

MTPredictorTM

MTPredictorTM is the software that more people commented upon than any other. There is a reason for that. When I asked for a review, the folks at MTPredictorTM sent out an email asking their customers to send me a review. Eventually I just settled on having the people who developed and sell the software fill out the questionnaire.

This software is a little bit different from any of the others. It essentially offers trend following resumption methods based on a special Isolation ApproachTM to Elliott Wave and has risk/reward assessment and position sizing abilities attached to it. When I asked, "What's an isolation approach to Elliott Wave?" I was told that it involves a trademarked process that isolates the simple Elliott Wave ABC correction-to-trend and uses it to enter trades with a small, controlled risk and high potential reward. This approach has the added advantage of not having to fit the pattern into a larger pattern or to fit a smaller pattern into the isolated correction. In other words, it's a trend-following with retracement type method.

Thus, I thought I'd do a review on both the methods and the software.

The System: There are 5 main types of trade setups (TS) automatically identified by the software and the developers stress MTPredictorTM is a method, not a system.

- TS1 involves a trend resumption into Elliott Wave 3.
- TS2 involves a trend resumption into Elliott Wave 5.
- TS3 involves a trend resumption into an unspecified Elliott Wave.
- TS4 involves a non-specific trend resumption.
- DP involves a swing trade confirmed by divergence.

The MTPredictorTM process enables the trader to find a trade, assess its risk/reward outlook, position size and manage the trade. The standard exit strategy uses automatically-generated Elliott Wave targets for profit-taking and there is also the option to use their Average True Range (ATR) volatility stop, adapted from J. Welles Wilder's work.

With that information in mind, the developers supplied me with 838 trades published daily for customers between July 26, 2004 and July 22, 2005. These were all *day trades* lasting a few minutes to hours. The starting account size was \$50,000 (though a minimum of \$10,000 is advised as acceptable). Included were the key TS1, TS2 and TS3 set-ups, on the US index futures and ETFs and with a minimum +2x risk/reward outlook. Profits were taken according to the standard exit strategy mentioned above. The data did not include slippage and commissions. In addition, the R-multiples I was given were rounded to the nearest 0.25R.

The 838 trades had an expectancy of 0.46R with a standard deviation of 2.42R. They produce a System Quality NumberSM of 5.52, which is excellent and highly significant. However, the huge number is partially due to the fact that they gave me 838 trades. If I

just look at the ratio of the expectancy to the standard deviation and then base the System Quality NumberSM on 100 trades, it comes out to 1.91, which is still an acceptable system that makes money at better than a chance level. A number of our customers said they were using this software (and thus these methods) and they were quite happy with it.

The Position Sizing Capabilities: According to the developers, the software does percent risk position sizing, using an integral position sizing calculator in both the real-time and end-of-day versions. Position sizing is supported in stocks, forex and futures. Percent volatility and group or portfolio heat are not supported. Scaling in position sizing (pyramiding) and scaling out techniques are routinely explained to customers, but don't seem to be a part of the software.

As it is not a standard system, it doesn't do simulations, but the developers say that they support and use Adaptrade's *Market System Analyzer*, which was reviewed previously. It also doesn't do expectancy calculations, but the in-house records (i.e., the ones I reported on) are available and customers' own records are often posted to their discussion forum.

Thus, if you want to use a complete process from identifying the trade, through risk/reward assessment and position sizing to logical trade management, in a relatively automated package, then *MTPredictor*TM might be for you. It works on worldwide liquid markets and is supported by daily training reports focusing on risk control and position sizing. There are also two versions of the software: the end of day version is \$1,995 and the real-time version (i.e., for day trading) is \$2,495. For more information, please go to <http://www.mtpredictor.com>.

The software requires a moderate level of skill to use, but doesn't require programming skills, which may be a plus for some of you.