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Introduction

Outline

- For First Time Users
- Manual Overview
- Consideration of Different Market Conditions
- Best Use of ASCTrend
- Common Questions in Trading
- Further Words From AbleSys

Congratulations! You now have the privilege of using this confidential manual. The information revealed here is restricted to permanent or annual lease users only. Please read the **Non-Disclosure Agreement** and **Disclaimer** before going on the following sections.

1. For First Time Users

This ASCTrend Trading Manual does not include software installation, technical aspects, such as workspace, window or chart settings and basic usage of the indicators in TradeStation, RadarScreen or SuperCharts. If you are a first time user of ASCTrend, refer to “**Instructions For ASCTrend 3.51**” which contains instructions covering the basics of how to use ASCTrend.

2. Manual Overview

This manual provides three parts: A) essential concepts of ASCTrend, B) general trading rules, and C) specific trading rules. Understanding both the essential concepts and general trading rules is a foundation for your better understanding and application of the specific ASCTrend rules. The essential concepts are important because they create the lens through which we see the market. The power of a concept shift is essential power without which we can not go very far in applying the specific rules, and with which you may achieve wonders with ASCTrend.

3. Consideration of Different Market Conditions

The six entry rules and five confirmation rules using ASCTrend explained in this manual are intended to enhance your winning profitability. These specific rules associated with ASCTrend have been developed from real trading experiences by ASCTrend developers with the inputs of many ASCTrend users in the past years. This manual introduces you to a new world of trading with new horizons, with something new to explore, some rules to test, and with something to stimulate your own thoughts as well. All the rules however, have certain limitations based on which market you refer to, what kind of conformations you are using, what time frame being used, and so on. You need to test the rules with your specific market before applying them to real trading. Therefore,

understanding the essentials of ASCTrend and applying ASCTrend with consideration of different market conditions is very important.

4. Best Use of ASCTrend

The following six steps will help you use ASCTrend in trading:

1. Study this manual thoroughly, get the essentials;
2. Write down specific trading rules you might use;
3. Test those rules with the historical data;
4. Adjust the rules with the market you are trading;
5. Test rules in the real time market, and do paper trading according to these rules;
6. Apply the rules to real trading with confidence.

5. Common Questions in Trading

Some of the most commonly asked questions about trading are:

- 1) How can I catch all the big moves of the market?
- 2) How can I stay in long enough to reach the optimal profit, yet not give up much profit?
- 3) How can I best use the leverage, yet reduce my own risk to a minimum?
- 4) How can I avoid staying too long in a losing trade?
- 5) How can I stay away from a choppy market?

Keep these questions in mind while reading through this manual to help you get the most out of it. After finishing this manual you will be able to furnish your own answers to these questions.

6. Further Words from AbleSys

Some people have great ideas for trading, yet lack the technology to test them, so they cannot put their trading ideas into a scientific formula, nor turn their great ideas into practical value. There are others who have advanced technology tools, yet lack genuine ideas or trading experience. ASCTrend has brought these two types together. It has integrated great trading concepts into an accurate formula that can be repeated time and time again. Its visual presentation features enable people to use it easily and objectively. ASCTrend not only provides great trading concepts, but also furnishes the practical means to realize the goal of those concepts. By using state-of-the-art modern computer technology, ASCTrend visually demonstrates to you the best way to achieve your goal.

By no means is this manual meant to limit your vision and creativity in trading. Many users have been inspired to develop new strategies in applying ASCTrend in trading. If you are such a person and would like to share your observation, we would be glad to hear

them. Our company is built on the concept of cooperation and we welcome any trading ideas, strategies, or thoughts regarding the use of ASCTrend. Together we can achieve what you or we can not achieve alone.

I. Essential Concepts and Philosophy of ASCTrend

Outline:

- The Importance of Trend
- Why Trend-Following Works
- Go The Opposite Way of the General Public
- Avoid Trading Against the Market
- Trade Only the Risk Capital that You Can Afford to Lose
- Be Flexible
- Place Yourself Beyond the Possibility of Defeat
- Avoid the Choppy Markets

1. The Importance of Trend

What is a trend?

Trend refers to the general direction in which the market tends to move. If we know the general direction that the market is heading, we can achieve a profit by simply riding on the natural course of the market. ASCTrend is a program that determines the highest probable market direction coupled with optimal stops, both of which are defined by the market's own prices. **The primary purpose of ASCTrend is to define a trend objectively**, so traders can follow the trade with profit.

Features of ASCTrend

- ASCTrend uses four sets of independently calculated indicators to indicate a **trend** and to confirm the **trend**.
- ASCTrend catches every trend in its early stage, and never misses a big move.

If you have historical data, you can test ASCTrend performance on any big moves, such as “Black Monday” of 1987. ASCTrend initiated a sell position ten days preceding the black Monday of 1987 and made exceptional profits!

- A trend is not a trend until it is on its way. Therefore, **ASCTrend can not and is not designed to pick the top or bottom.**
- ASCTrend acts on **the facts** (i.e. what the market is doing), rather than bids on **the assumptions** (i.e. what the market should do).

- The optimal stops furnish people with great flexibility to enter and re-enter the market. ASCTrend provides optimal stops for every trade objectively. If you know where to exit the market, you can enter the market at virtually any time.
- ASCTrend is powerful because it creates the lens through which people can view real market actions without **altering their existence**.
- ASCTrend is **updated with every new tick**.

2. Why Trend-Following Works

Basically, there are two types of trading methods:

- Trend-following methods
- Against trend methods

Why trend-following works Trend-following methods work because they act on the actual market direction, rather than act on the assumptions associated with news. Just think of how many times we feel that the market is “too high” or “too low”, or has gone “too far.” Then we try to fade the market. Just think of how many times we hear a news report, and we see the market reaction, but it just doesn’t make any sense at all. What is happening next? The market has reached another new high or another new low. Our mind just can not accept the reality of the market.

Why trend-following works The majority of traders trade against the market trend – “buy low and sell high”. When market is near new high, it clearly tells “I am going up now”. Why many people still don’t hear the voice and try to sell the market? In fact, no one can stop a market trend except the market itself. The money of traders who fight against the trend becomes the fuel for trend moves. A good example is the currency markets. Remember the Japanese yen soaring up in early 1995? The market didn’t care what interest rates set by the central banks. When the Japanese central bank reduced their interest rate to below 1%, and the U. S. central bank increased its interest rate, the exchange rate of yen to U.S. dollars still continued going up and up. The Japanese yen gained 25% (\$32,000 / contract) within two months. When the market is on its way up, even the central banks can not do anything to stop the trend. In fact, the central banks helped the trend followers make huge profits by preventing the market from going its own direction. Another example is the British Pound crash in 1992. One report said that the British central bank lost over one billion dollars a day at that time even with help from many other central banks.

Why trend-following works It is the natural and smooth course defined by the market. It is just as easy as gliding on a boat down stream, where small efforts achieve big results.

3. Go the Opposite Way of the General Public

In general, there are two paradigms in trading.

Type I paradigm:

Most of the new traders and the general public tend to fall in this category. Type I paradigm traders tend to be trapped in losing trades too long because of hope, or arbitrary belief of where the market is supposed to go. But they are unable to stay in long enough to gain much profit due to fear in trading.

Type II paradigm:

A small percentage of successful traders are in this category. Type II paradigm traders are willing to take necessary small losses, and are therefore able to stay in long enough to receive the full potential profit.

Without a powerful tool like ASCTrend, it is very difficult to do the job as Type II paradigm traders do because it is hard to know where the optimal stop is. Placing the stops too close will cause the stops to be hit all the time, while placing the stops too far will lead one to give up too much profit. Fortunately, ASCTrend empowers you with ultimate stops step by step to guide you to the best results. Now you can achieve the maximum profit that people who don't have ASCTrend can not even imagine.

ASCTrend is designed to do the opposite of what the general public is doing. With it, shifting from paradigm I to paradigm II becomes possible.

4. Avoid Trading Against The Market

There are many trading theories, methods, indicators and systems which **are designed as a result of arbitrary ideas**. Rather than following the market trend, many trading ideas and formulas, such as oscillators, cycles, turning points, Elliott wave, and RSI are specifically designed **to trade against the market**.

Our philosophy is based on a different concept. We trade with the market. To illustrate this concept, think about a person's vision. All people have limitations in vision with their naked eye. In addition, external factors, such as heavy fog above the sea, will add to the difficulty of clear vision.

Just like being in the heavy fog above the sea, the vision of the captain who is directing a ship will be influenced by previous ideas. Likewise, theories and ideas based on arbitrary points of view about the market will cloud a trader's vision. If a person's mind is gradually programmed with arbitrary concepts, his or her perception of trading is highly affected.

Each of us tends to think that we see things as they are, and that we are objective. But this is not true. **We see the world, not as it is, but as we are, or as we are conditioned to see it.** When we make our trading decision, we are acting on our perceptions. **Seeing is being in the human dimension.** What we see is highly interrelated to what we are. If

our perception is dominated by concepts of trading against the market, then we can not go very far in changing what we see without simultaneously changing our being.

If we are to succeed in trading, we must follow the market trend. The only measurement of any theories or concepts is the real world. What is the real world? The real world in trading is the precise way that the market is actually going at a particular moment. A trend is not a trend unless it is on its way.

Ancient Chinese philosophy suggests that one should empty one's mind, and react to the world just like a mirror. When an event occurs, the mind accompanies it; when the event ends, the mind should empty accordingly. Do not over-react. True practice of this law can lead one to a happy and natural life.

By adopting this ancient Chinese law to modern trading, we gain advantage. We should:

- train our minds to react like a mirror
- react to what is occurring now
- not over react
- act on the facts
- not rely on assumptions or opinions
- give up or "let go" if we are going the wrong direction

We can learn from other people's experience without the expensive cost they once paid.

Recently, we experienced the most bullish stock market in history. The Dow Jones Industrial Index started at 3800 in 1995 and had broken 10,000 points in 1999. Under this well trended market, most trend-following systems or trading methods made huge profits. On the other hand, there are always majority traders to trade against the market. With the stops of these sellers who trade against the market, the bullish market got sufficient fuel to support the move.

One trader lost \$60,000 in 1995 by trading the S&P market. His trading method was based on counting the number of consecutive close highs or number of consecutive close lows. After the market had passed the 9th consecutive closing high, which followed the entry rules of his method, he entered a short trade by selling three contracts of S&P. A few days later, he found that the market was strongly against his position. The market moved up 1,500 points (\$7,500/contract) from his entry price. His wife was worried about it and asked him why he was still holding this losing position? He said that according to his favorite "selling top" theory, the market should turn down any time now, because the market had passed way beyond its 13th consecutive closing high! His wife looked at the chart and replied: "I don't know trading, but I see the market is going up right now!" He said, "Don't worry. You see, both Stochastics and RSI have confirmed the market should go down." He held on to his short position for a few more days. Eventually, he couldn't sleep well at night because the loss was far beyond his risk

tolerance limit. It cost him extreme pain to exit from this unforgettable trade - he lost over \$30,000 in this trade.

Lessons from this story:

- Obey the market. Don't fight with the market; don't trade against it.
- Admit your wrong direction as soon as possible.
- Always use stops.
- Do not make your trade based on "theory." Anything can be wrong from time to time.

5. Trade Only the Risk Capital that You Can Afford to Lose

Futures, stock and option trading are not for everyone. Any trading involves risk. The more leverage that you are using in trading, the bigger the risks. In order for people to use ASCTrend more objectively, people must be financially capable of taking the risk. We suggest that you trade only the risk capital which represents a small portion of your financial portfolio. No matter how good you are or how powerful your trading methods are, if you are concerned very much about the risk you are taking, your objectivity diminishes inversely to the square of your fear.

Trading is a business, not a game of gambling. You must have a plan and sufficient capital to run this business, just like any other business. A young trader told us that he was doing very well paper trading with ASCTrend and believed he could be very successful applying his skills to real time trading. However, his total capital for trading was \$5,000 which he borrowed from a friend. In real trading time, a \$300 or \$500 loss to him was significant! With the fear of losing, he could not switch positions according to ASCTrend. After a few losing trades, he just could not take the next trade which was a big winner.

6. Be Flexible

ASCTrend has empowered us to see the objective market. The next step is how to follow it. In order to faithfully follow the market, we must follow the market with tremendous flexibility. **ASCTrend is based on high probabilities, not absolute certainties.**

Why do you think your automobile tires can stand up on the road and take so much hardship for the smooth moving of the car. At first, tire manufacturers tried to make a tire that would resist the shocks of the road. It was soon recognized that they had to make a tire that would absorb the shocks of the road. That tire could "**take it**". You and we will enjoy smoother riding around the market trend if we learn to absorb the small losses, and let huge profits take care of themselves.

Lao Tzu, an ancient Chinese philosopher of 3,000 years ago said: "There is nothing in this world more supple and pliant than water. Even the most hard and stiff cannot overcome it. This is an irrefutable truism. The meek can overcome the strong just as the

supple overcome the hard.” The masters of Jujitsu teach their students “to bend like the willow, not resist like the oak.” A person must have a deep sense of security in fundamental principles of ASCTrend in order to genuinely follow the market with tremendous flexibility. People with little internal security can’t do it. “If you’re going to bow, bow low,” says Eastern wisdom.

7. Place Yourself Beyond The Possibility Of Defeat

Sun Tzu, one of the greatest Chinese strategists 2,500 years ago, said in his famous work “The Art of War” - one of the most-read books in Wall Street: “The good fighters of old first put themselves beyond the possibility of defeat, and then waited for an opportunity of defeating the enemy. To secure ourselves against defeat lies in our own hands, but the opportunity of defeating the enemy is provided by the enemy himself.”

Trading the markets is similar to fighting. In order to succeed, we must first put ourselves beyond the possibility of defeat.

You can be right thousands of times in the market, but you can not afford to be wrong without the protection of pre-placed stops. Remember the crash on black Monday in 1987. From that Monday, October 19, 1987, the S&P market dropped 12,000 points (i.e. \$60,000 per contract, 40% of the market value) in two days. This market had just reached its record high at 398.25 two weeks previous.

Just imagine what you would have done if you had been holding S&P contracts in a long position and you hadn’t placed an actual stop in the market on that black Monday? You would have wanted to exit the market when you saw the market start to crash, but it would have been too late, you might have gotten a very bad fill typically 1,000 to 2,000 points worse than you expected, (the daytrading limit is restricted to 3,000 points today). Because at the time of crash, everybody wanted to sell and there were no buyers!

To prevent this terrible situation, you must place your stops as soon as your initial orders are filled. In that way you limit your losses. A **crash** needs some momentum to build up. If your stops are close to your entry price, you won’t get hurt too much.

Each time that you enter the market, you should prepare for the worst by imagining that the market crash could be any time after you enter the market if you are in a buy position. Imagine the unexpected soaring could be any time after you enter the market if you are in a sell position.

As soon as your order is filled, you must place a stop immediately to protect yourself. The pre-placed stop can save you from being defeated.

Any mental stop is irrelevant. A stop is not a stop until you place it in the market.

There are times that the market will hit your stop and then go your direction, and you have stopped out before the market has gone your way. But those are necessary expenses.

Placing stops right after you place an order is your insurance in trading. Never change them into mental stops.

8. Avoid Choppy Markets

You may have often heard: “Trend is your best friend in trading”, or “Don’t trade the choppy market”... But what is a choppy market? What is behind the choppy market? How do you avoid it? The following story will help you know more about choppy markets.

What is a Choppy Market?

A choppy market is the opposite of a trend market; that is, the market has a very narrow range in which the price goes back and forth. The market shows no clear direction.

Who Likes a Choppy Market?

The floor traders (also called “pit traders” or “locals”) like a choppy market. **Most floor traders do not use charts or technical analysis.** They remember the key resistance and support levels very well. One S&P pit trader said, “My income is made by trading. The truth is, whatever analysis I did for the market was pretty irrelevant. **Over 90% of my income doesn’t require charts or analysis. I’m just reacting to the order flow.** That’s the bulk of the typical local’s income.”

Without charts or analysis, trading the market by watching the order flow, pit traders have their unique ways to trade. One way that they can count on is never letting the market go against them more than 50 points (0.50) in S&P. They also hold the positions for a very, very short time- about 30 to 60 seconds. Average locals trade 100 to 150 contracts a day in the S&P. A 30-point (0.30) profit is considered a very good trade by them.

A famous T-Bonds pit trader trades over 10,000 contracts a day with an average of 4-ticks (^4) profits per trade. The trading style of most pit traders is “quick in and out.” Therefore, a trend market will be their killer, but a choppy market will be their best friend!

A famous floor trader - George Angell- once told us a story when he was a pit trader in Chicago. He said that if the day was choppy, after trading hours on their way up in elevators, pit traders were all talking and laughing about the trades they did. Most of them made good money on those days. If the day was a trend-market, however, the market went all the way up or all the way down during the day. After the market closed, you could feel the air in elevators - all the pit traders were very, very quiet at that time... You know the rest of the story.

Knowing these stories, what should we do as public traders?

As public traders, it usually takes us 10 to 30 seconds or even longer to fill an order. We can not **feel the order flow** or know **who is trading what**. And the expense for commissions is too high for just “in and out”. We can not trade the way floor traders do.

However, we can learn from their ideas about how to cut losses as short as possible. We must enhance our ways and learn from pit traders; (1) Use our charts. (2) Use our analysis tools. (3) Stay in the trend market as long as possible - “let their panic be our profits.” (4) Do not trade choppy markets.

So the conclusion is **do not trade the choppy markets**. Choppy markets belong to floor traders. We must use ASCTrend to eliminate the choppy market as much as possible.

II. General Trading Rules

Outline:

- Buy at strength and sell at weakness
- Be more than willing to take small losses
- Be more than willing to switch positions
- Stick with the big trend till ASCTrend says to exit
- Always place stops immediately after entering a trade
- Only move stops in the desired direction
- Turn your mental power into profit

1. Buy at Strength and Sell at Weakness

One of the predominately accepted concepts in trading is “**buy low and sell high**”. It may look ideal, but it is in the **arbitrary** category. A trend is not a trend until it is on its way. Using ASCTrend in trading you must be willing to **buy at strength and sell at weakness**. Good traders take advantage of direction and duration, not “cheap” prices. So the phrase “buy low and sell high” may be modified to be **“buy high and sell higher”, and “sell low and buy lower”**.

2. Be more Than Willing to Take Small Losses

In order to win big profit, you must be more than willing to take small losses. If you are willing to take small losses in order to win, you will enter the market when it just begins to move. This is the most uncertain time, but it is also the time with the lowest risk. You do not know anything for sure, but neither do other traders. At this time, no one dares to play big. The risks compared with your potential profits are small enough to provide you a chance to win.

Don't worry about small losses: they are a part of our plan and they are a part of the winning profits. Without those small losses, you wouldn't be able to achieve big profits.

Based on the concept of “**go the opposite way of the general public**”, ASCTrend is designed to take chances with small losses with the highest probability, but to stick with the big move to achieve the optimal profit. Without taking chances on small losses, big profits become impossible. Just like in any business, you have to take a chance based on limited information. Small losses are a part of necessary expenses without which you may lose the chance of riding on a big trend. Remember, small losses are a part of the winning profit; without those small losses, you wouldn't be able to achieve big profits.

3. Be more Than Willing to Switch Positions

To succeed in trading we must **obey** the market. **Be flexible.** Do not allow any theories, methods, or predictions to limit your view of the market. Any indicator is secondary. **The key indicator always is the market price itself.** As soon as we find that we are in a wrong direction, we must be more than willing to switch our positions. Not just exit from a wrong position, but switch your position from buy to sell, or from sell to buy. It is an essential skill in professional trading.

4. Stick With the Big Trend Until ASCTrend Says to Exit

It is easy to take a small profit and run, but you won't win overall. To succeed, you must become a type II paradigm trader who will stick with the big move until ASCTrend tells you to exit or change direction.

5. Always Place Stops Immediately after Entering a Trade

Why place stops? We place stops to limit our risk. We must take care of losses, and let the market take care of the profits.

ASCTrend is designed to do just this. You must be willing to take small losses and stick with the profitable trend until ASCTrend says to exit. In trading, we can do things right a thousand times but we can not afford to be wrong even once without a predetermined stop. So when you enter the market, right after your order is filled, place a stop immediately. That is a **must**. There are no exceptions for any reason. Just think about that crash which could come now or any time after you enter the market when you are in a long position without stops. What will you do if the market crashes, dropping far below your margin limit?

To put yourself beyond possibility of defeat, you must place a stop in the market right after you place an order to enter the market. ASCTrend is an offensively and defensively well balanced trading device. Making use of the ASCTrend stops will benefit you. One of our users once said, "I enter the market according to my own systems, but I definitely exit if ASCTrend indicates an exit. It has saved me a bundle." Remember, a stop is not a stop until you place it in the market. Any mental stops are not relevant.

6. Only Move Stops in the Desired Direction

Where should you place the stops? We must place stops for logical reasons. A common mistake is arbitrariness. People place stops by money management stops using \$5, \$500, \$700 or \$3,000. Where do they get these numbers? They are arbitrary. Market conditions vary from trade to trade, time to time, day to day, market to market... **Nothing is fixed. So let ASCTrend tell you the optimal stops which are defined by market price itself.**

We must place stops according to what the market tells us. What can the market tell us?

- (1) The current price scale can tell us what the probable price will be in the near future.
- (2) The current price range tells us the probable price range in the near future.
- (3) The current price trend tells us the probable market direction in the near future.

ASCTrend is designed to use the market's own predictions to place stops. This is called placing the stops by reason. Therefore, do not move stops unless you have a better reason.

Only move stops in the desired market direction. This means, for a long trade, we only move the stops up; for a short trade, we only move the stops down. When you see your stops being hit, do not feel hurt. This is a part of business expenses.

7. Turn Your Mental Power into Profit

An ancient Chinese wise tale goes: At an ancient archery contest, the contestant performs his best when nothing is at stake, but when asked to wager a sack of rice his performance goes down, being distracted by what he may lose. The contestant performs even worse when wagering an ounce of gold. Even though he possesses the same skills, his heart becomes distracted by the fear of what he might lose. Human emotion can play a significant factor in one's performance, no matter what the arena. Being able to control our emotions is the key to success.

Because psychology plays an important role in trading day in and day out, a specific psychological training method for trading has proven to be very powerful. It is that you should visualize real money on the line while you are paper trading, and treat real trading like paper trading. The more visualization that you practice, the better trading result you will achieve. In this way you will be able to turn your mental power into profit.

III. Specific Trading Rules

A. Entry Rules Using ASCTrend

Setting the goals:

- Increase the probability of catching a decent trend
- Stand for high probability, not absolute certainty
- Take advantage of leverage
- Take advantage of direction and duration
- Be more than willing to risk small and to win big
- Maintain great flexibility
- Stick with the winning trade until ASCTrend says to exit or reverse

In order to achieve these goals, we need to use ASCTrend. As has been mentioned, fully understanding the concept is the base for faithfully exerting the trading rules. Please refer back to the corresponding general concepts as we go on to the practical rules.

1. Trend-Stop Agreement (TS) Entry:

ASCTrend2 and ASCTrend3 are demonstrated by BLUE DOTS and RED DOTS. The values of the RED DOTS or BLUE DOTS can be seen in the **Data Window** or **Status Line**. Look for the blue “BuyStop2” value if you use ASCTrend2. Look for the blue “BuyStop3” value if you use ASCTrend3. Look for the red “SellStop2” if you use ASCTrend2. Look for the red “SellStop3” value if you use ASCTrend3.

- BLUE DOTS below the lows of the bars indicate two things: (1) the market is in an up-trend, and (2) the values of the BLUE DOTS are the protection stops or profit target stops (if the position had profit) for the long position.
- The RED DOTS above the highs of the bars indicate two things: (1) the market is in a down trend, and (2) the values of the RED DOTS are the protection stops or profit target stops (if the position had profit) for the short position.
 - For a TS Entry, first open a **workspace** with a **chart**. Set up the chart with ASCTrend1, ASCTrend2 and ASCTrend3 added on. See an example in the following chart.
 - **Buy** at market when there are blue bar and both BuyStop dots of ASCTrend2 and ASCTrend3.
 - **Sell** at market when there are red bar and both SellStop dots of ASCTrend2 and ASCTrend3..

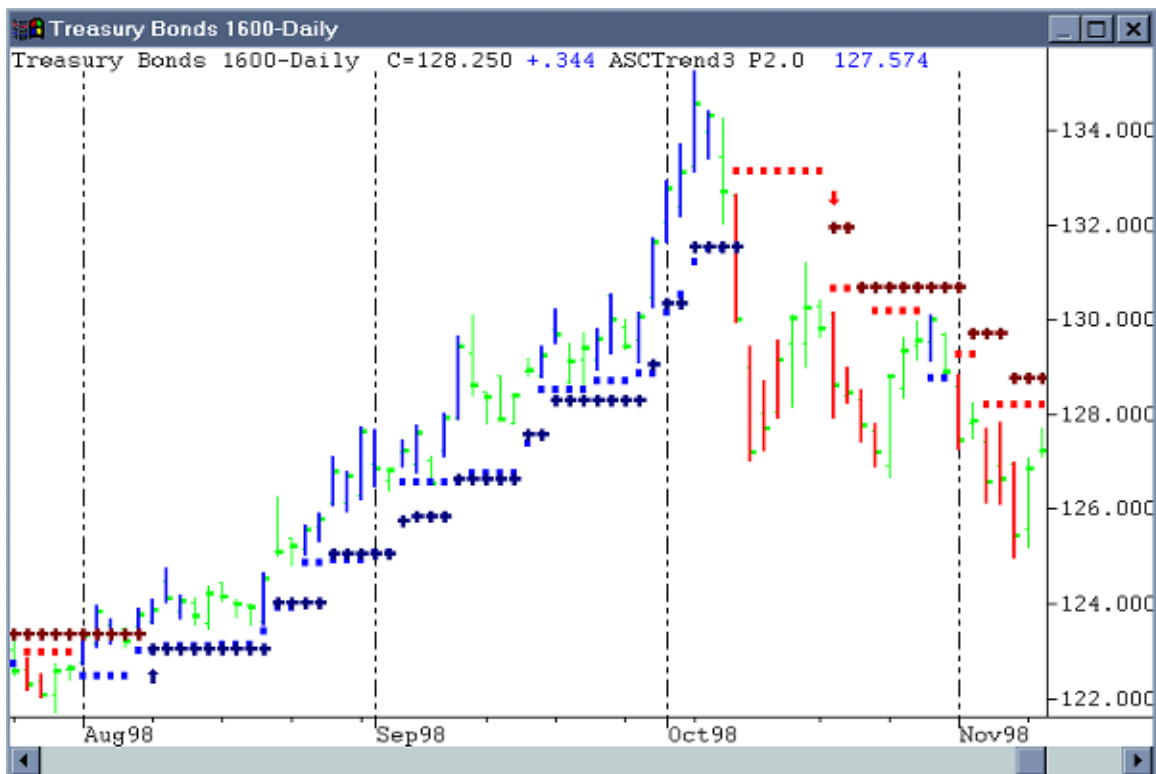


Figure 1. Trend-Stop Agreement Entry. ASCTrend1, ASCTrend2 and ASCTrend3 are inserted to the daily chart with default settings. Here, the dots are ASCTrend3 stops and crosses are ASCTrend2 stops.

- Each of ASCTrend indicators is independently calculated. Sometimes you may only see ASCTrend3 stops, but not ASCTrend2 stops. If there were the both stops, this would give you more confidence on the trend. The winning chance for this entry is very good, especially for position trading, because three independently calculated indicators all confer: they are either blue bars with ASCTrend 2 and ASCTrend 3 or red bars with ASCTrend 2 and ASCTrend 3.
- For those seeking the early stage of the trend, and willing to take chances with small stops, buy at market at blue bar and blue dots with ASCTrend3, and sell at market at red bar and red dots with ASCTrend3. Under this condition, a few ticks below the low or a few ticks above the high of the bar should be your initial stop, you will know the position being right or wrong very soon.

2. Significant Trend Change (STC) Entry:

- In TradeStation or SuperCharts, you have options to paint the bar at the close of the bar or to paint the bar during the formation of the bar with every new tick. The default setting of ASCTrend in *Properties* is “Update every tick”.
- Because of this option, even during the formation of the bar, the color of the bar could change dramatically from one direction color to the opposite direction color and keep the color until the bar closes. This represents a significant trend change (STC).
- There are two types of STC. In the first situation, a bar initially has one direction color, then changes to half the original color and half the opposite color. The other situation is when the color of the bar changes completely from one direction color to the opposite direction color. The second situation mentioned above is more significant than the first situation. When this happens, you know that some power must be behind the move. **Go ahead and initiate a position according to the final bar color.** Place your protection stops a few ticks below the low of the previous bar for a buy position, and place your protection stops a few ticks above the high of the previous bar for a sell position.
- With ASCTrend 1.0, after the market closes, you could not recognize the real time STC, so you had to make a mark on that specific bar on the chart for your later study. Now, with ASCTrend 3.5, **ASCTrend1** (ASCTrendUP and ASCTrendDN in DLX 2.0) has built-in signals for the STC (Note, this feature is not available in STD or PRO version). Middle size cyan dots marked as “STCB” are “Significant Trend Change Buy” signals. Middle size magenta dots marked as “STCS” are “Significant Trend Change Sell” signals. STCB or STCS indicates market just had a reverse situation from original trend. Combining these signals from different time charts, it will give you very sensitive indications on trend changes.
- All these signals in version 3.5 – STCB and STCS have the AlertOnce feature. See Appendix B for details on how to set up AlertID and BarID.
- **Some Examples of STC Entry**
 - **STC on 2 minute and 5 minute charts**
 - If an STC occurs on the 2 minute and 5 minute charts, and the color of the 15 minute bar matches the ending color of the 2 minute and 5 minute bars, enter a position with the direction of the color of the bars.

- If an STC occurs on the 2 minute and 5 minute charts, and the color of the 15 minute bar **does not match** the ending color of the 2 minute and 5 minute bars, wait for the retracement of the 2 minute bar to enter a position with the direction of the color of the bars.

- **STC on 5 minute and 15 minute charts**

If an STC occurs on the 5 minute chart and the color of the 5 minute bar matches the ending color of the 5 minute bar, then enter at a 2 minute retracement. In a slow market, such as lunch hour, the color of the 30 minute bar, instead of the 15 minute bar, needs to match the ending color of the 5 minute bar.

- If an STC occurs on the 5 minute chart, but the 15 minute bar is the neutral color, don't take any position.
- If an STC occurs on the 5 minute chart, but the 15 minute bar remains the opposite color, don't take any position. However, if another STC occurs in the very next 5 minute bar, and the ending color now matches the color of the 15 minute bar, take a position right away. You don't need to wait until the bar closes. This is called **STC reversal**, and will often lead to a quick jump in the market in the direction of the color of the 15 minute bar.
- If an STC occurs on both the 5 minute and 15 minute charts, usually the market is moving quickly. Go with the direction of the ending color right away, you don't need to wait for the bar to close.
- If an SCT occurs on the 15 minute chart only, enter at a 2 minute retracement.
- If the market is very thin, avoid the use of the STC.
- STC can be applied to daily or weekly charts. About 80% of close prices of SCT bars are above the buy trigger prices or below the sell triggered prices. This gives you a great advantage to trade STC if using real time or 15-minute delayed data for the daily or weekly charts. If you exit the position at the market close, you would have a high winning rate.

An example of SCT for weekly chart are given below. If the market price were still near the buy or sell trigger price on Thursday or Friday, and the STC signal remained, it would give you a good chance to buy or sell with a high winning rate.

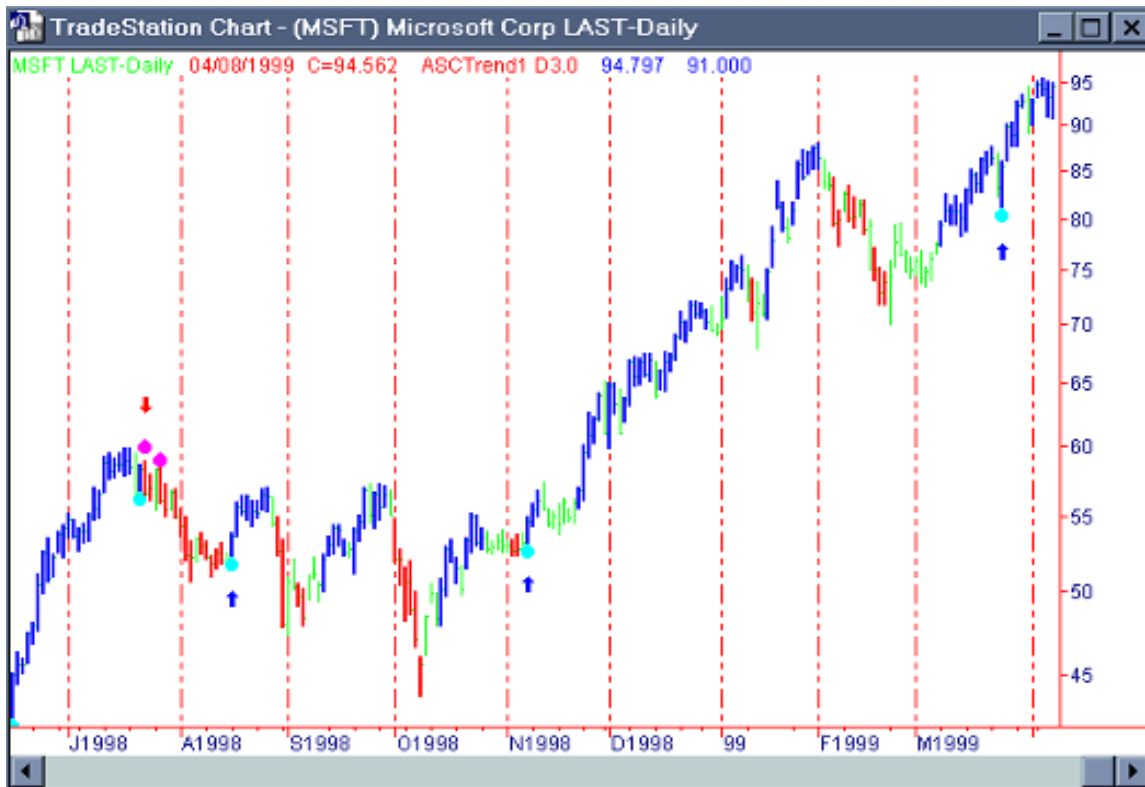


Figure 2. Significant Trend Change (STC) signals on a daily chart.

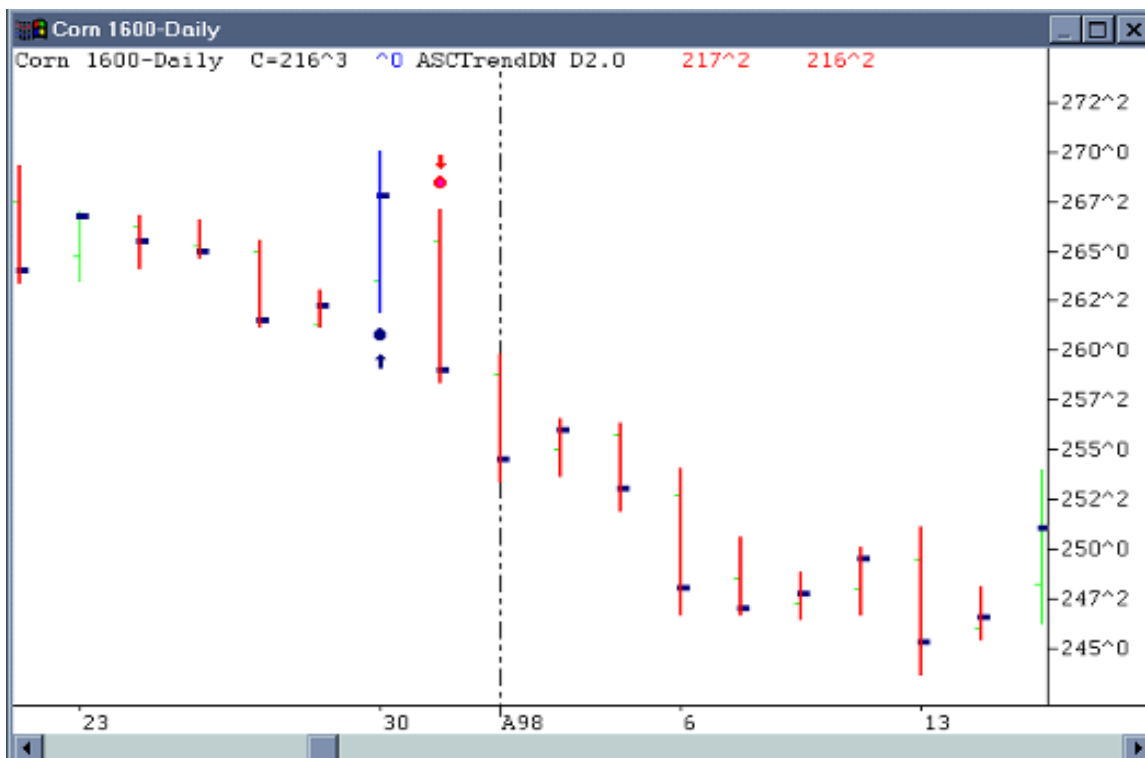


Figure 3. Significant Trend Change Reverse. A STC signal is followed by an immediate opposite STC. It is a strong signal.

3. Break-Out (BO) Entry:

- This rule is used at the breakout of a choppy market or trend reverse.
- **How to define a choppy market?** If the bars change colors four times within 20 bars, the price action has a small range, and blue dots and red dots (trend-stops) are mixed above and below the small range of prices, this is considered to be a choppy market. In order to best identify important trend changes in a choppy market, try using longer time frame bars. For example, if you normally use a 5 minute bar chart for daytrading, you should use a 15 min (or longer) bar chart in a choppy market.
- At the end of a choppy market, suddenly you see the market breaking out of its static price range and hitting the stops of ASCTrend2 or ASCTrend3. This shows the market is waking up. **Go with the direction of the market breaking out.** Place your protection stops according to ASCTrend2 or ASCTrend3 trend-stops as soon as your order is filled.
- Because the blue dots and the red dots are well defined by the market's own price, the probability of the market going in the breaking direction is very high. This rule can also be simplified as “**blue bar break out red dots**” or “**red bar break out blue dots**”.
- Now, with ASCTrend 3.5, ASCTrend3 provides you “Break Out” (BO) signals. Middle size cyan dots marked “**BOBuy**” are “Break Out Buy” signals. It indicates market just had a key up-reverse and broke the sell stops of previous down-trend. Middle size magenta dots marked “**BOSell**” are “Break Out Sell” signals. It indicates market just had a key down-reverse and broke the buy stops of previous up-trend.
- To properly use the OB signal, you need to refresh the screen and make sure the signal is a true signal. Refer how to refresh indicators in the booklet “Instructions for ASCTrend”.
- The BOBuy or BOSell signals has AlertOnce feature in ASCTrend3 DLX version. See **Appendix B** for the details how to set up AlertID and BarID.
- If this situation is coupled with an STC entry (rule 2) condition, you have good reason to expect a big move.
- If you want to build your confidence by applying the rules of ASCTrend one at a time, this is a good rule to start with. Apply ASCTrend to the historical data of your market, and study the entry points where this BO entry can apply.

- Avoid using BO signals of short time bar charts. We recommend applying BOBuy or BOSell signals to at least 15-minutes or longer bars. Watch carefully when the signals appear, go to “Data Window” and write down the signal prices. You will find that more than 80% of the time, the close price of the bar is above the buy price triggered by BOBuy, and more than 80% of the time, the close price of the bar is below the sell price triggered by BOSell, the winning rate of this rule is very high.

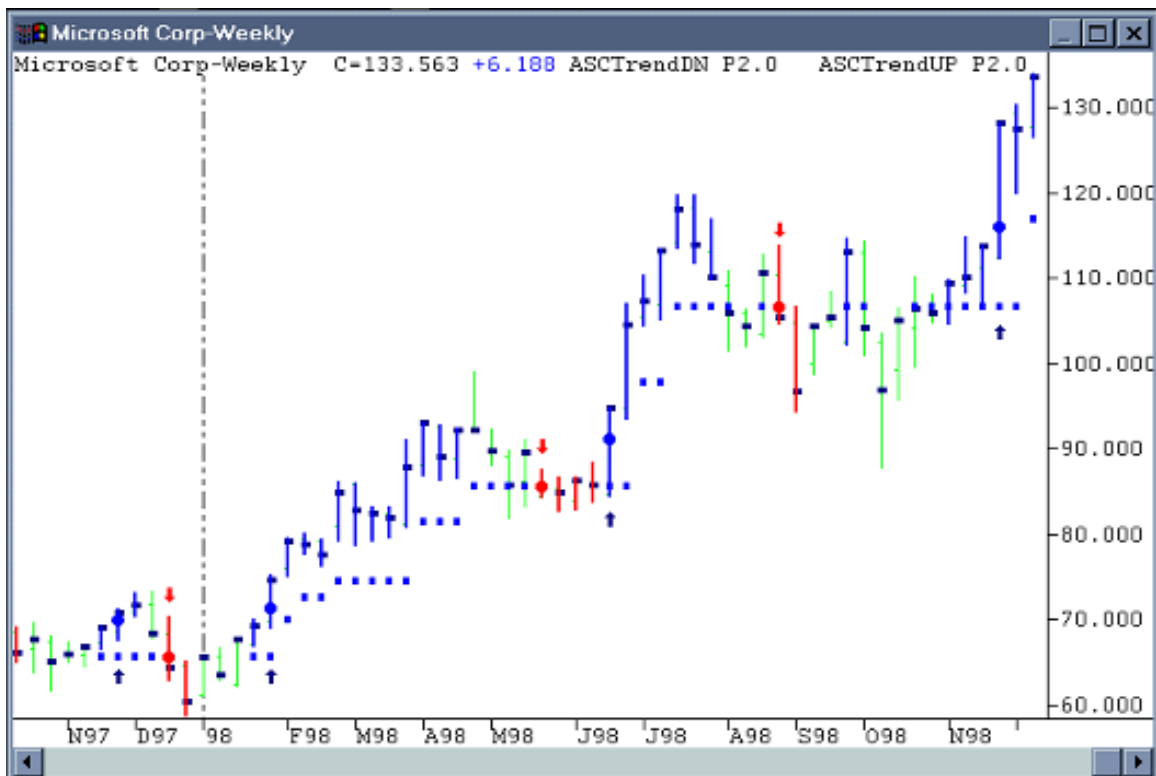


Figure 4. Break Out (BO) signals on a weekly chart. The trigger prices are marked by the big blue or red dots. Comparing the trigger prices and the close prices of the bars. The winning rate is very high if you enter at the trigger prices and exit at the close of the bar or next bar.

4. Low Risk (LR) Entry:

- One of the features of ASCTrend is that it never misses a big move. Once a big move is on its way, the ASCTrend stops do a very good job in taking the most profit, yet keep you in the big move until the end. To test this fact, open a page with ASCTrend stops on and find out how they performed during the big moves in the past. If your parameters are set properly, you should come to the same conclusion; that is, ASCTrend never misses a big move.
- By knowing this fact, you can greatly increase your leverage capacity in hedging your positions if you are trading multiple contracts.
- The best time for an LR entry is when a trend is already moving on its way. For example, in an up-trend, you see both blue bars and blue dots as the market moves up. Suddenly, you see the market shift into a counter-trend, moving back very close to the blue dots (stops), but the bar is still blue. As soon as you see the market move up again, go ahead with the LR Entry or add a long position. Since over 75% of ASCTrend stops can not be hit, your chance of winning is very high. Use ASCTrend stops (blue dots) as your protection stops. With this entry your risk is significantly low.
- For day trading, it is suggested that use 15-min or 30-min bar charts; use ASCTrend3 stops with RISK = 3 and MONYRISK = 1.5 unit (the default settings).
- For position trading, it is suggested that use daily bar charts and use ASCTrend3 stops with the default settings.
- If you use “15 minute delayed data” for position trading, use 60-min bar charts and ASCTrend3 stops with the default settings.
- Here is an example of LR entry for S&P daytrading. Blue bar and blue dots first appear on 15-min chart is the pre-condition for buy entry. When the market pull back close to the blue dots stop, the 15-min bar remains blue, and the difference between the market price and the stop becomes less than \$500, enter a buy position. You may confirm this entry by your favorite oscillators or MACD.
- If you miss a trade at the early stage of a trend, you can enter the market by the LR entry and place the stop according to the blue dot or red dot. If you have one position with some profit, and you trade multiple contracts, you can add a position with smaller risk at this point. In fact, there is usually no risk, because your first trade’s profit has already covered the small stop of the second.

- Remember that good traders take advantage of direction and duration. A trend is not a trend until it's on its way. Act on what the market is doing, rather than what you assume it to be.



Figure 5. A typical Low Risk (LR) entry example. ASCTrend3 stops had formed on the chart. Enter a buy position when the ASCTrend3 blue dot moved up and price was very close to the blue stop. Inversely, enter a sell position when the ASCTrend3 red dot moved down and price was very close to the red stop. The feature is that the risk for this entry is low, and you will know your position right or wrong very soon.

5. Short Term and Long Term Agreement (SL) Entry:

(A) ASCTrend Short Term Long Term Agreement (SL) Entry Rule for Position Trading

Layout:

- Chart 1: Daily bar chart in subgraph 1. Add ASCTrend1, ASCTrend3 and ASCTrend2 with RISK3, MONYRISK 1.5.
- RSI(2) (2-bar average) or any of your favorite oscillators is added to data1 (daily-bars) displayed in subgraph 2.
- Chart 2: Weekly bar chart in subgraph 1. Add ASCTrend1 and ASCTrend3 with RISK 3, MONYRISK 1.5.

Entry Rule:

Generally, use the longer time bars (weekly bars in this situation) to determine the direction that you want to enter; use the shorter time bars (daily) to pinpoint the entry.

If you want to enter a long (buy) position, the key is that current weekly bar and dot must be blue color. Don't enter a long (buy) if the weekly bar is red. Specifically, enter a long (buy) position when:

1. Current weekly bar must be blue with a blue dot of ASCTrend3;
2. Current daily bar just changed color from green or red to blue;
3. There is a blue dot of ASCTrend3 and the retracement of a few bars ago does not break the ASCTrend2 stops;
4. Low of the daily bar is greater than the low of one bar ago;
5. Use RSI(2) (i.e. 2-bar average RSI) or any other your favorite oscillators to confirm the entry;
6. Place your protection stop below the low of one bar ago.

The opposite set of conditions should be met for short (sell) position.

(B) ASCTrend Short Term Long Term Agreement (SL) Entry Rule for Daytrading

Example: S&P H7 on 12/16/96

Layout:

- Data1, 2-min chart in subgraph 1: add ASCTrend1, ASCTrend3 and ASCTrend2 with RISK3, MONYRISK 1.5.
- Data2, 6-min chart in subgraph 2: add ASCTrend1 and ASCTrend3 with RISK 3, MONYRISK 1.5.

- Data3, 18-min chart in subgraph 3: add ASCTrend1 and ASCTrend3 with RISK 3, MONYRISK 1.5.
- RSI(2) (2-bar average) or any of your favorite oscillators is added to data1 (2min) displayed in subgraph 4.
- Please note: You can display any time frames you like with this layout, provided that the longer time frames are multiples of the smallest time frame.

Entry Rule:

Generally, use the longer time bars (6-min. and 18-min. in this situation) to determine the direction that you want to enter; use the shorter time bars (2-min) to enter the market at retracement only if the retracement does not break the ASCTrend2 stops.

Specifically, if you want to enter a long (buy) position, the key color of the 6-min bars and dots must be blue, and the color of the 18-min bars can be blue or neutral. Don't enter if either the 6-min or 18-min bars are red; To get a better fill, enter at the red or neutral color of the 2-min bars and confirm by RSI. The opposite set of conditions should be met for short (sell) position. Make sure to enter the buy or sell position only if the retracement does not break the ASCTrend2 stops.

Before entry a trade, for viewing true colors of bars, use **Format**, highlight the indicators then click **Status** button twice (off/on). TS will update the true colors for you. "Fresh Screen" can not have the same function.

Benefit of this layout:

This layout provides a clear and quick visual display with one click to help you to stay on the right side of the market, yet reserve the opportunity to obtain a better fill price.



Figure 6. Long-term and Short-term agreement. Only trade the long term direction (here is the 18-min chart). When you see the red bars and red dots on the 18-min chart, prepare to sell, but wait for retracement. Watch the 2-min chart or 6-min chart turning green or blue, then turning back to red to enter the sell position.

6. Retracement Entry (RT Entry)

- **RT Entry for intraday trading**

If an STC occurs on the 15 minute chart and the ending color is blue, prepare to buy, but wait for a retracement on the 2 minute. Estimate the normal reaction time for your particular market: if the normal reaction time is 4 red bars on the 2 minute chart, and the 4th red bar does not penetrate the ASCTrend Stop2, then enter a long position at market. At that time, you not only can get a better filled price for the long position, but also, since the market did not penetrate ASCTrend Stop2 after a normal retracement period, you have a better chance to win for the position.

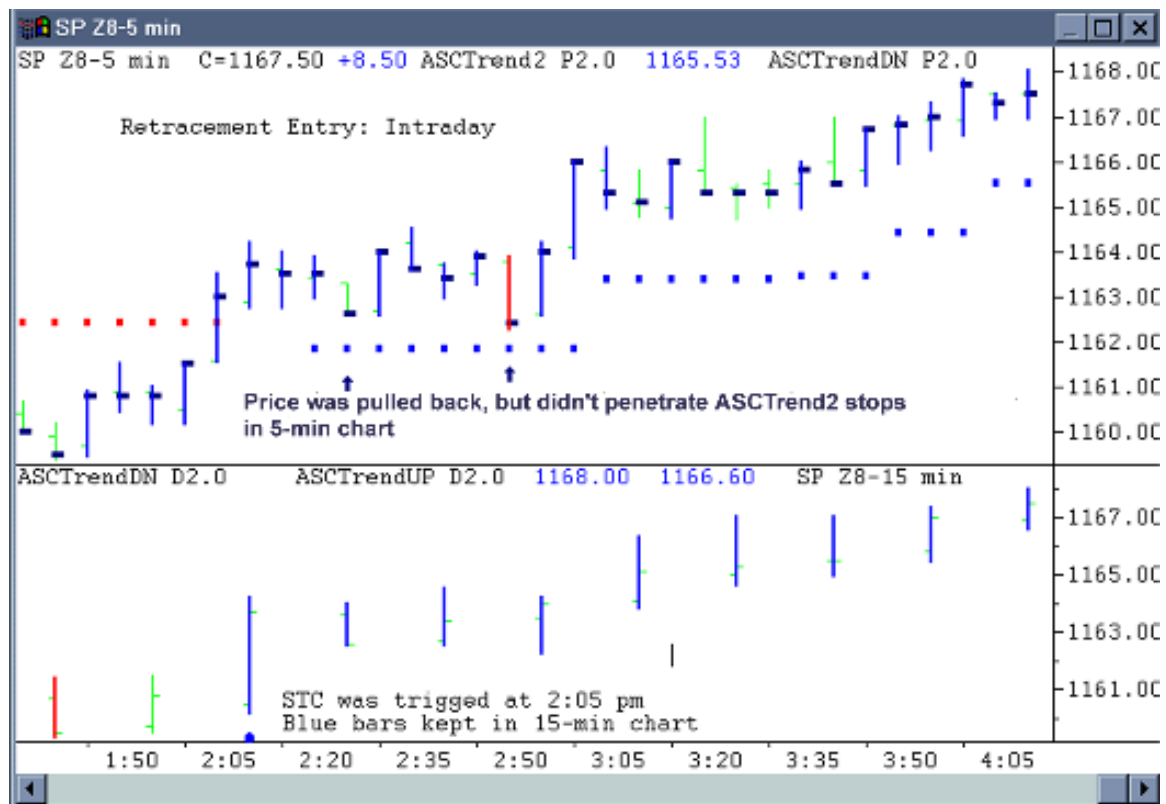


Figure 7. You may use 15-min chart to guide the direction and use 5-min chart for entry or exit for daytrading. Wait the market pulling back, but not penetrating the ASCTrend2 stops to enter.

RT Entry for position trading

RT Entry can be used to do position trading by using delayed data. This method has a great advantage of getting better filled for position trading. Use the longer time frame, such as the daily bar, to determine the direction, and use a short time frame, such as 30 minute or 15 minute, to determine the entry point. For example, if the daily bar is blue with a blue dot, prepare to buy, but wait for the 30 minute or 15 minute bar to turn red. Estimate the normal retracement duration for your market. If the normal retracement duration is 4 bars on the 15 minute chart, then wait for 4 red bars, and if the 4th red bar does not penetrate the Trend Stop2, enter a long position at the market. You get a better filled price as well as a favorable market position, since the market did not penetrate the stop after a normal retracement period.



Figure 8. You may use daily chart to guide the direction and use 30-min chart for entry or exit for position trading. Wait the market pulling back, but not penetrating the ASCTrend2 stops to enter.

7. Long Term Color Change (LCC) and Sig Color Change (SCC) Entries

Long Term Color Change (LCC) and ASCTrendSig Color Change (SCC) appear near the key turning points. The LCC and SCC signals are significant. They are long term color changes of the bars or dots including the small stop dots or big ASCTrendSig dots. The turning points from green or red bars to a blue bar, or from green or blue bars to a red bar are marked as LCC signals. SCC marks major classical ASCTrendSig (ASCMODE = 1 or 11) turning points. These signals are provided by **ASCTrend1** in ASCMODE 2 or 12 (LCC), or **ASCTrendSig** in ASCMODE 4 or 14 (LCC), or **ASCTrendSig** in ASCMODE 5 or 15 (SCC). Because the trends defined by ASCTrend1 and ASCTrendSig are independently calculated, the LCC signals in ASCTrend1 might not be the exact same as the ones in ASCTrendSig.

Trading rule for these signals is very simple: Buy when LCC or SCC BUY signals triggered and sell when LCC or SCC SELL signals triggered. Use ASCTrend3 blue dots as protection stop for BUY and use ASCTrend3 red dots as protection stop for SELL. If you exit the positions at next bar, the winning rate will be extremely high.

An example of intraday 30-min S&P 500 futures chart with ASCTrendSig LCC signals is given by Figure 9. Examples of LCC signals for position trading are given by Figure 10 and Figure 11.

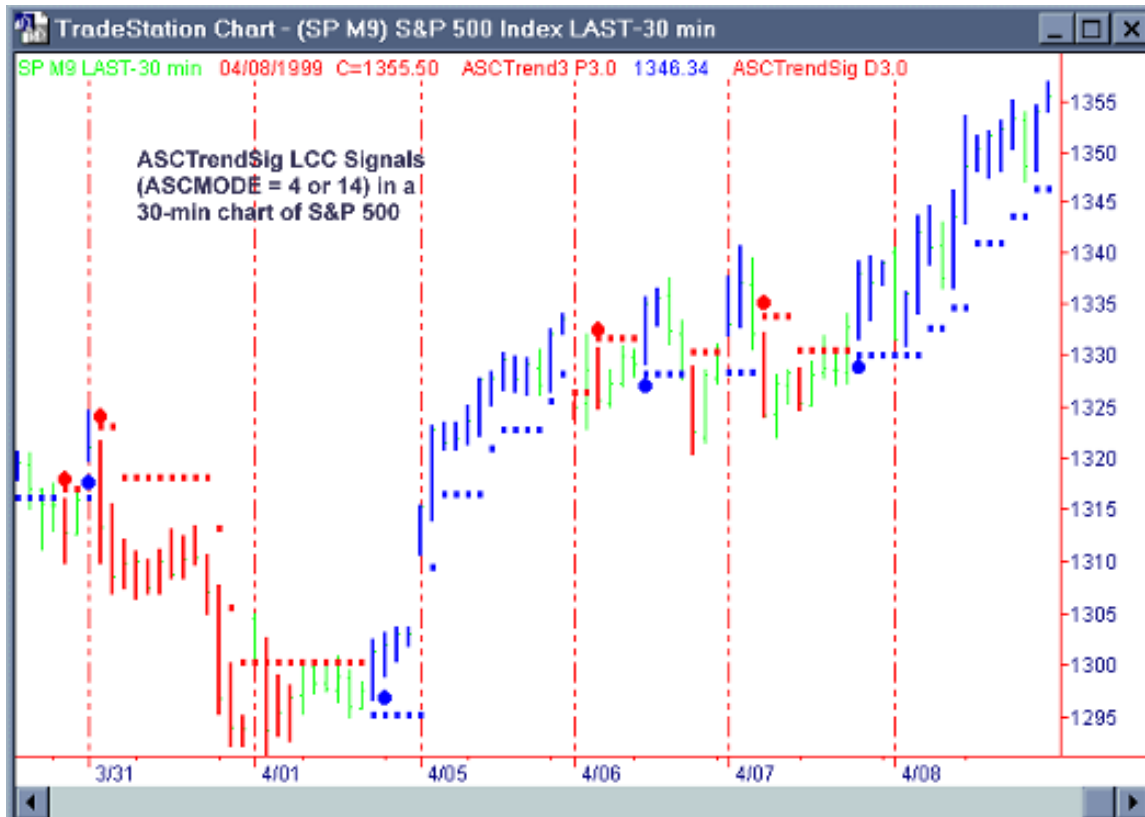


Figure 9. ASCTrendSig LCC signals for intraday chart.

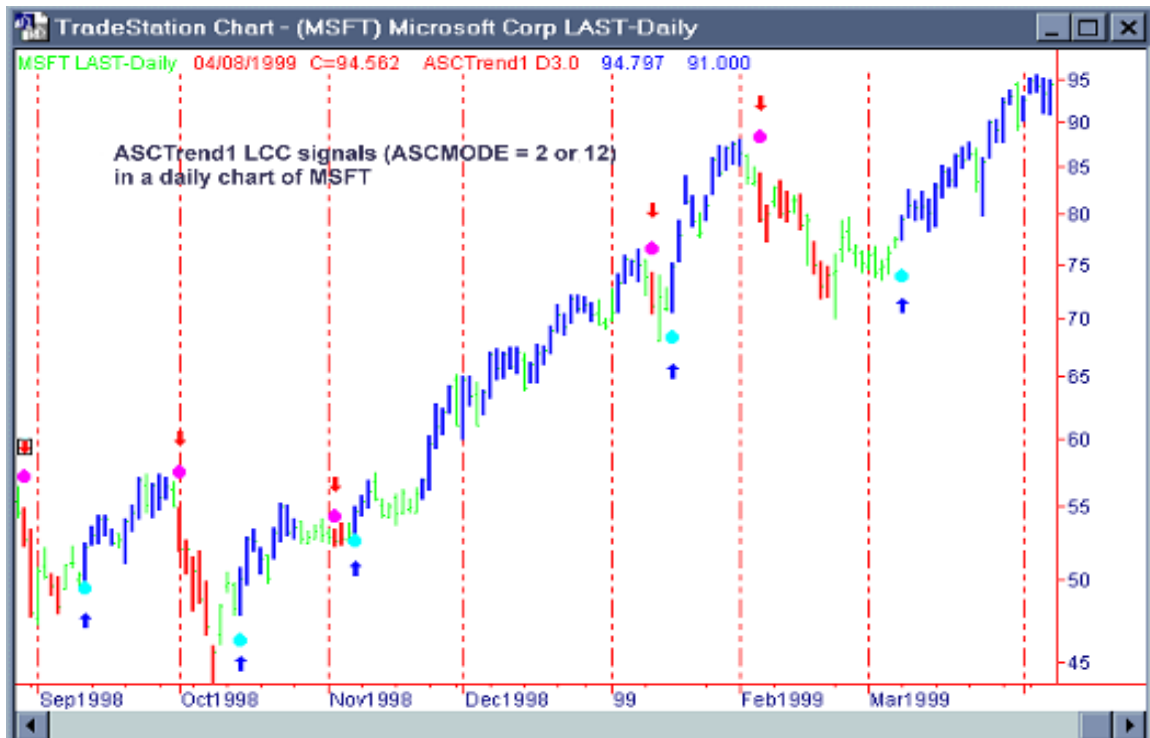


Figure 10. Example of ASCTrend1 LCC signals (ASCMODE = 2 or 12) for position trading with daily chart.



Figure 11. Example of ASCTrendSig LCC signals (ASCMODE = 4 or 14) for position trading with daily chart.

B. Confirmation Rules Using ASCTrend

Knowing how to hold a position is more difficult than entering a trade.

- Should we hold this position?
- Should we exit now or when?
- Should we take profit now or when?
- Should we switch our position now or when?

At each and every moment after we enter a trade, these questions are asked time and time again in our mind. We wish we could hear the answers directly from the market!

Basically, each of four ASCTrend indicators is calculated independently. Sometimes, near turning points or in a choppy market, you may see conflicting indicators, such as a red dot above a blue bar or a red bar with no dots showing or both blue and red dots showing up for the same bars, etc.

In real trading, time is everything. We can not wait for all these indicators to confirm each other, then enter the markets. Therefore, “entry rules” are different from “confirmation rules”. You take a risk and enter the market according to “entry rules” mentioned above. As soon as you initiate a position (long or short), the next thing is to closely watch the indicator’s confirmations. If your trading positions are not confirmed by one of the following confirmation rules within a certain time, you should consider exiting the positions. What is the certain time? It depends on the specific market, on whether you are daytrading or position trading, on the time bar frame used, etc. You need to decide for yourself, though typically the best time is about 4 to 8 bars.

There are five simple confirmations for positions which you are holding:

1. Trend and Trend-Stop (T-TS) confirmation:

If you are in a long (buy) position, watch for blue dots showing below the blue bars, or if you are in a short (sell) position, watch for red dots showing above the red bars. Here, blue bar & blue dot or red bar & red dot is essential for this confirmation.

2. Short term bar chart and long term bar chart (SL) confirmation:

To explain this, we use S&P 500 daytrading as an example. The short time bar chart is 5 minute bars, and long time bar chart is 15 minute bars. When an up-trend begins, the 5 minute bar changes to blue first while the 15 minute bar is still red or green. If the 15 minute bar begins showing blue, this is called confirmation of the up-trend by long term bars. It is the opposite for the down-trend.

3. **ASCTrend2 and ASCTrend3 (TS23) confirmation:**

When you enter the market, you may only see ASCTrend3 dots. ASCTrend2 has a few bars delay near the turning points under normal conditions. A few bars later, a same color ASCTrend2 dot begins to show up. This is another kind of confirmation for holding the position.

4. **Trend-Stop Moving (TSM) confirmation:**

While holding a buy position, watch the blue dots “moving up” to confirm holding the long position. While holding a sell position, watch the red dots “moving down” to confirm holding the short position.

5. **Inter-Market Agreement (IM) confirmation:**

Due to quick development of the information highway and modern communication, all markets are related to each other more than ever before. Inter-market analysis has been one of the top issues in market research. Now ASCTrend provides a powerful tool for you to test and decide upon the most related markets and to use them as a filter to eliminate some of the false trades.

For S&P, the most related markets are S&P futures, S&P cash index, and the Dow Jones Industrial Index and NYSE Tick. For Swiss Franc, the most related markets are Deutsche Mark and British Pound. You do not need to wait for all related markets to show the same colors to enter a trade. However, if the trade is in the right direction, you should see the confirmations from other markets soon.

What if after entering the market, the market turns sideways?

When you begin to see green bars, pay attention to the red dots or blue dots. Green bars indicate a sideways market. We don't know which way the market will turn. There are two ways to react:

1. With some profit, or at least to break even: take a chance by holding the position **using ASCTrend stops (i.e. blue or red dots)**. Then, begin to use longer time bars to help determine the market direction.
2. Without profit: simply **exit** the market.

In terms of making profit, you don't need to become an expert in all these rules. Begin with one rule that best fits you and concentrate on your trading using only this rule. Build your confidence with it. Then add more one step at a time. Once you master the rules that help you win, you can repeat them again and again.

Appendix A

How to Use ASCTrendSig Professional Deluxe Version

ASCTrendSig is a semi-system indicator which integrates the time-proven ASCTrend trading rules and generates BUY or SELL signals.

A. ASCTrendSig in Professional Deluxe Version

ASCTrendSig in Professional Deluxe Version 3.0 (DLX 3.0) has all the features of PRO 3.0 plus a few more Signal modes and AlertOnce™ ability. It is specifically designed for day trading.

B. Inputs of ASCTrendSig

From “**Format**” menu, click “**Analysis Techniques...**”, click “**Format**”, “**Inputs**”, you can see six “**Inputs**” for ASCTrendSig. You can adjust the variables of **RISK**, **MONYRISK**, **OFFSET**, **MODES**.

RISK

“**RISK**” can be changed from 1 to 10. “1” is the most sensitive with minimum delay and “10” is the least sensitive. **The default value of RISK is 3.** It is recommended to use the default value when you first start, you may choose to change after you familiar with the markets you are trading.

MONYRISK

The variables of **MONYRISK** affect the ASCTrend stop values only, it will not alter the trend determination. It has the exact same meaning and usage as the **MONYRISK** for ASCTrend2 or ASCTrend3. See the corresponding section for the **MONYRISK**. **The default value for MONYRISK is 1.50.** It should be your first choice when you start. It can be adjusted from 0.5 to 5.0. For those who like the Fibonacci numbers may use the inputs such as: 0.382, 0.618, 1.000, 1.382, 1.618, 2.000, 2.382, 2.618...

OFFSET

Default value of OFFSET is 1.0. When you choose value 1.0 for **OFFSET**, you accept the signals defined market. You may loose or tighten signal conditions by adjust the value of **OFFSET**. **OFFSET** must be a positive number ranging from 0.3 to 3.0.

The smaller number, such as 0.3, the less trading signals will be generated, and the higher accuracy. The bigger number, such as 3.0, the more trading signals will be generated, and the lower accuracy. Default value for **OFFSET** is 1.0. You should use the default value when you first start.

ASCMODE

For the convenience and clarity in searching, you may choose different signal mode from following. There are 3 signal modes in the PRO 3.0 and 14 signal modes in the DLX 3.0 respectively.

1. ASCMODE “1” : Classical ASCTrendSig **BUY and SELL** signals with AlertOnce.
2. ASCMODE “2” : Classical ASCTrendSig **BUY** signals with AlertOnce.
3. ASCMODE “3” : Classical ASCTrendSig **SELL** signals with AlertOnce.
4. ASCMODE “4” : ASCTrendSig **Long Term BUY and SELL** signals with AlertOnce.
5. ASCMODE “5” : ASCTrendSig **Color Change BUY and SELL** signals with AlertOnce.
6. ASCMODE “6” : Signals of ASCMODES **4 and 5**.
7. ASCMODE “7” : **All ASCTrendSig signals** with AlertOnce.

If you don’t want to use AlertOnce which requires setting AlertID and BarID individually for each chart, you may use **ProSuite 2000i default alerts** as following:

8. ASCMODE “11” : Classical ASCTrendSig **BUY and SELL** signals with ProSuite 2000i alert.
9. ASCMODE “12” : Classical ASCTrendSig **BUY** signals with ProSuite 2000i alert.
10. ASCMODE “13” : Classical ASCTrendSig **SELL** signals with ProSuite 2000i alert.
11. ASCMODE “14” : ASCTrendSig **Long Term BUY and SELL** signals with ProSuite 2000i alert.
12. ASCMODE “15” : **ASCTrendSig Color Change BUY and SELL** signals with ProSuite 2000i alert.
13. ASCMODE “16” : Signals of **ASCMODES 14 and 15**.
14. ASCMODE “17” : **All ASCTrendSig signals** with ProSuite 2000i alert.

Settings for AlertOnce™

AlertOnce is specifically designed for daytrading with real time tick data. In order to distinguish each alert signal and only let it alert once, you need to set **ALERTID** and **BARID** for each chart.

ALERTID

Assign an unique ID number for each chart. The ID number can be any positive integer number between 0 to 1000. For example, if you apply ASCTrendSig to 3 **charts** (note, not workspace, but charts, it is possible to have a few charts in one workspace), turn ON all the alerts and assign different AlertID for each chart. For example, you may set ALERTID = 501 for chart 1, ALERTID = 502 for chart 2,

ALERTID = 503 for chart 3 and so on. It should not have any identical ALERTID numbers in your entire TradeStation or SuperCharts. See Appendix B for details on how to set up AlertID.

BARID

Assign a unique ID number for each bar. The BARID number can be any positive integer number between 601 to 701. For example, if you apply ASCTrendSig to 3 **charts** (note, not workspace, but charts, it is possible to have a few charts in one workspace), and you turn ON all the alerts, you have to assign different BARID for each chart. For example, you may set BARID = 601 for chart 1, BARID = 602 for chart 2, BARID = 603 for chart 3 and so on. It should not have any identical BARID numbers in your entire TradeStation or SuperCharts. See Appendix B for details how to set up BarID.

C. A Note Using ASCTrendSig

When you use option “*Update every tick*”, **it is vitally important** to click *refresh icon* to confirm if the signal is the true signal. Because high, low and close prices are changing with every new tick before the bar close.

When you apply the ASCTrendSig to the longer time bar charts, such as 30-minutes or daily charts, watch more closely in real time and write down the price when you get a buy or sell signal. You will find that more than 80% of the time, the close price of the bar is above the buy price triggered by ASCTrendSig, and more than 80% of the time, the close price of the bar is below the sell price triggered by ASCTrendSig.

Appendix B

Default Settings For ASCTrend Indicators

Default setting of ASCTrend 3.5 indicators:

Indicator	Risk	MONYRISK	OFFSET	MODE	AlertID	BarID
ASCTrend1	8	-		0	101	201
ASCTrend2	3	2.0			-	-
ASCTrend3	3	1.5			301	401
ASCTrendSig	3	1.5	1	11	501	601
ASCTrendRadar	3	1.5				

“**RISK**” can be changed from 1 to 10 to select its sensitivity. “1” is the most sensitive with minimum delay and “10” is the least sensitive. The default value of RISK is 3.

“**MONYRISK**” is an optional input. This option affects the ASCTrend stop values only, not the trend determination. A specific unit which is the average range of the last 10 bars is used for MONYRISK. The default value for MONYRISK is 1.5 for ASCTrend3 and 2.0 for ASCTrend2. It can be adjusted from 0.5 to 5.0. For traders who like the Fibonacci numbers may try the inputs such as: 0.382, 0.618, 1.000, 1.382, 1.618, 2.000, 2.382, 2.618...

“**OFFSET**” **Default value of OFFSET is 1.0.** When you choose value 1.0 for OFFSET, you accept the signals defined market. You may loose or tighten signal conditions by adjust the value of OFFSET. OFFSET must be a positive number ranging from 0.3 to 3.0.

The smaller number, such as 0.3, the less trading signals will be generated, and the higher accuracy. The bigger number, such as 3.0, the more trading signals will be generated, and the lower accuracy. Default value for OFFSET is 1.0. You should use the default value when you first start.

“**ASCMODE**”

See Appendix A on page 36 for details.

“ALERTID”

To apply the AlertOnce feature, you must assign a unique positive integer to the AlertID on each chart. This number must be unique, don't allow the same number to be used on different charts (such as chart 1, 2, 3 ...) or signals (such as ASCTrend1, ASCTrend3 ...). Suggestions for the settings:

ASCTrend1	101 to 200
ASCTrend3	301 to 400
ASCTrendSig	501 to 600

“BARID”

To apply the AlertOnce feature, you must assign a unique positive integer to the BarID on each chart. This number must be unique, don't allow the same number to be used on different charts (such as chart 1, 2, 3 ...) or signals (such as ASCTrend1, ASCTrend3 ...). The number for BarID must also be different from AlertID. Suggestions for the settings:

ASCTrend1	201 to 300
ASCTrend3	401 to 500
ASCTrendSig	601 to 700

The above suggestions are good for up to 100 charts. If you have more than 100 charts, then feel free to use any number below 1000. Make sure the ID number (AlertID or BarID) assigned is a unique number in your entire TradeStation or SuperCharts.

Appendix C

How To Insert An Indicator For Data2 Or Data3

1. Click “Insert”, then click “Analysis Techniques...” or simply press “F7” key.
2. Click “Indicator”, check “Format” button, highlight the indicator which you want to insert (add), then click “Plot”.
3. “Formatting Indicator” window will show up, you may change the settings for “General”, “Inputs”, “Style”, “Color”, “Scaling” and “Data”, otherwise you will use the default settings of the indicator automatically.
4. Click “General”, check “Auto-detect” and “Update every tick”.
5. You may assign the indicator based on any data on the chart from “Data” menu. You may select “Base study on” the data, such as 1, or 2, or 3...
6. You may display the indicator on any subgraph by select one of “Subgraph” such as Hidden, One, Two, Three ...
7. Click “OK” to insert the indicator.

Appendix D

How To Insert Data2, Data3 ... To A Chart

If you want to insert (add) second or third data to a chart, follow the procedures below:

1. Click “Insert”, then click “Symbol” or simply press “F5” key.
2. “Insert Symbol” window will show up, check “Prompt for format” box, and input the data which you want to insert, then click “Plot”.
3. “Format Symbol” window will show up. Click “Settings” to input corresponding values.
4. Data style and scaling will be automatically selected by default values, or you may select by yourself.
5. From “Settings” menu, assign the data to one of “Subgraph” (such as Hidden, One, Two, Three ...)
6. Click “OK” to plot the data to the chart.



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