



VantagePoint 8.8

Software Review

By Darrell Jobman

If there is one piece of trading advice that traders and investors are more likely to hear than any other, it is, "Trade with the trend." For those who do follow that advice, perhaps the most popular way they try to identify the trend is with trend following indicators such as moving averages.

But what is visible to everyone is usually not sufficient to produce consistent winning trades. This is especially true given the fast-paced nature of today's globally intertwined markets.

To give traders an edge, VantagePoint provides early clues about shifts in price

"With information this accurate, recouping the cost of the software should be quick and easy."

VantagePoint Intermarket Analysis Software 8.8 takes trading with the trend to a whole new level. VantagePoint goes far beyond most typical analytical software packages, which look only at past prices on each individual market to create various technical indicators averages like moving averages that lag current market action.

Instead, VantagePoint uses a highly sophisticated, patented neural network process to detect how global markets influence each other and then uses this intermarket analysis to produce unique predictive indicators that make short-term, highly accurate trend forecasts, thereby transforming typical lagging indicators into leading indicators.

Getting an edge

Of course, successful trading requires more than just spotting and trading with a trend. It is often easy to see the price trend on a chart and even where moving average crossovers might trigger some trading action.

momentum and trend changes that a trader can use to spot when and where to get into a position at the beginning of a trend or get out as a trending move shows early signs of weakening. To be sure, there is still work for the VantagePoint trader to do, and trading skills such as sound money management still need to be applied. VantagePoint does not produce buy or sell signals. It is not an automated trading system.

VantagePoint is a solid, time-tested tool that analyzes and capitalizes on intermarket relationships between dozens and even hundreds of global markets using the pattern recognition capabilities of artificial neural networks. VantagePoint first identifies the markets with the most influence on a target market. Then VantagePoint sifts through the data to find the best combinations of moving averages for short-term, medium-term and long-term crossover and momentum studies as well as other predictive indicators to provide forecasts of prices several days ahead for that

target market.

Global view

Louis Mendelsohn, a trading software pioneer who developed the first strategy back-testing software for personal computers in the early 1980s, realized the significance of increasingly global markets on each other. He was the first to quantify those relationships with his revolutionary intermarket analyst approach first introduced in the late 1980s followed by the first version of VantagePoint in 1991.

Mendelsohn's trading software company, Market Technologies, dating back to 1979 and the dawn of personal computers, has continued to update and increase VantagePoint's predictive accuracy over the years by refining its application of neural networks to global intermarket data, taking the data through numerous iterations based on Mendelsohn's patented technologies, retraining the networks and expanding the number of global markets covered, as is the case with this 8.8 version.

VantagePoint covers hundreds of markets and thousands of symbols – 12 sectors of U.S. stocks plus numerous stocks in Canada, Australia, India and the UK; most commodities/futures markets; all major foreign exchange pairs and cross-currencies, and numerous exchange-traded funds, both U.S. and international.

End-of-day data for all of these markets is downloaded into VantagePoint quickly and easily and ready for your analysis. The IBM

chart (sidebar) illustrates one way to use VantagePoint's indicators to help spot potential price turns early in their formation. The key to any software's value, of course, is whether its indicators work.

Reliable, consistent

Based on VantagePoint's proprietary Neural Index, which analyzes how today's actual three-day moving average compares with a predicted three-day moving average to forecast whether the typical price will be up or down in two days – 1 if higher, 0 if lower – VantagePoint has consistently posted accuracy rates of 80% or more in numerous tests over many years and different market conditions. Having a reliable track record like this can give traders the confidence to rely on the software's predictions and take the trades without hesitation.

The purpose of this accuracy analysis was to pick a different time frame than what Market

Technologies tested to demonstrate whether or not the accuracy is consistent over multiple time

frames and multiple years. Accuracy and statistics were computed and verified by a seasoned trader and PhD in Mathematics. The time frame and markets were chosen by the independent researcher. A mixture of stocks, futures and forex markets were selected to test accuracy across all areas. The results were impressive.

Another interesting VantagePoint indicator

STOCKS		COMMODITIES		FOREX	
<i>Nike</i>	<i>77%</i>	<i>COMEX miNY Silver</i>	<i>79%</i>	<i>EUR/USD</i>	<i>80%</i>
<i>Bank of Montreal</i>	<i>80%</i>	<i>Emini S&P 500</i>	<i>80%</i>	<i>EUR/JPY</i>	<i>80%</i>
<i>Boeing</i>	<i>77%</i>	<i>RBOB Gasoline</i>	<i>80%</i>	<i>GBP/CHF</i>	<i>83%</i>
<i>Caterpillar</i>	<i>81%</i>	<i>Soybeans</i>	<i>79%</i>		

predicts the next day's high and next day's low, giving the trader has a clue today what the trading range will be tomorrow so he or she can get positioned accordingly by using breakouts from this range to identify precise entry/exit points to go along with the short-term forecasts provided by other predictive indicators built into the software.

VantagePoint also provides day-ahead predicted indicators such as stochastics, Relative Strength Index and MACD which are forward-looking not lagging.

With so many markets and so many unique leading indicators and so many potential trading opportunities, it might seem like an impossible task to select a market to trade. VantagePoint helps solve this problem with its IntelliScan feature, which can use criteria from more than 70 filters to identify the best possible trades. And if you want to do more research, all of the data is available in historical tables that can be exported into Excel for further analysis.

VantagePoint is a complete analytical and charting program but with some special features where the computer has done the work for you. You may not know what is happening with VantagePoint behind the scenes, but you will be able to appreciate the results as they give you confidence about when and where to make trades. With information this accurate, recouping the cost of the software should be quick and easy. For more information:

www.tradertech.com

Darrell Jobman has been writing about and trading the financial markets for more than 45 years and has become an acknowledged authority on derivative markets, technical analysis and various trading techniques. He served with the 82nd Airborne Division and as an infantry platoon leader with the Manchus in the 25th Infantry Division, including nine months in Vietnam in 1967-68, earning the Silver Star and Bronze Star.