

MTPredictor RT 4.0 Software Review Outline

By Larry Jacobs

If you are looking for a nice piece of trading software, you might look at the MT Predictor Real-Time 4.0 (RT 4.0) and/or the End-Of-Day 4.0. (EOD 4.0) I found both of them to be excellent trading software which is deliberately stripped for the process of trading, not for satisfying the whims of everyone who has ever used any trading software. The program has no excessive use of indicators, quantitative analysis, optimisation or curve-fitting. The software is designed to be simple with the primary objective of teaching traders the discipline of risk control and taking full responsibility for their trading decisions. This sets it apart from black-box systems, which can spew out anonymous automatic buy and sell signals and leave the trader none-the-wiser (and potentially poorer!).

'How to trade' is the overriding concern of this software, as its purpose is to provide an answer to the 4 key questions: what to trade, what is the risk/reward outlook, how much to risk and how to manage the trades? This is refreshing and vital – partial solutions can be found in any number of software programs but very rarely in one unified place. This is a trading process, not a blind system.

RT 4.0 is downloadable from the website. Once downloaded it is unlocked for use by an automatic unlock code process – so there's no need to wait to be able to open the software up and get going, and no dongle needed. A welcome e-mail includes instructions on accessing the comprehensive Members' Section of the site, to use the range of Support Tools.

RT is stand-alone and uses eSignal® or a RealTick® data feed, so customers need an eSignal account or Townsend Analytics account.

The company believes that new customers follow the Support steps highlighted, to learn and understand the proper use of the software. There are useful video Help Files and PDF Help Files. There is a PDF Trading Course in 2 sections – the firm makes it almost compulsory to read the first (shorter) section on its unique 'Isolation Approach' to Elliott, the 3 key trade set-ups, risk and trade management. There are 2 Daily Reports – one by Steve Griffiths on EOD and RT trade examples and proper use of the software, which has a wide following; one by Tony Beckwith (Sales & Marketing Director) on RT U.S. index trading, which updates the firm's RT trade record. Both help the learning process hugely – and both are free! Customers are also invited to a monthly online web seminar, hosted by Steve Griffiths and designed to address any issues at the time.

The library of indicators in this program is almost bare – just the basics such as stochastic, Bollinger bands, RSI,

moving averages. The program is meant to be clean of excessive software indicators. As Tony Beckwith says: 'They are here for those who do actually want extra confirmation of trade set-ups, but they are not part of our trading process itself'. There are fewer buttons around the chart space than you may be used to, but that is deliberate.

It seeks to answer the 'what to trade?' question by focusing on finding ABC or 3-wave corrections to a trend. It strips this out of Elliott, discards the rest and concentrates on finding corrections which are not only at a critical price level but where the market is also showing signs of price reversal. In RT 4.0, the Trade Scanner automatically identifies such trade set-ups the instant they unfold, and with a double-click on the relevant symbol displays both all the set-up analysis and the risk/reward analysis for trade management. No other scanner does this...

To answer the 'risk/reward' question, the software shows vital information visually and in different colors on a valid chart. This includes the initial stop price, the entry price, the price where 100% of your initial (money) risk is covered, the price where 2-3x your initial risk is made ('good trade' area!) and the profit targets (called Wave Price Targets) where profits can be taken. It is immediately clear whether a trade will make at least 2x initial risk if it reaches its first profit target, or not. This is extraordinarily useful for quick and disciplined evaluation when trading small timeframe charts.

On 'how much to risk?', two of the buttons on the top taskbar are an 'Initial Risk Calculator' and 'Trade Module'. Although similar modules are available elsewhere around the net, this is integrated in the software, so again cuts time. You can plug in, say, no more than 2% of your account size to be risked on any trade, then enter your entry and initial stop prices and it will calculate the number of shares, futures etc. you need to trade. So, your bet size is controlled every time.

As for 'managing the trades', as mentioned earlier, the relevant Elliott-based profit targets are projected immediately onto a chart with a set-up, so the emphasis is on visual confirmation of your exit strategy. For novices, the firm has Standard guidelines to follow eg. 1/2 of the position out at the first target, the remainder at the second; for experts there are more suitable options. Tony Beckwith's RT report highlights Standard 'Trading Guidelines' which are explained to be used consistently by traders.

For those wanting to carry out manual analysis, the software allows you to perform your own Fibonacci calculations (retracements, extensions, projections) in both price and time. There is also a module called 'Natural Time Vibration', which automatically ranks times according to Fibonacci time clusters – again, the company says this is certainly not part of the real process, just for those who want some automated time confirmation...

Chart annotation tools offer enough options and there is also a module to plug in DGLs, Don Fisher's Gann lines which a number of customers are said to use. Charts can also be saved in various formats for emailing to other traders.

The whole point of any trading software is – does it help you build a profitable trading plan? Otherwise, why bother?

The software is refreshingly open about its RT performance and what it's trying to do. There is a trade record of RT 4.0 used to trade the US index futures (E-mini S&P500®, E-mini Nasdaq-100® and mini-Dow®) and ETFs (Exchange-Traded Funds: SPY, QQQQ and DIA) updated weekly on the website. It is made clear that the trades are not actually taken but monitored and published. They are also before commission and slippage. It's also maintained in the RT Daily Report.

We do recommend this program. It is also offered with a combo datafeed and possible brokerage discount rebate in combination with a Sonata Trading computer. If you are interested in details or for a hotComm demonstration go to: www.tradersworld.com/mtpredictor.

