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The Scanning Functions

There are three types of scanners built into TradeGuider: a Quick View Watch List Indicator scanner, a Stock Scanner and an Indicator Scanner. The Quick View Watch List option is available in the Watch List panel. The Stock Scanner and the Indicator scanner are accessed from the Scanners menu. A brief description of each scanner is shown below:

The Quick View Watch Lists Indicator Scanner is only available with the incorporated data feed. It is a quick view to signal VSA indicators, Price Trend indicators, and volume indicators within a watch list for a specified number of bars. You can customize this feature in the Watch List Settings Dialog box within the Data Feed menu..

The Stock Scanner is a great tool that is used to prospect for stocks that are strong or weak. It compares the performance of stocks against their parent index. For example, Microsoft Corp could be compared against the performance of the S&P 500 index to check whether it is under or over performing against the other stocks that make up the S&P. The Stock Scanner uses proprietary relative strength analysis techniques to carry out various checks, and is unique in its ability to assess combined performance over both the up and down legs of a stock's price movement – the result is one of the most powerful and accurate stock scanners on the market today.

If you have business sector (or industrial sector) data, it is also possible to use the Stock Scanner to compare the performance of a stock against its sector, or the performance of a group of sectors against an index. For more information on these techniques, see Volume 2 – The Basic Trading Guide (Selecting Stocks for Position Trading, page 153).

3. The **Indicator Scanner** helps you to save time by:

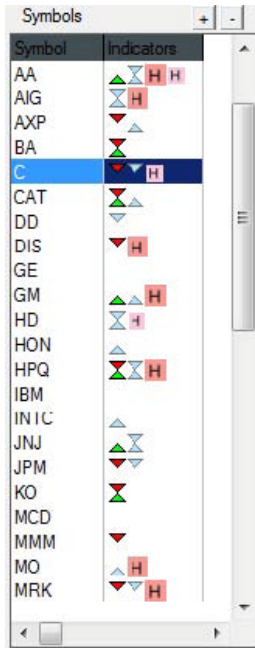
Scanning a folder of stocks or commodities to look for candidates that have just experienced a change of trading activity (as measured by observations in Volume Spread Analysis)

Scanning a folder of stocks or commodities to see if there are any candidates that have just experienced a trend break-out, or a continuation of trend indicator.

A favorite way of using the Indicator Scanner is to look for situations where there is a VSA sign of strength (green indicator) and an upwards-facing trend indicator (blue triangle) that coincides at the same time, or is in close proximity. The opposite is true for a VSA sign of weakness (red indicator) and a downwards-facing trend indicator.

The Quick View Watch Lists Indicator Scanner

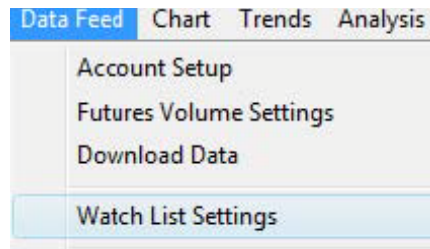
The Quick View Watch Lists Indicator scanner is a new feature in the TradeGuider update. The table below defines each of the icons available in this scanner.



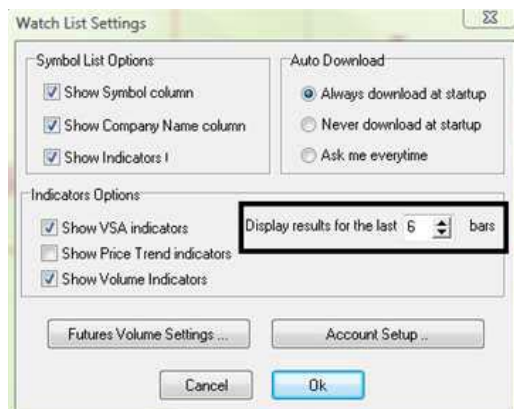
Indicator Key for Symbol List	
Indicator Icon	Indicator Definition
	Ultra High Volume
	High Volume
	Low Volume
	Price trend arrows
	Supply/Demand indicators

To change the number of bars examined for indicators

Select Data Feed...Watch List Settings.



Change the Display results for the last x bars to 6



The Stock Scanner

As described on the previous page, the Stock Scanner is the primary tool you should use to prospect and rank strong or weak stocks. The scanner utilizes a unique Wyckoff relative strength algorithm to perform a complex amount of analysis for both the up and down legs of a stock's price movement. You have the freedom to tell the scanner how far back in time you want the analysis to take place, and the number of up and down legs to use when carrying out the relative strength comparisons. At the end of the scan, you'll be presented with a report that shows the best and worst performing stocks in your chosen folder.

The Stock Scanner is designed to be easy to use, yet extremely powerful – everything is controlled by a simple Wizard, which guides you through the various steps.

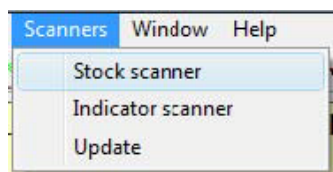
Before you attempt to do your first stock scan, we urge you to take a few moments to go through the following short tutorial.

Creating a New Scan Profile

A Scan Profile has to be created the very first time the Stock Scanner is used. A different profile can be set up and customized for each of your scanning tasks. Here are a few examples of the type of Scan Profile you may wish to create:

- Performance of Dow Jones Industrial stocks over the short term
- S&P stocks which have shown the largest price swings over the medium term
- The best performing Industry Sectors
- The worst performing NASDAQ stocks (e.g. you may want to short with options)

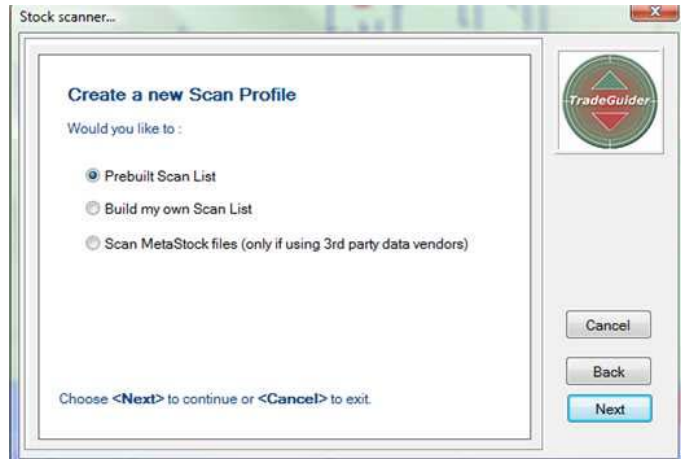
To create your first Scan Profile comparing the S&P Parent Index to the S&P Components, follow the steps below:



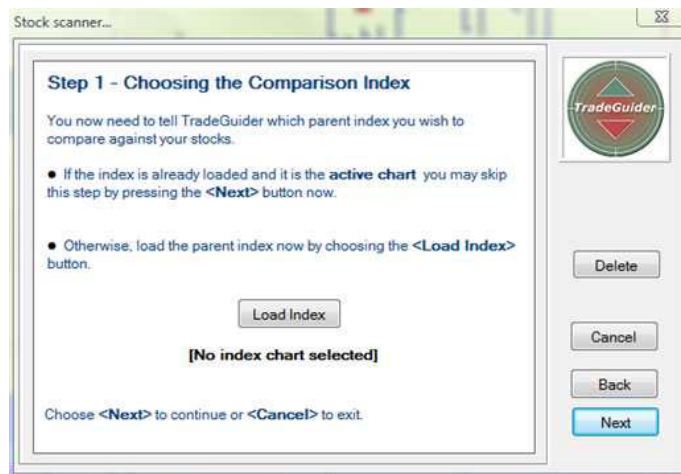
Choose Stock Scanner from the Scanners menu

The Stock Scanner Wizard will be displayed.

Select **Build my own Scan List** and click **Next**.

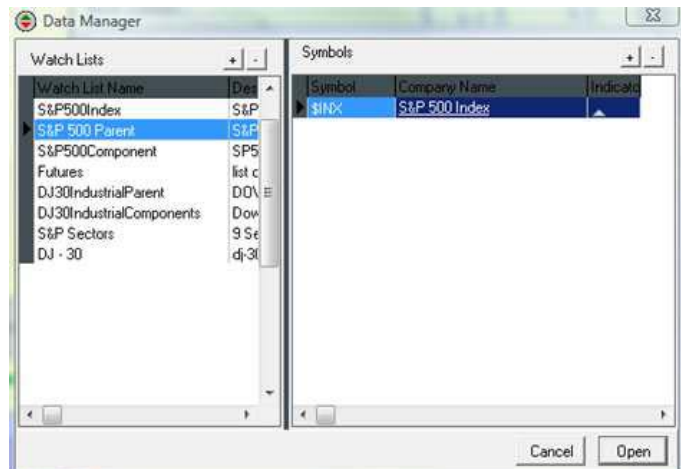


Select **Load Index** to indicate the Parent Index for the scan.



Select S&P 500 Parent from the panel on the left and click Open.

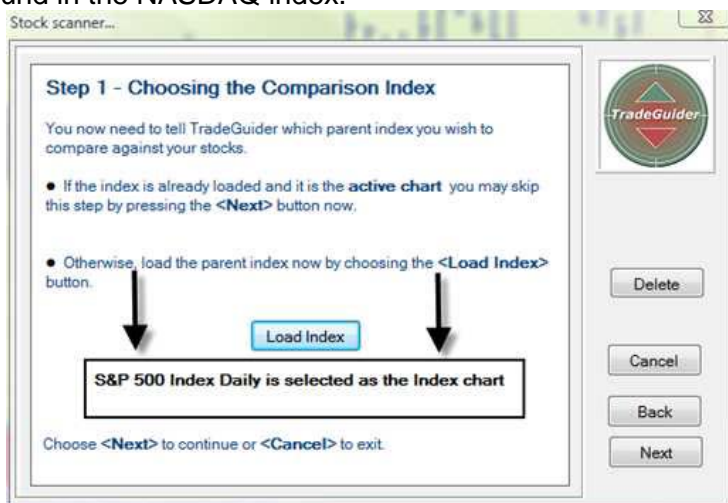
Confirm that the S&P 500 Index Daily is listed below the Load Index button and click Next.



Selecting the Comparison Index

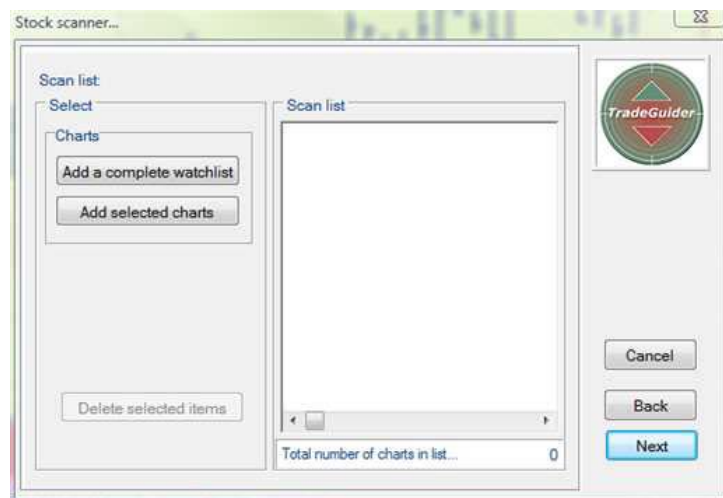
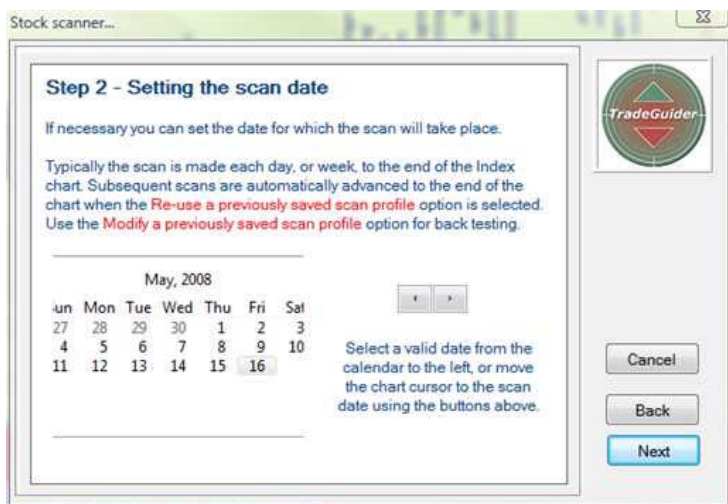
When the scan is performed, TradeGuilder will compare the performance of a stock with its Parent Index to check whether the stock is over-performing or under-performing. The Parent Index is simply the industrial index the stock resides in. For example, most technology stocks, such as Microsoft and Oracle can be found in the NASDAQ index.

To continue with setting up your Scan Profile, follow these steps:



The next step is to choose the date for the scan – the default will be either today, or the last day on your chart if you haven't updated your data for a while. Selecting a date is simply a matter of clicking the calendar or the scroll buttons to move the chart cursor

Confirm the Scan Date and click Next.



Select Add a complete watchlist

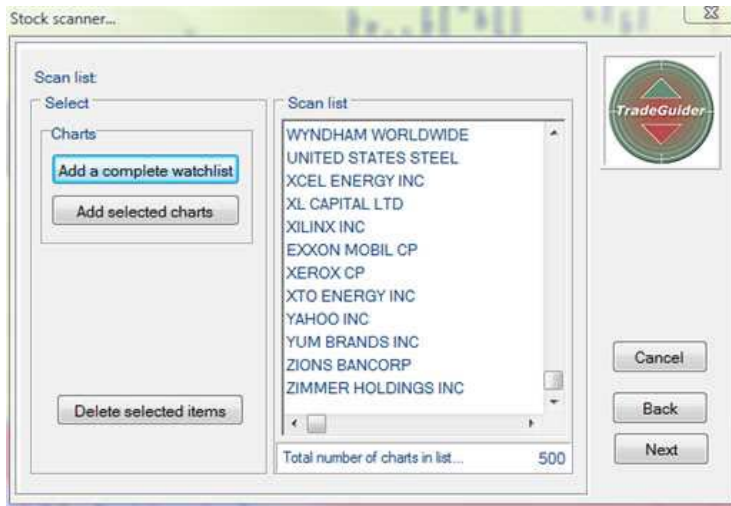
Select the watchlist that you are comparing the S&P Parent Index to. In this example, we are comparing the S&P Parent with the S&P Components so select S&P500Component and click Open to retrieve the symbols.

In the interests of efficient performance, we would recommend setting up an individual stock scan for each of the indices that you are interested in, rather than combining

multiple indices and stocks into one global scan that contains potentially thousands of stocks.

Setting the Percentage Price Change

The next step is to specify the Percentage Price Change to be used in the scan. The Percentage Price Change represents the size of those moves. The default value is “1.25”, which is a good setting to use for most circumstances. When this parameter is altered, TradeGuider will recalculate and show the effects of the percentage change on the chart. The chart below illustrates what happens when the Percentage Price Change is increased from 1.25 to 2.25. Compare the changes in the up and down price moves with the chart on the previous page to see the differences.

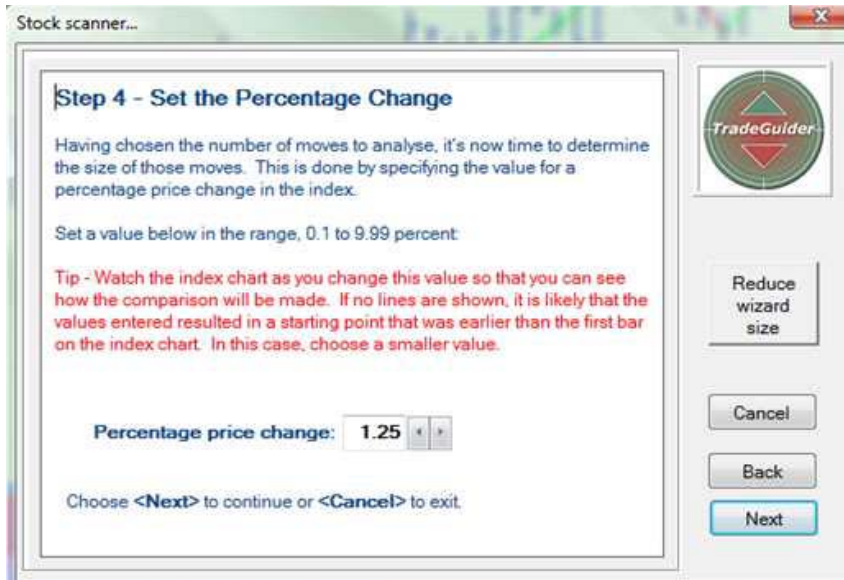


Once the Scan list is populated, it will look similar to the dialog box below. Click Next



Choosing the default value of “1.25” for the percentage change is a good setting to use until you become more experienced with the stock scanner.

Watch the index chart as you change this parameter so that you can see how the comparison will be made. If no lines are shown on the chart, it is likely that the value used for the Percentage Price Change resulted in a starting point that was before the first date of your index chart. In this case, choose a smaller value.



Accept the default settings for Percentage of Change in Step 4 and click Next.

Setting the Number of Reference Points The next step is to specify the number of Reference Points to be used in the scan. A Reference Point is simply the place where an up move (or known move) starts and ends.

The default value is “2”, which signifies two up moves and two down moves. When you change this parameter, TradeGulder will show the resultant up and down legs on the chart.

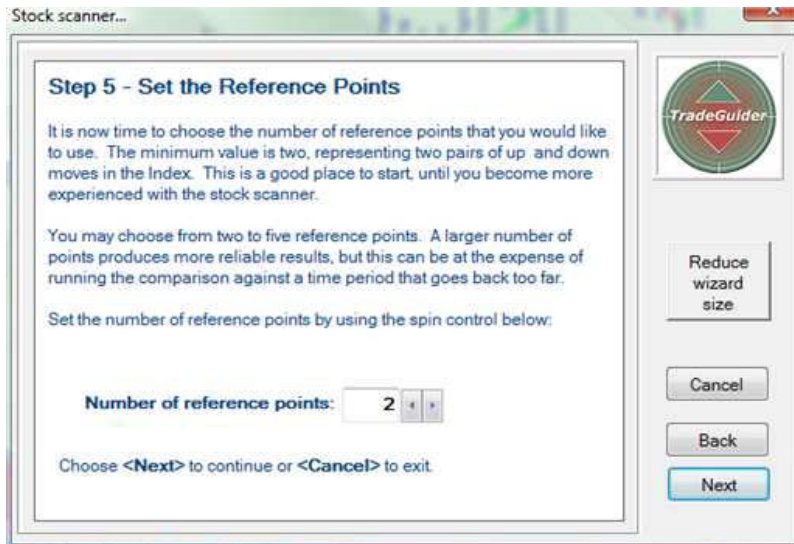
Choosing the default value of “2” for the number of up and down moves is a good setting to use, which will produce reliable results in the majority of circumstances.

You may choose between two and five reference points. A larger number of points produce more reliable results, but this can be at the expense of running the comparison against a period that goes back too far.

Generally, you are advised not to go beyond six months when setting this parameter.

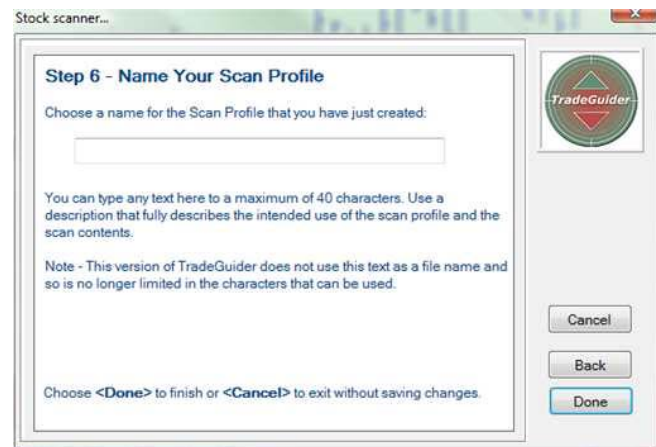
We would recommend that you try to select reference points that cover up and down moves for three to four months of price action.





Accept the default settings of 2 reference points in Step 5 and click Next.

Enter a Scan Profile Name and click Done.



The Stock Scanner in Motion

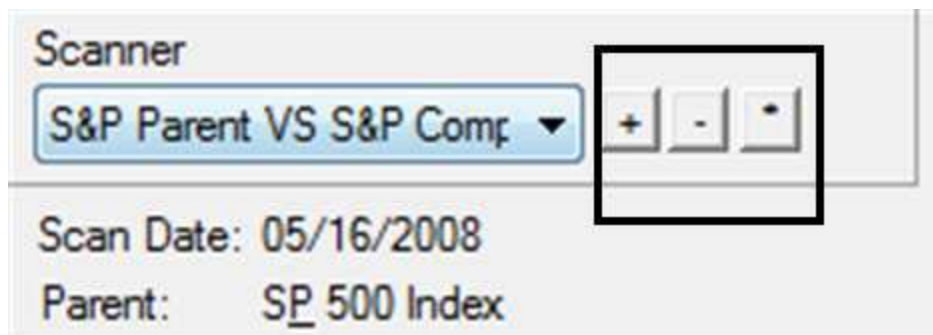
When the Stock Scanner is running you will see each chart momentarily displayed on the screen and compared against the parent index (see below). You will also see a Progress Gauge displayed in the top left corner of the screen. Despite the advanced algorithms employed within the stock scanner program, the whole process will be complete within a minute or so for the 500 stocks within the S&P 500 index.



Viewing Scanner Results

The Scanner results have been moved to the panel on the left. If the watch lists is currently displayed, simply switch to the scanner results mode.

The top of the scanner enables you to quickly edit the scan profile.



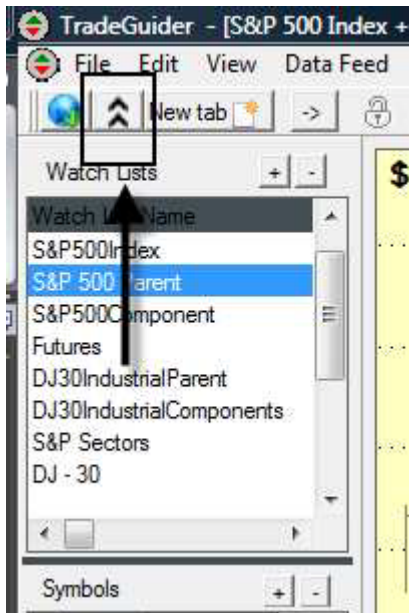
To view scanner results, complete the following steps:

Select the double arrow on the Toolbar or press F12 until the scanner results appears in the left panel.

Confirm that the new scan profile is listed in the Scanner Drop down list.

Scanner Options	
+	Creates a new scan profile
-	Deletes a scan profile
*	Updates a scan profile

Notice the system indicates the scan date and the Parent Index above the lists of strong and weak stocks.



Analyzing the Stock Scanner Results

Once the scan has completed, you'll be presented with the best opportunities in a filtered list of the 10 strongest stocks on the left and the 10 weakest stocks on the right.

The stocks are sorted by a 'rating' that indicates how strong or weak the stock is.

If you would like to visually compare any of these stocks against the parent index, simply click the stock you are interested in and the relevant chart will be immediately loaded for you to scrutinize.

The full set of scan results are available for you to analyze, since there will be many other potential trading candidates amongst the list.





You should be wary of any stocks with excessive ratings (i.e. higher than 5.0 or lower than -5.0). Stocks that fall into this category may be:

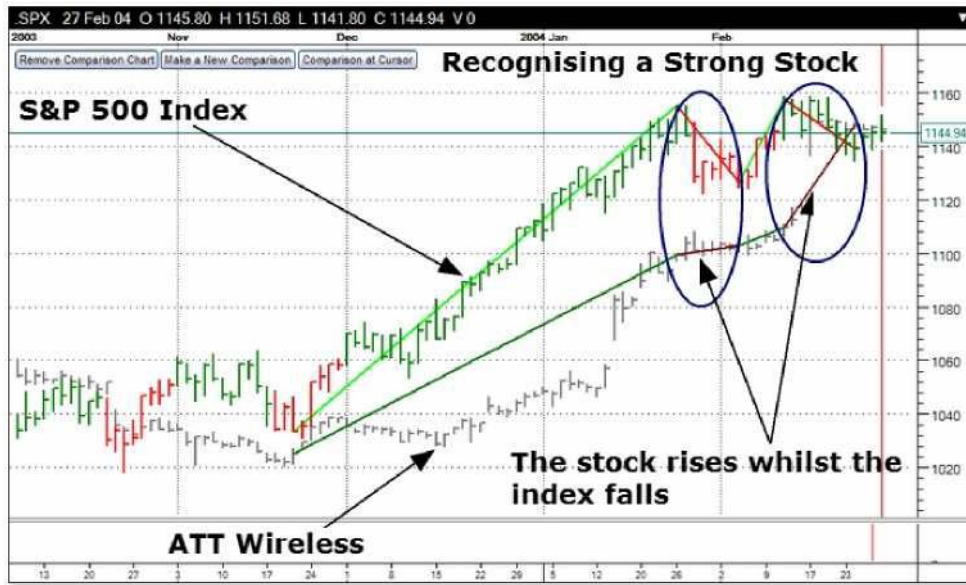
- Flat (thinly traded) and trading in a narrow sideways price range
- Overbought and ready to fall
- Oversold and ready to rise

In all the above instances, we advise checking the VSA indicators and any other of the TradeGuider tools that you use for confirmation.

What to Look for When Comparing a Chart

Stock selection for buying is relatively easy. You should only trade stocks that make up a major index, since these will be highly capitalized. They will generally have a high level of stability and liquidity, enabling you to get into and out of your positions quickly. It is these stocks that will be actively traded by the trading syndicates and market-makers. This is good news for us because we can usually see the results of their activity on our charts: observation of the price action (between a stock and its parent index) and volume is the key to good stock selection.

You will need a benchmark when selecting stocks – something to compare a stocks performance with, and you will use the associated index for this purpose. When the market is rising, it is normal for most stocks that make up an index to rise too. However, when the index is falling, a strong stock will resist a price drop and may even rise. The following screen-shot illustrates this phenomenon perfectly.



This type of price action is an indication that the stock is bullish. Professional money is active in the stock and you know that this is a good candidate because they are not selling it – in fact, they are buying the stock on each subsequent fall of the index and the price is being supported as a result. Alternatively, weak stocks will have no support from professional groups and they will fall easily, in tandem with the index. This simple principle can be observed frequently, and it is a principle that can make a significant difference to your success as a trader.

Remember, professional buying makes a stock resistant to falls. Reverse these principles if you wish to trade the short side of the market.

You should only trade stocks that make up a major index, such as the Dow Jones, NASDAQ, FTSE 100, and S&P 500.

It helps to get a better view of a stock if you convert it to a weekly time period. Do the same for the index and compare the charts, looking for price support (or rises) whilst the index is falling. Use a daily chart when selecting the entry point for a trade.

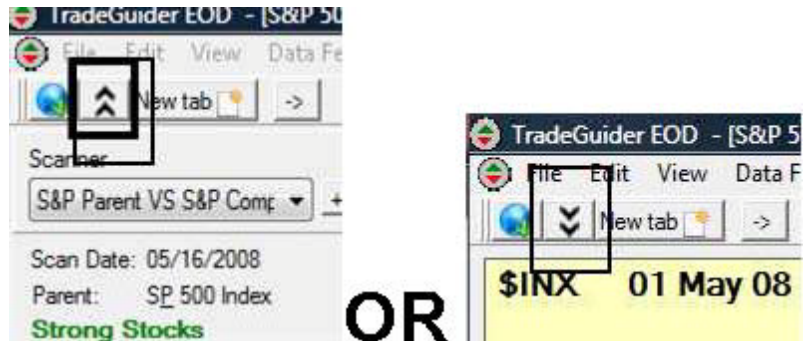
A 'buy' signal will be seen as a low volume down-day or a 'Test' in the parent index. For more information about 'Tests' and other volume-related indications, see the Master the Markets book.

Re-use a Previously Saved Scan Profile

If you have already saved a scan profile and would like to re-use it, follow the steps below:

Select the Scanner panel by clicking the double arrow button on the tool bar or pressing F12 until the scanner panel is activated.

Please note that the double arrow button changes its appearance.



Select the previously viewed scan profile from the drop down list.

Update a Scan Profile

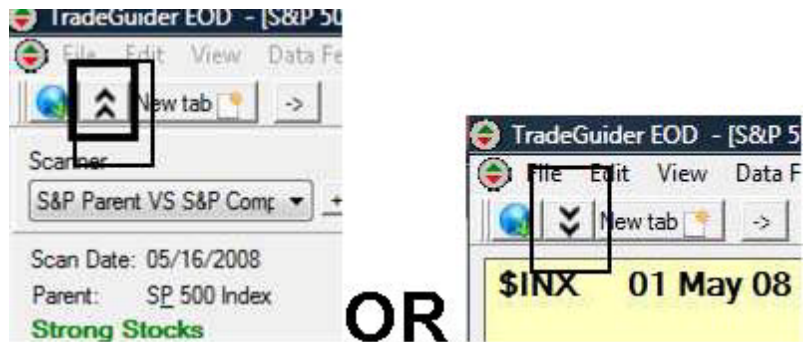


Select the Scanner panel by clicking the double arrow button on the tool bar or pressing F12 until the scanner panel is activated.

Please note that the double arrow button changes its appearance.

Select the previously viewed scan profile from the drop down list.

To update the scan, select the asterisk.

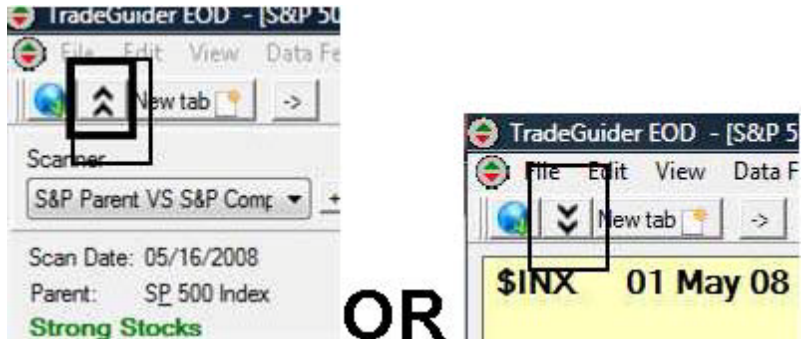


Delete a Scan Profile



Select the Scanner panel by clicking the double arrow button on the tool bar or pressing F12 until the scanner panel is activated.

Please note that the double arrow button changes its appearance.



Select the previously viewed scan profile from the drop down list.

To delete the scan, select the minus sign.

The Indicator Scanner

The Indicator Scanner is the tool you should use to screen stocks for potential movement, due to:

Imbalances of supply and demand

OR

Changes in trend

The scanner utilizes our unique Volume Spread Analysis (VSA) technology to perform a complex amount of analysis for all the stocks in your portfolio. You have the freedom to tell the scanner how far back in time you want the analysis to take place, although we would advise you accept the default value of 20 days (or whatever the timeframe is that you're using). At the end of the scan, you'll be presented with a report that shows all the VSA and trending indicators for the stocks in your chosen folder.

The Indicator Scanner is designed to be easy to use, yet extremely powerful – everything is controlled by a simple Wizard, which guides you through the various steps.

To summarize, the Indicator Scanner helps you to save time by scanning a folder of stocks or commodities to see if there are any candidates that have just experienced a trend break-out, or a continuation of trend indicator

A favourite way of using the Indicator Scanner is to look for situations where there is:

- 1) a VSA sign of strength (green indicator)

AND

- 2) an upwards-facing trend indicator (blue triangle) that coincides with it, or is in close proximity to it.

The above guideline can be reversed if you wish to screen for movements to the short side (i.e. a VSA sign of weakness (red indicator) AND a downwards-facing trend indicator.)

Creating a New Indicator Scan Profile

A Scan Profile has to be created the very first time the Indicator Scanner is used. A different profile can be set up and customized for each of your scanning tasks. Here are a few examples of the type of Scan Profile you may wish to create:

Dow Jones Industrial stocks that have shown a change of supply or demand over the last few days.

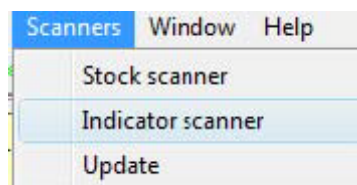
S&P stocks which have shown short-term changes in supply or demand AND have started to trend

Industry Sectors that have started to trend and are showing signs of professional buying or selling.

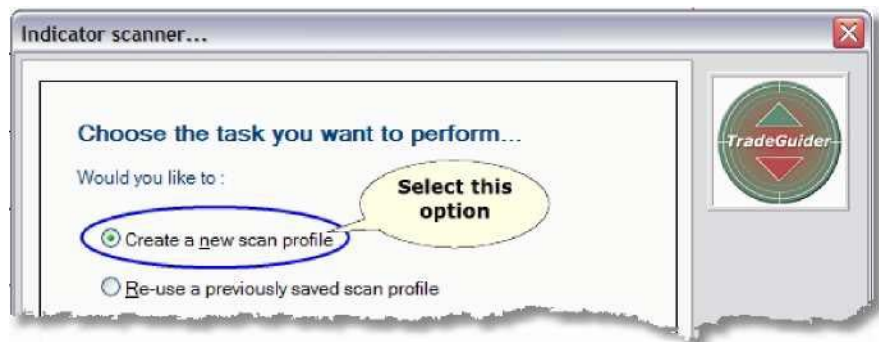
Commodities that are experiencing volume-related strength or weakness.

To create you first Scan Profile, follow the steps below:

Select Scanners...Indicator Scanner.



The Indicator Scanner Wizard will be displayed (See picture below.) Select **Create a new scan profile**.



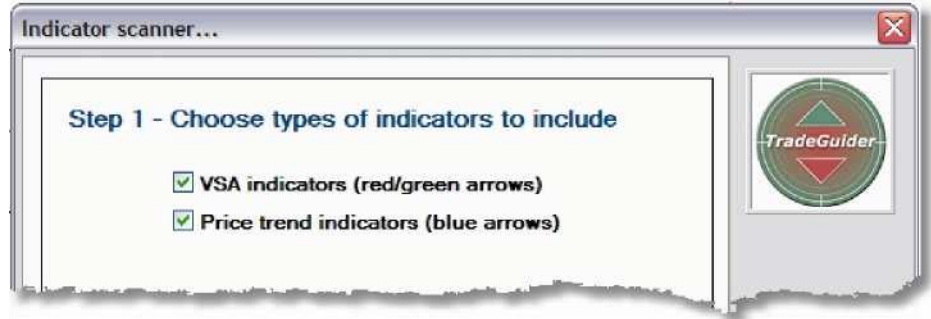
Click the Next button to continue onto the next stage of setting up the Scan Profile.

Setting the Indicator Filters

When the scan is performed, TradeGuider is able to apply the following filters: Volume-related supply or demand changes, by using our Volume Spread Analysis (VSA) technology. This analysis method is looking at changes in volume, spread and price, to assess the likelihood of professional activity in the market, which would imply the potential for a price change soon after.

Trend-related changes, which combines price change with volatility breakouts, to give you an accurate method of assessing probable trending movements.

To continue with setting up your Scan Profile, you will need to select the Indicator Filters that you would like to use during the scanning process (see below).



Choosing the Scan Period



Now is the time to select how far you would like to go back when performing the scan. You can select any period between the last 5 and 30 bars. However, for most purposes the default value of 20 is sufficient (see below).

Click the Next button to continue onto the next stage of setting up the Scan Profile.

You don't need to set a Scan Date when using the Indicator Scanner, because TradeGuider is only interested in looking at what has happened during the most recently collected data.

Choosing the Items to Scan

Now is the time to choose the stocks to be scanned.

The Indicator Stock Scanner is designed to work with any timeframe.



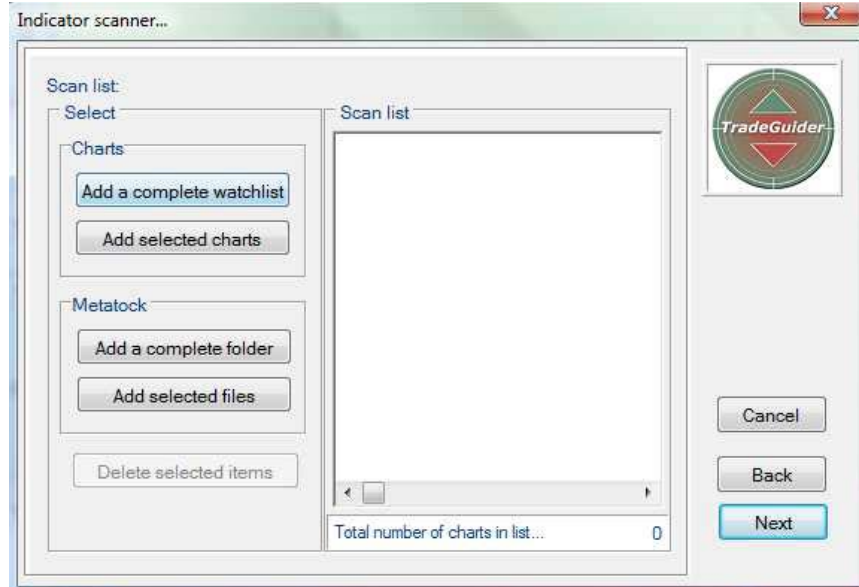
5. When you're ready to move on to the next step, just click the **Next** button to choose the stocks you wish to scan.

You will be presented with a dialogue box that enables you to select the scan list symbols.

To quickly populate the scan list, you can select from the following options: add a complete watch list, add selected charts, add a complete Metastock folder, and add selected Metastock files.

Select Add a complete watchlist.

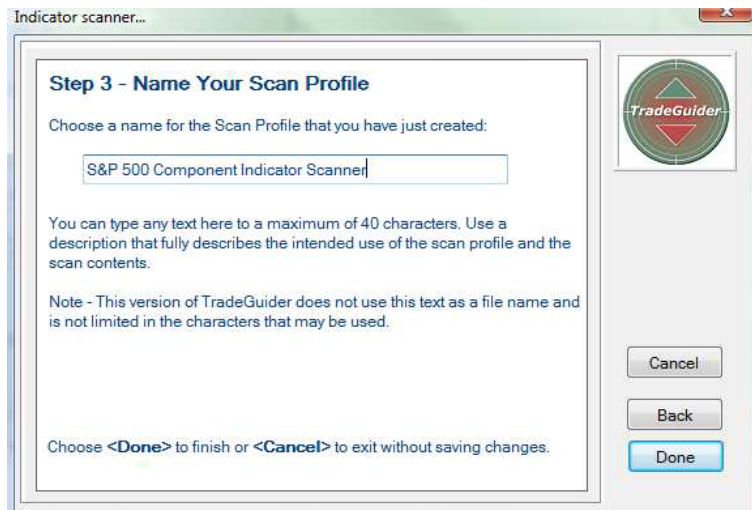
Select S&P500 Component and click Open.



Select **Next** in the dialog box pictured below.

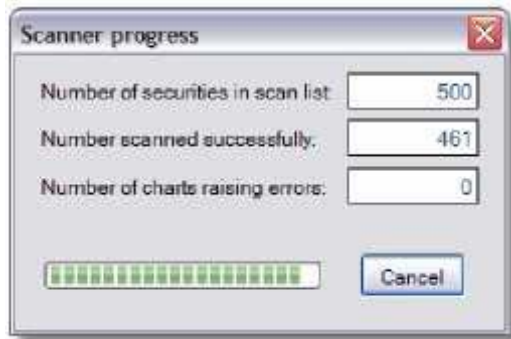
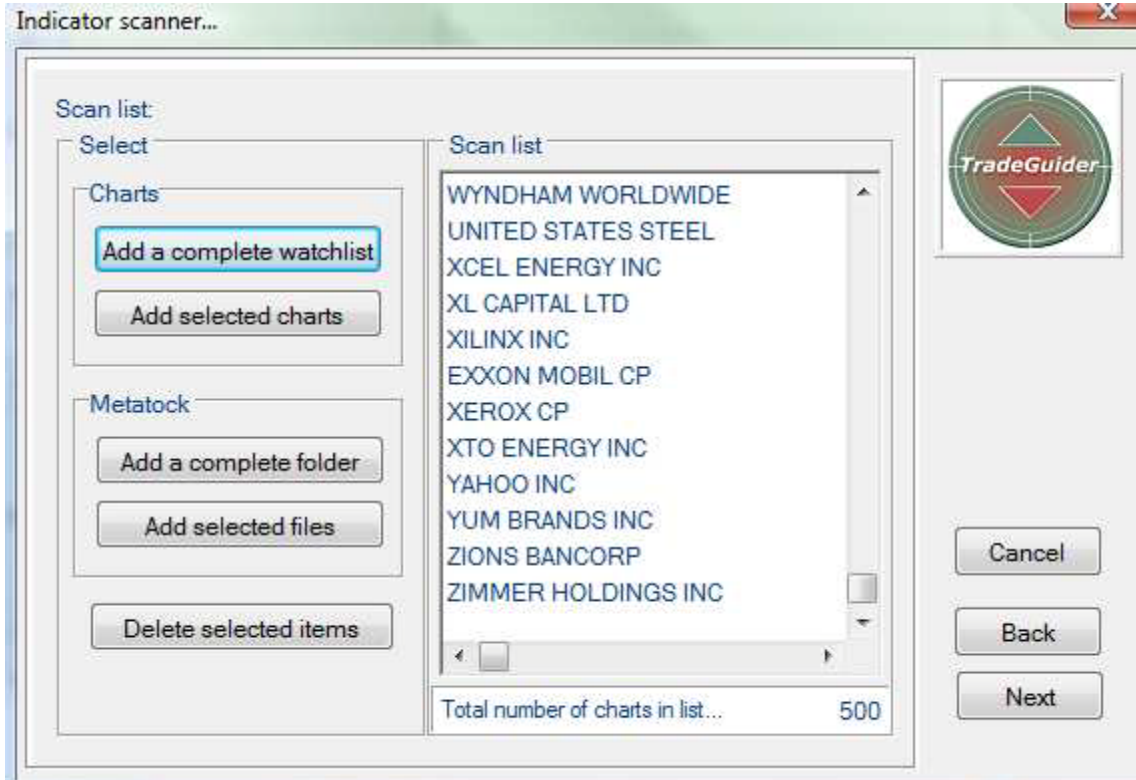
Enter a Scan Profile Name of less than 40 characters and click Done.

In the interests of efficient performance, we would recommend setting up an individual stock scan for each of your stock (or commodity) folders, rather than combining multiple stock folders into one global scan that contains potentially thousands of stocks.



The Indicator Scanner in Motion

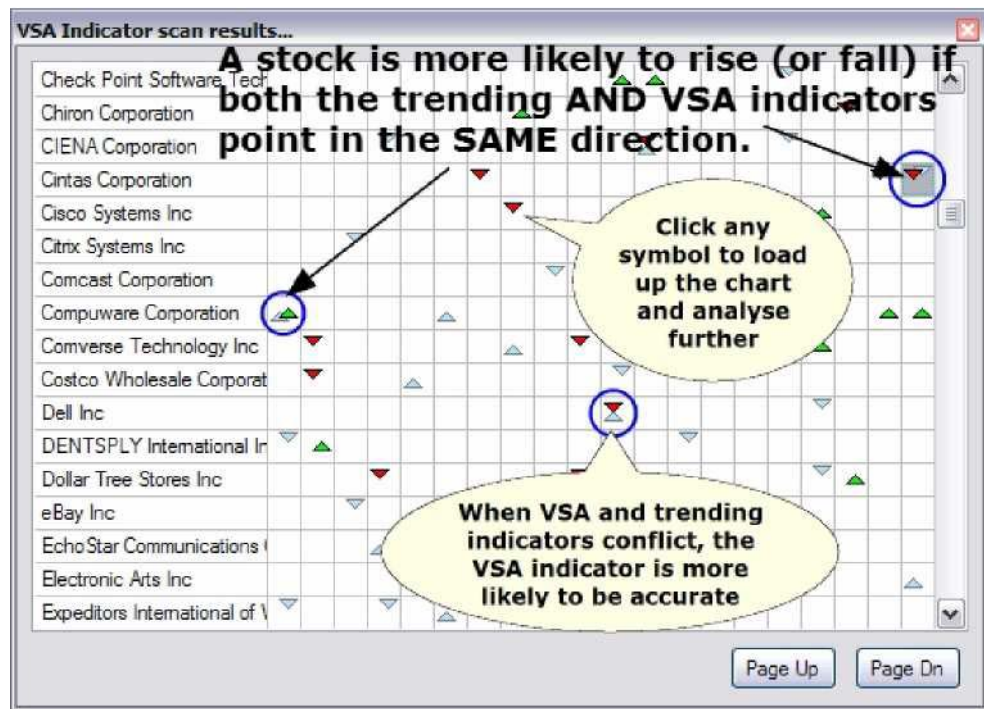
When the Indicator Scanner is running, you will see each chart momentarily displayed on the screen. You will also see a Progress Gauge displayed in the top left corner of the screen. Despite the complexity of the analysis employed within the indicator scanner, the whole process will be complete within a minute or so for the 500 stocks within the S&P 500 index.



Interpreting the Indicator Scanner Results

Once the scan has completed, you'll be presented with a table showing a screened list of stocks (or commodities) according to your criteria. The table is sorted in alphabetical order to make it easy to find particular stocks you are interested in.

If you would like to visually analyze any of the stocks (or commodities) in the list, simply click the symbol you are interested in viewing and the relevant chart will be immediately loaded for you to scrutinize.



To search the list, use the scroll bar, or the Page Up and Page Down buttons. The screen list of VSA and trending indicators is showing you all the stocks (or commodities) that are poised for a move. You will find some general guidelines below which will help you to interpret the scanner results:

You should be wary if you observe a conflict between a VSA and trending indicators. Generally, you should give more bias to the VSA indicator, which tends to be the more accurate. A stock (or commodity) is more likely to rise or fall when the VSA and trending indicators point in the same direction.

When you see clustering of VSA/trending indicators, you should take this as a more serious indication that a price change is afoot. So if you saw 2 or 3 green indicators together on the same row of the table, there is a strong chance that the stock will rise in price.

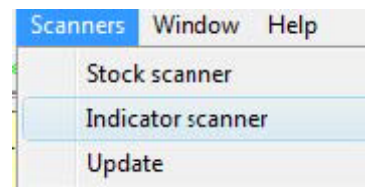
If you see a column in the table that shows many green indicators, then this shows strength coming in across all these stocks at the same time (the opposite is true if you see a column of red VSA indicators). In this example, the clustering of indicators is evidence that the stock will rise in price.

Use other techniques as confirmation, such as the Diamonds, support & resistance, trend clusters etc.

Re-using a Previously Saved Scan Profile

If you have already saved a scan profile and would like to re-use it, follow the steps below:

Select Scanners...Indicator Scanner

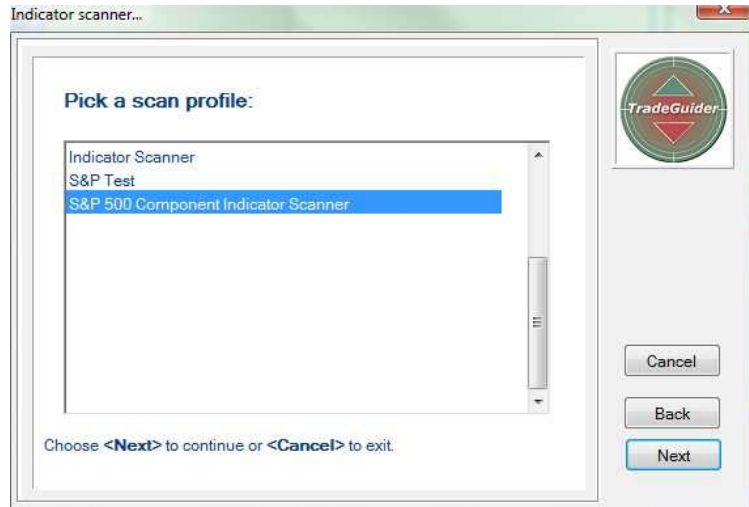


Select Re-use a previously saved scan profile.

Press the Next button to continue.

Choose the scan profile you wish to use from the list. In the example below, we have chosen the “S&P 500 Component Indicator Scanner”.

Then click the Next button to run the scan.



Modify a Previously Saved Scan Profile

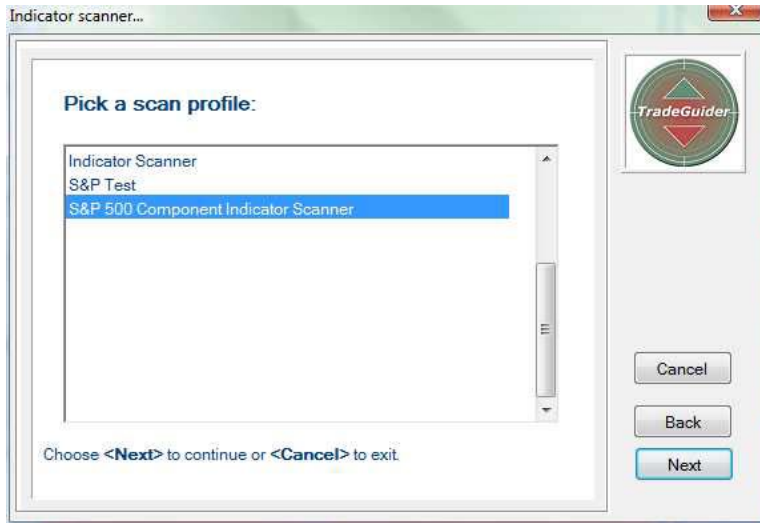
If you have already saved a scan profile and would like to modify it, follow the steps below:

Select
Scanners...Indicator
Scanner.

Select y a previously
saved scan profile



Click **Next** button to continue.



Choose the scan profile you wish to use from the list. In the example below, we have chosen the S&P 500 Component Indicator Scanner and click Next.

Choose the types of indicators to include in your scan as described earlier on page 112 (Setting the Indicator Filters)

Set the Scan Period as previously described on page 113 (Choosing the Scan Period)

Choose the stocks that you wish to use in the scan, as detailed on pages 113 (Choosing the Stocks to Scan).

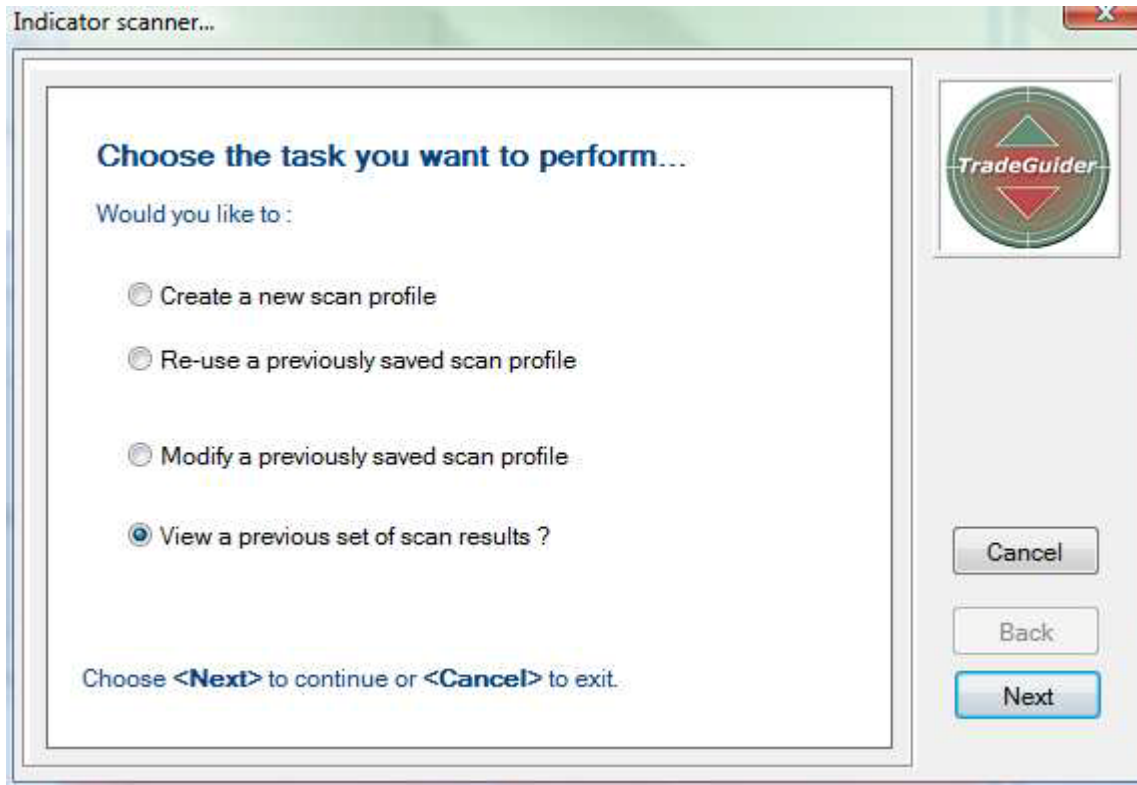
Name the Scan Profile.
Finally, click the Done button to finish.

View Previous Scan Results

If you have already saved a scan profile and would like to view the results of it, follow the steps below:

Select Scanners...Indicator Scanner.

Select View a previous set of scan results



Click Next to continue.

Choose the scan profile you wish to use from the list. In the example below, we have chosen the S&P 500 Component Indicator Scanner.

Click Next to view the results.