Dr. Elder's Trading Room

Thank you for purchasing this software. The version was developed in 2004 by Dr. Alexander Elder, the author of TRADING FOR A LIVING and COME INTO MY TRADING ROOM, and John Bruns, a programmer. The CD contains the installation file for the MetaStock add-on. It also contains this manual, both as a PDF file and an HTML file.

MetaStock already has some of the indicators described in Dr. Elder's books, but quite a few are missing from their set. The software contains those missing indicators. New indicators include the Market Thermometer and the SafeZone stop. The Elder-disk also provides MetaStock templates with basic screens and samples of each indicator, showing how they are best formatted.

In addition to the indicators, there are scans that allow you to find stocks based on these indicators. Two Advisors are provided, one based on Triple Screen and the other on the new Impulse System. While these are not intended to be complete trading systems, they show you how to generate signals based on the systems that can be modified to fit your trading style. These help you understand the methods described in the books, but they do not automatically replace careful independent study and planning before entering each trade.

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Loading the Software

Note that this disk will only work with MetaStock 8.01 or higher. For best results, please upgrade to the latest version of MetaStock. To find what version of MetaStock you're running, start MetaStock, go to Help menu, and select "About MetaStock".
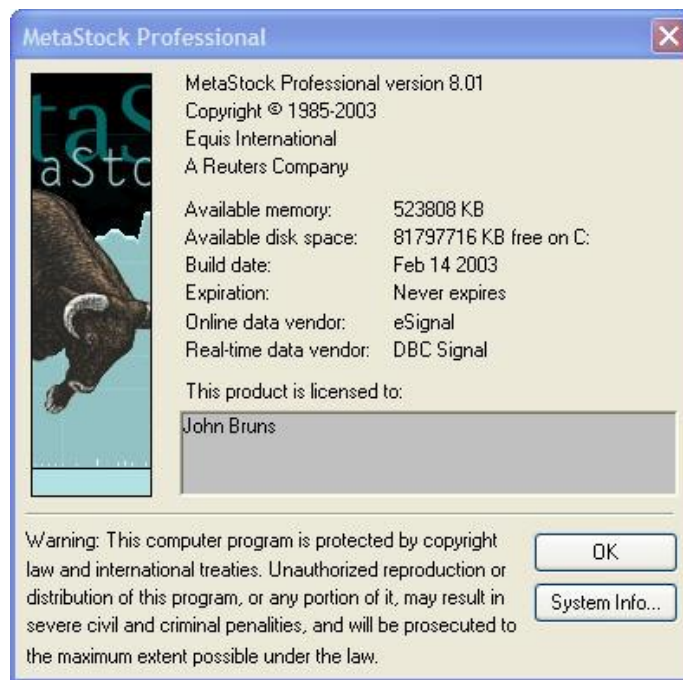
Exit MetaStock. Insert the Elder-disk in your CD drive, and it should load automatically. If it fails to load for some reason, open "My Computer," select the CD drive and double click on the "ElderDiskSetup.exe" file.

You will be prompted for a password.

The password is "cimtr"

Be sure NOT to use capitals.

Adjusting System Settings

On the menu bar, go to File, press Open, and you should get a menu that looks like the one below. If required, use the *Look In* controls in the upper left corner to select the appropriate file that contains your data. Then click on the Options pull-down menu in the upper right corner.
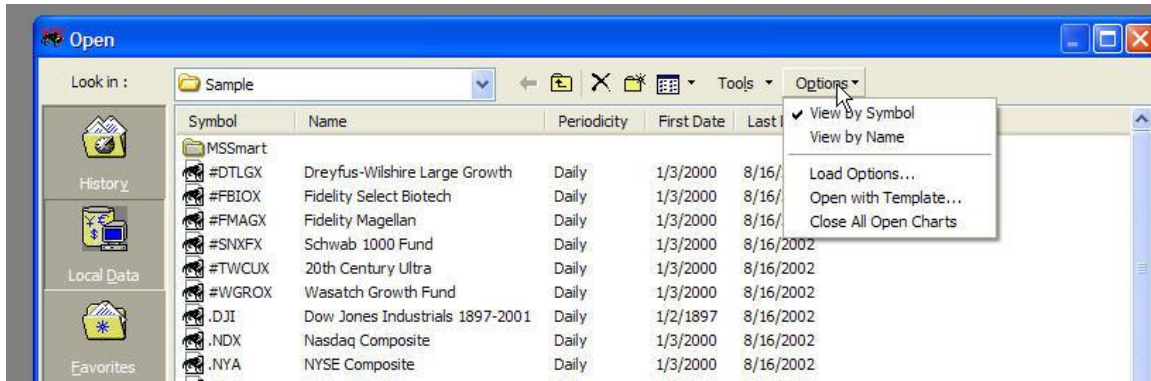
Select Load Options…
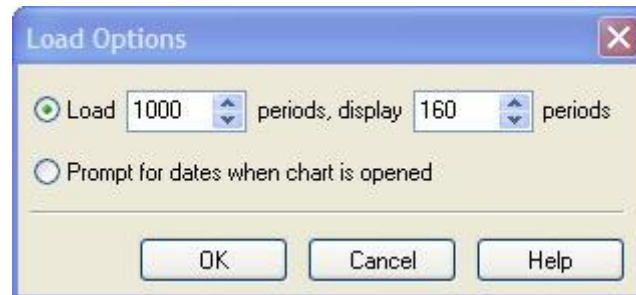
Set the periods to at least 1000 and display periods to 160. You may prefer higher or lower figures, but this will show you about three years on weekly charts and a bit more than six months on daily charts.

The Indicators

The indicators are described in an alphabetical order. Brief descriptions include the information required for their effective use.

- Parameters (defaults) – Most indicators have parameters. These are marked by bullet points, listing their default values and brief descriptions.

Format Tips: Many indicators contain multiple plots that must be formatted to provide correct images. Some are simple and obvious, others quite complicated. This section tells you how we have done it for our templates. The easiest way to achieve the same result is to copy an indicator directly from the supplied template, but you are welcome to change their parameters.

Each indicator is shown in a sample chart, so you can see how we intend it to look. The charts are for illustration purposes only, and the securities have been chosen at random. Please note that the functions not referenced in this section of the manual are helper functions for other indicators, advisors and/or explorations and are not intended to be used as indicators.

Elder - AutoEnvelope

Envelope channels are set parallel to the moving average (parallel to the slow MA if you use two MAs). The two channel lines must contain approximately 90-95% of all prices for the past two or three months between them, with only the extremes protruding outside. Envelope channels provide attractive profit targets – sell longs near the upper channel line and cover shorts near the lower channel line.

The AutoEnvelope is a custom indicator - an original tool that automatically sizes channels by calculating a standard deviation for the last 100 bars.   It is designed to change value at most once a week, making it suitable even for intra-day data.

The EMA is plotted in addition to the AutoEnvelope. This combination allows you to change the EMA and have the envelope follow it without adjusting two separate indicators. If you do not want to see the moving average, right click on it and change its style to invisible.

- Base EMA (22) – This is the number of bars for the Exponential Moving Average plotted in the center of the channel.
- Factor (27) – This is the number of standard deviations (expressed in the tenths) for creating the channel. Statistically, 2.7 is the proper size to use, but that assumes a standard distribution, which is not always present in the markets. We

find that 27 works for most stocks using daily data, but you may want to adjust this Factor to fit your trading vehicle and style.

Format Tips: Auto Envelope has three plots – the central EMA and the upper and lower channel lines. We use the same color for all, with a slightly thicker EMA in the center and dashed lines for the channel, plotted on the same scale as the price bar plot. AutoEnvelope appears in the Elder Daily Template.
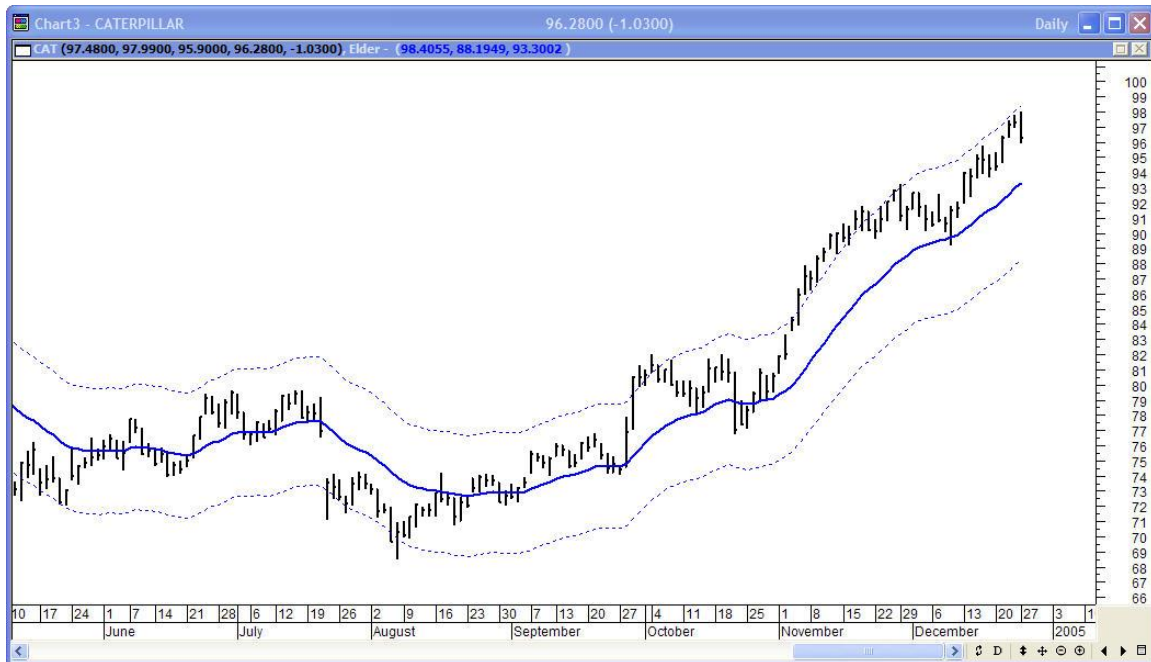
Elder - Bull Power & Elder - Bear Power (Elder-ray)

Bull Power and Bear Power are the components of Elder-ray, an indicator described in TRADING FOR A LIVING. Since both are based on an EMA, this example shows both with an EMA of the same length.

- Moving Average Days (13) – The length of the EMA for computing Bull Power and Bear Power.

Note that the inputs for Bull and Bear Power are identical and must be set to the same value. You should add an EMA to the plot with the same time frame.

Format Tips: Bull Power and Bear Power are plotted as histograms, in separate windows. Add a thin horizontal zero line to each plot.   Bull Power and Bear Power are found on the Elder Ray Template.

Elder - Chandelier Long & Elder - Chandelier Short

The Chandelier Exit, introduced by Chuck LeBeau, is described in COME INTO MY TRADING ROOM. It calculates each stop on a long position in an uptrend from the highest point reached during that rally, and gets its name from the chandelier, which hangs from the highest point in the room. The Chandelier Exit uses a multiple of the Average True Range (ATR), subtracting it from the highest high since the trade was entered. It creates a new trade whenever the previous trade is stopped out. For stops on short positions, it reverses the direction and adds the multiple of the ATR to the lowest low since the trade was entered. Chandelier Stops differ from traditional stops in that they can actually move against you if the anchor point stays the same but the ATR increases due to volatility. A more conservative approach is to ignore any change in a stop that increases your risk

Both long and short strategies use the same parameters, allowing you to display either one or both on your chart. The two are provided as separate indicators to allow you to disable one of them, eliminating visual clutter if you trade only in one direction.

- Chandelier Factor (3) – This is the factor for multiplying the ATR when computing the Chandelier. You may use fractions – this does not need to be an integer.
- ATR Days (22) – Number of days for computing ATR.

Format Tips: Chandelier Stops are best plotted using the discrete dot format (the last choice in the Style menu). Choose a moderate size, or the dots will be hard to see. Here we use red dots for Chandelier Short and green for Chandelier Long. Chandelier Exits are found in the Chandelier Stops template.

Elder - Chandelier Long Entries & Elder - Chandelier Short Entries

Displaying protective stops is a difficult problem. It is a key rule to never move your stop in such a way that your risk increases. For that reason, we decided to show stops as a series of decreasing risk points until the trade is eventually stopped out. The problem with this is that if you enter a trade at any other point than the initial dot of the sequence, you may be placing the stop too close. Stop entry plots show you the initial value for the stop on each bar. You can use them when you put on a trade, and increase (or decrease) the value each day until you eventually run into a stop sequence. The stop sequence shows this tightening of stops automatically.

The entry indicators have exactly the same parameters as the stop sequences.

- Chandelier Factor (3) – This is the factor for multiplying the ATR when computing the Chandelier. You may use fractions – this does not need to be an integer.
- ATR Days (22) – Number of days for computing ATR.

Format Tips: Chandelier Stop Entries are plotted as small dots that overlay the large dots for the stop sequences. Note that the beginning dot of every stop sequence is always the same value as an entry.

Elder - Force Index

Force Index was first described in TRADING FOR A LIVING. It plots a moving average of the change in price multiplied by volume.

- Periods (2) – sets the length of the EMA for smoothing Force Index.

A version named Elder - Force Index 13 Bar is included – its only difference is the default smoothing period for use in the weekly template. You can always change the period manually.

Format Tips: Force index is plotted as a single line in a color of your choice. A horizontal zero line is added to show transitions. Force Index is found in the Elder Daily Template. The Force Index 13 Bar is found in the Elder Weekly Template.
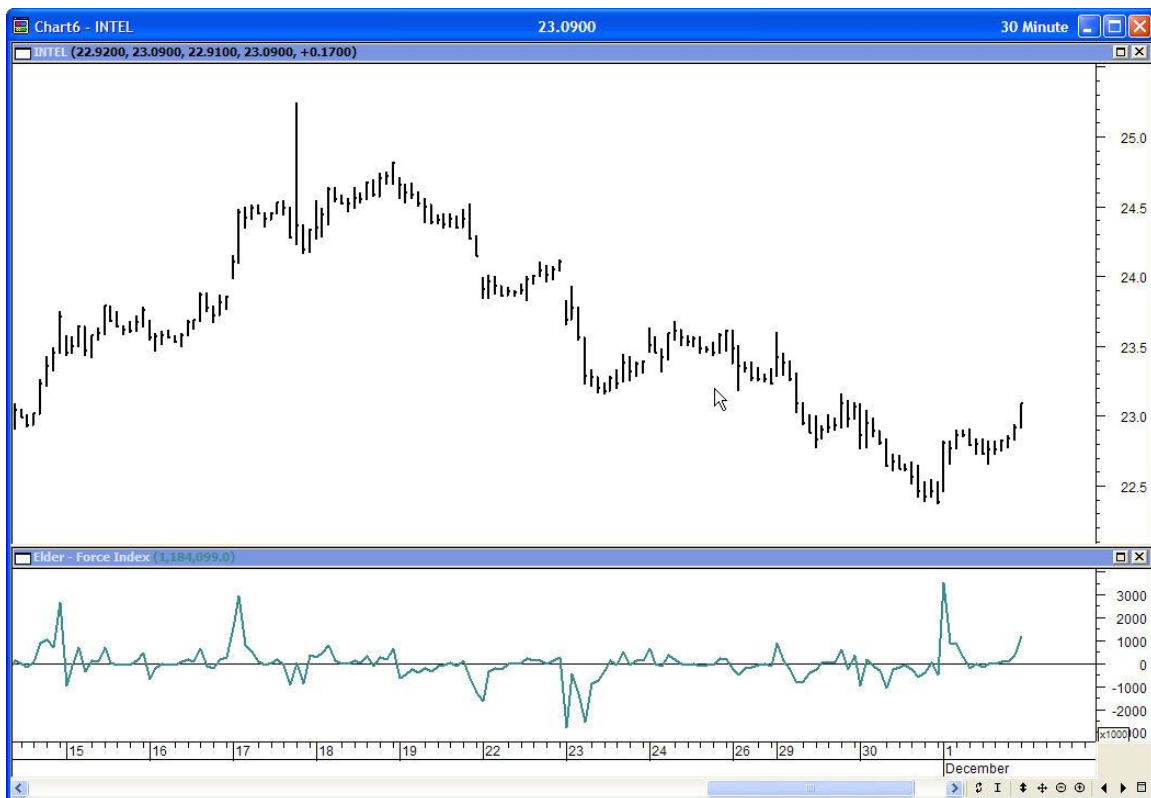
Elder - Impulse

The Impulse System was first described in COME INTO MY TRADING ROOM. It uses the direction of both the MACD-Histogram and an exponential moving average of price to define an impulse. The rule is never to trade against the impulse.

- MACD Short MA (12) – The short EMA for the MACD calculation.

- MACD Long MA (26) – The long EMA for the MACD calculation.

- MACD Smoothing Period (9) – The smoothing value for the MACD Signal line.

- Short EMA (13) – The short-term price EMA.

- TimeRatio (1) – This programming trick allows you to compute the Impulse for a timeframe other than the one you see on your chart. For example, to compute the weekly Impulse while looking at a daily chart, set TimeRatio to 5.

Format Tips: Due to its complexity, your best bet is to copy this from the Elder Daily Template. There are 3 plots - each is either 0 or 1 and only one appears at a time. Choose medium size histogram style, color-coding its bars as appropriate. Add a zero line and eliminate the border and scale.
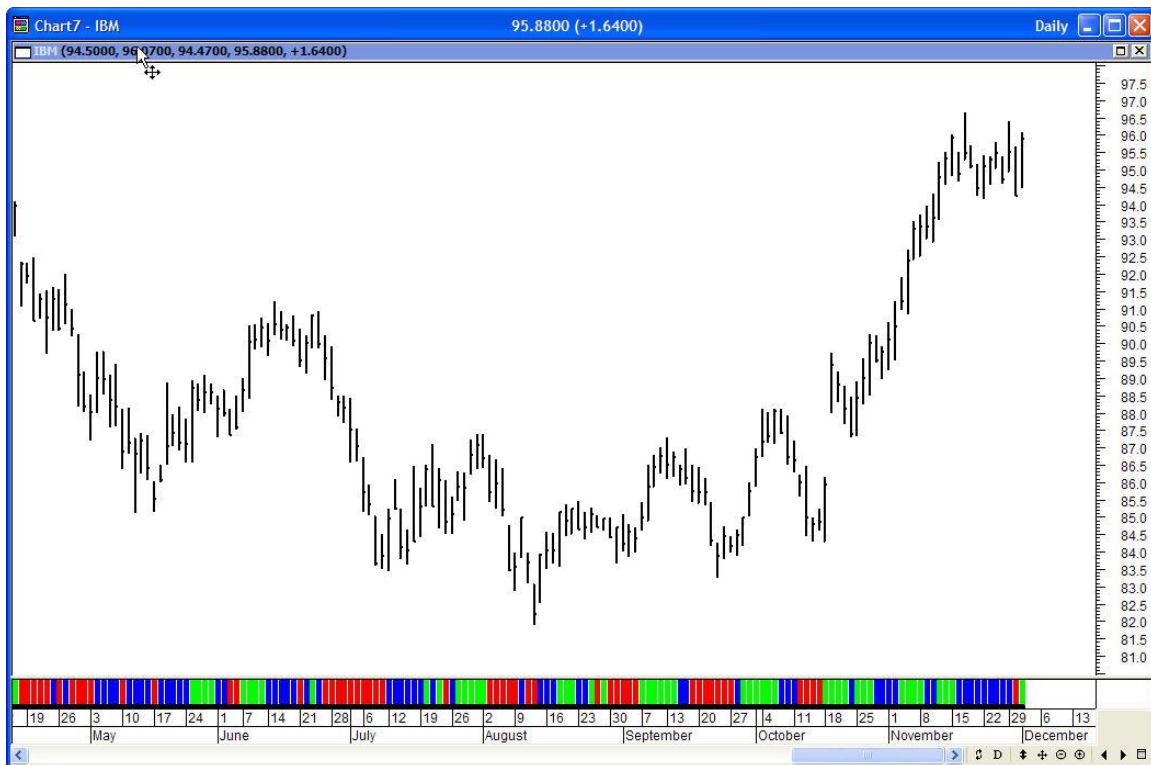
Elder - Impulse Release

The purpose of Impulse Release is to prevent trading in the wrong direction. While the Impulse System operates in a single timeframe, Impulse Release is based on two timeframes. It tracks both the longer and the shorter timeframes to find when the Impulse points in the same direction on both. Its color bar flashes several signals. If one timeframe is in a buy mode and the other in a sell mode, the signal is No Trades Allowed, a black bar. If both are neutral, then any trades are allowed, showing a cyan bar. When one is bullish while the other is either bullish or neutral, there is a green bar, allowing traders to buy and prohibiting shorting. When one is bearish while the other is either bearish or neutral, a red bar signals that shorts are permitted, while long trades are not allowed.

- MACD Short MA (12) – The short EMA for the MACD calculation.

- MACD Long MA (26) – The line EMA for the MACD calculation.

- MACD Smoothing Period (9) – The smoothing value for the MACD Signal line.

- Short EMA (13) – The short-term price EMA.

- TimeRatio (5) – The ratio between the two timeframes. For a system using daily for the short and weekly for the long use 5. If you are trading 10-minute bars and using hourly charts as long-term, use 6, etc.

Format Tips: Your best bet is to copy this from the Elder Impulse Release Template. There are 4 plots – each is either 0 or 1, and only one shows at any given time. Choose medium size histogram style, color-coding its bars as appropriate. Add a zero line and eliminate the border and scale.
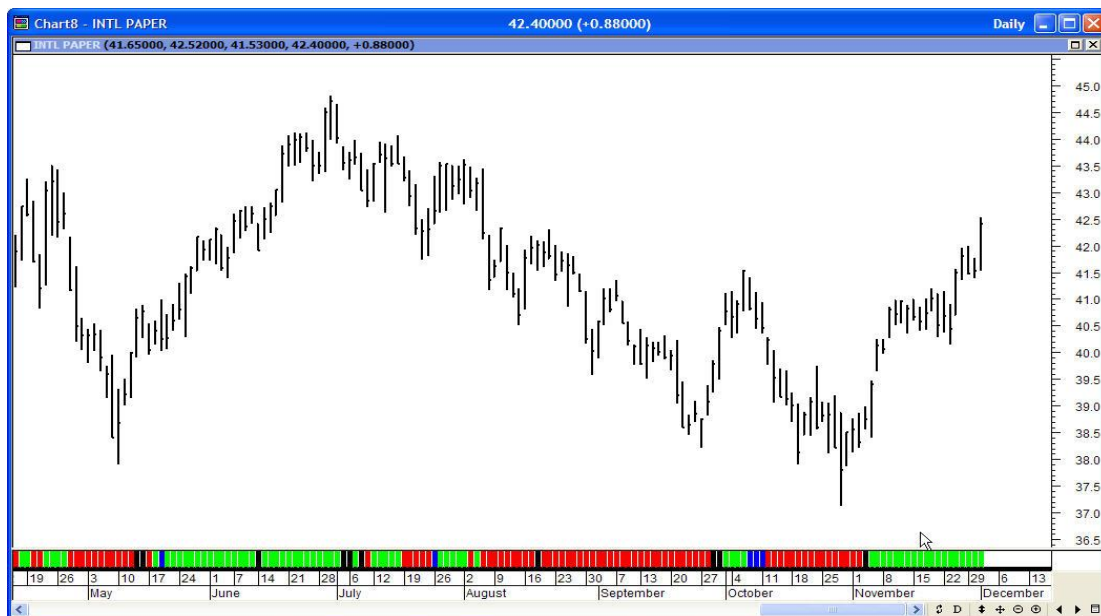
Elder - MACD-Histogram & Elder - MACD Combo

MACD-Histogram tracks the difference between the MACD line and the Signal line (which is the exponential moving average of the first line). For better visibility, when plotting the lines and the histogram in the same window, we scale up the histogram by a factor of 2. Furthermore, we use two separate plots for the histogram, which allows us to color-code the bars for upticks and downticks.

The MACD Combo overlays MACD lines on MACD Histogram. Putting both plots in the same window enables you to change both with a single parameter change.

- Short MA (12) – The short EMA for the MACD calculation.

- Long MA (26) – The long EMA for the MACD calculation.

- Smoothing Period (9) – The smoothing value for the Signal line.

- Time Ratio – Normally 1, showing MACD for the same timeframe as the price chart. If, on the other hand, you are looking at a daily chart and want to see a weekly MACD, set this to 5, multiplying all the parameters above by five. A copy of MACD-Histogram named Weekly MACD-Histogram is included, with only the default changed.

Format Tips: Your best bet is to copy this from either the Elder Daily or Elder Weekly Templates. MACD-Histograms should be plotted as a histogram, by definition. Choose either a single color for the indicator or one color for Up and another for Down. If you use the Combo, there are four separate plots, the MACD-Histogram Up and Down and the MACD and Signal Lines. Select histogram initially and then change the MACD and the Signal to line type plots. All plots use the second level thickness and a thin zero line.

Elder - MACD-Histogram Xover

This indicator was developed by John Bruns to predict the price point at which the MACD-Histogram will reverse the direction of its slope. The indicator is plotted one day ahead into the future, allowing, if your strategy depends on MACD-Histogram, to predict its reversal point for tomorrow. If the closing price tomorrow is above the value of this indicator, then MACD-Histogram will tick up. If the closing price is below the value of this indicator, then MACD-Histogram will tick down. This is especially interesting on the charts of the longer timeframes, where this indicator often moves far away from the price, showing how difficult it is to change the direction of the MACD-Histogram.

Use the same values as the MACD Combo which you want to anticipate. If you use the default values for MACD Combo, then accept the values below.

- MACD Short MA (12)

- MACD Long MA (26)

- MACD Smoothing Period (9)

- MACD Time Ratio (5) – the default here is set to 5 (weekly). (This was done for a technical reason, to allow the template to convert correctly in all versions of MetaStock.)

Format Tips: This plot is in the MACD-Histogram Xover Template. MACD-Histogram Xover is best shown as a point plot. Choose a medium weight and a distinctive color. The timeframe is set at 5, showing a weekly histogram on a daily plot. Note how the wide swings affect the Y scale of the chart and tend to compress the price plot.
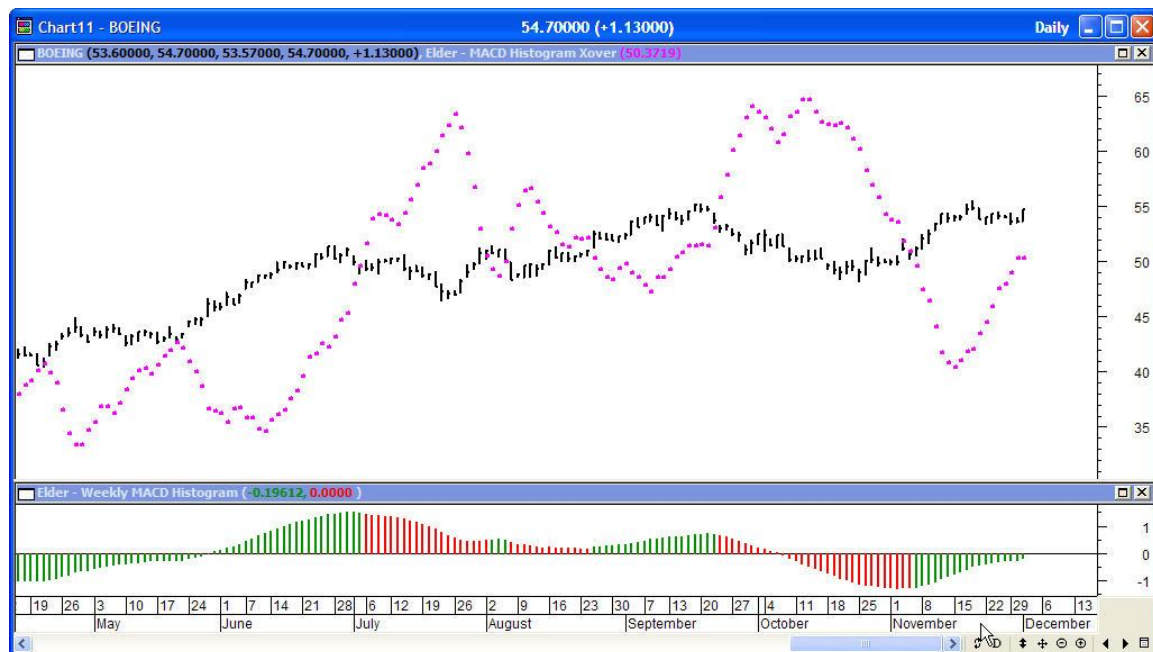
Elder - Market Thermometer

The Market Thermometer is described in COME INTO MY TRADING ROOM. It measures the degree of volatility, as indicated by greater or smaller intraday ranges. When the Market Temperature either spikes above its average or stays below its average for a number of days, it gives trading signals, as described in the book.

- Thermometer EMA (22) – The length of the moving average of the Market Temperature. The default 22, the average number of trading days in a month.
- Spike Alert (3) – If the Temperature exceeds its EMA by this factor, a visual indication appears on the chart.
- Quiet Alert (6) – If the Temperature remains below its EMA for this number of trading days, a visual indication appears on the chart.

Spikes are highlighted by red dots. Quiet periods are highlighted with a cyan background throughout the quiet period. Spikes are truncated at 6 times the current average. This prevents a single extra-large day from compressing the entire graph. A wide zero line is plotted on top of the indicator to help eliminate visual noise. It masks very low values, allowing a distinctive visual display.

Format Tips: Your best bet is to copy this from the Elder Market Thermometer Template, because it is hard to format yourself. The Temperature is plotted as a thin black histogram, its average as a thin red line. The spikes are very thick red dots. The quiet zone is a very thick cyan histogram. The helper function Elder - Zero is plotted as a very thick black line, covering up visual noise at the bottom of the chart.

Elder - SafeZone Long & Elder - SafeZone Short

SafeZone is a method for setting stops on the basis of recent volatility, outside the level of market noise. It is described in COME INTO MY TRADING ROOM. In an uptrend, SafeZone defines noise as that portion of the current bar that extends below the low of the previous bar, going against the prevailing trend. In a downtrend, SafeZone defines noise as the portion of the current bar that extends above the high of the previous bar, against the downtrend. It averages the noise level over a period of time and multiplies it by a trader-selected factor. For long trades, SafeZone subtracts the average noise level, multiplied by a factor, from the current low, and for short trades, it adds it to the latest high to compute the stop. Stops are allowed to move only in the direction of the trade, always tightening. When a trade is stopped out, this indicator reverses and starts a new sequence.

Both long and short strategies use the same parameters. You can plot either one or both indicators. They are provided on this CD as two separate indicators, allowing you to eliminate clutter if you trade in only one direction.

- SafeZone Factor (2) – This is the factor by which we multiply the average level of noise computed by SafeZone.

- LookBack Period (99) – The number of days that the SafeZone looks back when calculating an average market noise.

Format Tips: SafeZone Stops are in the Elder SafeZone Template. They are best plotted using the discrete dot format (the last choice in the style menu). Choose a moderate size, or the dots will be hard to see. We use red for SafeZone Short and green for SafeZone Long.

Elder - SafeZone Long Entries & Elder - SafeZone Short Entries

As described under the Elder - Chandelier Entries section, these plots show the bar-by-bar entry points for initial stops so you can begin a trade at any point and get the correct value. Remember that you may never change a stop so that it would increase your risk.

Elder - Smoothed Rate of Change

This indicator, developed by Fred Schutzman, is described in TRADING FOR A LIVING. It is created by calculating the rate of change for an exponential moving average of closing prices. When it changes direction, it helps identify and confirm trend changes.

- Moving Average Period (13) – The length of the EMA used for smoothing.
- Rate of Change Period (21) – The length of the rate of change calculation.

Format Tips: Smoothed Rate of Change is found on the Elder Smoothed Rate of Change Template. We plot it as a single line with a horizontal line at 1.

Elder – Zig Zag

This indicator, developed by John Bruns, provides a novel way of looking at a Zig Zag plot. The standard Zig Zag plot shows reversals at the right of the chart, even if the Zig Zag criteria are not met. Later, such a plot can reverse itself and extend in the original direction. This plot is identical to a standard Zig Zag in all ways except for the final direction change. If the plot is starting to change direction, but has not yet confirmed the change criteria, the Zig Zag is plotted horizontally. When either a confirmed change, or extension occurs, the horizontal segment is replaced by the correct Zig Zag plot.

This indicator is based on the closing prices.

- Reversal (5) – The points or percentage required for a confirmed reversal.
- Use Percentage (1) – 1 means the plot is based on a percentage change, 0 uses points.

Format Tips: This is a standard indicator that you can add to any chart. A line plot is most appropriate. There is no template for this indicator.

Templates

Most people do not want to custom-build each and every chart. You can use MetaStock templates to streamline charting. To make a template, set up a chart exactly how you want it to be, then go to the File menu and select "Save As…". Change the File type to template (*mwt). Give it a recognizable name so you will be able to identify your template later. If you put a zero (0) in front of the template's name, it will be at the top of your template menu. Please feel free to use, change, and combine the indicators provided on this CD to build your own templates the way you want them.

When creating a chart, you have an option of starting with a template. Go to the Options menu and choose "Open with Template." Be sure to check the box "Use template's periodicity."
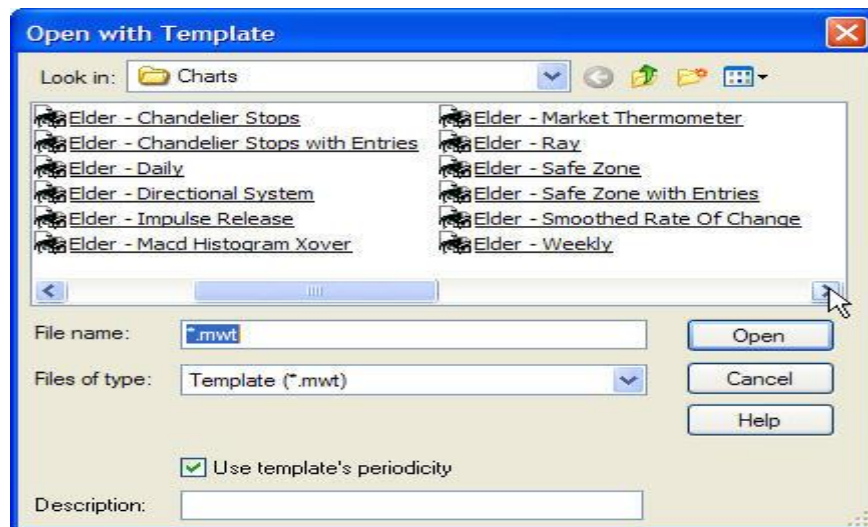
You can also apply a template to an existing chart.   Right-click the chart anywhere in the background and select "Apply Template," then select the template you want to use.

Another shortcut is to assign a template to an icon on the Custom Toolbar. This will allow you to apply that template with a single click. Please see MetaStock documentation to learn how to create an icon.

In this section, we provide a sample graph for each template and list its indicators. We use default values for all custom indicators, as described above. To get templates to load in their proper timeframe, always load them with the 'Use template periodicity' box checked – see example above. If you use an older version of MetaStock, you might need to adjust this manually. While the templates are presented in alphabetical order, please remember to always look at the weekly charts first!

Elder - Chandelier Stops
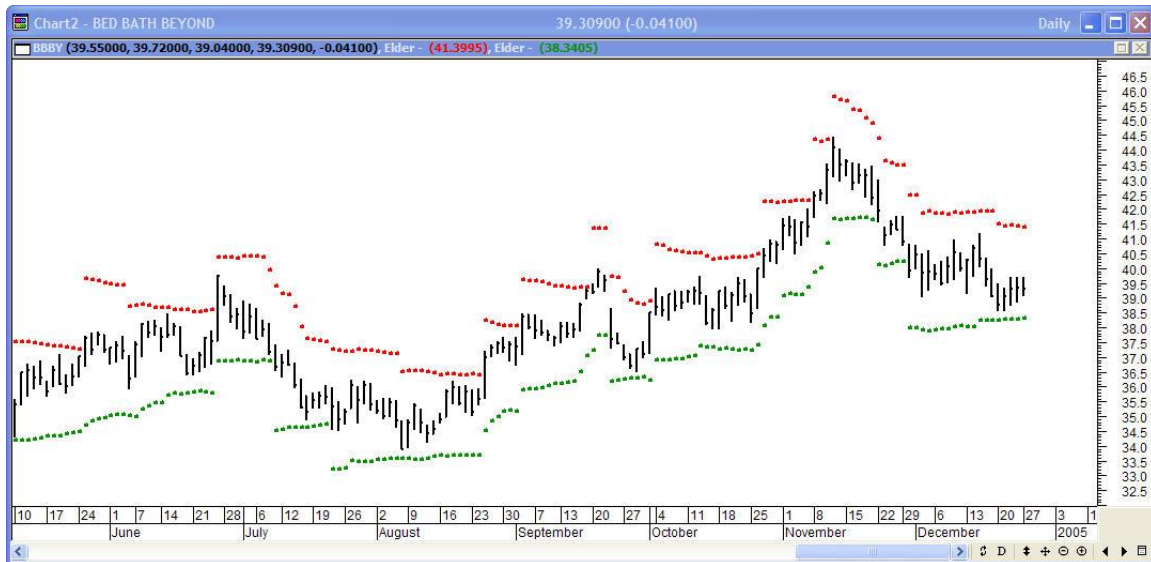
- Elder - Chandelier Long
- Elder - Chandelier Short

Elder - Chandelier Stops with Entries

- Elder - Chandelier Long
- Elder - Chandelier Short
- Elder - Chandelier Long Entries
- Elder - Chandelier Short Entries

Elder - Daily

- Elder - AutoEnvelope
- Moving Average – 13 bar Exponential
- Elder - Impulse
- Elder - MACD Combo
- Elder - Force Index

Note: Elder – Impulse Expert attached. It is important to note that the expert uses the default values of the Elder - Impulse function and not the input values. If you change the inputs to the Elder – Impulse indicator, the band type impulse plots will not match the colored bars on the price chart.

Elder - Directional System

- Directional Movement +DI
- Directional Movement –DI
- Directional Movement ADX

Elder - Impulse Release

- Elder - AutoEnvelope
- Moving Average – 13 bar Exponential
- Elder - Impulse Release
- Elder - MACD Combo
- Elder - Force Index

This is similar to the standard Elder Daily but has Impulse Release bars instead of Impulse bars. This uses the two time frames as explained under the Impulse Release indicator

Elder - Market Thermometer

- Elder - Market Thermometer
- Elder – Zero (helper function)

Elder - Ray
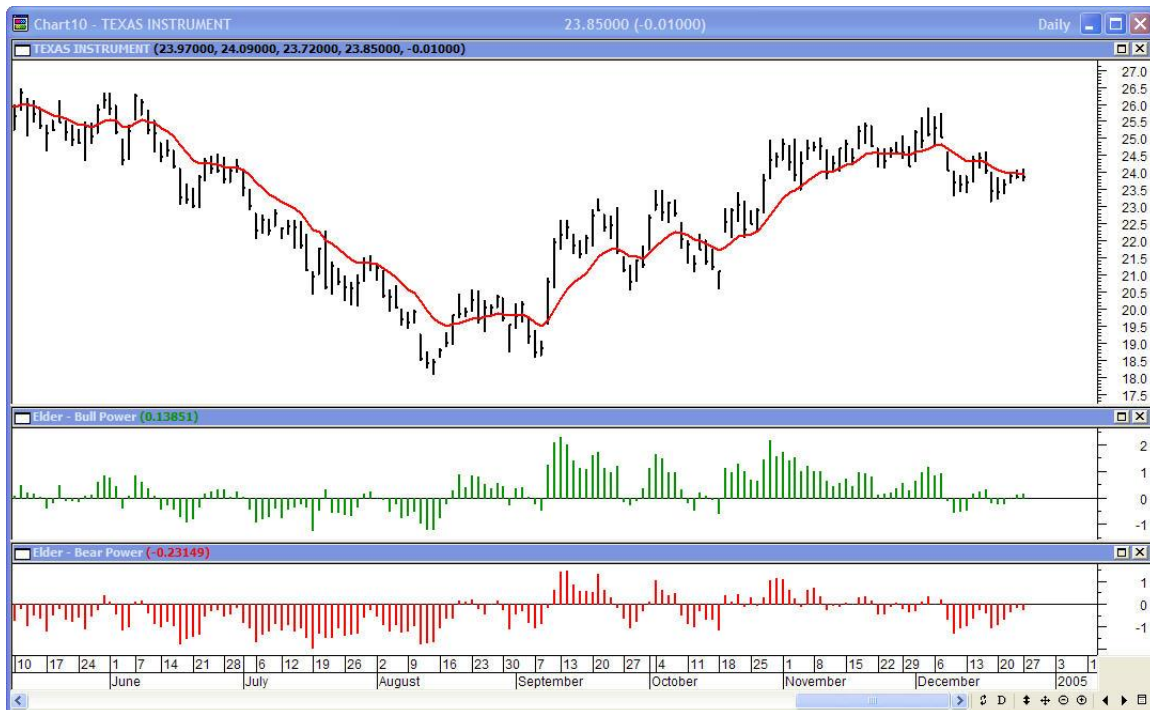
- Moving Average – 13 bar Exponential
- Elder - Bull Power
- Elder - Bear Power

Elder - SafeZone

- Elder - SafeZone Long
- Elder - SafeZone Short

Elder - SafeZone with Entries
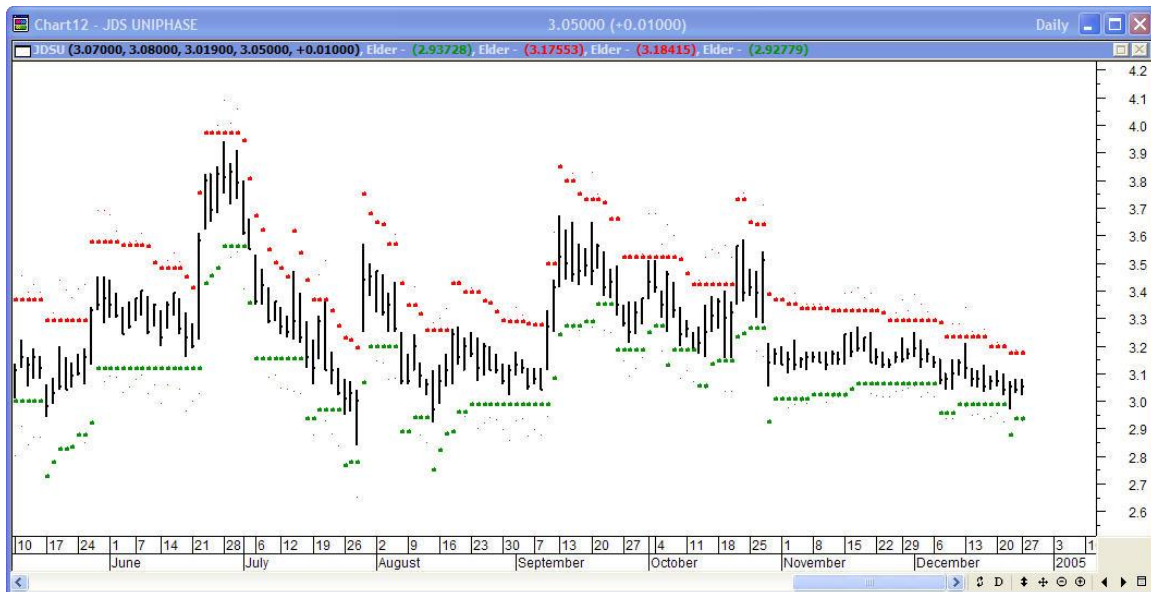
- Elder - SafeZone Long
- Elder - SafeZone Short
- Elder - SafeZone Long Entries
- Elder - SafeZone Short Entries

Elder - Smoothed Rate of Change

- Moving Average – 13 bar Exponential
- Elder - Smoothed Rate of Change

Elder - Weekly

- Moving Average – 26 bar Exponential
- Moving Average – 13 bar Exponential
- Elder - MACD Combo
- Elder - Force Index 13 Bar

Elder - MACD Histogram Xover
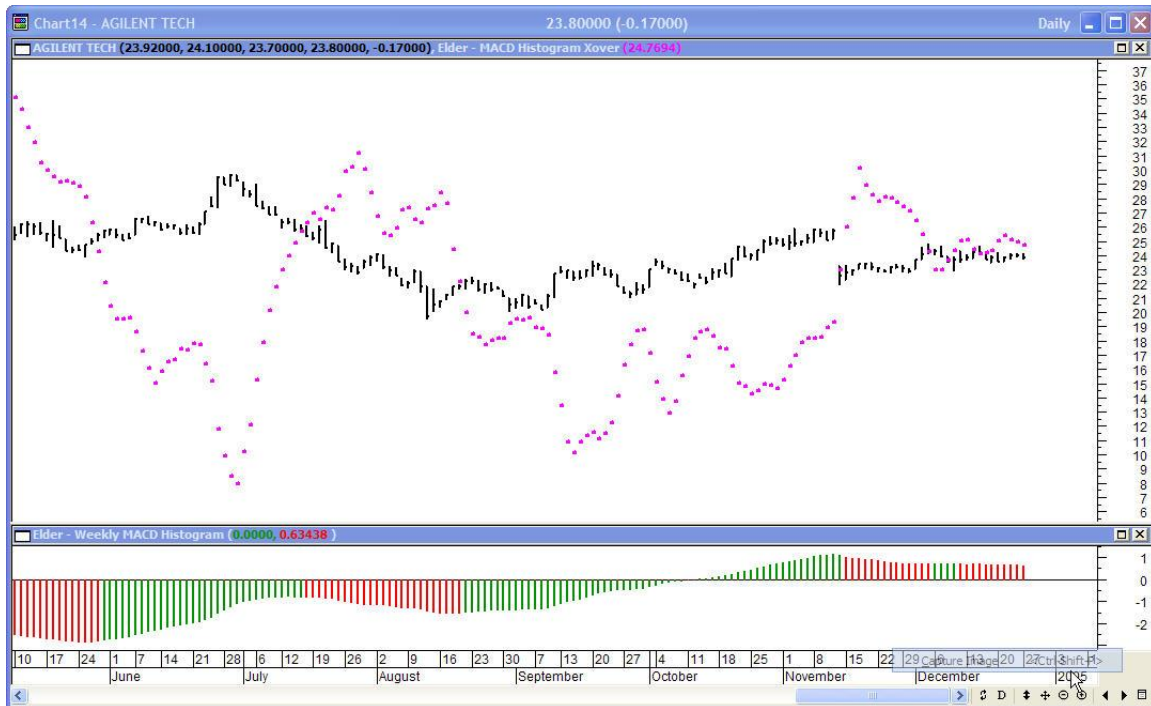
- Elder - MACD-Histogram Xover
- Elder - Weekly MACD-Histogram

Explorations

The scan facility in MetaStock is called the Explorer. Open the Explorer from the Tools menu and choose your Exploration. Now select the data files you wish to scan – the Explorations will run against the files or directories you select. These scans give you a list of stocks that fit the criteria you selected. A description of a scan and its columns is located in the description section of the Exploration itself.

IMPORTANT: You must load at least 250 data points for these explorations to work properly – we recommend you set it for 300.
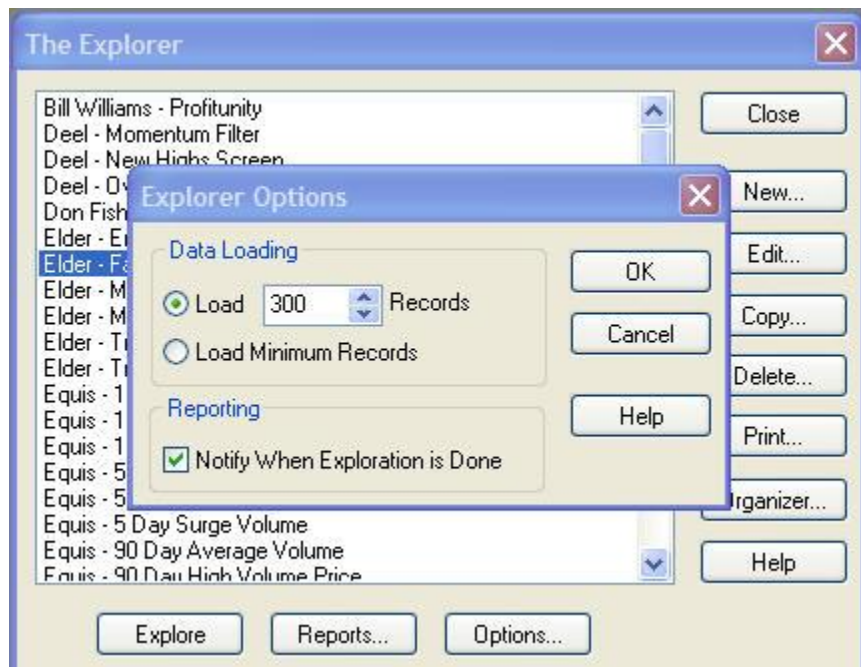
The results of these explorations are a list of stocks that exhibit the criteria in the exploration. None of these explorations represent a complete trading system. These lists are not our recommendations to buy or sell. You must make your own decision on the suitability of these securities before making any trading decisions.

The following note and an exploration tutorial are from the earlier version of this CD. Other explorations are added below.

Elder - Fallen Angels (What Stocks to Trade)
By Dr. Alexander Elder

Traders often ask me how to choose what stocks to trade. To answer this question one must come up with a market concept that makes logical sense and then program it to see what stocks show that pattern.

One of such concepts is trading 'fallen angels.' Those are stocks of important companies that fell on hard times but are starting to recover. If you visualize this pattern, it looks like a capital letter "L," with a long decline, flat base, and a little uptick at the right edge. I look for these patterns on weekly charts, where they take a couple of years to complete and often lead to multi-year bull markets. Try looking for stocks whose 26-week MAs are less than half the level of a year ago, but higher than the previous week. Try to visualize it – we are looking for stocks that are dramatically lower than they were a year ago, but have completed their bear markets and are starting to tick higher.

John Bruns, a repeat camper who came to our Caribbean Camp where this concept was presented as a peer counselor programmed this scan for TC2000 and later converted it to MetaStock. When we applied this scan in class to all stocks in the S&P500 it returned a list of 8 very promising candidates. Try doing this scan yourself – you will be surprised by the results. Try to play with these parameters, so that your scan differs from everybody else's.

Elder - Fallen Angels, Writing an Exploration
By John Bruns

This Explorer is easy to create and I detail the procedure here so that you can feel comfortable making changes and/or creating your own scan.

1 The first step of the scan looks for stocks that have fallen over the last year. We chose stocks whose 26 week EMA is less than ½ the value it was a year ago. In MetaStock language this translates to:

```
Mov(CLOSE,130,E) < 0.5 * Ref(Mov(CLOSE,130,E),-260)
```

Note that the 26 week MA is expressed as a 130 day MA. The "-260" denotes the average 260 trading days ago. We place that in the column A and name it Fall.

```
Exploration Editor                                    [X]

General
  Name:    Elder - Fallen Angels

  Notes:   This explorer is based on a concept by Dr.
           Alexander Elder covered during his Carribean
           Traders Camp Jan 2002


 ┌ Column A ┐ Column B │ Column C │ Column D │ Column E │ Column F │ Filter
           Mov(CLOSE,130,E) < 0.5 * Ref(Mov(CLOSE,130,E),
           -260)


  Col. Name:
  Fall



    OK      Cancel    Functions...   Securities...  Options...   Help
```
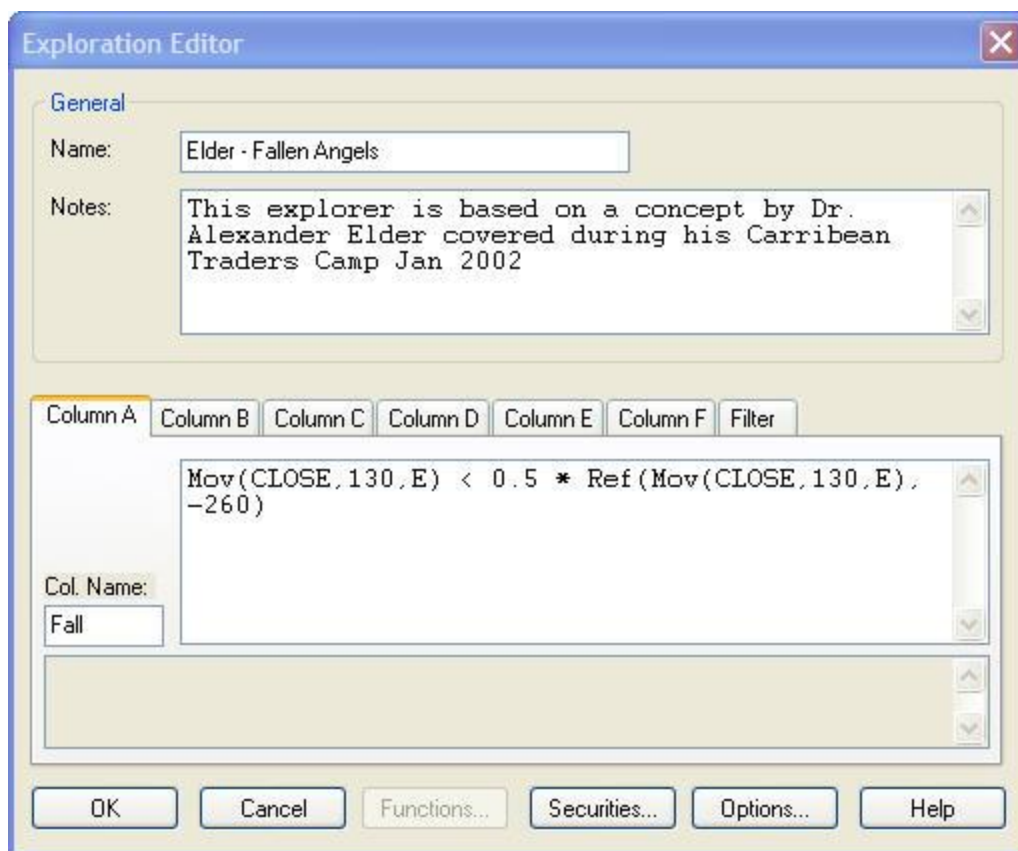
2 The second step finds stocks that are currently in an uptrend. We look for stocks whose 26-week (130-day) EMA is higher this week than last. That translates to:

```
Mov(CLOSE,130,E)  > Ref(Mov(CLOSE,130,E),-5)
```

We put that in column B and name it Rise.

3 Since we want both conditions to be true we connect them with "AND".   In the "Filter" box, we put:

colA and colB

Feel free to change the length of the moving average, the timeframes, or the extent of declines.   Try different values until you get stock charts that look good to you.

Elder – Envelope Channel Size

This scans uses the AutoEnvelope function to find stocks with particular channel sizes. You can look for absolute values or for percentages of the average. Modify the filter to select stocks whose channels fall into your selection criteria.

Elder – Market Thermometer

This scan allows you to look for spikes or quiet periods in the Market Temperature. Elders book COME INTO MY TRADING ROOM. The key to this scan is setting the filter correctly. You may want to begin by initially turning off the filter and sorting the by the column results.

Elder – Triple Screen Long & Triple Screen Short

Triple Screen begins by analyzing the long-term chart, using the weekly MACD-Histogram to identify the market tide. The relationship between the latest two bars of MACD-Histogram defines its slope. The Weekly MACD-Histogram function is set up to look at weekly data directly. The daily criteria for Triple Screen use the 2-day Force Index, the default value of the Force Index function.

Elder – Flip to Green (Red)

These explorations look for flip conditions – described later under the expert advisor Elder – FlipChart.

Expert Advisors

Elder - Triple Screen

The Triple Screen Advisor is designed to apply the Triple Screen method, as described in TRADING FOR A LIVING. It takes a daily chart, but references the formulas for Elder - Weekly MACD-Histogram as well as the Elder - Triple Screen Helper function. If you edit these formulas, please be aware that it will affect the Advisor. You can modify this Explorer by changing the default values of the above formulas.

Select the Daily Screen and right click. Choose Expert advisor and Attach.
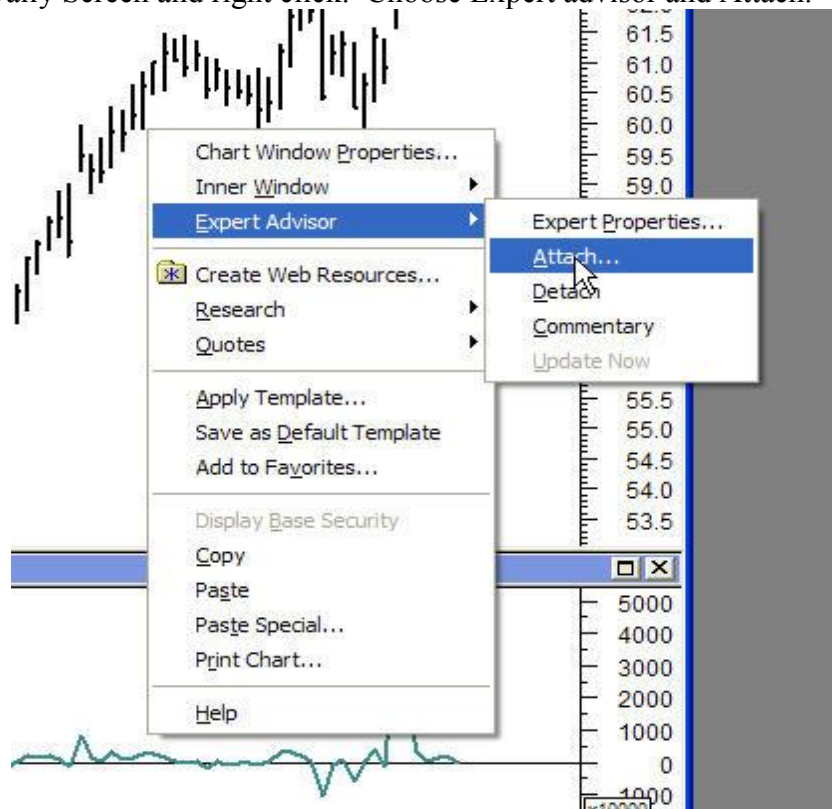
Now select the Elder Triple Screen Expert Advisor. The bands at the bottom of the screen show where you have system's permission to buy or sell on the selected chart. Obviously, you must use more than this simple expert to select stocks, but its Triple Screen methodology will help keep you out of bad trades. Once selected, you can use the same menu to bring up the commentary screen.

Chart20 - JOHNSON&JOHNSON   63.53000 (-0.07000)   Daily

JOHNSON&JOHNSON (63.78000, 63.98000, 63.53000, 63.53000, -0.07000)

Commentary Window

ELDER TRIPLE SCREEN
(for use on daily chart)

Monday, December 27, 2004

The Elder - Weekly MACD Histogram is increasing, so only **LONG** trades should
be considered.

The FORCE INDEX is negative indicating that a trade is possible.

This expert is provided by Financial Trading as part
of the Elder software for MetaStock. It is meant to
be used in conjuction with the methods taught
in Dr Alexander Elders books
TRADING FOR A LIVING and
COME INTO MY TRADING ROOM

Please not that this advisor uses a Weekly MACD Histogram based on daily data. The direction usually matches
that of the true weekly chart but can differ, especially in weeks with holidays. Cosistent with Dr. Elder's teachings,
you should examine the charts in both time frames before making any trading decision.

Neutral   Neutral

25 1   8   15 22 29 6   13 20 27   3   1
November   December   2005

Elder - Impulse

The sole function of the Elder Impulse Expert Advisor is to color the bars of a chart using the Impulse System described in the book COME INTO MY TRADING ROOM.   Attach it to the chart as described above.

Note that MetaStock does not support variable inputs in advisors. The values of this advisor are keyed to the function Elder – Impulse. If you need to change the values for the Impulse color bars, you can do so by editing the default values in the function Elder – Impulse.
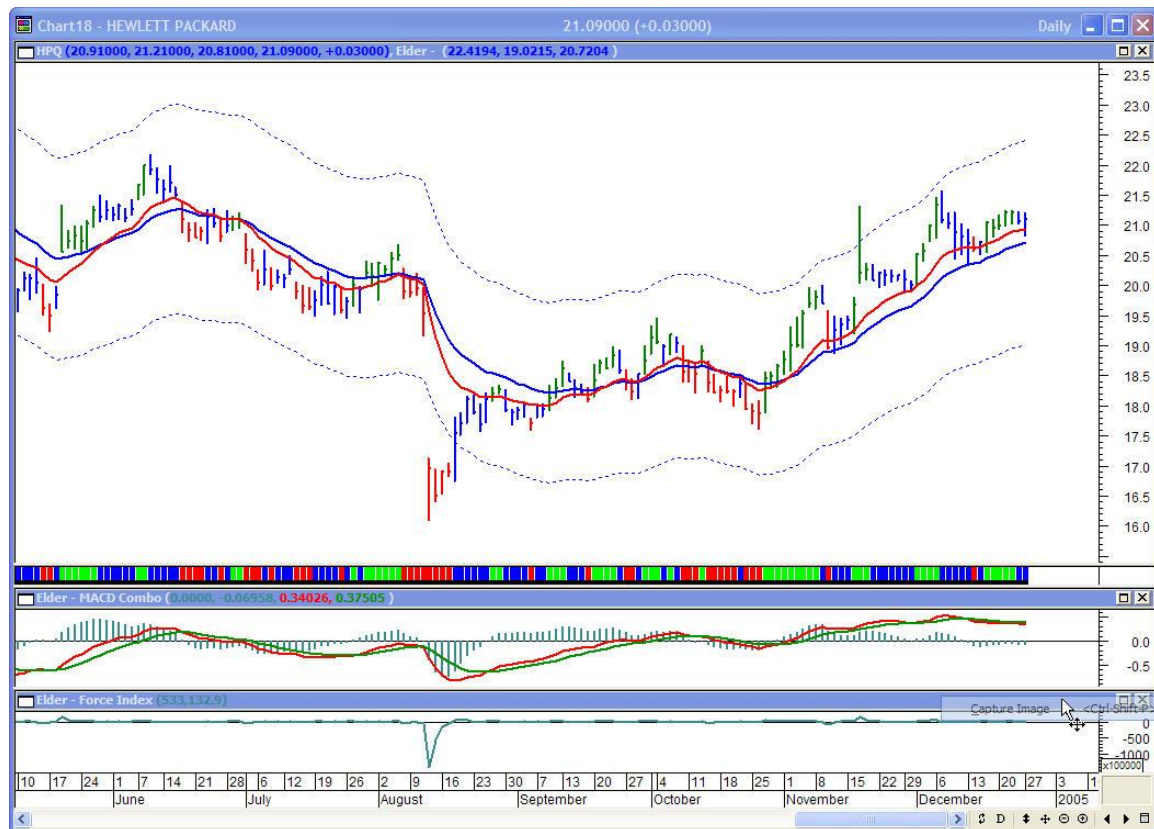
Elder Daily Template with Elder Impulse Expert Advisor attached.

Elder – FlipChart

The FlipChart expert was the idea of Dr. Alan Collin, a repeat camper, in the January 2005 Caribbean Camp. He noted that often a strong signal was given when an Impulse flipped from red to green without an intermediate blue (neutral) bar.   This expert gives a buy signal when this occurs. The sell signal is given when the bar color changes to red.

Elder – FlipChart Advisor.

Similar to the Impulse Expert, all parameters are stored in a helper function named:
Elder – Flipchart Helper. You must edit this function using the function editor to change
any of the default values. The values and defaults are:

```
SignalShorts:= 0;        { 1 = yes, 0 = no; default 0 }
Lookback:=50;            { default 50 }
MinMove:= .05;           { factor of high or low - default 0.05 }
macShort:=12;            { MACD impulse parameters; default}
macLong:=26;             { default 26 }
macSmooth:=9;            { default 9 }
EMA:=12;                 { EMA fast line; default 12 }
```

Note that the expert can signal potential shorts and places to cover shorts by editing the
function to set SignalShorts = 1.   Note that a short always implies a sell if you are in a
long position and a buy always implies a cover if you are short.

There are two companion explorations: Elder – Flip to Green and Elder – Flip to Red.
You can use these to scan the charts.   Flip to Green finds charts that are potential buy
candidates, Flip to Red finds potential short candidates in all timeframes.

Support

Dr. Elder's Trading Room is an add-in for MetaStock

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For information on other software, videos and books for traders, as well as Traders' Camps, please contact

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John is also available for private consulting and custom programming – please inquire directly if interested.

If your email address changes, please advise us at info@elder.com – we need your address to offer you our latest updates.

Upgrade Note

If you are upgrading from Version 1.0 or 2.0 of Elder-Disk for MetaStock, simply install this CD. All of the studies and templates have been renamed with "Elder –" to indicate that they are from this Elder product. They will not conflict with your old studies.