TRO 2010 DONATIONAL INDICATORS

By Avery T. Horton, Jr. aka The Rumpled One

DISCLAIMER

We are not liable for any investment decisions by the reader. The information offered is not to be construed as an offer to buy or sell any securities. All information obtained is from sources deemed to be reliable but is not guaranteed. Information for the stock observations was obtained from sources believed to be reliable, but we do not warrant its completeness or accuracy, or warrant any results from the use of the information. Your use of the stock observations is entirely at your own risk and it is your sole responsibility to evaluate the accuracy, completeness and usefulness of the information. You must assess the risk of any trade with your broker and make your own independent decisions regarding any securities mentioned herein.

We are not brokers. NO advice is given or implied. This information is for educational purposes ONLY. Nothing should be considered a recommendation to buy or sell any stock or security. We strongly recommend that you consult with a professional broker or financial planner before you buy or sell any stock or security. We believe the information in this publication to be true but assume no responsibility for any incorrect information. This is not a solicitation to buy or sell any security. The author may at times hold positions in any of the stocks mentioned in this document. Investing in securities carries a high degree of risk and you can lose all of your investment money. Past performances do not guarantee future results. Please consult with your own independent tax, business and financial advisors with respect to any investment, including any contemplated investment in any company mentioned. All information contained in this publication must be independently investigated for accuracy. We will NOT be responsible for the consequences of anyone acting on this purely educational material.

The information in this report is provided on {as is basis}. The information represents general buy and sell alerts and is not intended to provide specific investment advice to any Individual or group. We do not warrant the accuracy, completeness, timeliness, or reliability of the information contained herein. The materials and information in and provided by this report include facts, views, opinions, and alerts of individuals and organizations deemed of interest. We and its affiliates and agents do not endorse these views, opinions, alerts or recommendations, give specific investment advice, or advocate the purchase or sale of any security or investment. In no event will we and our agents and affiliates be liable to you or anyone else for any decision made or action taken by you in reliance on news and information contained herein or distributed from this report. We and our agents and affiliates shall not be liable to you or anyone else for any loss or injury resulting directly or indirectly from the use of this. We do not guarantee that trading methods or systems presented in its services will result in profits or losses. Past results are not necessarily indicative of future performance.

Day trading has large potential rewards as well as risks involved. Day trading may not be suitable for all users. You assume the entire cost and risk of any type of trading you choose to undertake.

Readers are advised that the report is issued solely for information purposes and is not constructed as an offer to sell or the solicitation of an offer to buy. The opinions and analyses included herein are based from sources believed to be reliable and in good faith but no representation or warranty, expressed or implied is made as to their accuracy, completeness or correctness. Readers are urged to consult with their own independent financial advisers with respect to any investment. All information contained in this report should be independently verified with the companies mentioned.

Let me start by saying, "Thank you for your support." Most of you know how much abuse I get on the various trading forums.

I strive to code the most flexible indicators possible by having most values coded as inputs to the indicator. This allows the user to change the way the indicator works without having to make changes to the code.

If you would like to know more about how MT4 works, visit www.mql4.com.

Some helpful **MT4 navigational tips and techniques can be found here:**

www.forexfactory.com/showthread.php?t=67529

Many of you know that I trade like a “rat”:

“Look, for example, at this elegant little experiment. A rat was put in a T-shaped maze with a few morsels of food placed on either the far right or left side of the enclosure. The placement of the food is randomly determined, but the dice is rigged: over the long run, the food was placed on the left side sixty per cent of the time. How did the rat respond? It quickly realized that the left side was more rewarding. ***<u>As a result, it always went to the left,</u> which resulted in a sixty percent success rate.*** *The rat didn't strive for perfection. It didn't search for a Unified Theory of the T-shaped maze, or try to decipher the disorder. Instead, it accepted the inherent uncertainty of the reward and learned to settle for the best possible alternative.*

The experiment was then repeated with Yale undergraduates. Unlike the rat, their swollen brains stubbornly searched for the elusive pattern that determined the placement of the reward. They made predictions and then tried to learn from their prediction errors. The problem was that there was nothing to predict: the randomness was real. Because the students refused to settle for a 60 percent success rate, they ended up with a 52 percent success rate. Although most of the students were convinced they were making progress towards identifying the underlying algorithm, they were actually being outsmarted by a rat.” – Page 64 HOW WE DECIDE

I always trade long. The reason I always trade long is because in Forex sooner or later I will be “right”. One week, price heads down and the next week price heads back up. The worse thing is to be long the former week and short the latter. If I am always long, I can’t always be “wrong”.

Let me tell you a “secret” about trading – if you do not have an “edge” then in the long run, you will lose. If you size your risk correctly, size your position correctly, enter and exit according to plan but your method does not have an edge, you are going to lose. You must understand that without an edge your efforts are futile. That’s why so many traders lose.

The rat instinctively knew to turn left all of the time. If you have a 60% edge, you will clean up in the market. My goal with the 2010 indicators is to give you the tools to find an edge and create methods that have an edge.

The first 2010 indicator, TRO2010_DW_COUNT_UI, is a statistical indicator that is used to find an "edge".

NOTE: TRO2010_DW_COUNT_UI must be used on the D1 (daily) chart otherwise it will give you an error message.

TRO2010_DW_COUNT_UI

```
aHelp[0] = "TRO2010_DW_COUNT_UI" ;
aHelp[1] = "Displays frequency distribution of" ;
aHelp[2] = "high minus open when daily open is" ;
aHelp[3] = "greater than or equal weekly open" ;
aHelp[4] = "or open minus low when daily open is" ;
aHelp[5] = "less than or equal weekly open" ;
aHelp[6] = "  " ;
aHelp[7] = "User can enter the ranges via inputs" ;
aHelp[8] = "  " ;
aHelp[9]  = " " ;
aHelp[10] = "column 1 is number of occurrences" ;
aHelp[11] = "column 2 is % of total"  ;
aHelp[12] = " " ;
aHelp[13] = "DWLong = TRUE: count daily (High - Open)" ;
aHelp[14] = "DWLong = FALSE: count daily (Open - Low)" ;
```

TRO2010_DW_COUNT_UI shows how much you can make and how many times you can make it.

The default is for long trades, since I am a green rat. If you are a red rat you can change the DWLong input to “FALSE”.

The “edge” is found by only trading long when the daily open price is equal to or greater than the weekly open price.

You can see on the chart that the first 3 days of the week signaled a long trade. One of the trades was good for 80 or more pips as indicated by a 1 in the row label 80 – 999. Another trade was good for 30 – 39 pips and the third trade was good for 20 – 29 pips.

Notice the red candle that opened above the weekly open. Price went up and then reversed back down.

But this data set only include 5 days and that’s not enough data to see if we really have an edge.

If you look at the chart heading, you will see we changed the myBars input to 250 which represents 250 trading days. (250).0 means 250 daily bars and with a shift of 0. The myShift input allows you to shift or exclude recent bars. If you do not want to use the current bar set myShift = 1 and the calculations will shift back 1 bar.

Notice the row labeled Range 0 – 0. Out of 250 bars, 127 times the daily open was not above the weekly open and there was no entry.

If we use a 10 pip TAKE PROFIT, then according to the frequency distribution:

We will lose 9 times. 4 times the high – open was between 1 and 4 pips. 5 times the high – open was between 5 and 9 pips.

The rest of the time, 250 – (127 + 9) = 114, there is a potential to hit the target of 10 pips.

The reason why I say potential is because price may drop 10 or more pips before high – open is 10 pips or more.

What is to be gained by knowing this information is no matter what method you use, if you only trade long when price is above both the daily open and the weekly open and only trade short when the price is below both the daily open and the weekly open, you will have an "edge". Also note that if you wait for price to move at least 10 pips above or below the weekly open, it is more likely than not to keep going in that direction.

Of course, you need to run the frequency distributions for each pair that you trade to see what the edge is.

If this seems like common trading sense to you, trust me, common trading sense isn't common amongst traders.

The next indicator, TRO2010_DO_NOT_TRADE_ZONE, uses what we learned about the daily open and weekly open. The yellow zone is where we do not want to enter a trade.

One could argue that they made money going long at the daily open. But why take a trade that doesn't have the best "edge". Trading long when price crossed the weekly open was profitable.

Notice in the upper left hand corner the difference between the daily open price and weekly open price is displayed. The weekly ATR is also displayed.

TRO2010_MP_DW displays the location of the current price in relation to the daily and weekly open price.

The "MP" in the name is short hand for MULTI PAIR.

You can see that 12 pairs are displayed. The first arrow indicates if the current price is above/below the daily open. The second arrow indicates if the current price is above/below the weekly open. The message text indicates which way to place a trade based on what we learned about the daily/weekly bias. The "*" by the pair symbol indicates which chart is displayed.

If you like, you can make a donation in my PayPal account: therumpledone@gmail.com

Donations have ranged from $50 to $1,000

Thank you for your support.

Avery – aka TheRumpledOne

P.S. If you choose NOT to donate, please drop me a line telling me the reason you chose not to donate.

About the author

Let me introduce myself. My name is Avery T. Horton, Jr.

I have been a computer programmer and a trader since 1977.
I have a B.S. degree in computer science.

You may know me by my internet handle – TheRumpledOne or TRO for short. You probably also know that I have been BANNED from more than one forum and chat room for helping my fellow traders profit.

To contact the author:

Avery T. Horton, Jr. aka TheRumpledOne,

P O BOX 43575, TUCSON, AZ 85733

therumpledone@gmail.com

I have a FREE www.paltalk.com chat room called the Two Percent Club. We can chat there.

1) Run PalTalk
2) click on ALL ROOMS
3) click on BUSINESS & FINANCE
4) click on Day Traders
5) click on TWO PERCENT CLUB

If you have trouble finding it, just pm me, therumpledone, from PalTalk and I will invite you in.