executable,” best-bid and best-offer prices. COESfx handles its own clearing—through COESfx Clearing—collection and margin maintenance, as well as reporting trade information, back-office work, and fulfilling all regulatory requirements.

Combined, eASCTrend 6.0 AOE with COESfx couldn't make trading foreign exchange much easier. AbleSys' eASCTrend provides the trading signals

and the AOE (automatic order execution) component fires off the trades instantaneously to COESfx, which makes the trades happen, as well as keeping records of the transaction as mentioned (Figure 2).

All of the normal adjustments that AbleSys traders have become accustomed to—the ability to operate automatically on different time frames, to set eASCTrend to maximize profits or the win-loss rate, for example—are present here. And in the context of an all-but-built-in broker in the form of COESfx, eASCTrend 6.0 AOE is as close to being a completely automated forex trading and execution platform as you are likely to find.

In what follows, I'll show how an eASCTrend/COESfx trader goes from setting up eASCTrend to trade automatically, to the actual execution of the trade and how it appears both on the AbleSys chart as well as in the trade log of a trader's COESfx account. I'll highlight some of the intermediary features and finish with an overview of the functionality of COESfx for those who are far less familiar with its interface than they might be with that of eASCTrend.

AOE COESFX EN-ABLED

Operating eASCTrend 6.0 AOE with COESfx is remarkably straightforward. Updating my version of eASCTrend 6.0 was a snap, as was downloading the

COESfx platform. That said, I wouldn't hesitate for a moment to ask for assistance from either the technical support staff at AbleSys or the help crew at COESfx. While installation went relatively smoothly, there are enough “moving parts” in and between eASCTrend 6.0 AOE and COESfx to make sure everything is set up to operate correctly. Extra time spent in setup is a far better trade than hours of frustration, should eASCTrend or COESfx be installed incorrectly.

I, for instance, used data from a real-time eSignal account that added another layer of integration to the process. Somewhat surprisingly, the fusion of all three—eASCTrend, COESfx, and eSignal—worked flawlessly as soon as I updated and installed a few missing files for AbleSys.

From here, all a trader need do is open eASCTrend and create a chart of a currency pair such as the EUR/USD or USD/JPY. Make sure the symbol being used is consistent with the one used by your data service in this step—for example, the eSignal symbol for the pair involving the euro and the US dollar is “EUR AO-fx.”

Later in the process, the more common EUR/USD will be used, so be careful that the symbol of the currency pair to be traded is the right one in the right place. To run the automatic trading system as well as the automatic execution system to take advantage of the round-the-clock forex market, also be sure to set the trading period to “0:00” to “23:59.”

To launch eASCTrendTS (“trading system”), go to the “Rainbow Bars” icon located in the toolbar above the main window. This will bring up the “Format trade signal for active chart” menu. From this menu, traders can set the point (“pip”) value for the currency pair or cross to be traded and the cost per trade. This menu also allows the trader to plot the exit rules that will guide the trading system. Real-time options include the eASCTrend stop, percentage-based trailing stops, break-even stops, and “extreme intrabar risk control.”

Automatic order execution can be enabled simply enough by clicking the white box on the right side of the “For-

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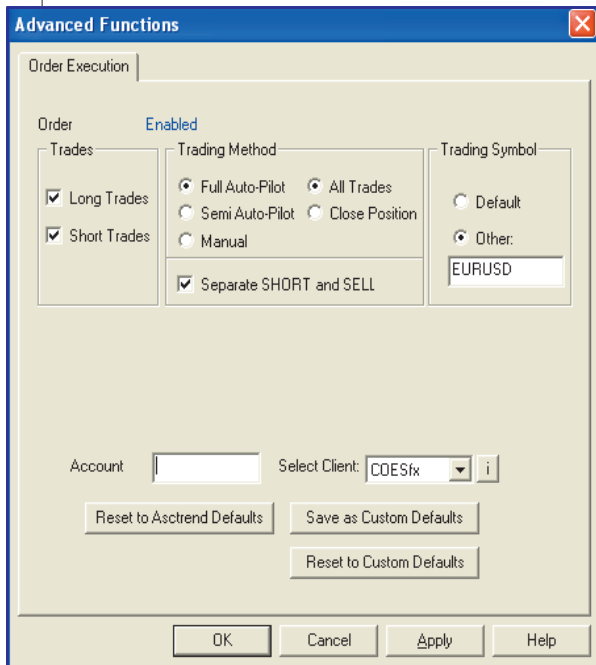


FIGURE 3: ADVANCED FUNCTIONS. This advanced functions window is where traders flip the switch to autopilot, as well as designating the currency to be traded.

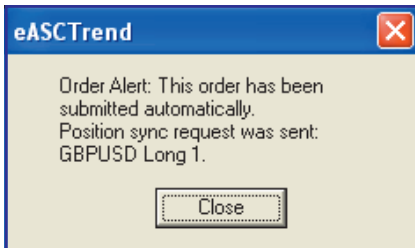


FIGURE 4: “YOU’VE GOT TRADE!” This popup lets traders know that their trade has been sent to COESfx for execution.

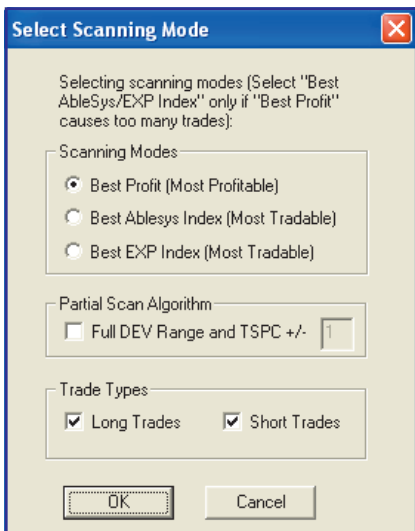


FIGURE 5: MOST PROFITABLE OR MOST TRADEABLE? The option to select which type of scan eASCTrend will run gives traders more options in the way they want to trade the markets.

mat trade signal” menu next to “Enable order execution.” In addition, traders should click on the “Setting” button directly below to ensure that the correct account is listed and that the trading method has been set to “Full auto-pilot” (**Figure 3**). There is also an option to segregate “short” from “sell” that is useful for stock trading, but really has no meaning for eASCTrend as far as foreign exchange trading is concerned.

Traders should be sure to change the “Default” entry to the symbol of the currency to be traded. The symbol in this instance should be the one that corresponds with the forex brokerage being used, rather than the symbol used by the datafeed. With

eSignal as the datafeed, we used “EUR a0-FX” to describe the euro/US dollar pair. To match with COESfx, however, we enter the more common “EUR/USD.”

Click “Apply.” Click “OK” on the “Format trade signal” menu, and you can consider eASCTrend locked and loaded for bear—or bull, or whatever market moves into your trading crosshairs (**Figure 4**).

It is worth pointing out for those not familiar with AbleSys’ eASCTrend trading systems that it is possible (if not preferable) to run scans of the trading system over a recent period—not only to see how the system is performing, but also to give the trader an opportunity to calibrate the trading system to produce the sort of results he or she desires in a trading system. The most obvious example is one that John Wang of AbleSys pointed out to me during the Chicago Trader’s Expo in July 2005.

Wang noted that many traders—especially beginning traders, or traders who are beginners as far as automatic trading systems are concerned—are preoccupied with having a positive (where not overwhelming) win/loss ratio. Fearful of large drawdowns—even the sort of drawdowns that all trend traders learn

to except—many traders willingly sacrifice profitability for a more psychologically pleasing winning percentage as well as less volatility. That this decrease in volatility affects both trades that would be bigger winners as well as those that would be bigger losers is of less concern for these traders.

To this end, eASCTrend can be set to scan looking for best win/loss ratio, as well as most profitable (**Figure 5**). This scanning process can be launched from the “Format trade signal for active chart.” Once the time interval has been set (daily, hourly, 30 minutes), go to the “Scan TSPC” button (“Trading system performance control”), click on the dollar sign symbol, and then select the scanning mode from the “Select scanning mode” menu that pops up. Other options to limit the scan include the “Partial scan algorithm” as well as the option to scan for “long only” or “short only” trades.

A related function allows the trader to Scan DEV or deviation. The short explanation is that an increased DEV will result in larger stop sizes with fewer trades and more accurate signals. A decreased DEV will result in smaller stop sizes with more trades and somewhat less accurate signals. There is an inverse relationship between TSPC and DEV, but aside from any manual optimization or experimentation, these ratios can often be best determined simply by running the scan and using the integers provided that will create the best trading results.

COZY WITH COESFX

What makes these functions in eASCTrend 6.0 so noteworthy is their integration with the forex ECN, COESfx. I want to take a moment or two to give traders who pursue eASCTrend 6.0 AOE with COESfx an idea of what they’ll see when they open COESfx. In most respects, the functionality of COESfx Level I trading platform is similar to that of other popular forex trading platforms. What appears to be unique about the layout of COESfx Level I trading platform is its consummate flexibility by way of its “sectional” or modular design, which lets a trader have open only those modules that are most important, rather than monopolizing the desktop

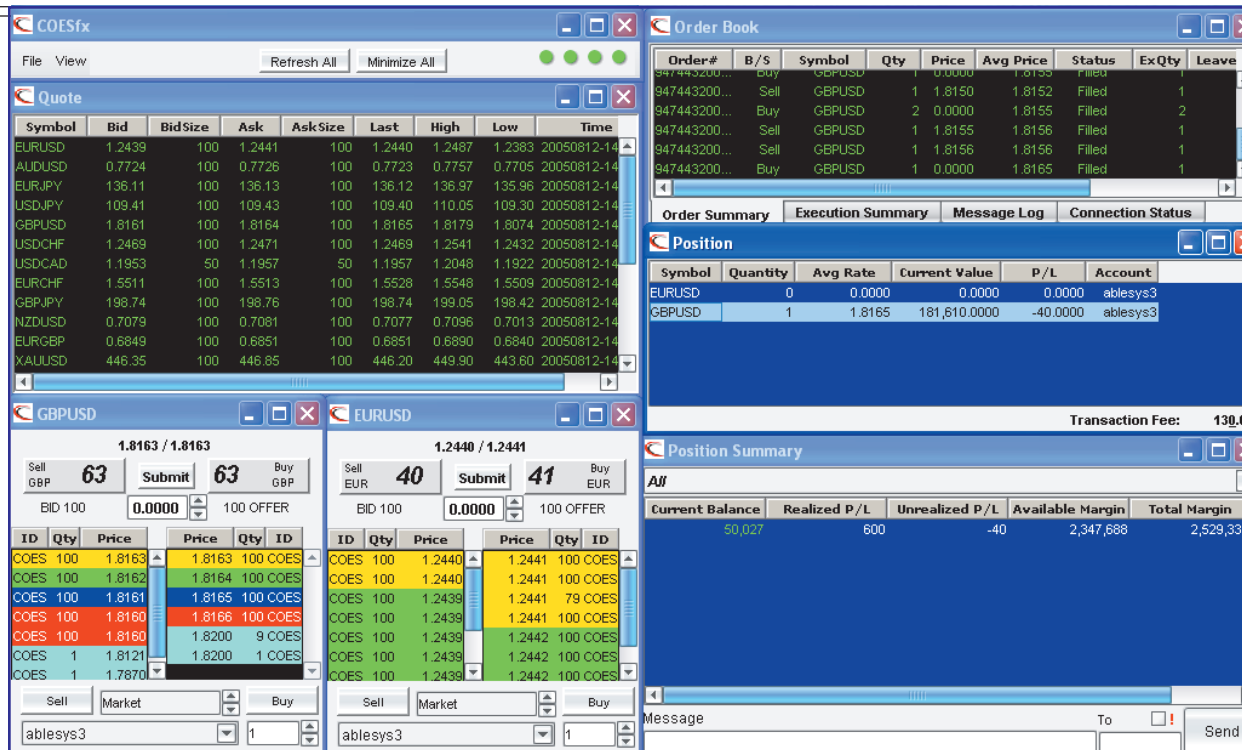


FIGURE 6: A LOOK AT COESFX. Their Level 1 trading platform is composed of modules that make it easy for traders to configure their workspace—and desktop—exactly the way they want it. Highlighted is the GBP/USD trade announced by the popup from Figure 4.

with another full-screen application that, at best, can be minimized.

COESfx Level I trading platform (**Figure 6**) consists of modules that can be created individually and arranged on a desktop, as well as minimized and maximized. Grouped into three different types—general, forex, and administrator—a few of the more advanced modules (such as “price depth” under the “Forex” menu) are still under development. But all the essential moving parts for COESfx appear ready to go. These parts include quote and position modules, an order book, ticker modules, a forex chat window, a vertical position reminder, and a trade signals module.

The quote module lists forex currency pairs and crosses in tabular form with symbol, bid and ask, bid and ask size, last high, low and time. The position module tracks open positions by symbol, quantity, average rate, current value, profit/loss, and account—with a separate position summary module that follows the current account balance, realized and unrealized profit/loss, available margin and total margin. To trade a given currency pair, all the trader has to do is double-click on a pair or cross in the quote module and an order ticket for that currency, equipped with data bid/ask prices and sizes.

Among the other key modules in COESfx are the order book, which keeps

track of each buy and sell order processed through the platform. Order numbers are given, buy or sell noted, and other information such as the currency symbol, quantity, execution price and average price, order status (filled or not filled), number of executed trades versus “leaves” and the type of order. It is worth adding that COESfx provides a broad set of order types—some of which are not available with other forex trading platforms. These order types include market, limit day, stop day, trailing stop, good-till-canceled (GTC), stop good-till-canceled, and trailing stop good-till-canceled.

Other modules include “FX Chat,” a vertical position window, a trade signals module, and the “ticker” option, which gives traders a time & sales window for that contract. A preferences pulldown menu allows traders to set global preferences for the platform, including establishing the default account, initial symbols to be available, default trading quantity, default order type, an option to save the layout, and an option to have the platform verify each order before it is actually executed.

In the same way that the combination of charting software packages with brokerages has been a boon to some of the major standalone and online analytical trading software and platforms in the

market, the combination of eASCtend 6.0 and COESfx looks to highlight a new direction for software developers and foreign exchange brokerages.

With the explosion in interest in the forex markets—and the challenges of trading markets that literally never sleep—it will be little surprise if more such partnerships begin to proliferate over the next few years. That will certainly be something to see, as greater integration will undoubtedly lead to even more interesting and helpful features (such as the “price depth” feature COESfx is working on, or new trading algorithms that the researchers at AbleSys may develop in subsequent versions).

Who knows how far away that future will be, but if you’ve got a copy of eASCtend 6.0 AOE with COESfx—or know where to get one—that exciting future is already here.

David Penn is Technical Writer for STOCKS & COMMODITIES.

SUGGESTED READING

Penn, David [2005]. “eASCtend 6.0 EODS,” product review, *Technical Analysis of STOCKS & COMMODITIES*, Volume 23: March.