

AIQ

Opening Bell

Newsletter
Digest

May/June 2009 Vol. 18 Issue 6

In This Issue

Chart Pattern Recognition -
Never Perfect But a
Powerful Tool.....1

Steve Palmquists - Timely
Trades June 24 6

Average True Range
Trailing Stops.....10

AIQ's 20th Annual Lake
Tahoe Seminar13

Dan Zangers - The Zanger
Report.June 2814

The Options Hunter 2-day
Seminar Chicago...17

The Opening Bell Newsletter
is a publication of AIQ Systems
P O Box 34764,
Reno NV, 89533

E-mail:
openingbell@aiqsystems.com

Chart Pattern Recognition - Never Perfect But a Powerful Tool

By Steve Hill, President AIQ Systems

Stephen Hill is President of AIQ Systems. For the past 15 years he has been involved in all aspects of AIQ Systems, from support and sales to programming and education. Steve is a frequent speaker at events in the U.S. and Europe, talking on subjects as diverse as **Portfolio Simulation Techniques, Advanced Chart Pattern Analysis** and **Trading System Design**.



I read an article recently on one of the expounders of chart patterns, Dan Zanger of Chartpattern.com. The author made a comment that struck me as particularly insightful. In summing up his evaluation of chartpattern.com, he pointed out that chart patterns alone are not the entire answer, rather they provide a starting point in an overall trading strategy. I tend to agree. Dan Zanger, while a master of identifying patterns, doesn't use them in a vacuum. Dan uses a fundamental filter and looks for volume breakouts as his entry point.

A couple of years ago I traded Dan's patterns looking for a volume breakout during the first hour of trading; this breakout had to have 25 - 30% of the 21 day average volume occurring in that first hour of trading and the type of

patterns I employed was consolidation breakouts, flags and pennants. The volume was the significant trigger for me, and the trades were very successful. Unlike Dan, however, I only held these position for an average of a day. Exits were when the 15 minute volume began to fall away and hit my parasar stop. This quickish trade required 30 minutes of work a day and fit in nicely with my working life at AIQ. Eventually I was unable to continue this trading when work dominated all my time during the market hours.

My lifestyle has changed again, and now that I work from my home office, I've eliminated the curse of commuting. This saved time I'm putting to good use by trading Dan's pattern breakouts and also some options trades based on Dale wheatley's Options Hunter patterns.

As I have been honing my trading skills, it seemed a good time to open my AIQ TradingExpert Pro toolbox and reacquaint myself with the Chart Pattern Recognition add-on. The time I have in the day to dedicate to trading is still limited, therefore any process that cuts down my analysis time is important. This led me down the road to AIQ's Expert Design Studio (EDS), and as my focus is chart patterns, to the EDS chart pattern studies built in to the software.

If you've never heard of this add-on, that's partly my fault in failing to promote

this tool in the last couple of years. Hopefully his article will go some way to compensate for this. The next several paragraphs will give you an outline of this tool. The final section of this article will delve into the Expert Design Studio and the chart pattern studies.

Some, if not most, market technicians would say that chart pattern reading is at the heart of technical analysis. Yet most would admit that pattern analysis is more of an art than a science. What is a head-and-shoulders pattern to one person is not to another. Chart pattern analysis is more an art because computers haven't been able to identify patterns, and therefore pattern analysis has been hard to quantify.

TradingExpert Pro's add-on Chart Pattern Recognition module is not perfect either, but it does identify many patterns, and it automatically plots them with trendlines and alerts you when patterns are broken. Plus it has the ability to back test each type of pattern to determine its accuracy!

TradingExpert's Chart Pattern Recognition module uncovers the major chart formations. These include

Ascending Triangle,
Descending Triangle,
Triangle,
Channel Down,
Channel Up,
Falling Wedge,
Rising Wedge,
Rectangle,
Head and Shoulders,
Inverted Head and Shoulders,
Triple Top,
Triple Bottom,
Flag,

Pennant,
Double Top,
Double Bottom.

Utilizing Chart Pattern Recognition is a simple process. First you have to enable this feature, visit <http://aiqsystems.com/store/page14.html>. It's \$20/mo. After enabling this feature, go to *Communications*. Within the *Update* section click *Chart Patterns*. Then click *Save Setup*. Each evening the chart patterns will be downloaded along with the rest of your stock data.

After the data download, move to the Charts module. From the menu bar click *Charts*, then *Settings*, then *Chart Pattern Settings*. **Figure 1** will appear. (Note: to open a similar screen in Alerts, right click in the chart area and select *Chart Pattern Properties*). Looking at the left side of **Figure 1**, place a check mark next to the patterns that you are interested in. You can also add or remove

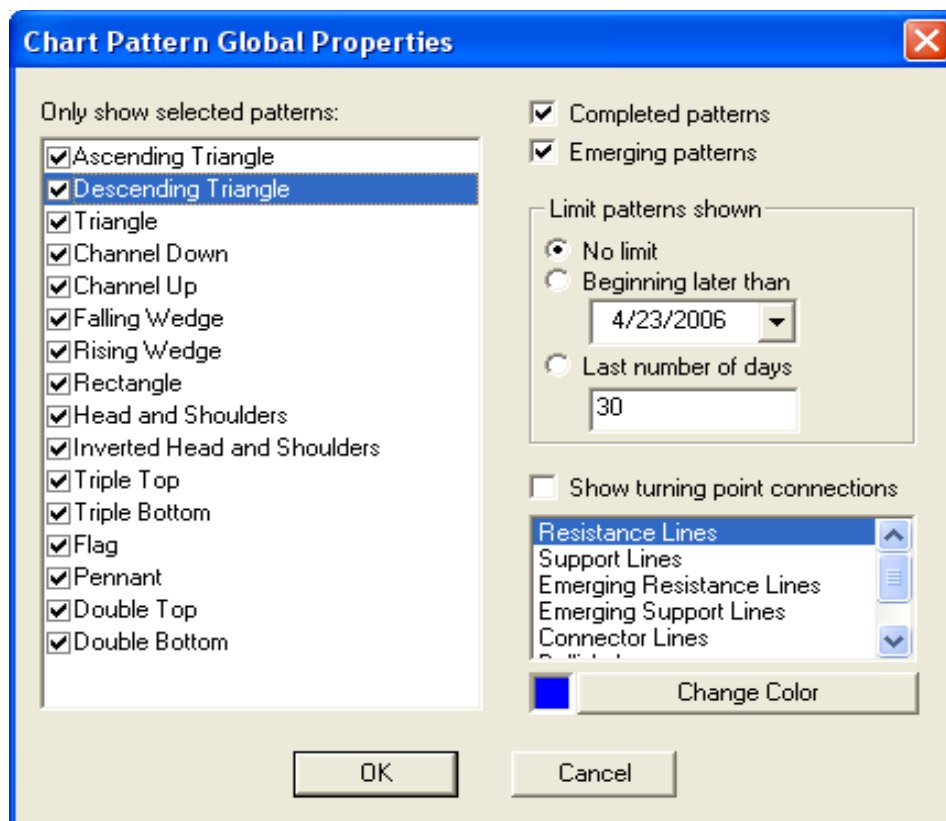


Figure 1. The *Chart Pattern Global Properties* screen found on AIQ charts (*Chart/Settings* menu) is used to specify patterns that are displayed on the charts.

individual patterns from the set of icons that appear on the left side of the chart screen.

On the right side of **Figure 1**, you can choose to view completed patterns and/or emerging patterns. By default, the completed patterns are shown with blue trendlines and the emerging patterns are shown with green trendlines. These color schemes can be changed.

Under *Limit Patterns Shown*, you can specify time frames for the chart pattern formation. Those who typically trade patterns that take place over a two-week time period can specify that limitation, while Finally on **Figure 1**, by placing a check mark on *Show Turning Point Connections*, the system will connect the high and low points in price activity that forms the pattern. This is useful in seeing the pattern formation but most people will leave this unchecked in order to better view price activity. Longer-term traders can utilize patterns that form over weeks to months.

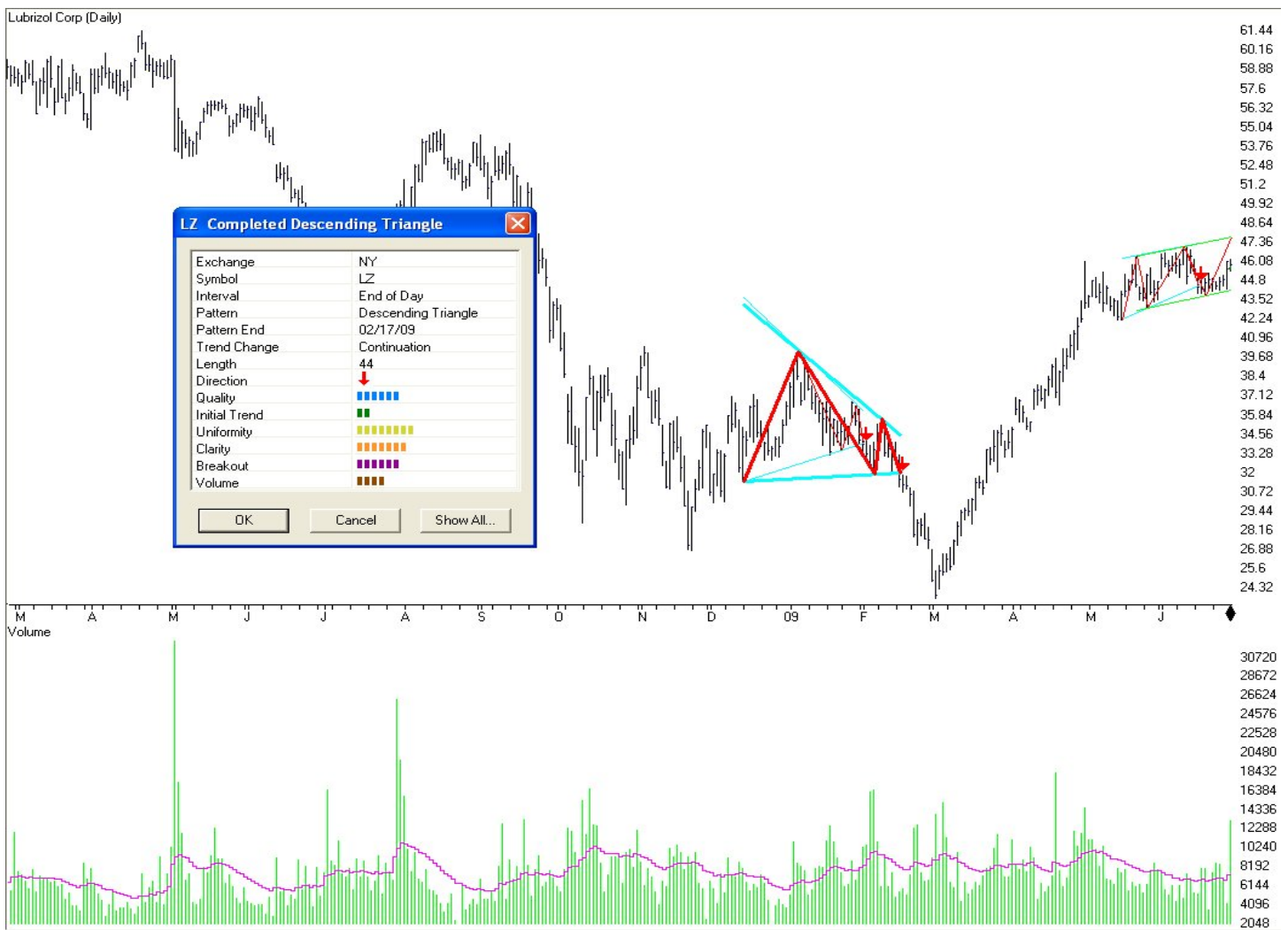


Figure 2. Daily chart of Lubrizol Corp [LZ] highlighting a completed descending triangle on 02/17/2009

Finally on **Figure 1**, by placing a check mark on *Show Turning Point Connections*, the system will connect the high and low points in price activity that forms the pattern. This is useful in seeing the pattern formation but most people will leave this unchecked in order to better view price activity. After completing the *Chart Pattern Global Properties* (Figure 1) box, patterns will appear on the S&P 1500 stocks. For example, if we are interested in Completed Descending Triangles, a pattern of level lows and downward sloping highs, the system will uncover stocks like Lubrizol [LZ] shown in **Figure 2**.

TradingExpert Pro also has the capability to show more information about each individual chart pattern. You can click on its buy/sell arrow

and information on the pattern will appear (**Figure 2**). The *Information Box* shows that a Descending Triangle pattern was completed on Lubrizol [LZ] on February 2. The pattern was based on an end-of-day chart and took place over 44 price bars.

The *Information Box* also rates the quality of the pattern. More boxes after *Quality* indicate a textbook pattern. This is based on an average of the following criteria:

- *Initial Trend*. This is the quality of the trend preceding the pattern. If the pattern takes place within a long-term choppy formation then Initial Trend will be weak. If, however, a buy signal is fired within a longer term uptrend then Initial Trend will be strong.

- *Uniformity*. This indicates how uniformly spaced the price turning points are that touch the support and resistance lines.

- *Clarity*. This measures how clear the pattern is. If a stock shows very little random price movement around its Turning Point Connection Lines then it will have a high Clarity reading. If there is a lot of random price movement within the overall pattern then Clarity is reduced.

- *Breakout*. This is the decisiveness with which the price broke through the support or resistance line.

- *Volume*. Ideally a stock completes a pattern on strong volume. This reading measures the strength of volume on the breakout.

Completed Patterns as the name refers appear once the pattern completes. Often this involves breakout one way or the other. As in the Lubrizol [LB] case the move down was from \$32 to \$24.

Figure 3 displays a completed pattern on Lubrizol [LB] from 02/17/2009. **Figure 3** shows the same ticker with an Emerging Flag on 06/26/2009.

The Emerging Patterns give us a heads up of a pattern that is close to complet-

ing; a pattern I would add to my watchlist. This emerging flag is poised to breakout to the upside based on the *Direction* in **Figure 3**. The *Quality* rating is very high. Usually bullish flags resolve to the upside once price breaks through the upper trendline (top of the flag).

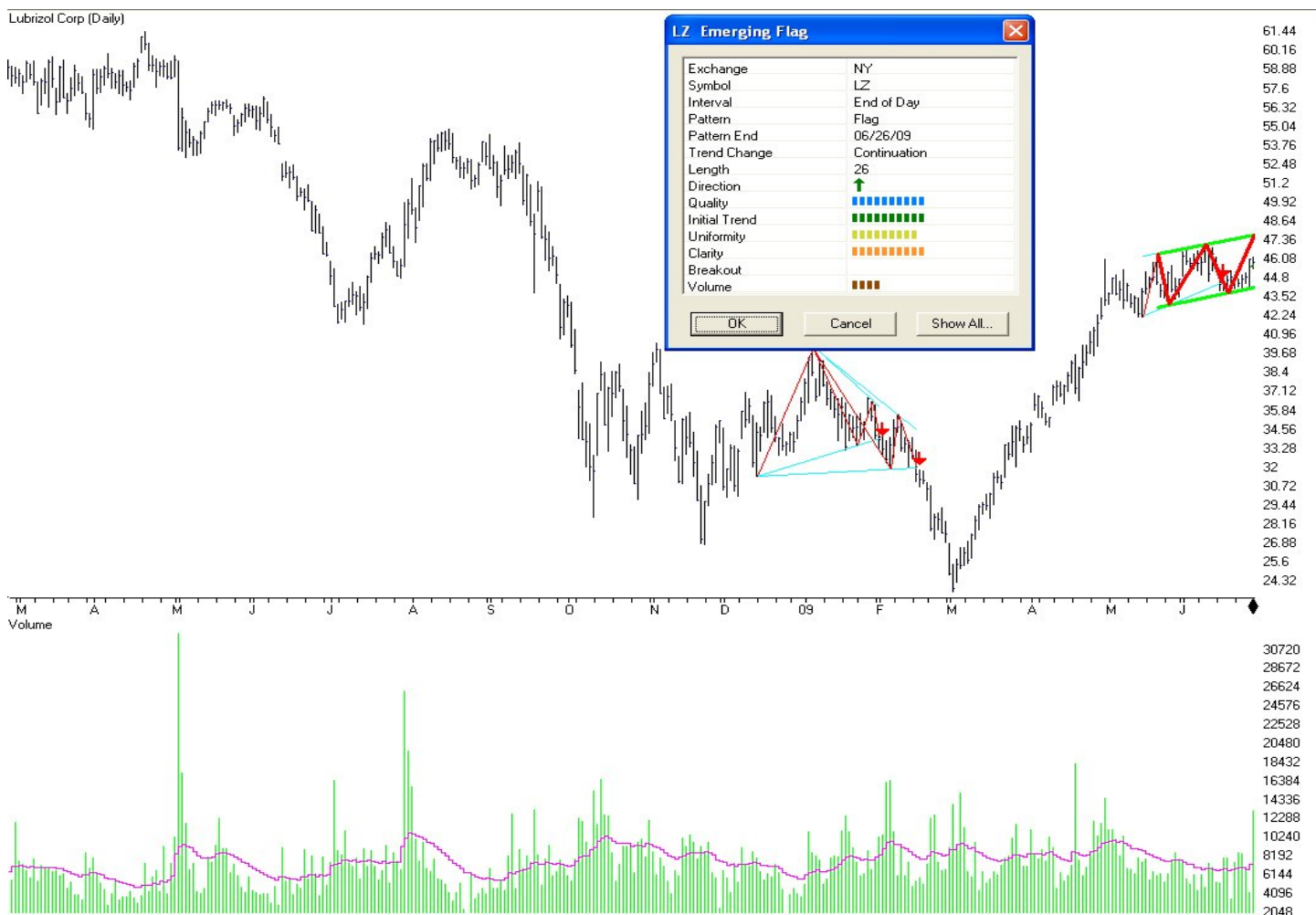


Figure 3. Daily chart of Lubrizol Corp [LZ] highlighting an emerging flag on 06/26/2009

As I mentioned earlier in the article, the Chart Patterns are also available in the Expert Design Studio (EDS). There are two EDS strategy files available. You can see them yourself by going to EDS (Studio icon from the AIQ Main Menu). Click on *File, Open*. In the *Look in* pull down, locate the folder */wintes32/Eds Strategies/Aiq Chart Pattern Recognition*.

There are two files *ChartPatterns - Completed* and

ChartPatterns - Emerging. In **Figure 4**, I've opened the Chart Patterns - Emerging that ran automatically after my update Friday night.

In **Figure 3** you'll see numerous tabs for example *headsandshouldersemerge*. Each pattern has its own tab. Below these tabs you can see the summary view for all tickers displaying any emerging patterns. By clicking on a tab you can see the list of tickers on the left that are displaying a particular emerging pattern. Flags are one of the patterns I'm interested in. By clicking on the tab *flagemerge*, I found 23

tickers displaying this pattern. Clicking on the Chart List icon **Figure 4**, I created an AIQ list of these tickers to browse through **Figure 5**.

As the update runs automatically every night, this is a great time saving way to get to the charts I want to see. That's it for this article, next time we'll be looking at backtesting the patterns for effectiveness.

ChartPatterns - Emerging.EDS - Expert Design Studio

File Edit Report View Help

Chart List

6/26/2009 00:00

flagemerg | headandshoulderemerg | invheadandshoulderemerg | pennantemerg | rectangleemerg | risingwedgeemerg | triangleemerg | triplebottomemerg | tripletopemerg | Summary

Symbol	anyemerg - 763	ascendingtriangleemerg - 63	channeldownemerg - 129	channelupemerg - 284	descendingtriangleemerg - 17	doublebottomemerg - 0	doubletopbottom - 0	doubletopemerg - 0	fallingw...
A	Passed			Passed					
AA	Passed			Passed					
AAI	Passed			Passed					
AAPL	Passed			Passed					
ABCW	Passed								
ABFS	Passed			Passed					
ABM	Passed			Passed					
ABT	Passed		Passed						
ACAS	Passed								
ACE	Passed								
ACF	Passed								
ACI	Passed								
ACTIW	Passed		Passed						
ACS	Passed								
ACTL	Passed								
ADBE	Passed			Passed					
ADCT	Passed	Passed							
ADI	Passed			Passed					
ADM	Passed	Passed							
ADTN	Passed	Passed							
AEE	Passed			Passed					
AEO	Passed								
AES	Passed			Passed					
AET	Passed			Passed					
AFFX	Passed			Passed					
AFG	Passed			Passed					
AFL	Passed			Passed					
AGN	Passed			Passed					

Figure 4. ChartPatterns - Emerging EDS file results from 06/26/2009



Figure 5. List of emerging flags from 06/26/2009

Timely Trades June 24, 2009

By Steve Palmquist

NASDAQ Outlook & Key Trading Levels:

The market dropped sixty one points, on average volume, during Monday's session to retest the 1780 horizontal support area. On Tuesday the market traded in a narrow range around horizontal support, with below average volume. Wednesday's session saw the market bouncing twenty seven points on below average volume. The market is usually quiet the day preceding a Fed announcement, which makes Tuesday's strong move unusual. In trading, unusual implies caution.

As noted in previous Letters, I mark the Fed meeting dates in my calendar and generally trade lightly, if at all, the day before the Fed meeting announcement. The large moves usually come after the announcement, not before. The volume pattern of the last few weeks is positive; with the large volume days being up days, and down days generally coming on small volume. The retest of the 1780 horizontal support area is normal behavior.

The market has been testing resistance and then pulling back to retest support several times in the last two months. When the market breaks out of this pattern, either up or down, we should see a lot more triggers and some good trading. The market made three trips between support and resistance in May (see chart below), and then tested resistance and pulled back in June. Each run lasts about a week, which results in triggers coming in spurts. When the market bounces off support there are some good triggers, and then things slow down until the market retraces and then bounces again.

Successful traders adapt to the market and do not try and force trades. When the market is bouncing off support I have been taking trades, and when it has been retracing I have been doing other things. The retest of the 1780 horizontal support area is another opportunity for some good trades over the next week, if the market bounces. If the market moves above the 1815 area on around average volume I will be picking up a couple of long triggers. If the move comes on strong volume I will be picking up a few more longs. The stronger the volume the more interesting the move.

If the market bounces and then continues to toward the 1890 horizontal resistance area, I will continue trading long positions until it approaches the 1890 area. When the market approaches resistance I want to be taking profits on positions, in case it does the usual thing and retraces again. If instead it breaks above resistance, I can pick up new long positions. In trading ranges my focus is on protecting profits.

If the market breaks below the 1745 area I will close remaining longs and look at a couple of short positions, depending on the volume. If the market breaks support on clearly above average volume, I will look for a couple of short triggers with volume above the previous days volume. If the market breaks below the 1745 area on average or below volume, I will sit in cash until the market shows distribution or a continuation pattern.

I am focused on just trading a few small size positions because the market has been in a narrow trading range. If the market breaks above the 1890 horizontal resistance area, or

below the 1660 horizontal support area, it will have more room to run to the next support/resistance area so I will look at moderate position sizes rather than just small ones. Trading ranges typically generate just a few triggers, and the ones that are generated do not run far. When the market is in a trading range I compensate for the increased risks by using smaller position sizes and quicker exits. When the market moves out of this congestion area, either up or down, we should see more triggers and stocks will have more room to run.

When the market is retracing, like it did this week, few longs trigger. One interesting one that did is LZB from the last Letter. LZB triggered on around twice average volume and ran up 14% on Wednesday. When something triggers, either long or short, on around twice average volume I am immediately interested. In this case, the conservative place for the limit order was just under the recent high, rather than just under the upper Bollinger Band. When the market is in a trading range I use either the recent high or the upper Bollinger Band as targets, and place a limit order just under the target to get me out when it is reached. When there is more risk in the market I pick the closer of the two targets. This week being a Fed meeting week increased the risk above normal, so the closer target was more appropriate. When the market moves out of this trading range I will use looser targets because stocks will tend to run further.

Different market conditions generate different numbers of triggers, and the market conditions also determine how far the typical

trigger will run. This is why I first look at the market conditions; and then determine how many positions to be trading, and the position sizing to use. This approach does not involve predicting where the market will go, it is just reacting to what the market is doing. When the market is trending it will typically show more triggers, and they will run farther, so I take larger position sizes and trade more positions. When the market is range bound we see fewer setups and smaller movements. Traders cannot force their style on the market, they need to adapt to what the market is doing.

Different market conditions also favor different trading patterns. In the current conditions I am focused on several of my pullback scans for long trades. While shorts are generally not attractive unless the market were to break below horizontal support on volume, the short patterns that are interesting to keep in the watch list are distribution patterns, and some of the pullback patterns. I always want to have a watch list with both shorts and longs so I can respond to whatever path the market chooses.

There are no risk free trades. I want to manage risk by looking at each setup and asking, 'what is the lowest risk way to enter this trade?' I then want to compare that risk to what my other choices are. I am not focused on one stock, I am looking to manage units of risk by looking at all available trades, the various entry techniques, and the potential risk to reward that each trade yields. I then take the best of what is available, within the constraints of the trading plan.

I do not focus on watching for triggers to within the penny. I am looking at all the potential trades and then picking the ones that are best. All trading involves risk, there are no sure bets.

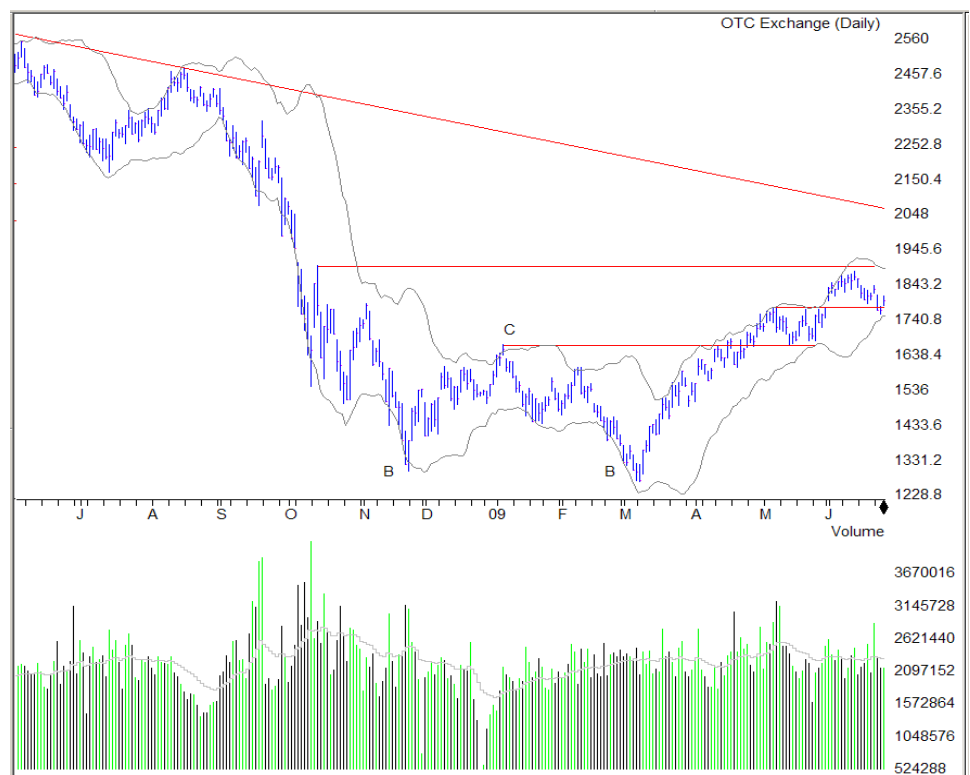


Figure 1 NASDAQ Market

Exit Strategies:

Holding periods and profit taking should be based on current market conditions. Take profits quickly in trading range markets, and give positions more time to work in trending markets. In non trending markets holding periods are usually not more than a few days. In trending markets holding periods may be several weeks or months. In non-trending markets consider taking profits after the initial pop from the trigger. Look to exit as the stock approaches the Bollinger Band, a recent high, a trend line, or when the market approaches support/resistance. In trending markets, consider trend lines and major support/resistance areas for exits. Strong stocks move up on above average volume. If the volume is low when moving up consider taking profits. When in doubt take profits. There is no guaranteed technique that always works, watch the setups that are triggering and adjust accordingly. Never trade with funds you cannot afford to lose.

Entry Strategies:

In uncertain markets, or narrow trading ranges, consider accumulation and distribution, or bull and bear flag, setups at current levels without waiting for a trigger. In uncertain markets, look for stronger volume on the trigger day before taking positions. In trending markets look to enter flags near the bottom of the flag base or when they hit the classical trigger. Volume measures interest, the stronger volume triggers may be lower risk choices, especially in uncertain markets. Traders willing to assume more risk may enter lower volume triggers or with accumulation/distribution/flags enter before a price trigger occurs. Traders seeking lower risk may look at triggers that occur on above average volume when the market is bouncing off support or resistance.

Risk Management:

In an indecisive or uncertain market I will just be trading a portion of my

account, using a few trading positions. When an individual trade hits either the stop or limit order (which I enter after getting filled) I can then look for another setup that triggers to replace it. For example, in a trending market I might be trading 10-15 full size positions. In an uncertain market I might be trading 3-5 half size positions. When all the positions I am willing to trade in a given market condition are filled, I either let new triggers go, or have to close an existing position to make room for a new trade. I focus on adjusting the number of trading positions and the position sizes as a way of controlling risk in different market conditions. The techniques described in this educational letter may not be suitable for all traders, consult your financial professional to determine if trading is appropriate for you. This material is solely for educational purposes, traders must do their own analysis before trading and are solely responsible for their trading decisions.

Long Trade Opportunities:

Focus on Long setup's that hit the price trigger when the market is bouncing off support, breaking above resistance, or in a clear up trend. See information on Market conditions above to determine if longs are appropriate. Do not take positions just because they reach the price target, check volume and market conditions to determine if taking a position is appropriate. An Initial protective stop loss is typically placed just below the low of the pattern. If the set up does not trigger the next day, watch the pattern for a few more days.

Interesting Long set ups include:

TLB on a move above 6.21. Pullback.

TRH on a move above 44.11. Pullback.

FISV on a move above 45.77. Pullback.

ICE on a move above 114.11. Pullback.

RNOW on a move above 11.31. Accumulation.

ZEUS on a move above 25.71. Accumulation.

Shorting Opportunities:

Focus on Short setup's that hit the price trigger when the market is retracing from resistance, breaking below support, or in a down trend. See information on Market conditions above to determine if shorts are appropriate. Do not take positions just because they reach the price target, check volume and market conditions to determine if taking a position is appropriate. An Initial protective stop loss is typically placed just above the high of the pattern. If the set up does not trigger the next day, continue to watch the pattern for a few days. The newsletter selections are not to be considered a recommendation to buy or sell any stock, it is educational material only. Each trader must do their own analysis and be responsible for their own decisions.

Interesting Short set ups include:

ED on a move below 35.94. Retrace.

EXPW on a move below 10.24. Distribution.

TNE on a move below 14.89. Distribution.

AOC on a move below 36.79. Retrace.

UNH on a move below 23.94. Retrace.

Trader Tips:

Trading with the Market is a key component of trading success. Taking Longs in a Market down trend is like

swimming upstream, it can be done but it's harder than going with the current. I make good use of trend lines and other filters to determine when to take, and when to ignore signals from my computer scans. This approach can have a significant impact on bottom line results.

I use support/resistance and trend lines on the NASDAQ to decide when to take pullback trades. I use the NASDAQ for timing because it is a broader representation of the market than the DOW or SPX and often leads the way on both the up and downside. If the NASDAQ is channeling up I focus on taking pullback trades when the Index is bouncing off the lower trend line. If NASDAQ has been trending down I will start taking pullback trades when the trend line is broken to the upside. This approach takes a little practice, but can be very effective.

Trading is a business of probabilities, if I win more than I lose and earn more on the winners than I lose on the losers; then my job is to play the game often. If we flip a coin and every time it comes up heads you give me a dollar and on tails I give you \$0.95, my goal is to get you to play as long as possible. The coin may come up tails a number of times in a row, but I know that over the long run I will come out ahead.

Each trade must stand on its own. Don't be tempted to trade weaker patterns after a string of winners because you're ahead. Don't be tempted to trade more aggressively when you're down in an attempt to get even. Trade the patterns on their own merits with a clear entry and exit strategy for each trade.

Traders interested in learning specific trading systems, how to read the market, and techniques for improving trading skills may be interested in the weekly

PowerTraderTools.com web seminars. Attendees will learn about specific systems for trading pullbacks, accumulation, distribution, bases, flags, indicators such as Stochastic and MACD, and Bollinger Band techniques. The idea is to show traders specific trading techniques, how they work, and the testing and research that makes them interesting. No amount of research or backtesting leads to a perfect system, or guarantees.

However, I personally would rather be using trading techniques that have been shown to be interesting in the past, than ones that have never been tested or evaluated. Traders will be able to pick up ideas to add to their trading tool box. For more information visit

<http://powertradertools.com/Products.html>.

Never be afraid to take a profit. No one goes broke taking profits. If you are not sure what to do then take the profit.

Terms of Use & Disclaimer:

This newsletter is a publication for the education of short term stock traders. The newsletter is an information service only. The information provided herein is not to be construed as an offer or recommendation to buy or sell stocks of any kind. The newsletter selections are not to be considered a recommendation to buy any stock but to aid the investor in making an informed decision based on technical analysis. Readers should always check with their licensed financial advisor and their tax advisor to determine the suitability of any investment or trade. Trading stocks involves risk and you may lose part or all of your investment. The Information provided in this newsletter is not to be relied upon for your investment decisions. Your decision to buy or sell any securities is a result your own decisions, free will, and your own research. We are not recommending the purchase or short sale of specific securities. Trading should be based on your own understanding of market conditions, price patterns and risk; our information is designed to provide setups we think are interesting but they may result in losses.

The information provided in this letter is for educational purposes only; and provided on an "as is" basis without regard to your investment goals, financial circumstances, investment knowledge, or trading abilities.

Steve Palmquist a full time trader who invests his own money in the market every day. He has shared trading techniques and systems at seminars across the country; presented at the Traders Expo, and published articles in Stocks & Commodities, Traders-Journal, The Opening Bell, and Working Money. Steve is the author of, "Money-Making Candlestick Patterns, Backtested for Proven Results", in which he shares backtesting research on popular candlestick patterns and shows what actually works, and what does not.

PowerTraderTools



**What do these
three pros
have in common?**

All these pros
adapt their strategies
to changing situations.

Learn more

<http://PowerTraderTools.com>

Average True Range Trailing Stops

Original article by Sylvain Vervoort in Stocks & Commodities June 2009, <http://www.traders.com>
AIQ Code by Richard Denning

The AIQ code for the date specific version in the article, "Average True Range Trailing Stops" by Sylvain Vervoort, for the average true range (ATR) trailing stop and the modified average true range (ATRM) trailing stop, is shown below.

The ATR stop codes provided can be pasted into any system of your choice and then used as the exit. The date specific (a start date is manually entered in the EDS code as an input and then the stop starts trailing as of that date) has been coded and provided below.

This stop can be plotted on a chart for purposes of checking trades one at a time. Be sure to set all the inputs to match your objective. Copy and paste the code that is between the dotted lines into a new EDS file. Repeat for the Modified Average True Range on next pages. You can also download the EDS files from the URLs below.

AIQ EDS Code for ATR Trailing Stops:

http://tradersedgesystems.com/aiq/traderstips/jun09/AIQ/ATR_Stops_Date.EDS

http://tradersedgesystems.com/aiq/traderstips/jun09/AIQ/ATRM_Stops_Date.EDS

.....
!! AVERAGE TRUE RANGE TRAILING STOP (DATE SPECIFIC VERSION)

! Author: Sylvain Vervoort, TASC, June 2009

! Coded by: Richard Denning 4/12/09

! INPUTS:

mo	is	10.	
da	is	2.	
yr	is	2008.	
isLong	is	1.	! 1 = for longs, 0 = for shorts
atrLen	is	5.	
atrMult	is	3.5.	

! ABBREVIATIONS:

C is [close].

C1 is valresult(C,1).

H is [high].

L is [low].

! AVERAGE TRUE RANGE

TR is Max(H - L,max(abs(C1 - L),abs(C1- H))).

ATR is expAvg(TR,atrLen).

! ATR TRAILING STOP FROM DATE

startDate is makeDate(mo,da,yr).

daysSinceStart is scanany(ruledate() = startDate, 5040) then offSetToDate(month(),day(),year()).

loss is ATR * atrMult.

longStop is C-Loss.

shortStop is C+Loss.

maxVal is iff(reportdate() >= startDate, ^highresult(longStop, ^daysSinceStart+1), C).

minVal is iff(reportdate() >= startDate, ^lowresult(shortStop, ^daysSinceStart+1), C).

! PLOT "TRAIL" AS CUSTOM INDICATOR TO SEE STOP ON CHART:

trail is iff(reportdate() >= startDate and isLong = 1, maxVal,

iff(reportdate() >= startDate and isLong <> 1, minVal, C)).

Buy if reportdate() = startDate and isLong = 1.

Exit if C < trail.

SellShort if reportdate() = startDate and isLong <> 1.

Cover if C > trail.

.....
!! MODIFIED AVERAGE TRUE RANGE TRAILING STOP (DATE SPECIFIC VERSION)

! Author: Sylvain Vervoort, TASC, June 2009

! Coded by: Richard Denning 4/12/09

! INPUTS:

mo is 10.

da is 2.

yr is 2008.

isLong is 1. ! 1 = for longs, 0 = for shorts

atrLen is 5.

atrMult is 3.5.

! ABBREVIATIONS:

C is [close].

C1 is valresult(C,1).

H is [high].

H1 is valresult(H,1).

L is [low].

L1 is lowresult(L,1).

! MODIFIED AVERAGE TRUE RANGE

AvgRng is simpleAvg(H - L, atrLen) .

HiLo is iff(H - L < 1.5 * AvgRng, H - L, 1.5 * AvgRng).

HLmax is (H - C1) - (L - H1) / 2.

Href is iff(L <= H1, H - C1, HLmax).

LHmax is (C1 - L) - (L1 - H) / 2.

Lref is iff(H >= L1, C1 - L, LHmax).

Diff1 is Max(HiLo, Href).

Diff2 is Max(Diff1, Lref).

ATRM is expAvg(Diff2, atrLen*2-1, 0).

! ATR TRAILING STOP FROM DATE

startDate is makeDate(mo,da,yr).

daysSinceStart is scanany(ruledate() = startDate, 5040) then offSetToDate(month(),day(),year()).

loss is ATRM * atrMult.

longStop is C-Loss.

shortStop is C+Loss.

maxVal is iff(reportdate() >= startDate,^highresult(longStop,^daysSinceStart+1),C).

minVal is iff(reportdate() >= startDate,^lowresult(shortStop,^daysSinceStart+1),C).

! PLOT "TRAIL" AS CUSTOM INDICATOR TO SEE STOP ON CHART:

trail is iff(reportdate() >= startDate and isLong = 1,maxVal,

iff(reportdate() >= startDate and isLong <> 1,minVal,C)).

Buy if reportdate() = startDate and isLong = 1.

Exit if C < trail.

SellShort if reportdate() = startDate and isLong <> 1.

Cover if C > trail.

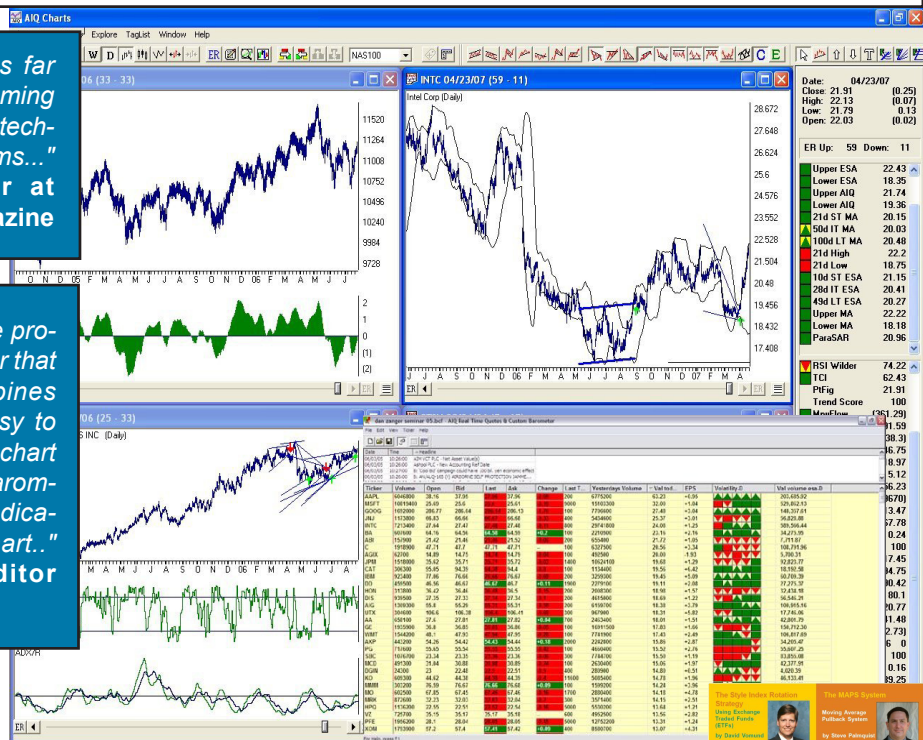
Code provided by Rich Denning at Traders Edge Systems.

For more information visit TradersEdgeSystems.com

AIQ TradingExpert Pro - Still the world's most intelligent trading software

"...the screening language is far less difficult than the programming language used with many other technical analysis software programs..."
David Penn, Staff Writer at Stocks & commodities magazine

"....The charting function of the program is excellent. It is no wonder that Dan Zanger likes it. It combines stunning graphics with an easy to use interface. It displays an on-chart indicator library with a Color Barometer to give you an instant indication of the status of each chart..."
Larry Jacobs, Editor Tradersworld magazine



Download FREE Trial
<http://aiqsystems.com/store/index.html>

AIQ's 20th Annual Lake Tahoe Seminar

October 17 - 18, 2009 Harveys Resort & Casino South Lake Tahoe, NV



Power sessions



Hosted lunches



Harveys Resort
Lake Tahoe



AIQ Systems
PO Box 34764
Reno, NV 89533
www.aiqsystems.com

Marc Chaikin, Two New Speakers, Two Regular Speakers, and Workshop

Years of research and experience come to fruition at this year's Tahoe seminar. Marc Chaikin will reveal more of his year's of research to the Tahoe attendees.

Every morning begins with an AIQ-hosted breakfast. Sessions begin at 8:30 each day and run through to 5:00 pm. Regular breaks during the day include an AIQ-hosted lunch each day.

Bring your portables. An entire session this year will be devoted to hands advanced configuration of TradingExpert Pro with Steve Hill, President of AIQ and Laurie Liessmann, head of technical support.

New speakers. This year we welcome two new speakers. Jon Gayno, and TBA.

Regular speakers, new topics. We also welcome back Steve Palmquist and Dale Wheatley with all new topics.

Plus new features in TradingExpert Pro

Mr. Chaikin is a recognized expert in developing technical trading systems and has lectured around the world on the development of computerized trading and investment models. Marc Chaikin started his career in trading as a stockbroker in 1966. By 1969 as a new bear market was in full swing, he began doing research into technical analysis as an alternative to fundamental research. Soon thereafter Marc started his first hedge fund, but he was back as a broker by 1971. By 1977, he had become head of the options department at Tucker Anthony & R.L. Day, Inc. where he applied the technical analysis he had developed to options trading. It wasn't long before Marc purchased a seat on the New York Futures Exchange (NYFE) so he could trade right on the floor.

Marc created the Chaikin Oscillator, the Chaikin Accumulation/Distribution Indicator (VA Pct) and The Persistency of Money Flow Indicator. These tools have proven valuable to traders and institutional investors for over 25 years. They have been included in the AIQ software for over 20 years and have ranked very high in David Vomund's trading strategy backtests highlighted in AIQ's Opening Bell. Marc is one of AIQ's long term users.

"Steve (Palmquist) actually told the group what works for him and what makes him a successful trader, outstanding."

"Thank you Steve Hill and all your great team of people....great sessions and great group of people"

"The presentations were tremendously helpful to my trading education...the hotel/resort is a great place for the meeting"

"The attendees are a very diverse and high level trading group. The attendees add so much to the seminar."

**Sign-up before July 31st and pay only \$795
Seats are limited CALL 1-800-332-2999**

Visit the AIQ Store <http://aiqsystems.com/store/page2.html>

The Zanger Report June 28, 2009

Hello out there stock fans. The market has snapped back rather nicely after the brief sell off we had just over a week ago. The leading averages are very close now to recent highs and with earnings coming out in just over two weeks we might see the market drifting higher soon.

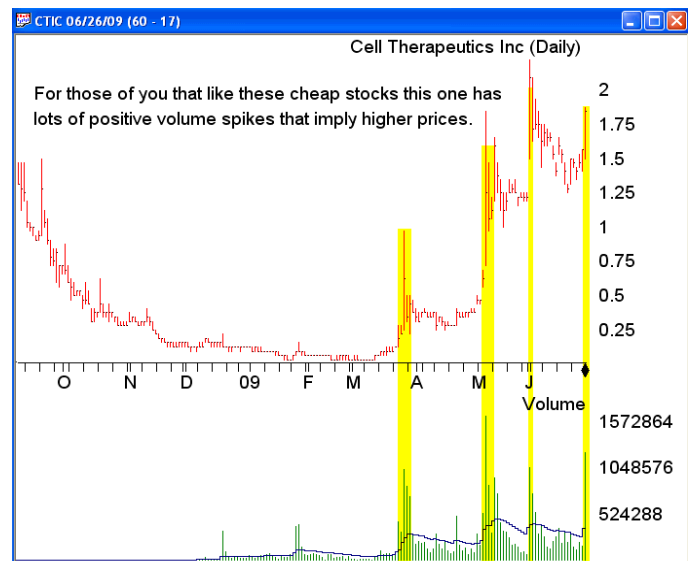
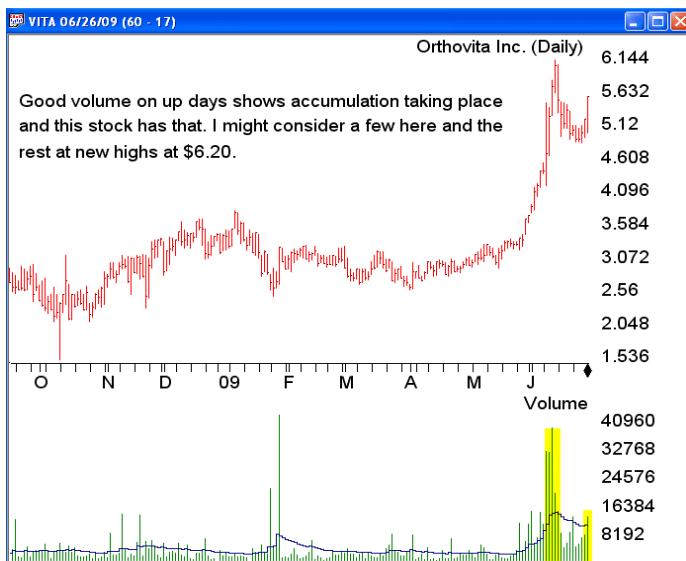
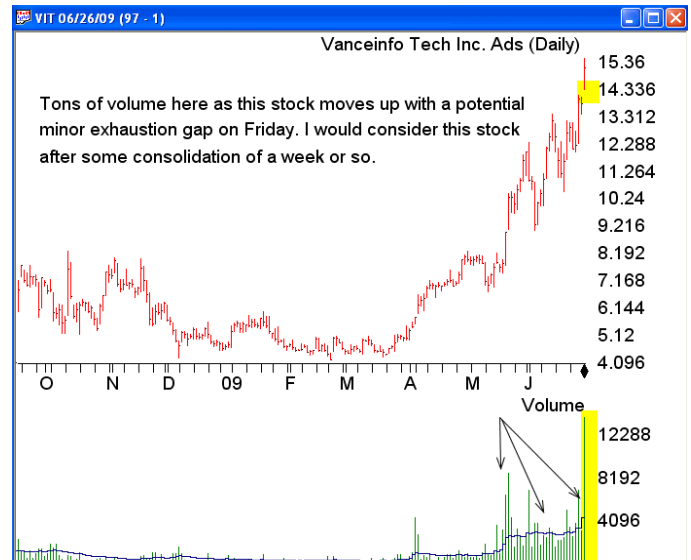
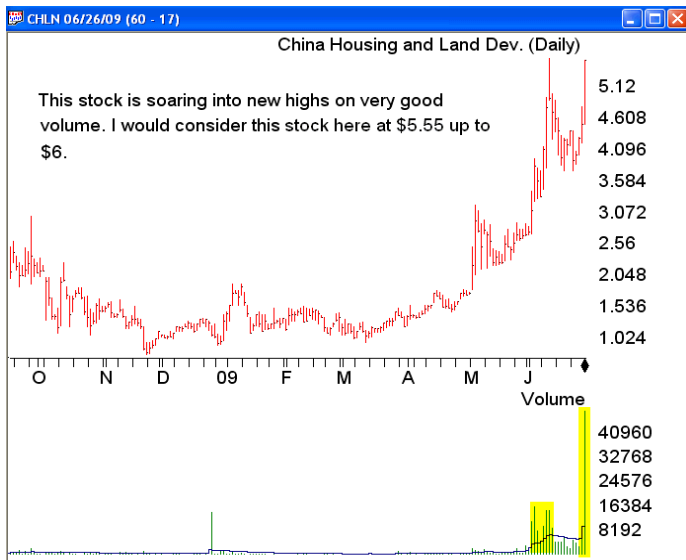
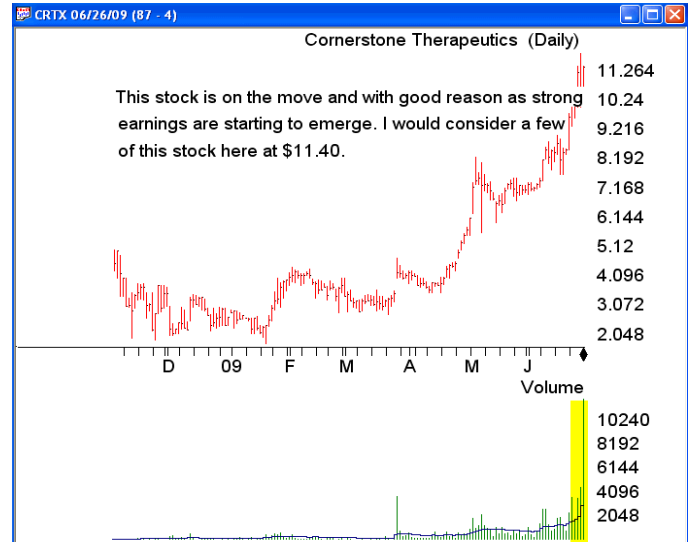
Let's see the leading averages.

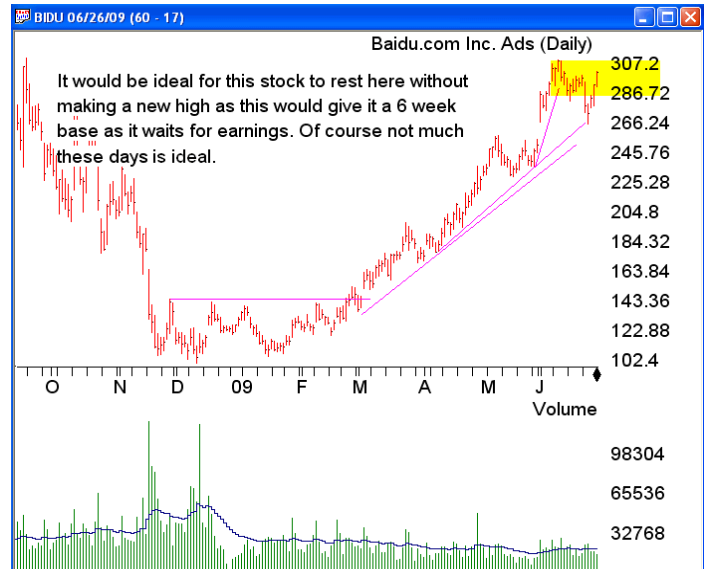
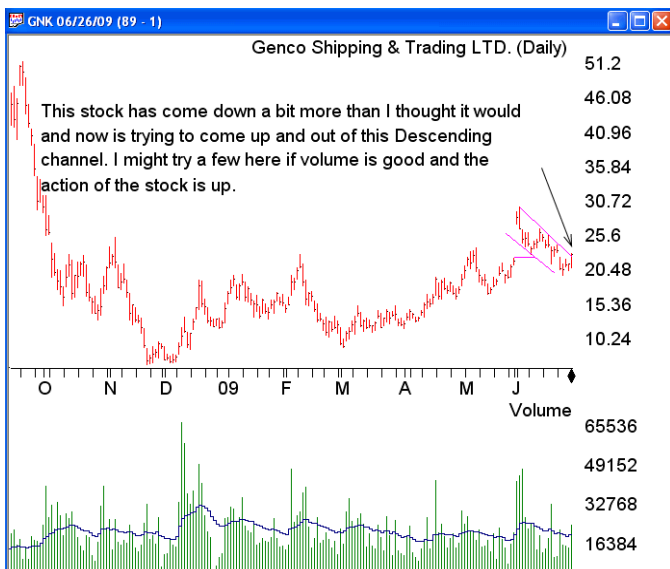
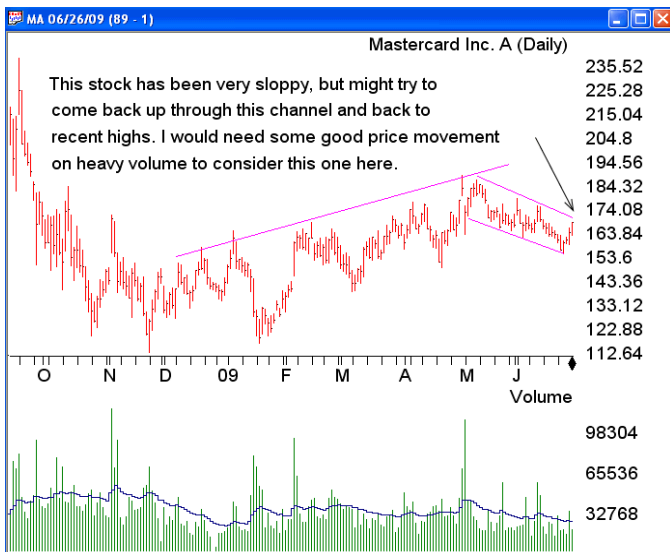


My short term trading oscillator moved up 14 points and closed above the zero line for the first time in weeks with a plus 8 reading. This area is considered a neutral reading.



Many stocks are snapping back very nicely after the recent sell off while others are making new highs. Let's get to some of these now.





About the Author:

Dan has been featured in FORTUNE MAGAZINE and appeared on a segment of EXTRA TV. He was also the weekly host of his own half-hour show on the Business Channel in LA and featured in numerous leading trade magazines such as Active Trader, TradersWorld, Forbes and Stocks & Commodities.

Dan has been an AIQ user since 1992 and uses AIQ's advanced list feature in charts for his daily stock screening. More info on Dan's newsletter can be found at Chartpattern.com.

COPYRIGHT NOTICE

All material in the web site Chartpattern.com and the newsletter "The Zanger Report" are protected under copyright laws of the United States. You may not reproduce, post or transmit, in anyway, any part of this letter or any material in the web site, without prior written notarized consent of the author.

DISCLAIMER

This newsletter is a publication dedicated to the education of online stock traders. The newsletter is an information service only. The information provided herein is not to be construed as an offer to buy or sell stocks of any kind. The newsletter selections are not to be considered a recommendation to buy any stock but to aid the investor in making an informed decision based on technical analysis. It is possible at this or some subsequent date, the editors and staff of chartpattern.com and the Zanger Report, may own, buy or sell stocks presented. All investors should consult a qualified professional before trading any stock. The information provided has been obtained from sources deemed reliable but is not guaranteed as to accuracy or completeness. Chartpattern.com staff and The Zanger Report make every effort to provide timely information to subscribers but cannot guarantee specific delivery times due to factors beyond our control.

The Options Hunter 2-day Seminar

Limited seats now available Chicago August 18 & 19, 2009

<http://aiqsystems.com/store//page16.html>

Take the opportunity to spend two whole days with Dale Wheatley, The Options Hunter. Scheduled around the U.S. several times a year, these intensive seminars are not to be missed. You'll learn everything you need to trade like the Options Hunter.

*"Thanks Dale for sacrificing your **Trading** time, you did a great job as usual, see you next" JK*

"If you missed the seminar, it was terrific! I would strongly encourage everyone go to the next one." Don Smith



Day One - The first day you'll discover the power of Dale Wheatley's powerful option **Trading** system and learn how to identify the unique setup pattern that can lead to huge Winners **Trading** options. Dale will also identify the strong patterns setting up and the best options to buy.

Day Two - Continuing with Dale's option trading system attendees will also have a **unique opportunity to watch how the options unfold with live market analysis.**

What you'll learn

- Why options offer you a great alternative investment limited risk, but unlimited potential!
- The extraordinary power of compounding money- You could potentially retire in a less than a year, starting with only \$1,000!!
- Goal Setting to determine your starting point and your desired results
- Chart Analysis to determine the best patterns to achieve greatest % gains
- Classroom examples of how to locate trades using end of day charts
- The Power of group/Sector analysis
- Interactive participation from group so that everyone will know what to do when they get home
- When to buy Puts!
- When to buy Calls!
- How different markets can give us valuable insight into our own markets
- Finding the best chart patterns to allow us to leverage this valuable insight using options
- Why our risk becomes almost non-existent with the correct patterns and patience
- What **stocks** and Other Instruments To Trade
- Risk Management
- How To Enter and Exit

Here's what attendees had to say

*"Dale's seminar clarified a number of things especially using the lower timeframes for enter and exit points." "Thanks Dale for sacrificing your **Trading** time, you did a great job as usual, see you next time."*

"If you missed the seminar, it was terrific! I would strongly encourage everyone go to the next one."

only \$1395 for this two-day event to reserve your place call 1-800-332-2999 or visit
<http://aiqsystems.com/store//page16.html>