



## TRADESHARK ADD-ON INDICATORS

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Product: Indicator add-ons from Larry Williams and Ralph Vince for the TradeShark platform

Price: \$1,495 for each indicator

by Darrell Jobman

Larry Williams and Ralph Vince, a protégé of Williams, are well-known traders and authors. Both are offering exclusive indicators in TradeShark, a platform that employs neural network technology to generate technical indicators that offer short-term price and trend forecasts.

## RALPH VINCE INDICATORS

Vince's indicators, which I'll briefly describe, give individual traders who are TradeShark users access to ready-to-use tools without having to program anything. The indicators can be layered and viewed on the TradeShark charts with simple drag-and-drop technology, and can work alone or in conjunction with TradeShark's other trading tools and indicators.

### Volume Bar Rules

Vince acknowledged early on in his trading career that liquidity is a key price driver. By noticing patterns in volume bars, he developed the foundation for this indicator. The Volume Bar Rules look for abrupt changes in the flow of volume and the overall liquidity of the market.

In TradeShark, the Volume Bar Rules illuminate changes from normal market conditions, when all the volume bars appear as gray, to volume bars that turn red when conditions change (Figure 1), so the changes are easily discernible on a TradeShark chart.

Although volume bar rules work well with the broad indexes, they can also work with some of the more volatile exchange traded funds (ETFs) and commodities in changing market conditions.



**FIGURE 1: VOLUME BAR RULES.** Volume has long been used as a measure of market liquidity, but Ralph Vince puts a new slant on how the volume bars look on key price days with his volume bar rules indicator. Bars in the indicator make it easy to spot changes in market conditions and provide alerts for traders to take action.

### Cycle Determination

A constant in Vince's research has been the interplay of market cycles and how strong they are relative to one another. Vince wanted to find a robust way to determine cyclical components but that didn't require a lot of back data.

**These indicators provide longer-term perspective about potential market setups based on the current state of cycles and trader sentiment.**

His Cycle Determination indicator gives short-term projections based on current cyclical content of market data. The cycle determination calculates a composite of all the cycles that could be at work in the data, identifies the dominant cycle, and makes a projection forward in time based on the dominant cycle. The strongest trade alerts occur when the dominant cycle and the composite cycles both occur on the same bar. The

Cycle Determination is a predictive type of indicator that seeks to show where the market might be headed over the next few days.

### Forward Feedback

Another predictive-type of indicator that Vince developed for TradeShark is the *Forward Feedback*. It's a trend-following indicator but catches up to the market quickly, much like an outfielder runs to catch a fly ball.

Many indicators address a trade's entry, but few tools are available to help determine exit timing. The Forward Feedback shows a crossover if a trend is not accelerating, indicating a potential exit from a trade. This indicator predicts up to two bars in the future to suggest when a trend is coming to an end. Forward Feedback also works well with Vince's Red Compression indicator.

### Red Compression

Red Compression is a way to measure how "twitchy" a market is. In other words, is the market ready to move or not?

Red Compression is designed to help make broad decisions about whether to employ breakout or countertrend strategies. Low values for Red Compression indicate potential breakout trades; higher

# QUICK-SCANS



**FIGURE 2: PRICE OSCILLATOR.** The price oscillator (bottom panel) provides a view of the expected longer trend. Then traders can use clues from TradeShark indicators such as the predicted medium-term exponential moving average and the predicted neural index to time their trading strategies more precisely.

values suggest countertrend strategies. You can combine Red Compression with volume bar rules to use on a shorter time period when trying to determine whether a trend is coming to an end.

### Price Oscillator

Most oscillators generally measure price relative to the price  $x$  number of bars ago. Vince's Price Oscillator measures

the shape of the daily bars, meaning the high, low, close, and previous day's close relative to the previous bar.

Reading this indicator is similar to the way a traditional oscillator is read, as Vince designed it to offer alerts when the oscillator moves above 60 or below 40. It is imperative to first determine the longer trend. In a defined bull market, Vince uses the indicator for short-term

breakout entries when it dips below 40 (Figure 2). Similarly, if the trend was down, Vince looks to trade when he gets a value above 60. Vince uses it for not only the S&P 500 index and the interest rate markets but also other markets with broad, heavy participation.

### Time Oscillator

This oscillator measures how much time has occurred since the most recent high and low. Low readings in the oscillator indicate that it may be a good time to be a buyer; high readings indicate that it may be a good time to be a seller. Use this oscillator in conjunction with other indicators for perspective.

## LARRY WILLIAMS INDICATORS

Many people associate Williams' name with technical indicators based on price action and technical analysis. However, he is also a firm believer in fundamental analysis, contending that price moves occur because of shifts in, or perceptions about, supply or demand conditions. The Larry Williams indicators in TradeShark seek to quantify these fundamental drivers, with the intent of alerting users to changing market conditions.

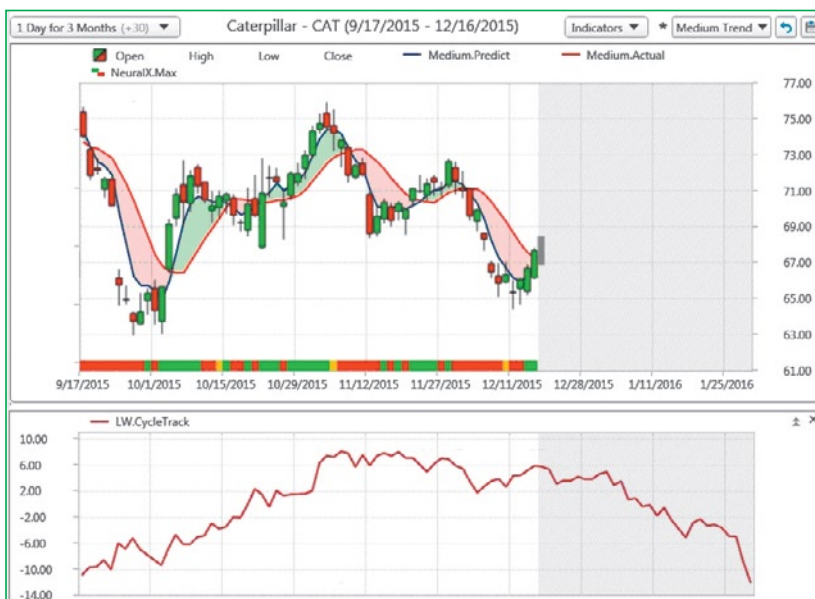
### CycleTrack

This Williams cycle forecast projects past cycles ahead to try to anticipate market tops and bottoms in the coming months, particularly in the next 90 days (Figure 3). The indicator seeks to incorporate the dominant cycles that are usually found in the market and then combines them into one easily discernible projection on the TradeShark chart.

### TrendTrack

This intermediate-term trend-following indicator seeks to determine when a trend has changed so traders can try to stay in longer-term moves, which tend to produce most of some traders' trading profits. Williams developed this indicator to help with either setting a trailing stop or entering the market, using price highs or lows during a specified period, depending on the length of trend a trader may be seeking.

TrendTrack tries to keep traders out of sideways, choppy markets by warn-



**FIGURE 3: CYCLETRACK.** CycleTrack analyzes data to calculate the likely price direction a month or more ahead. Here, the stock of caterpillar (CAT) could move still lower. With that in mind, traders can use TradeShark indicators to get into position ahead of the expected trend.



ing when a market move may no longer be valid.

### **Professional Sentiment Index**

From his years of experience, Williams learned that the activity of some market participants needs to be followed. Specifically, he likes to know what professional traders are doing. The *Professional Sentiment Index* (PSI) derives a percentage of bullishness (Figure 4) by seeking to monitor the professionals' attitudes toward a market. When that figure is high, it's time to look at other indicators on TradeShark for potential long trades. If PSI is low, other TradeShark indicators may point to short trades.

### **Electronic Market Accumulation Index**

The *Electronic Market Accumulation Index* (EMAI) measures professional accumulation and distribution along the lines of on-balance volume (OBV) but is designed specifically for the electronic markets that now dominate trading. Divergences between price and EMAI readings indicate either a bullish or bearish outlook. If a price rally is to continue, a market needs new buyers coming in continually. Williams contends this confirmation of buying or selling activity is imperative for today's electronic trading environment.

### **Turning Point Index**

This predictive-type of indicator seeks to tell whether a market is going to make a top or bottom the next day by measuring compression of buying or selling pressure in the market. The Turning Point



**FIGURE 4: PROFESSIONAL SENTIMENT INDEX.** When the big traders get overly long or short, Larry Williams' professional sentiment indicator provides clues that much of the buying or selling may already be priced into the market and may be setting up a trend change.

Index can be used by short-term traders, option writers, or anyone who wants a predictive-type tool that will make a call on the next day's high or low.

### **Williams Seasonal Indicator**

Although this indicator was first developed back in 1973, the 2015 version available in TradeShark still seeks to help traders identify seasonal patterns and trends that exist over multiple time frames.

## **MATCHING EXPERTISE, TECHNOLOGY**

Indicators developed by Williams and Vince provide longer-term perspective

about potential market setups based on the current state of cycles and trader sentiment. Both Williams' and Vince's indicators are well integrated in the TradeShark software. Combining these aspects of market analysis on one robust platform adds to the convenience of accessing your predictive indicators and tools.

*Darrell Jobman has been involved in the trading industry for nearly 45 years.*

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