

Unique Software for Thinking Traders



CUSTOMER SPOTLIGHT

“My experience with Tradecision has been wonderful. After spending several weeks, generating various models and optimizing them, I hit upon a strategy that was already loaded with the program. The Simple Moving Average has done an excellent job in modeling Exxon Mobil (XOM) using data from 10 January, 2005 with one minute periodicity. I have made several trades based on this model with most satisfactory results. The majority of buy and sell alerts the program generated have been profitable.”

L. Williams, GA, USA

Trader Profile

An individual intraday trader.

Challenge

Gaining an edge over the competition by using Artificial Neural Networks for the creation of a profitable trading strategy.

Solution

Tradecision Professional Real Time with the full-featured Model Builder, including the Optimization wizard.

Success Strategy

Although it has been about 12 days since I used the model and I had moved on to other models, I suddenly found two days ago that my program from May, 5, 2006 worked extremely well on this week's data. Just take a look at the statistics below and I think you'll see why I'm so excited about it.

Start date/time	6/5/2006	10:29:00
End date/time	6/6/2006	15:59:00
Initial Capital	\$100,000	
Position	1000 units	
Commission	\$8 per transaction	
Slippage	\$35 per transaction	

Summary

Net Profit	\$12,923.00
Return on Capital	12.92%
Gross Profit	\$13,375.00

Gross Loss	-\$452 .00
Profit/Loss	29.59
Commission Paid	\$312.00
Percent Profitable Trades	89.74%
Percent Losing Trades	10.26%
Annual Rate of Return	4 .7172748E17%

Risk

Gain to Pain Ratio	1.1854932E19
Sharpe Ratio	1.2702159E18
Max Equity Drawdown%	0.15
Net Profit/Max Drawdown	32.31
Net Profit/Max Loss	-84.46

Not only wasn't the strategy working well, it seemed to degrade in the latter part of the day; however, it recovered and remained a very profitable model. I have traded with it for two days consecutively at this point and expect to trade with it again tomorrow. These are some of the notes I took in regard to it:

6 June 2006

Strategy BHI_MultInd_5_23_2006_ii_Neuro_Strategy has been very successful for the last two days, but has degraded toward the end of today.

```
return BBMid(C,6,2,2);
return CCI(5);
return Detrend(C,11);
```

Toward the end of the trading day, the strategy revived itself remarkably well, going from about 76% profitable trades to 91%. The time now is 3:19 p.m.

Business Benefits

I had intended to re-optimize the three above functions, but by the end of the day it was returning 91% profitable trades! As of the end of business today, it's still returning 83.33% profitable trades with a gross profit of \$13,000.00 (oddly enough a whole number) and only \$818.00 gross loss. This is for the period from 6/6/2006 9:53:00 through 6/7/2006 15:59:00. The return on capital for the time period was 12.18%! The model was developed over a 10 day data chart in the hope that it would have some durability. I'm planning to use it again tomorrow.

Risk Disclosure Statement

Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Active trading is not a game. It is not recommended for inexperienced traders or for persons who do not have sufficient resources and time to devote to their trading activities. Active trading is a serious commitment that should not be undertaken unless you are able to handle high risk and high stress well, and are willing to consistently adhere to objective and disciplined trading strategies and approaches.