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# **TradeGuider Indicators**

TradeGuider constantly analyses your charts for imbalances of supply and demand. Once an imbalance of professional activity is found, a red or green indicator is displayed, alerting you to the likely strength or weakness in the market.

#### Signs of Strength (Demand Indicators)

The chart below shows a number of green symbols, indicating strength (demand) in a stock. Showing supply and demand graphically on a chart is one of TradeGuider's major strengths. Following the cumulative effect of this build up of demand, the stock responds with a positive and sustained price rise



#### Signs of Weakness (Supply Indicators)

The chart below shows a number of red symbols grouped together, indicating weakness

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(supply) in a stock.



## **Understanding the Indicators**

All of the indicators can be grouped into two broad categories:

- 1. Indicators that show weakness are colored red. Weakness is indicative of supply, professional selling the market or professionals withdrawing from the market (i.e. no participation.
- 2. Strength is indicated by green symbols. Strength is indicative of demand, professionals buying into the market.

The red and green indicators are all able to visually express the estimated amount of residual strength or weakness and this is communicated by using different symbols:

#### **Red/Green Rectangles**

Rectangles represent strong weakness (red) or strength (green) respectively. When TradeGuider displays a red or green rectangle, there is a good chance that the current price move will stop and reverse. If this does not happen, the market will usually stop trending and move sideways for a while. Sometimes rectangles are seen during a trending market as the professionals are either buying into or selling into the market. In the chart above, note how the professional money sells the market at the top left of the chart, which causes prices to fall (see the red rectangle amongst the other signs of weakness.) At the bottom of the downtrend, note the three green rectangles denoting heavy buying at this price level. The market rises as a consequence of this strength and is later countermanded by a red rectangle, which causes a resumption of the downtrend.



#### **Red/Green Triangles**

These symbols denote an intermediate probability of a correction (down move) or a reaction (up move) in the market. Clusters of strength or weakness symbols often appear together on your charts, especially at certain price levels. This type of clustering is highly significant, especially if it appears in new high or low ground, or at areas of support or resistance (including pivot points.) In the chart on the previous page, the



principle is demonstrated by 4 signs of weakness (top left), which results in a large fall in price.

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#### Pale Red/Green Triangles or Pale Red/Green Small Rectangles

These symbols all denote subtle changes in supply and demand factors. More than likely, there will not be an immediate move in the market when these symbols are shown. In the chart on the previous page, note the subtle signs of weakness left of centre the market falls off soon after. There are more subtle signs of weakness right of centre and this time the market drops immediately. Also, you will see two additional subtle signs of weakness that appear before the red rectangle at the right of the chart: these should act as warnings, especially, when followed by a red rectangle as in the example chart.



#### Tips

The indicators are <u>not</u> buy and sell signals (or entry and exit points.) It is a mistake to use the indicators in isolation, without taking any other factors into consideration. You must view the market holistically, looking at what has gone before and also reading the market as it unfolds. Each signal is like a word in a sentence, but it is only when all the words in the sentence have been read, that the information is imparted. Look at the signals in context -consult the help from the onboard Expert System (see next section on Getting Indicator Help.) Also, take a look at the accompanying TradeGuider **Master the Markets** Manual for further assistance.

Indicators can be used as part of a 'trading set-up.' So, once an indicator has appeared, you may wish to wait for the trend to change in the direction of the indicator, or you may take an entry point once the market has moved up or down by a certain number of points.

TradeGuider's Indicators can be used in conjunction with other trading tools, such as TradeStation, MetaStock, TC2000 and OmniTrader, as a confirmation tool.

You can use TradeGuider to analyze any liquid, well-capitalized market. So, it will work well with major world indices, the component stocks in the DOW, S&P, and NASDAQ, major currency pairs, and popular commodities.

TradeGuider will work in any timeframe, so it is equally suitable for intraday traders, position traders, or investors looking at weekly or monthly charts.

# Understanding the Indicator information in the Watch List Panel

One of the new features is this update of TradeGuider is the indicator option within the Symbols list of the Watch Lists panel. This feature gives you a quick preview of the TradeGuider indicators as you scan the symbol list in the Watch Lists panel.

To change the number of bars exa indicators	Data Feed Chart Trends Analysis
<ol> <li>Select Data FeedWatch List Settings.</li> </ol>	Account Setup Futures Volume Settings Download Data
	Watch List Settings
<ol> <li>Change the Display results for the last x bars to 6.</li> </ol>	Symbol List Options       Auto Download         Image: Show Symbol column       Image: Always download at startup         Image: Show Company Name column       Image: Never download at startup         Image: Show Indicators I       Image: Always download at startup
	Indicators Options          Indicators Options         Show VSA indicators         Show Price Trend indicators         Show Volume Indicators
	Futures Volume Settings Account Setup Cancel Ok

Indicator Key for Symbol List		
Indicator Description	Indicator Definition	Indicator Icon
Big H	Ultra High Volume	
Small H	High Volume	
L	Low Volume	
Blue Arrows	Price trend arrows	
Red \ Green triangles &	VSA Indicators	
Squares		

### **Getting Indicator Help**

TradeGuider is not a 'black box' system, so it is able to explain why it decided to show a signal and what you should be aware of as the market unfolds. In this way, the software can act as a teacher, educating you to the ways of the market, and highlighting the tricks and tactics used by the market-makers, which often force the unwary trader out of a perfectly good position.

TradeGuider will show you feedback from the Expert System in two ways:

An abridged version of the signal narrative is displayed on the Status Bar.

🔻 [SCW 37] No Demand

If an indicator symbol is clicked on the Status Bar, or on the chart itself, a verbose signal narrative is displayed in a 'speech bubble.' This feedback will describe the particular indicator, with reasons why it has been shown, together with comments of what to expect, or what to look out for over the next few bars.



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To exit from the Indicator Information dialog box, press **Esc** button, or click the bottom of the speech bubble.

#### **IMPORTANT:**

When using TradeGuider, you must use data that contains volume information. (either cash, tick, or options volume) Without volume information, the signals will not work properly.

As with all trading software, better results will be obtained by using good quality data.

Be wary of using TradeGuider to analyze illiquid markets, such as penny shares. Thinly traded markets are particularly dangerous -the price can be quickly marked against you and it can be difficult to sell your holding.

#### The Volume Thermometer

TradeGuider is continuously sampling the volume, looking at the relative amount of bullish and bearish volume at any particular time. The results of this analysis are shown on a gauge to the right of the chart.

The amount of green that appears on the gauge is 'bullish' volume and the amount of red is 'bearish' volume. So, in the example shown to the left, we would consider this situation to be more bullish, and may even be looking to enter a trade based on this information.

- If the amount of green is above the 50% mark, this is considered a bullish sign.
- If the amount of green is below the 50% mark, this is seen as a bearish sign.

It is best to use the relative volume gauge as part of a trading set-up to aid you in your entry or exit. Later in this guide, we'll be looking at a potential set-up that you might consider using. However, we encourage you to experiment with the various features and decide what's best for you and you're trading style.

<u>NOTE</u>: If you can't see the volume gauge, you'll need to turn it on. To do this: Select **View > Volume Indicator** from the menu