

QUICK-SCANS



VANTAGEPOINT 10

Market Technologies, LLC

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Internet: www.VantagepointSoftware.com

Product: Market forecasting software for intermarket analysis using AI and neural networks

Price: \$2,997. Free live demonstration available at website.

by *Brandon Jones*

My first experience as a trader with VantagePoint Software came in 2007 when I became a customer, just one year before the markets crashed during the Great Recession. Since that tumultuous time, I have used every new version of VantagePoint.

It goes without saying that trading, particularly nowadays, is quite challenging, especially for individual traders who compete every day with high-speed institutional trading and professionals with professional tools. So trading successfully generally requires having effective technical analysis tools that can handle

the fast-paced, globally interconnected financial markets we face today. Without that, your chances of success as a trader may be slim to none. Unfortunately, this is what happens to many traders who lose their trading capital and have to call it quits when they become undercapitalized or begin to take on even more risk in their hopeless attempt to recover their losses.

When I first heard of VantagePoint a decade ago, I was skeptical about it and its use of artificial intelligence (AI). VantagePoint uses AI to analyze global markets and then winnow those markets to the ones that have the most influence on the markets the user is interested in trading.

Some 10 years later, Version 10 has improved on earlier versions, and at the heart of it (its neural networks), it continues to be able to sift through a lot of data on related markets and then make near-term market forecasts for each specific market that I track and trade.

ARTIFICIAL INTELLIGENCE

Today, you can't read a newspaper, search the internet, or stream TV without reading and hearing about AI, particularly neural networks, which are modeled after

the way the human brain functions and processes information.

AI is being applied to just about every industry worldwide and is disrupting pretty much all of them because of its abilities to find patterns within massive amounts of data and then predict probable outcomes. Whether it's cancer screening of biopsy slides to make a prognosis, predicting your arrival home after work, or building self-driving vehicles that make choices to keep the driver safe—brake, turn, speed up, slow down—based on data coming in from a 360-degree camera and sensors that detect vehicular speed of the cars near you, the weather conditions, and the vibrations in the road, AI is being integrated into our systems.

It's no longer hyperbole to say that AI generally, and neural networks in particular, are ushering in the next technological revolution on par with the industrial revolution of the late 19th and early 20th centuries—which brings me back to VantagePoint and its creator, Louis Mendelsohn.

Mendelsohn, who was a commodity futures trader at the time, introduced one of the first commercially available strategy-backtesting software programs,

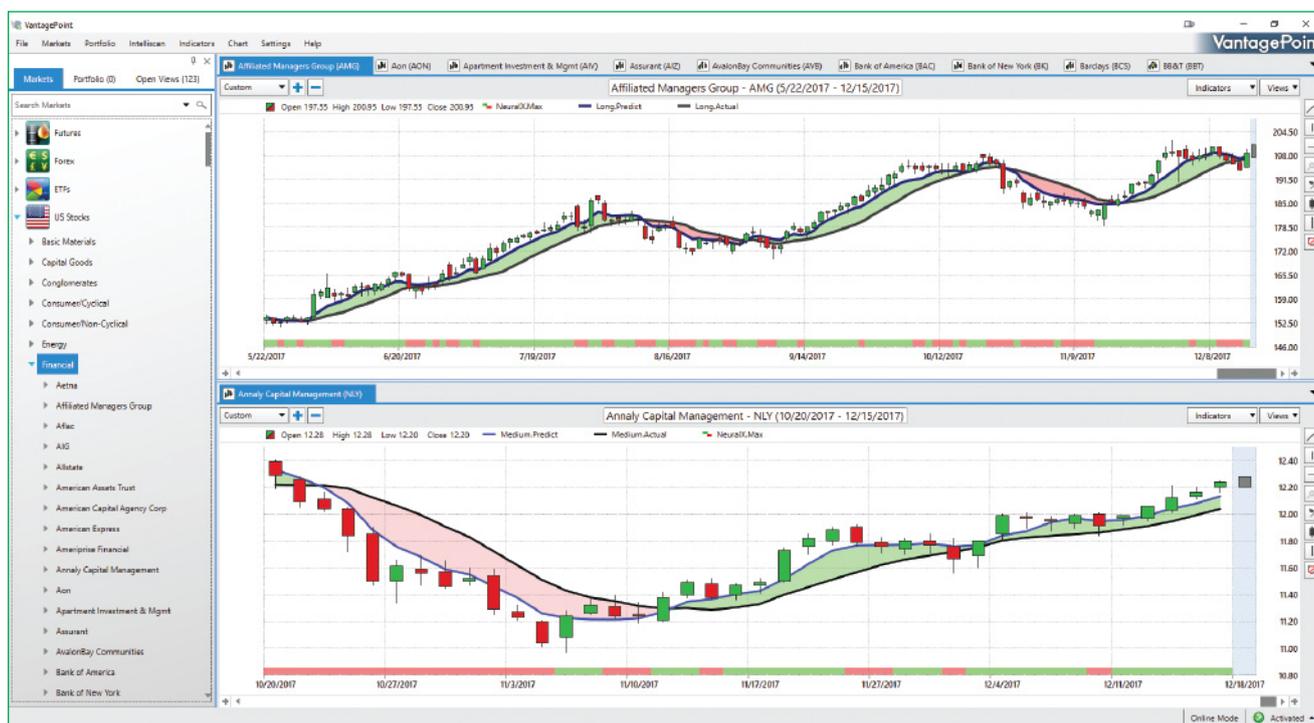


FIGURE 1: FORECASTING TREND DIRECTION USING PREDICTIVE MOVING AVERAGES. Green shaded areas represent bullish trends and red shaded areas represent bearish ones.

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which he released in 1983 for the commodities markets. A couple of years later, he took computerized technical analysis to a new level when he developed a new generation of trading software that addressed what would in time become known as intermarket analysis. This effort led him to investigate the application of artificial intelligence and neural networks for intermarket analysis, and that led to the development of VantagePoint (VP). When released in 1991, VP was one of the first commercially available, fully trained and ready-to-use out-of-the box AI trading software for the financial industry.

Back then, artificial intelligence and neural networks were heady scientific topics, but Mendelsohn introduced them to the individual trader level without requiring any knowledge about AI on the part of the trader. He wrote numerous articles on artificial intelligence and the application of neural networks to technical analysis of global markets in professional journals, books, and financial publications, as well as in TV interviews on CNN, CNBC, and Bloomberg. Those financial publications included a series of articles published in STOCKS & COMMODITIES in 1993—a

quarter of a century ago. Thus, it can be said that Mendelsohn has been a strong contributor to trading software development over the nearly 40 years since he started his trading software company, Market Technologies, in 1979.

VantagePoint Version 10 utilizes neural networks and intermarket analysis to search through large amounts of daily data from thousands of global markets.

AND INTERMARKET ANALYSIS

VantagePoint Version 10 utilizes neural networks and intermarket analysis to search through large amounts of daily data from thousands of global markets to find the 30 most influential markets that have the greatest impact on each market being traded. It creates a weight matrix that captures the degree of influence, mathematically, that each of these 30 markets has on the specific market being

traded. This is light years beyond just computing linear correlations between two markets at a time.

The software does not provide buy or sell signals; rather, its technical indicators give you a way to associate what you know about your market with what VantagePoint is pointing to as highly probable, near-term market movement. You decide, but you make your decision with all the information the software offers, including the short-term forecasts that VantagePoint provides.

Version 10 has also added new markets. The meteoric rise of bitcoin has captured the attention of speculators, and cryptocurrencies are a hot market. This new version offers predicted near-term movement in bitcoin, Ethereum, and Litecoin.

PRODUCT OVERVIEW

VantagePoint Version 10 covers close to 2,000 symbols in futures (currencies, grains, energy, indices, interest rates, meats, metals, and softs), forex (13 major currency pairs and 21 important cross-rate pairs), ETFs (Canada, United Kingdom, United States, commodity, currency, international, short and ultra short, and SPDR), and US & Canadian

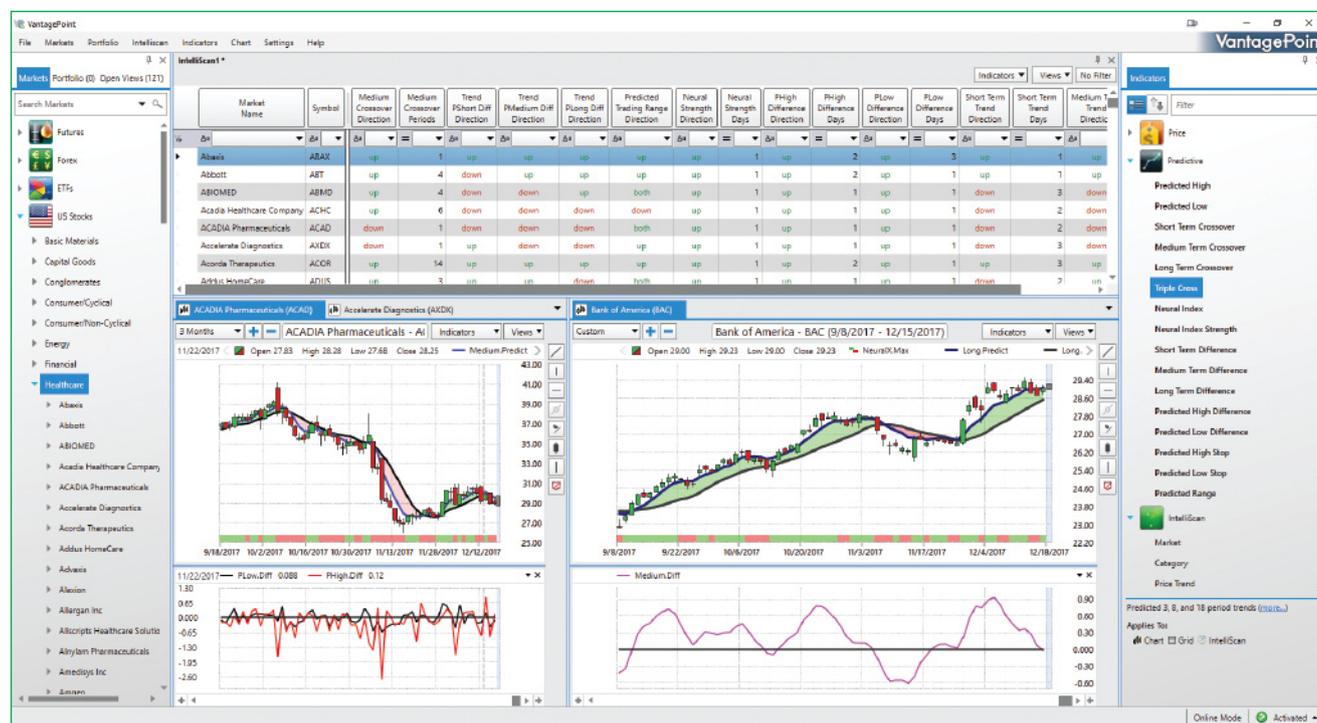


FIGURE 2: INTELLISCAN RESULTS. Here you see the results of a scan of stocks in the healthcare sector.



stocks in the most popular sectors (including energy, financial, healthcare and technology).

THE INDICATORS

The new version still offers its flagship technical indicators: predicted short-term, predicted medium-term, and predicted long-term moving average crossovers; the predicted short-term, medium-term, and long-term differences; and last, the predicted next-day trading range (high & low forecast). The heart of the software is its proprietary (that is, undisclosed) Predicted Neural Index. This indicator compares today's actual three-day moving average with a predicted three-day moving average to forecast whether the typical price will be up or down in two days (Figure 1).

All predictions derive from a neural network configuration designed by Mendelsohn and his team. The proprietary artificial intelligence underneath the neural networks does the data crunching. The developer states that the new version reflects improvements made in AI over the years.

In 2013, Mendelsohn was awarded a patent on a computerized process to help find these intermarkets. He also was awarded a second patent that covers the proprietary process by which VantagePoint's neural networks seek to transform traditional lagging indicators into leading indicators to forecast market trends and changes in trend direction a few days in advance.

SO WHAT'S NEW?

I mentioned Version 10 is faster, and that's because the forecasts are now made in the cloud. Data appears instantly when you open a chart. The Intelliscan tool within the software is now faster as well. In this latest version, Intelliscan (Figure 2) is now separate from portfolios and charts, which means you can add as many markets as desired and save them the same way you would a Word document or Excel spreadsheet. Keeping charts independent can make it easier to filter the markets and to apply IntelliScan to selected markets. You can now also create and save multiple scans.

VantagePoint has always been easy to use but in this latest version, several new features also make it more efficient. When working through the machinations of finding the right trade, operational efficiency is not to be taken for granted. I'll highlight a few features that are new or improved:

The software's indicators give you a way to associate what you know about your market with what VantagePoint is pointing to as highly probable, near-term market movement.

- VantagePoint now has drag-and-drop support for markets and indicators. You can now easily drag and drop settings, such as opening markets, adding indicators from the menu to the charts, adding new regions, and other customization features.
- Portfolios are now stored as files, so they can be saved and organized. Add single markets or groups of markets to a portfolio.
- You can customize lines, colors, and other chart properties quickly with the new drag-and-drop quick-access tool bar.
- Charts are now more customizable. A new tooltips feature helps make chart information easier to see with larger individual charts and more charting opportunities.
- Open multiple charts at once, as many as you want. Switch between the m with a click. Add indicators to any chart. Overlay them on one chart or have them in separate views.

CONCLUSION

I have found VantagePoint to be a reliable tool to aid in trading in the US domestic and global markets since its introduc-

tion in 1991. VantagePoint 10 is more of the same in this sense, but it's also a step forward with its updated neural networks, faster operational speed, and artificial intelligence. In this way, the program seeks to keep pace with our fast-changing world that is rapidly becoming dependent on AI. This version also has a new look.

In the end, though, what truly matters is the quality and performance of the product. Does it do what I need it to do is the question we all need answered. VantagePoint 10 is the latest example in a line of versions that seeks to provide an edge for those who trade in a competitive world where even the slightest edge is often the difference between success or packing it in. Combine the software's forecasts with a reasonable dose of common sense to help you be successful with it and with using it to trade successfully.

Brandon Jones is an entrepreneur, a writer, an educator, and a long-time stock trader and investor. He trades US stocks on a regular basis to maintain and improve his portfolio return.

FURTHER READING

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‡VantagePoint (Market Technologies, LLC)

‡See Editorial Resource Index



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