

QUICK-SCANS



VANTAGEPOINT 9.0

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Product: Market forecasting software

Price: Starting from \$2,900

by Sunny J. Harris

I love to try out new software, so when I was asked to review the newest release of VantagePoint, I jumped at the chance. In 2011, I reviewed VantagePoint release 8.6 and was greatly impressed by the capabilities of the software. Here, I'm going to take a look at the new features and measure the performance and predictive accuracy of this new release. I decided to not read any documentation before using it, because if the software designers did a good job, the program will be intuitive and I would need nothing other than good help files, which I can use if necessary.

In Figure 1, you can see the preliminary screen that opens when I launch the program using my chosen settings. I am able to save my portfolios and charts, which is a timesaver. While VantagePoint uses sophisticated technology, the interface is clean and intuitive. You can readily see the four-day crash of August 2015 about two-thirds of the way over.

VantagePoint is forecasting software that forecasts the next day's prices. Figure 1 displays the symbol for the emini S&P 500. If you look to the "hard right edge" of the chart, you'll see a gray vertical bar for which there is no candle body. In this chart, it predicts that tomorrow will be lower than today and it touches the low of August 24, 2015. This gray bar represents the prediction for the next day's price.

Most analysis software operates by plotting only current and historical prices. Indicators are calculated and plotted based on those same prices. VantagePoint is different in that it was designed to tell you tomorrow's expected high and low. Let's take a look at how

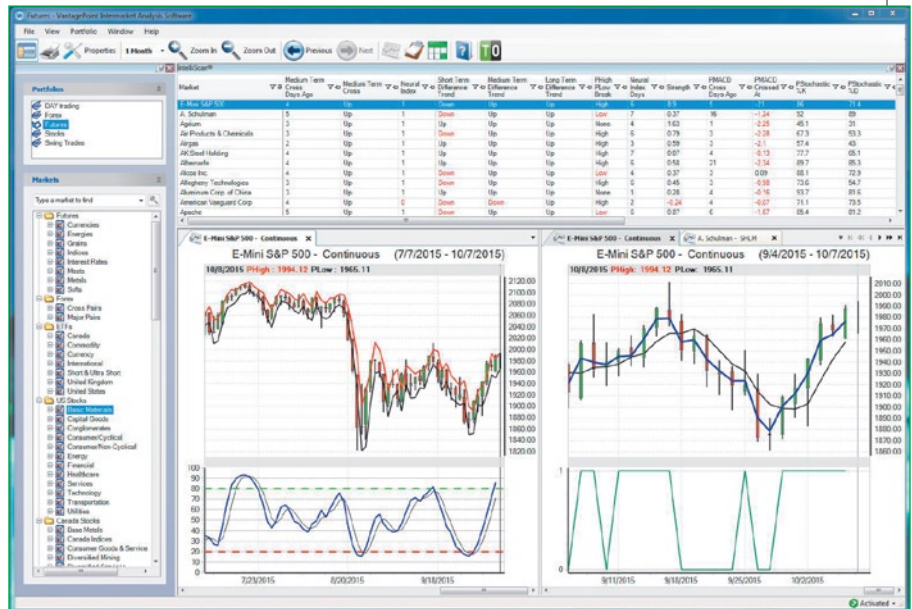


FIGURE 1: OPENING SCREEN. Here, you see a chart of the emini S&P 500. If you look to the "hard right edge" of the chart, you'll see a gray vertical bar for which there is no candle body. In this chart, it predicts that tomorrow will be lower than today and it touches the low of August 24, 2015. This gray bar represents the prediction for the next day's price.

effective VantagePoint appears to be in making these predictions.

In my 2011 review, I evaluated the VantagePoint software according to a set benchmark. To assess the program's forecasting accuracy, I looked to determine whether the price prediction fell within a three-day moving average of price. My tests supported the company's published claims and showed VantagePoint to be

VantagePoint was designed to tell you tomorrow's expected high and low. This can help traders manage their entries & exits.

accurate in its predictions more than 80% of the time. By contrast, I have found throughout my decades of evaluating trading systems and software that upon evaluation, most companies can't support their accuracy claims.

This time, I evaluated VantagePoint using a different set of criteria: I overlaid tomorrow's chart on top of today's prediction to see whether the prediction was accurate.

BACKGROUND

With each new release, VantagePoint's neural networks are retrained and updated to teach it the recent past for thousands of symbols—both US stocks and foreign stocks. Also included are futures, forex, and ETFs in their list of symbols. Each evening you get a market forecast for just about anything you are looking for.

The VantagePoint program was originally developed by Louis Mendelsohn, a trading software pioneer. In the investment field, Mendelsohn played a role in developing the concepts of strategy back-testing (in 1983) and global intermarket analysis (in 1988) in commercially available trading software for the personal computer. Mendelsohn also applied artificial intelligence to intermarket analysis and trend forecasting. His use of neural network pattern recognition in intermarket analysis and trend forecasting for the financial markets laid the base for the development of VantagePoint and his next generation of trend-forecasting software.

First released in 1991, VantagePoint has been improved and refined over

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the decades, and the latest 9.0 version is the most powerful version released to date. Not only have the neural networks been retrained, which is an ongoing process for each new version that keeps the software updated with current market conditions, but version 9.0 also offers a number of new stocks and exchange traded funds (ETFs) to expand its global coverage. In addition, the data is now automatically downloaded each evening.

PRODUCT OVERVIEW

VantagePoint is not an automated trading system producing buy/sell signals, entry/exit points, or risk-management rules. Instead, VantagePoint is a trend-forecasting tool that relies on leading-type indicators rather than lagging indicators. By design, it removes much of the work inherent in finding and confirming potentially profitable trades.

Using the neural network process for intermarket analysis designed by Mendelsohn (for which he holds two US patents), VantagePoint first identifies the markets that have the most influence on a target market. Then, VantagePoint's neural network "brain" sifts through the data to find the best combinations of moving averages for short-term, medium-term, and long-term crossover and momentum studies as well as other predictive indicators to provide forecasts of prices several days ahead.

The first piece of trading advice that young traders usually receive is "the trend is your friend." A second piece of advice is almost as important: spot when a trend is beginning and when it has run its course. Having a tool that can help identify and forecast trends reliably and consistently—particularly when it spots potential changes in trend direction that could occur within a day or two—helps make successful trading an attainable goal. And using the clues provided by VantagePoint's indicators, I found that goal possible.

VantagePoint can provide these leading-type indicators for more than 1,300

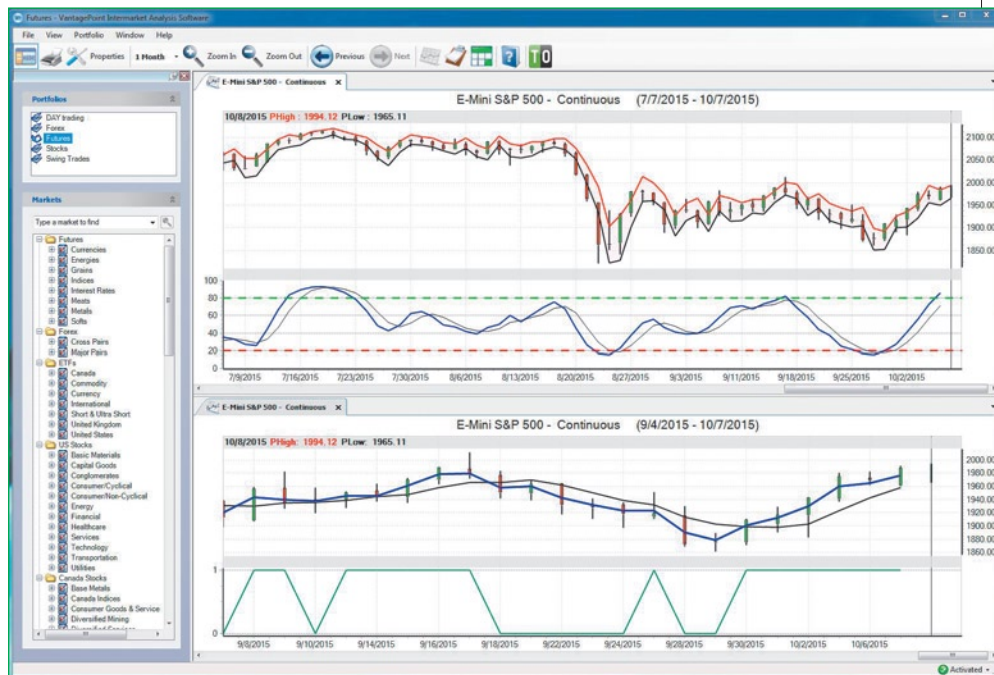


FIGURE 2: FORECASTING THE NEXT DAY'S PRICES. Here you see the chart after the next day's close. How accurate was the software's forecasting capabilities? See Figure 3 for the comparison.

markets in all of the major trading areas: futures/commodities, forex, exchange traded funds (ETFs), and stocks. The futures/commodities category covers all of the major financial and commodity markets and includes contract months going back several years for historical study. It also projects contracts out for more than two years into the future. The forex category includes the eight major currency pairs and 13 important cross pairs. The stocks category has been expanded and now includes 12 major sectors each for stock markets in the United States, Canada, Australia, India, and the United Kingdom. The list includes most of the major stocks from each country.

To analyze all of these markets from an intermarket perspective and then provide predictive indicators for trend forecasting requires a lot of "horsepower." This is an impossible task for the human eye and human brain, but VantagePoint 9.0 delivers the necessary power efficiently. Like its predecessors, version 9.0 is fast, efficient, powerful, easy to use, and accurate.

Although it might seem daunting to "sift" through and analyze all of these global markets, the IntelliScan feature

Predicted Values (next day's predicted trading range):

High	1279.69
Low	1258.65

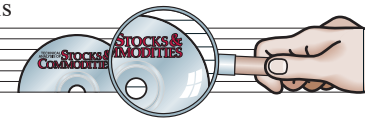
The actual closed out values for today are:

	Value
High	1277.25
Low	1258.50

FIGURE 3: PREDICTED VS. ACTUAL PRICES. Here you see that the forecasting was pretty accurate.

in VantagePoint can identify potential trades quickly using criteria chosen from more than 70 filters. Then it uses its predictive indicators to identify trend direction, trend strength, market momentum, potential trend changes, next day highs and lows, and possible points for trade entry & exit. It can do all that relatively quickly (it took less than 10 seconds when I was testing this feature). This information is also available in daily and historical data tables, which can be exported into Excel for further analysis.

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TOMORROW'S RESULTS

Using the emini chart in Figure 1, I compared VantagePoint's forecast. Assume it is now "tomorrow" and that I am looking at the same market as in Figure 1. The new chart, from the close of today, is shown in Figure 2. Yesterday's predicted values for today and actual closed-out values can be seen in Figure 3.

From the table in Figure 3, you can see that VantagePoint's forecasts were accurate. It is also important to note that since the emini was in a downtrend, the accuracy of the predicted high is important for placing stops for short positions. By using the forecasts, you would have remained in a profitable short position if you had placed your buy-stop exit order above VantagePoint's predicted high.

SHORTFALLS?

In any fair review, you must also look at the shortfalls of the product. With VantagePoint, there aren't many. Everything I tried worked as I would expect. Everything in the software was intuitive and easy to use. There was only one feature

I would suggest the company improve and that was the printing feature. When I printed the listing of the data, I found it to be misformatted. I figured it might just be the printer driver, so I tried it on several other printers, but it was universal. These errors do not affect the accuracy of the predictions, but for a product that has been out as long as this one has, I would expect near perfection.

CONCLUSION

VantagePoint is intuitive, easy to use, and offers traders unique leading-type technical indicators. Using intermarket analysis and an intelligent neural-network process to find hidden patterns and relationships between markets, these indicators provide short-term trend forecasts and anticipate trend changes. This process provides a unique perspective on markets that uses foresight instead of hindsight. In addition to the software, quality educational materials in various media formats are provided to VantagePoint customers, which makes learning how to maximize VantagePoint for your

trading style a snap. With software this accurate and with the support and training the company provides, the cost of the software should be able to be recouped by the average trader.

A trader, author, computer programmer, and mathematician, Sunny Harris has been trading since 1981. The first printing of her first book, Trading 101: How To Trade Like A Pro, sold out in two weeks, and continues to be a financial bestseller, and her second book, Trading 102: Getting Down To Business, also achieved record sales. She may be contacted at MoneyMentor.com.

FURTHER READING

Harris, Sunny J. [2011]. "VantagePoint 8.6," Quick-Scan, *Technical Analysis of STOCKS & COMMODITIES*, Volume 29: October.

‡VantagePoint (Market Technologies, LLC)

‡See Editorial Resource Index

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