

Performance Systems

Performance Explorations

 MetaStock

Add-on Manual

Printed in the USA
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About Performance Systems

Trading Systems Analysis Group developed the Performance Systems for MetaStock 6.5. At that time, the system tester could only back test one instrument at a time. TSA Group devised a means to simulate a limited system test using the Explorer. Those Performance explorations returned the points gained or lost and a trade efficiency value for each instrument. We present these explorations for our customers.

IMPORTANT: You must have MetaStock 18 or later to use these formulas.

Note: Performance Systems signals are calculation-intensive and can impact a system's performance when using real-time data. In the event of such issues, we recommend reducing the number of open charts, perhaps even closing all charts before running an exploration.

CHAPTER 2 COMPONENTS INCLUDED

Below is list of the Performance explorations:

- PS 10-Day Breakout (Perf)
- PS 2-Day-Range Switch (Perf)
- PS 3-Day-Range Switch (Perf)
- PS 4-Day-Range Switch (Perf)
- PS Adaptive Moving Average (Perf)
- PS Annual Strength/Weakness 1 (Perf)
- PS Annual Strength/Weakness 2 (Perf)
- PS Aroon (Perf)
- PS Aroon Reversal (Perf)
- PS Bull Power Bear Power 1 (Perf)
- PS Bull Power Bear Power 2 (Perf)
- PS Bull Power Bear Power 3 (Perf)
- PS Bull Power Bear Power 4 (Perf)
- PS CCI (Commodity Channel Index) (Perf)
- PS CCI Fibonacci (Perf)
- PS CCI Moving Average Crossover (Perf)
- PS Chande Forecast Oscillator (Perf)
- PS CMO Reinforcement (Perf)
- PS CMO Reversal (Perf)
- PS Congestion Breakout (Perf)
- PS Consolidation Breakout (Perf)
- PS Cooper 1234 Pattern (Perf)
- PS Cycle Progression (Perf)
- PS Day Pattern System (Perf)
- PS Derivative Moving Average (Perf)
- PS Detrended EMA System (Perf)
- PS Directional Movement/SAR 1 (Perf)
- PS Directional Movement/SAR 2 (Perf)
- PS Division System (Perf)

- PS DNS Trading System (Perf)
- PS Dynamic Momentum Index 1 (Perf)
- PS Dynamic Momentum Index 2 (Perf)
- PS Dynamic Momentum Index 3 (Perf)
- PS Elliott Oscillator System 1 (Perf)
- PS Elliott Oscillator System 2 (Perf)
- PS Exponential Moving Average (Perf)
- PS Fractal Trading System 1 (Perf)
- PS Fractal Trading System 2 (Perf)
- PS Impulse Meter (Perf)
- PS Intraday Momentum Index (Perf)
- PS Landis Reversal (Perf)
- PS Linear Regression Crossover (Perf)
- PS Long Sell Short Sale-5 Day (Perf)
- PS MACD Histogram 1 (Perf)
- PS MACD Histogram 2 (Perf)
- PS Meisels Overbought/Oversold (Perf)
- PS MESA Sine Wave (Perf)
- PS Modified Momentum (Perf)
- PS Momentum (Perf)
- PS New Relative Volatility Index (Perf)
- PS Oscillator Composite (Perf)
- PS Pattern Trading System 1 (Perf)
- PS Pattern Trading System 2 (Perf)
- PS Pattern Trading System 3 (Perf)
- PS Pattern Trading System 4 (Perf)
- PS Pattern Trading System 5 (Perf)
- PS Pattern Trading System 6 (Perf)
- PS Percentage Crossover (Perf)
- PS Percentage Crossover 3% (Perf)
- PS Polarized Fractal Efficiency (Perf)
- PS Projection Oscillator 1 (Perf)
- PS Projection Oscillator 2 (Perf)

- PS Relative Momentum Index (Perf)
- PS Relative Volatility Index 1 (Perf)
- PS Relative Volatility Index 2 (Perf)
- PS RSI Trailing Exit (Perf)
- PS Short Term Range Rejection (Perf)
- PS Small Triangle Breakout (Perf)
- PS StarcBand System (Perf)
- PS Stochastic Oscillator System (Perf)
- PS StochRSI (Perf)
- PS Swing Index (Perf)
- PS Turtle Breakout 1 (Perf)
- PS Turtle Breakout 2 (Perf)
- PS Ultimate Oscillator (Perf)
- PS Vertical Horizontal Filter (Perf)
- PS Volatility Breakout (Chaikin) (Perf)
- PS Volatility Breakout (Standard) (Perf)
- PS Volatility Stop (Perf)
- PS Volume Trading System (Perf)

Overview

The Performance explorations designated with (perf) calculate comparative returns of the Performance System Tools on the selected instruments over the loaded time frame.

Selecting a Database

The instruments you choose depend on your system. A short-term system that catches very small moves would work best on the largest, most liquid stocks. The S&P 100 stocks are a good example. Longer-term systems designed to catch larger moves could be applied to a broader database of stocks such as the S&P 500, or even the entire database of U.S. stocks.

Try the performance explorations on different instruments, and see which instrument shows the best results. You can filter out instruments that don't meet price, volume, or other criteria.

Data Requirements:

Whatever time periods you choose, you should be consistent across each of the tools. By default the program loads 1250 periods in your chart, so you will want to load 1250 periods in your explorations, and system tests also. If the time periods are different in your explorations or system tests, the results may not agree with your charts.

Performance Exploration Reports

The results are sorted by instrument name by default. We want to see the best performers at the top of our list. That is accomplished by sorting on any of the "Perf" columns. To sort the list by any column, click on the column heading. Clicking once

sorts in ascending order. Clicking again to sorts in descending order.

The performance explorations reports display the following columns.

L Point	The number of points gained per share on long trades over the time period specified.
S Point	The number of points gained per share on short trades over the time period specified.
LS Point	The total number of points gained per share on both long and short trades over the time period specified.
L Perf	The performance, as measured by the trade efficiency, of the long trades.
S Perf	The performance, as measured by the trade efficiency, of the short trades.
LS Perf	The performance, as measured by the trade efficiency, of all trades.

Note: Points are not the same as percents. If a system gained, say, 5 points, that would be a \$5 gain for a stock, which might be a move from \$10 to \$15, or a move from \$100 to \$105. If you're trading 100 shares, 5 points is a gain of \$500.

To get an idea of how the system performed on all of the stocks, look down the list (use the scrollbar on the right if the list is long) until the "LS Perf" column shows a negative value. The larger the percentage with a positive number, the better the system performed. For example, if you run the system on 10 stocks and only 2 of the 10 have negative Perf values, it tells us the system was better than buy-and-hold on 80% of the instruments. That's an excellent result.

Trade Efficiency

The heart of the (perf) explorations is trade efficiency. If a system's profit per day in a trade exceeds the buy-and-hold profit per day, that system will have a positive trade efficiency. For example, if a system was in a position for 250 of 1,000 possible days, and it gained 250 points, it gained a dollar per share per day. If buy-and-hold gained 250 points in those same 1,000 days, it only earned 25 cents per share per day, so the trade efficiency would be .75 (1.00 minus .25), even though both systems gained the same absolute amount. The key is that the system managed the same profit in 25% of the time as buy-and-hold, so your money was freed up 75% of the time for other trades. A positive trade efficiency does not mean that a system was profitable, it means a system outperformed buying and holding

IMPORTANT: Trade Efficiency is calculated as a difference, so you need to subtract, not divide.

Commissions and slippage

The performance explorations only calculate points gained by a system and make no allowance for commissions, slippage, taxes, or other factors. A promising system should be confirmed by running a system test with the testing options set to your individual situation.

Common Question

A frequently asked question is, "Why don't the results of my system test and my exploration match?"

This is usually caused by a different number of records being used in the exploration than in the System Tester. Check the Data Loading option on the System Test tab of the Power Console. Click into the Explorer tab and enter the same number of records to be used in your explorations.

Technical Assistance

For assistance installing Performance Systems or using any of the templates or formulas it installs, please contact MetaStock Technical Support.

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