

eASCTrend 6.0 EODS



ABLESYS CORPORATION

20954 Corsair Blvd.

Hayward, CA 94545

Phone: 510 265-1883

Fax: 510 265-1993

Email: ablesys1@ablesys.com

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

Product: Automated end-of-day trading software

Requirements: *Minimum:* 200 MHz CPU, 128 MB RAM, 10 MB free hard disk space, 56K modem and Internet account, Windows 95/98/NT/2000/XP. *Suggested:* WinXP or Win2000 with 2.4 GHz CPU or above, 512 MB RAM or more, 40 GB hard disk, cable modem or DSL Internet account. Access to AbleSys EOD data (index, stock and mutual fund) or you may use eSignal EOD data.

Price: \$88/month trial; \$595/year

by David Penn

I don't care how many pictures of traders with their well-shod feet propped up on mahogany Herman Miller desks we must be subjected to. The fact of the matter is that trading is hard work and there are only two ways that the average trader who dreams of success can make money while looking anything like the Masters of Trading Serenity and Bliss that populate advertisements in financial magazines. The first is to get *somebody else* to do your trading for you. The second is to get *something else* to do your trading for you.

In the world of the latter, there are as many rogues as there are righteous ones, and scanning through trader message boards for the conventional wisdom on automated trading systems tends to produce more disgruntlement than gratitude. Unfortunately, it is often difficult to determine where the fault lies—in nefarious software that fails to perform as advertised, or in clumsy, faint-hearted

traders unable to stomach the draw-downs and underperformance streaks that are inevitable with even the most effective mechanical trading systems.

Mechanical trading systems, it should be said, aren't simply for those who don't want to get their hands dirty. The best mechanical trading systems still have quite a bit of work for the trader who wants to get the most out of his system. Backtesting, parameter optimizing, scanning ... all of these are just a few of the tasks that the mechanical trader will need to do in order to ensure that the mechanical system being used will perform as well as expected.

To this end, the mechanical trader needs not just a system that will provide winning trades with frequency, consistency, and regularity (that is to say, "holding periods"), but also a system that is responsive to the sort of tweaking all traders do as the system and the (wo)man trading the system get to know each other better. This is one area where AbleSys' eASCTrend—known as the first universal mechanical trading system for retail and small institutional traders—excels, and one of the reasons why you should get to know eASCTrend 6.0 EODS if you think mechanical trading might be for you.

INTRODUCING EODS

eASCTrend 6.0 EODS (EODS) is the company's latest iteration of eASCTrend geared specifically for traders who trade stocks on an end-of-day basis. Whereas eASCTrend 6.0 (which I reviewed a few years ago for *Technical Analysis of STOCKS & COMMODITIES*) was and remains a highly regarded real-time product for stock, futures, and options traders, this new version makes it possible for an entire class of stock traders to consider managing all or part of their portfolio using mechanical, automated methods.

What does eASCTrend 6.0 EODS do? In short, the software provides traders

with automatic buy and sell signals based on either proprietary trading systems or common indicators and oscillators like moving averages, stochastics, relative strength index (RSI), moving average convergence/divergence (MACD), and more. More than this, EODS features alerts, stops, back-testing, money management, and risk evaluation tools so that an EODS trader is actually in as much control of the trade as the average discretionary trader might be. While geared toward helping traders make the most of trending markets by avoiding sloppy, sideways markets, eASCTrend 6.0 EODS still gives traders enough flexibility so they feel in charge without having to make every single buy, sell, or exit decision as they arrive.

That said, it is also important to note that eASCTrend 6.0 EODS is remarkably straightforward to operate. One of the raps on automated/mechanical trading systems has been that running the software was no less complex than was creating and running your own trading system. For these critics, the whole "simplicity premium" of using an automatic trading system was lost if the system was overly complex and as time-consuming (and brain-twisting) as running a discretionary system or method would be.

Fortunately, those who come to know eASCTrend 6.0 EODS will find in it an intuitive, well-organized system that, while scalable to numerous positions running numerous different trading/indicator packages, is still usable for the individual retail trader looking to trade a few mutual funds or a handful of stocks as well.

LAY OF THE LAND

The eASCTrend 6.0 EODS platform can be divided into as many as eight different workspaces, and each workspace can be filled with a variety of chart, alert, quote, or scan window. To get started in the end-of-day version, all a

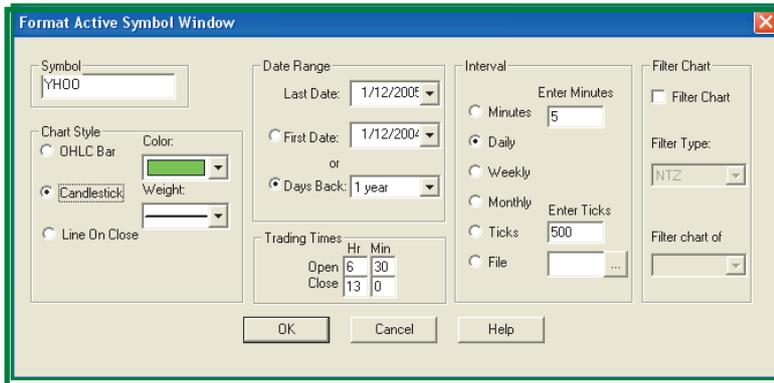


FIGURE 1: STOCK ANALYSIS. Select the stock for analysis with the “Format Active Symbol Window.” Set charting style, data range, and periodicity here.



FIGURE 2: THE WORKSPACE. Color-coded charts let eASCTrend traders see where entries and exits are, as well as stop-loss levels and general trend up/down analysis.

trader needs to do is go to FILE, click for “New Window” and then select “Chart Window.” An “Insert Symbol” (Figure 1) window will pop up. Here, the trader will enter the symbol of the stock he or she is interested in, as well as make other modifications such as chart style (bars, candlesticks, line on close), the date range of price data to be included (available also as “days back”), and the periodicity (from as short as ticks and minutes to as long as weeks and months). Click “OK” and the desired chart, modifications intact, will appear in the open workspace.

The topmost toolbar (Figure 2): File, View, Insert, Format, Tools, Window, Help. File contains the commands to create and delete new windows, as well

as show the alert center and trade log. Commands to open, close, save, delete, or create new workspaces are here in the File menu, as are data output/input and printing options. View reveals or hides both the lower toolbar and the status bar. The lower toolbar contains hotkeys for many of the functions—manipulating workspaces, changing periodicity, zooming in/zooming out of the chart and reducing/increasing the space between bars, and so forth, and the status bar refers to system status and lets the trader know that the system is receiving data (for the real-time version), as well as signaling that the Internet connection is intact.

The Insert menu provides access to both the insert symbol and insert analy-

sis pop-up windows. This menu also has the “Insert Portfolio Data List” so that larger numbers of stocks can be added easily at once. The Format menu allows traders to make basic changes to the appearance of the stock, indicators, and/or the chart itself. This is also another way for the trader to change aspects of the trading signal by way of the “TradeSignal” option, which brings up a “Set Global Trade Signal Formulas” window. This window presents an array of parameters that can be changed or modified, as well as exit rules, plot style for the actual signals themselves, and settings for the autoscan feature.

The Tools menu option gives access to the info window, which lets the trader see the characteristics (high, low, open, close, time, bid/ask, volume, change, and bar number). There are also links to toggle the status line, to set up and run the Autoscan, change the password, reset the tick server, and refresh all or the current charts. The lower toolbar—the one that can be toggled on and off by way of the option in the View menu—is really just a collection of hot keys.

These functions include options to open and close workspaces, print, change periodicity, call up the info window, modify symbols and set-up analysis and trading rules and signals, change bar spacing, set a music alert, run Autoscan, display the trade signals report, and a few other tasks that are worth having immediately at hand. eASCTrend traders can also call up the money management calculator from a button on this toolbar.

ENABLING EODS

eASCTrend 6.0 EODS comes with a helpful QuickStart guide to get traders up and running with the software as quickly and surely as possible. One of the tricks with a mechanical trading program is to avoid being overwhelmed by the array of options and configuration possibilities. And one of the best ways to avoid this is by focusing in on the basic functions of the software. In other words, find a stock, set some parameters for buy and sell signals (or stick with the default parameters) and see what sort of results you get. In this scenario, incre-

PRODUCT REVIEW

mental tweaking and “slow learning” the software will probably be more helpful in the long run than trying to master the program whole.

For example, after calling up a symbol and charting it, an eASCtrend trader may elect to use the default parameters available in the “Format Trade Signal for Active Chart” (Figure 3) or, by pressing the dollar sign key next to the “Scan TSPC” (which stands for “trade signal performance control”) button, which will cause the software to automatically determine which parameters will yield the most profitable results based on the specific active chart.

While this process can take up to 30 minutes with older, slower computers, it is a valuable way of learning how eASCtrend spots trading opportunities. When the Scan TSPC process is complete, the eASCtrend trader will be able to read a summary of the performance of the system under the new parameters (as opposed to the default parameters) specially chosen for that chart.

The information provided in this summary is fairly extensive: total profit long and short, a comparison with buy/hold profit, total number of trades during the survey period, maximum draw-down, total trades long and short, total win rate long and short and profit factor for both long and short trades.

eASCtrend uses 11 different parameters—from TSPC to MONYRISK (which helps define the tightness of protective stops) and DEVIATION (another stop-loss adjustment) to “Nth Bar” (exit rules) and ProfitLevel (which signifies the point at which break-even and trailing stops are deployed). Again, the default values for many of these parameters (such as ContractSize, PointValues, and CostPerTrade) will likely suffice for most traders most of the time. However, the ability to change and modify them is key to the system’s flexibility and broad applicability to tradables of all kinds in a variety of trading environments.

ALL ABOUT ABLESYS

AbleSys is responsible for the mechanical/automated trading system that STOCKS & COMMODITIES readers have

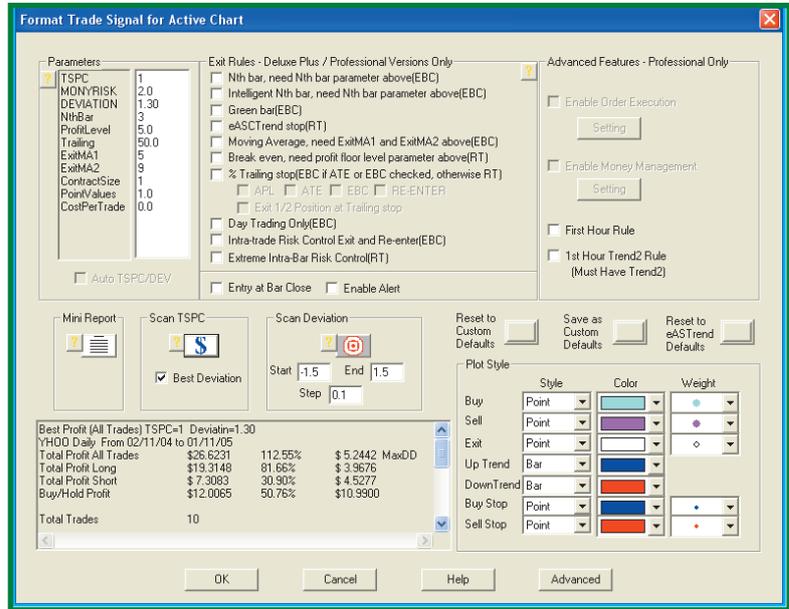


FIGURE 3: CONFIGURING SIGNALS. A great deal of specificity and flexibility in configuring trading signals is possible through eASCtrend 6.0 EODS. This includes the option to let the system optimize trading signals based on the chart being considered.

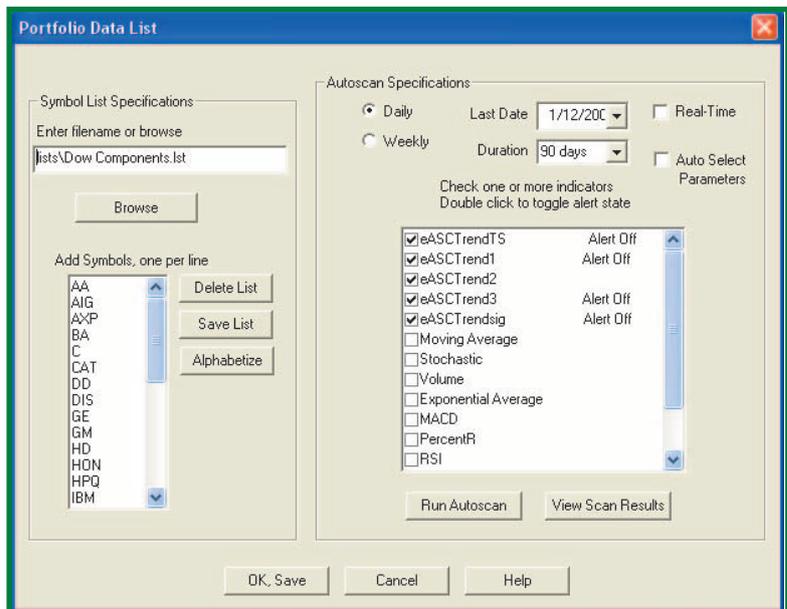


FIGURE 4: AUTOSCAN. eASCtrend 6.0 EODS’ Autoscan feature lets traders apply the eASCtrend system to a variety of stocks—such as the components of the Dow Jones industrials—over a given period. Scan results include profit, maximum drawdown, win rate, and other important trade information.

most celebrated over the years in our Readers' Choice Awards. And a quick review of eASCTrend 6.0 EODS helps explain why. While capable of a great deal of trading signal complexity, eASCTrend 6.0 EODS is accessible for the average retail trader who simply is looking for reliable buy and sell signals for trading stocks on an end-of-day basis. In addition to two different paper-trading modes for those preferring to sample the software's trading system before committing actual capital to it, eASCTrend 6.0 EODS also sports a helpful AutoScan (Figure 4) feature that lets traders see the work of the trading systems on a variety of likely-to-be-traded stocks.

The AutoScan lets the eASCTrend trader enter in a list of stocks, set trading parameters (or, again, accept the default), and then let eASCTrend find the entries and exits. Two keys in the lower toolbar make it easy to switch back and forth between items (shown as color charts in the open workspace) in the AutoScan list, and an Optimized TSPC Autoscan Mini Report that provides a summary of trading data (total profit, maximum drawdown, total trades, winning rate, and so forth).

Those who have used eASCTrend 6.0

EODS from anywhere from eight or nine months to more than three years consistently express confidence in the software's trading signals. The risk control aspects of the software particularly impressed a number of traders who highlighted the various stop-loss types available with AbleSys. Other traders opined that the inclusion of mutual funds was a significant plus for the software, while still others said they appreciated the way that eASCTrend 6.0 EODS graphically displayed not only its entry and exit signals, but also support and resistance levels, helping warn traders when stocks (or mutual funds or commodities, in other instances) were approaching "dangerous" levels.

In fact, AbleSys was so helpful in this regard, according to one trader, that he was able to use the software not just for generating trading signals, but also as a confirmation tool for his other trading systems and methods. Technical support services for AbleSys also came in for commendation, with "excellent" and "very responsive" being typical, consensus praise.

Mechanical/automated trading systems are not for all traders. And even some traders who do use such systems only run a portion of their trading capi-

tal with mechanical or automated systems. As I alluded to at the outset, the reasons for this vary from a simple lack of trust in the idea of mechanical systems to a preference among some traders to remain as "hands-on" while trading as possible.

Nevertheless, there is a broad swath of people for whom trading is less about who they are and more about what they do with their money. And if an automatic trading system can provide them with positive results and winning trades, they suffer no blow to the ego in the process. As one trader I spoke with stated bluntly when asked about his experience—and level of satisfaction—with the software, "I follow it blindly."

And if you're thinking about exploring the world of mechanical/automated trading, then it's hard to think of a more simple, straightforward, and worthwhile endorsement than that.

Technical Writer David Penn can be reached at DPenn@Traders.com.

RELATED READING

Penn, David [2002]. "eASCTrend 6.0," product review, *Technical Analysis of STOCKS & COMMODITIES*, Volume 20: April.

