

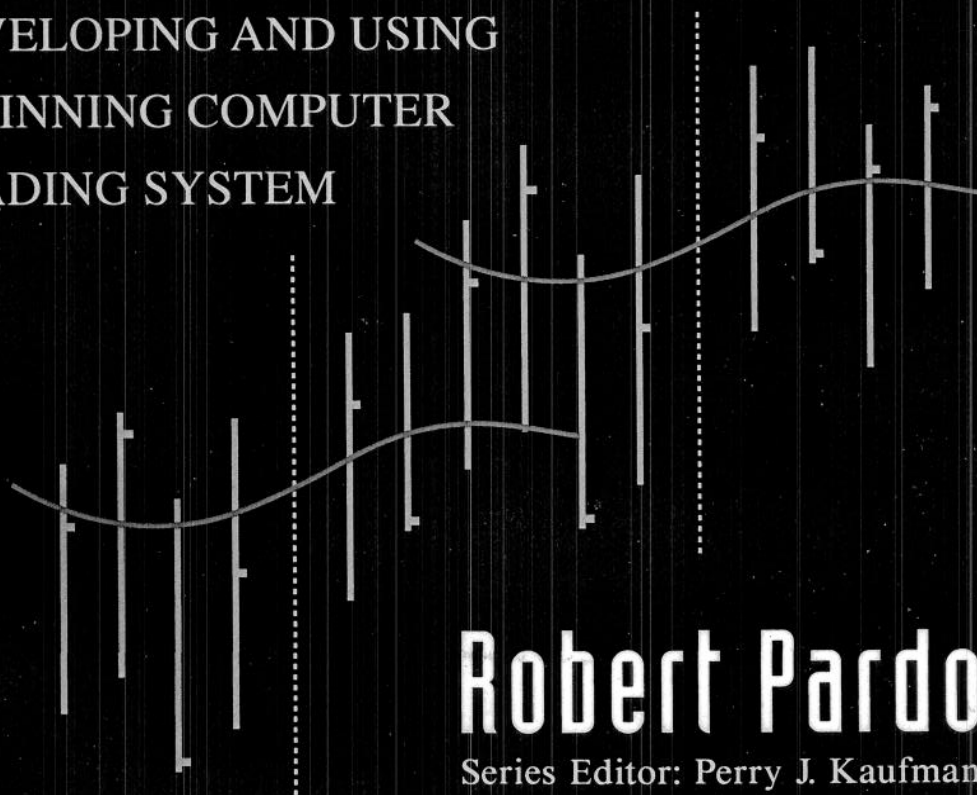


Wiley Trader's Advantage

WILEY

Design, Testing, and Optimization of Trading Systems

EXPERT ADVICE FROM THE CREATOR
OF ADVANCED TRADER® ON
DEVELOPING AND USING
A WINNING COMPUTER
TRADING SYSTEM



Robert Pardo

Series Editor: Perry J. Kaufman

**A practical, hands-on guide to setting up,
adjusting, and trading mechanical systems that
requires no computer or programming skills!**

Here's everything you'll need to develop and verify each stage of a profitable trading strategy, from formulation through testing to real-time trading. Armed with the author's battery of easily accomplished testing and optimization techniques — many never before published — you'll design a workable trading strategy, reliably measure its profit potential and risk, and then test it to see if it works in real-time trading.

No matter what your level of trading expertise, now you can swiftly isolate and eliminate the causes of trading failure and make the decisions essential to profitable computerized trading. You'll discover:

- The seven major components of mechanical trading strategies and their uses
- When and how to use fast, accurate, and realistic computer simulations to evaluate a strategy's trading performance without risking precious capital
- The best ways to tailor a trading strategy to fit the unique personalities of widely different markets
- What to expect from a trading model in real-time trading
- How to judge trading performance with respect to historical testing performance

Design, Testing, and Optimization of Trading Systems helps you develop, evaluate, and apply a winning computer trading system that suits your specific needs.

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The Wiley Trader's Advantage is a new series of concise, highly focused books designed to keep savvy futures, options, stocks, bonds, and commodities traders abreast of the latest, successful strategies and techniques used by the keenest minds in the business. Each title delivers timely, cutting-edge guidance on a key aspect of trading, including trading systems, portfolio management methods, computerized forecasting, and systems optimization.

Design, Testing, and Optimization of Trading Systems is designed to help savvy traders to formulate and test trading structures to amplify trading profit and avoid real-time trading issues. This is the first book to offer practical, hands-on guidance for setting up, adjusting, and trading mechanical systems without requiring computer language or programming skills. And its flexible, user-friendly approach can be easily followed regardless of which form of technical analysis you're currently using — stochastics, moving averages, chart patterns, RSI, breakout methods, and others.

Here, finally, is the systematic, empirical guidance you demand to develop and verify each stage of a profitable trading strategy, from formulation through testing to real-time trading. Armed with the author's battery of easily accomplished testing and optimization techniques — many never before published — you'll design a workable trading strategy, reliably measure its profit potential and risk, then test it to see if it works in real-time trading.

Moreover, you'll learn how to optimize the strategy over a variety of different markets and time periods, and maintain its peak performance in the face of trends, volatility and liquidity changes, and new

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trading conditions. To insure testing accuracy, the author identifies the symptoms of overfitting and supplies proven guidelines for avoiding it.

Design, Testing, and Optimization of Trading Systems recognizes that different traders have different levels of trading capital, time available, profit requirements, and risk tolerance. Whether you're seeking to enhance your trading profit or make a start at strategy testing, you'll find the perfect mix of practical instruction and advice to develop, evaluate, and apply a winning mechanical trading system that suits your exact needs.

About the author

ROBERT PARDO is the founder and President of The Pardo Corporation, one of the world's leading developers of trading and technical analysis microcomputer software. Beginning with its release of *Chartist*, in 1983, his firm has continuously updated its software line with such programs as *Lightning*, *Blast*, *Advanced Chartist*, *Advanced Trader*, and *Expert Trader*. Mr. Pardo is also a frequent contributor of articles to such magazines as *Futures*, *Technical Analysis of Stocks and Commodities*, and *Wall Street Micro Investor*.

About the Series Editor

PERRY J. KAUFMAN has over 20 years experience in systems design for trading strategies, hedging, and arbitrage in derivative products. He is the author of five books, including *The New Commodity Trading Systems and Methods* (Wiley) and numerous articles. A resident of Bermuda, Mr. Kaufman is the Managing Director of Comrand Limited, a research and development firm.



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