



The E-Book of Technical Market Indicators 2.0

Complex Technical Analysis Made Simple

How to build a rational decision making framework (systematic trading model) based on different kinds of technical market indicators

Preface

The transparency of the American markets offers an array of indicators and allows deep insights of prevailing sentiment. You find the Short Interest Ratio as well as the large block transactions of the institutional investors published every week.

Other tools for technical analysis include trend indicators, daily advances and declines, daily new highs and lows, volume, indices, put/call ratios and other useful information like Stochastic, RSI, MACD, TICK and more.

The problem is only that all these indicators contradict each other most of the time. Countless books have been written on this subject, and no matter how many will be written in the future: always be aware that there is no such thing as the Holy Grail of the stock market.

But some people are more successful than others and the answer is quite simple: No indicator is right all the time. More important is to combine different kinds of technical market indicators to a sound comprehensible investment process that will give you the competitive trading edge. This investment process does not have to be right all the time. It just should be right a higher percentage of the time than wrong.

Don't follow where indicators lead and switch to some others if they fail. Don't be a technician in the first half -year and a fundamentalist for the next half. Be consistent and disciplined in your approach. Don't abandon a good investment process/indicator just because you assume this time everything will work differently.

Happy Trading
WallStreetCourier.com

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Introduction/Abstract

Over the years, investors have developed literally, hundred thousand of different technical market indicators in their efforts to predict stock market .

Nowadays every investor finds loads of different kinds of technical market indicators available for free on every financial site on the internet. Unfortunately, for the unwary, there are many misleading, untested, overstated or just plain wrong indicators. Additionally, different kind of indicators may contradict to each other. Therefore, such a situation will only lead to a more difficult process for investors to apply a successful and traceable trading approach.

Finally, the investors own emotional basis does interfere too often with the desired goal of maximizing trading returns although disciplined trading decisions are as important as accurate knowledge in actually making money.

Since there is no indicator which is right all the time, **a combination of different kinds of technical market indicators is the best method to understand the “big picture” plus the best way to beat the market in the long run.** A clear and understandable investment process will deliver more predictable results and allows traders to improve their approach over time.

The content of this book will give a brief overview on how to classify indicators into subgroups, including the advantage and the complicity as well as a detailed instruction on how to combine different kinds of indicators to a sound investment process. Furthermore, we highlight which types of indicators should be used by short- or long-term investors as well as which are suitable for low- or high experienced traders.

1. About WallStreetCourier.com

Philosophy: Diversified Market Timing & Investment Advisory!

- WallStreetCourier.com has become one of the most trusted sources for investment advisory for both individual and institutional investors.
- No strategy can be completely effective under all economic conditions, so we deploy multiple strategies to help achieve your objectives and mitigate risk. This leads to our focus on implementing complimentary, low-correlated investment strategies and market timing tools.
- **WallStreetCourier.com believes that it is essential to diversify risk amongst a variety of low-correlated investment strategies based on systematic market timing and highly advanced portfolio construction methods.**
- We are devoted to preserve and grow your assets by providing dozens of different uncorrelated performance (alpha) sources that are acting as perfect diversifier within your portfolio.
- Applying a highly transparent investment approach is where our investment philosophy begins.

We believe success over the long run requires mitigating your risk and maximizing the returns of your portfolio. We support you in this endeavor by providing a variety of non-correlated investment strategies that can be combined to a highly diversified and strong performing portfolio!

Services offered by WallStreetCourier.com (1/2)

Name	Description	Short-term trader	Mid- to long-term investor	Low trading experience	High trading experience
Powerful Weekly U.S. Equity Market Research	<ul style="list-style-type: none"> High quality weekly market research (buy/sell decisions) for the S&P 500 based on our technical indicators Become a pro by following our weekly market research on a regular basis! 				
Proven Indicators: <ul style="list-style-type: none"> Trend Breadth Contrarian <ul style="list-style-type: none"> Smart-/Dumb Money Market Sentiment Options Oscillators Cycles CFTC/Cot Investment Process 	<ul style="list-style-type: none"> Conduct your own research with our powerful technical market indicators Indicators you need for a sound investment process Unique daily/weekly updated indicators for traders and investors Quality before quantity Guaranteed, you won't find those indicators anywhere in the web What are you waiting for? Start a new trading live now! 				
Day Trading Strategies	<ul style="list-style-type: none"> Eight unique day trading indicators Beat the market by trading only on certain market behaviors 				
Proprietary ETF Heat-Maps	<ul style="list-style-type: none"> Identify powerful trends at work in the stock market, then trade these trends for highly profitable gains. Our proprietary ETF Momentum Heat Maps identify the strongest trending global markets ETFs 				
Data Downloads	<ul style="list-style-type: none"> Short interest data for U.S. equities Commitments of Traders Report Data 				

Services offered by WallStreetCourier.com (2/2)

Name	Description	Short-term trader	Mid- to long-term investor	Low trading experience	High trading experience
The WSC All Weather Model Portfolio (aka Most Diversified Portfolio)	<ul style="list-style-type: none"> This ETF Model Portfolio is focused on steady returns It is designed to perform reasonable well during all predominant market conditions and should be regarded as a core investment 				
The WSC Inflation Proof Retirement Model Portfolio	<ul style="list-style-type: none"> The WSC Inflation Proof Retirement Portfolio (IPRP) is focused on absolute return by investing in a highly diversified balanced and equity focused portfolio The main target of the portfolio is to generate enhanced and stable returns above the average inflation rate and to minimize potential losses, even during times when the overall inflation expectations remain quite low 				
WSC Sector Rotation Strategy	<ul style="list-style-type: none"> The target of this portfolio is to limit the downside during a bear market and to profit at least as much as the market does during a bull market The main goal is to achieve steady returns since the focus is based on the portfolio accumulation effect 				
WSC Global Tactical ETF Model Portfolio	<ul style="list-style-type: none"> The object of the WSC Global Tactical ETF Model Portfolio is for investors who are seeking high returns and are able to cope with high volatility 				

2. Overview – Classification, definition, advantage and the complicity of technical market indicators

There are a dozen ways how to classify different kinds of technical market indicators

WallStreetCourier.com classifies technical market indicators into four main groups

Trend Indicators

- To measure the main direction of the underlying security/market

Market Breadth Indicators

- To determine the strengths of a trend or of the market condition

Technical Market Indicators

Contrarian Indicators

- To track the investing behavior of different kinds of investment groups
 - Options Market Indicators
 - Smart Money vs. Dumb Money
 - Market Sentiment
 - Stock Market Cycles

Oscillators

- Are designed to lead price movements and are oscillating around a certain value

Definition, advantage and the complicity of trend indicators

Trend indicators are stronger than any other technical market indicator

Definition

- A market trend is a tendency of a stock market to move in a particular direction over time
- These trends are classified as secular trends for long time frames, primary trends for medium time frames, and secondary trends lasting short times
- Trend indicators are always lagging indicators as a trend has to establish first, before it can be measured

Advantage

- Money will only be made in strong trends
- **Identifying a trend is the most important part in technical analysis since a trend is stronger than any other indicator**
- Since stock markets are trending most of the time, trend-following indicators can be enormously profitable and easy to use
- Furthermore the main idea behind those indicators is to catch the middle part of a strong trend

Complicacy

- Trend indicators will never lead a price of a security. They are not designed to do so
- Trend indicators are always lagging indicators as they follow the price action of the underlying security (late in, late out)
- In sideways market, trend indicators are not effective
- The shorter the trend, the more signals will be produced and the more trading signals (costs) will be generated

Definition, advantage and the complicity of breadth indicators

Breadth indicators are designed to confirm a price action or an existing trend

Definition

- Breadth indicators are measuring the overall strength of a price action or an existing trend by analyzing the proportion of the overall stocks or volume that are participating in the market's up or down move
- Some measures of market breadth involve the volume of rising stocks compared to the volume of falling stocks

Advantage

- Rising stocks should be getting the most of volume in a healthy strong market
- In a healthy uptrend the amount of advancing stocks should dominate the amount of declining stocks etc.
- Positive market breadth occurs when more stocks are moving higher than are moving lower, and it is used to suggest that the condition of the market is healthy

Complicity

- Breadth indicators are designed to point out unusual conditions but they cannot exactly be categorized by length and severity
- A divergence does not necessarily lead to a major price reversal. Nevertheless breadth indicators can be an important red flag on the horizon for traders

Definition, advantage and the complicity of contrarian indicators

Measure the investing behavior of certain trader groups

Definition	Advantage	Complicity
<ul style="list-style-type: none">• Contrarian market indicators attempt to measure the overall bullish or bearish attitude towards the market among traders and investors (market sentiment) or tracking down the investing behavior of smart money and dumb money• Those indicators lead and/or confirm price actions• Somehow they are a mixture between trend- and breadth indicators and oscillators	<ul style="list-style-type: none">• A contrarian investor or the behavioral finance followers believe that when everybody is fully invested there will be no further purchasing power. At this point, the market is at a peak• On the other hand, when people predict a downturn, they have already sold out, at which point the market can only go up. Normally when the market hits a new low, Smart Money will buy and Dumb Money will sell. Therefore following the behavior of Smart- and Dumb Money will give additional edge of information• Most of the contrarian indicators lead prices, and in comparison with oscillators they do work in every market phase (trend and trendless market environments)	<ul style="list-style-type: none">• If a contrarian indicator flashes a divergence that does not necessarily lead to a major price reversal• Nevertheless contrarian indicators can be an important red flag on the horizon for traders

Definition, advantage and the complicity of oscillators

Oscillators are leading indicators as they lead a price move

Definition

- Oscillators are leading indicators as they lead a price move
- They move above and below a centerline (center oscillators) or are banded (banded oscillators) between two extreme values
- The banded oscillators are designed for discovering short-term overbought or oversold conditions. As the value of the oscillator approaches the upper extreme band the stock market is deemed to be overbought, and as it approaches the lower extreme it is deemed to be oversold

Advantage

- Oscillators are designed to lead prices and they work the best if the market is in a trading range or if the trend market is not confirmed by breadth
- If the market is in a strong uptrend, the best opportunity to buy is when the oscillator flashes an oversold signal
- If the market in a downtrend, it is the best to look for overbought conditions to sell your position

Complicacy

- It is expensive to trade an oscillator signal against the major trend of the market
- Banded oscillators are used to identify overbought and oversold conditions, but overbought does not necessarily mean that a trend reversal is ahead
- The bottom line: oscillators should only be used in combination with trend and breadth indicators

All technical market indicators have a trade-off between sensitivity and consistency

Overview: factors being influenced by the underlying time period

Period	Time Lag	Trading Signals (Costs)	Avg. Return/ Signal	Max. Loss/ Trade
Short-term indicators	Low	High	Low	Low
Mid-term indicators	Middle	Middle	Middle	Middle
Long-term indicators	High	Low	High	High

Indicators you should use, according to your trading horizon and trading experience!

Indicator type		Traders Time Scope		Trading Experience	
		Short-term trader	Mid- to long-term investor	Low trading experience	High trading experience
Trend indicators	short term				
	long term				
Breadth indicators	short term				
	long term				
Contrarian indicators	confirming				
	contrarian				
Oscillators	short term				
	long term				

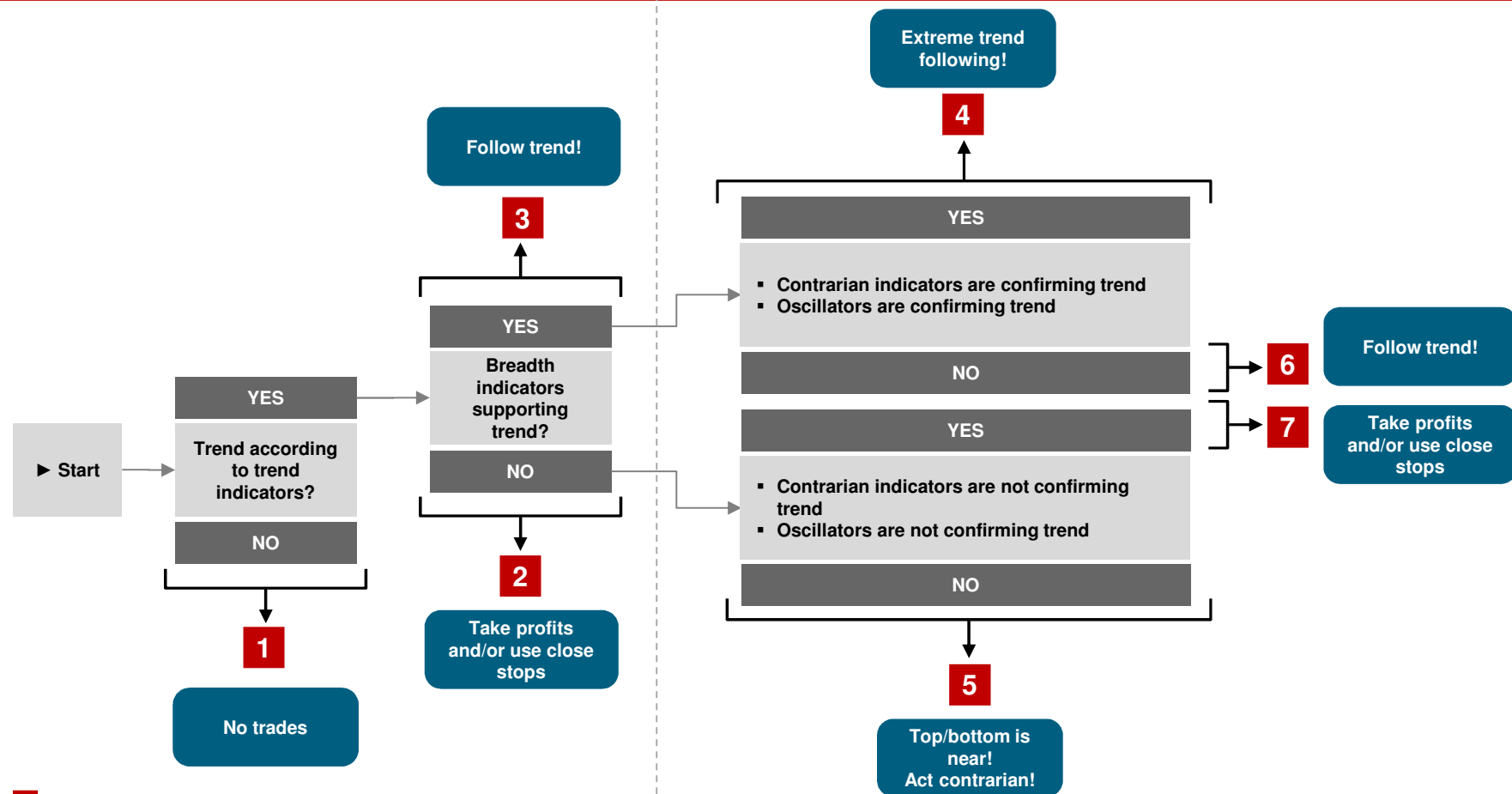
○ low ● high

3. Investment process – How to combine different kinds of technical market indicators into a sound investment process?

Trend indicators are crucial to watch since a trend is stronger than anything else (1/2)

Low trading experience investors

High trading experience investors



1 Detailed description please see next slide

Trend indicators are crucial to watch since a trend is stronger than anything else (2/2)

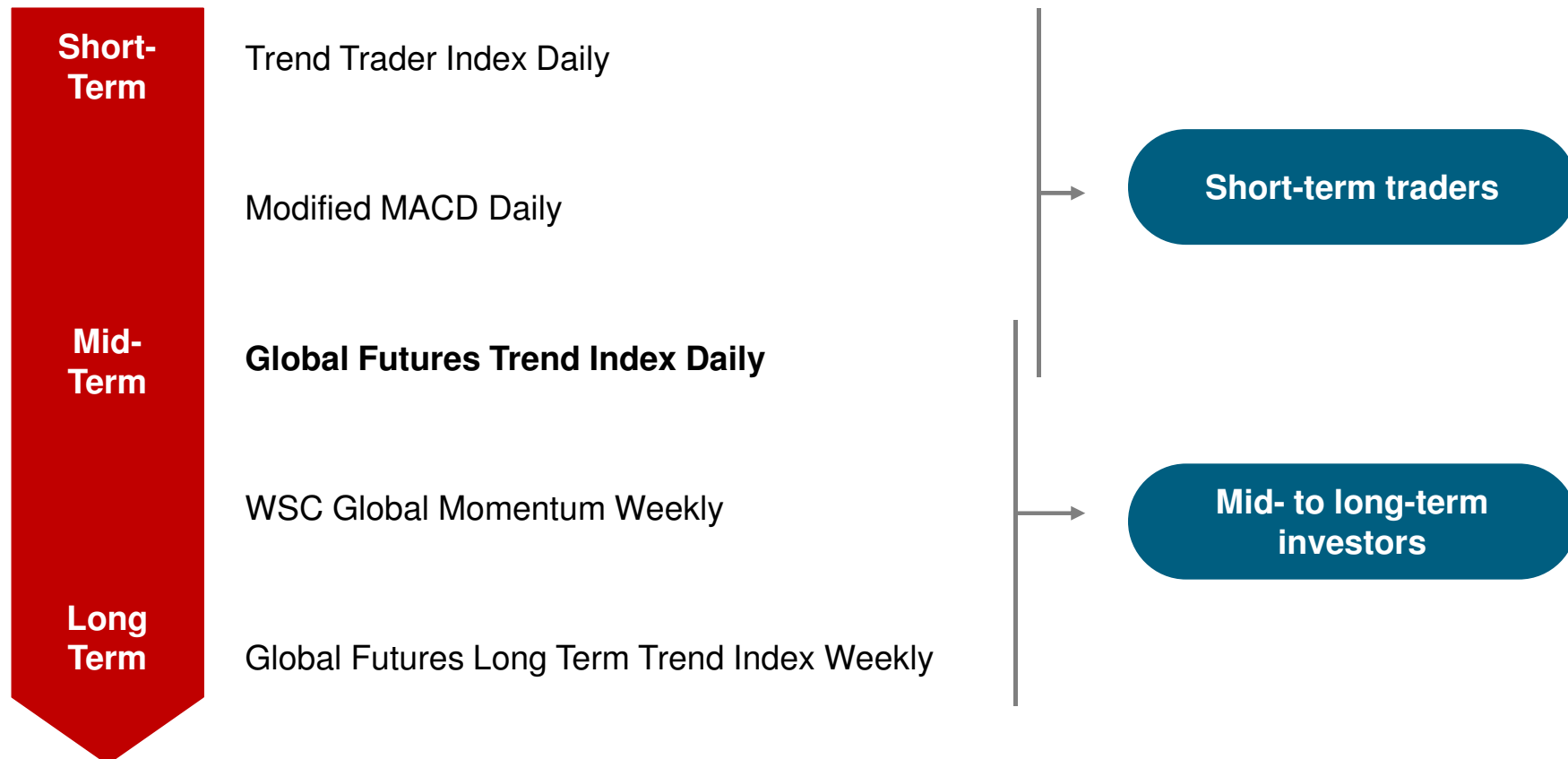
Description decision tree



4. Trend indicators - measure the main market's direction

Overview of most important trend indicators offered by WallStreetCourier.com

Sorted by time horizon

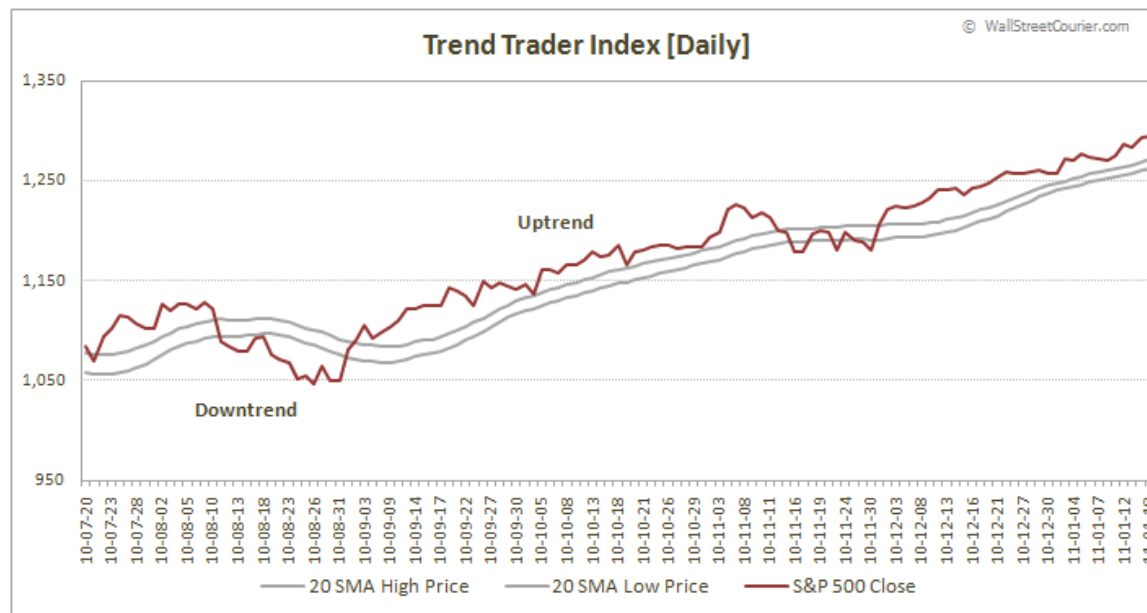


4.1 Trend indicators for short-term to mid-term traders

Trend indicators for short-term traders (1/3)

Short-term trend indicator

Trend Trader Index [daily]



Description and signals

Description:

- The Trend Trader Index calculates the simple moving average of the daily high and daily low price of the S&P 500 over the past 20 days.

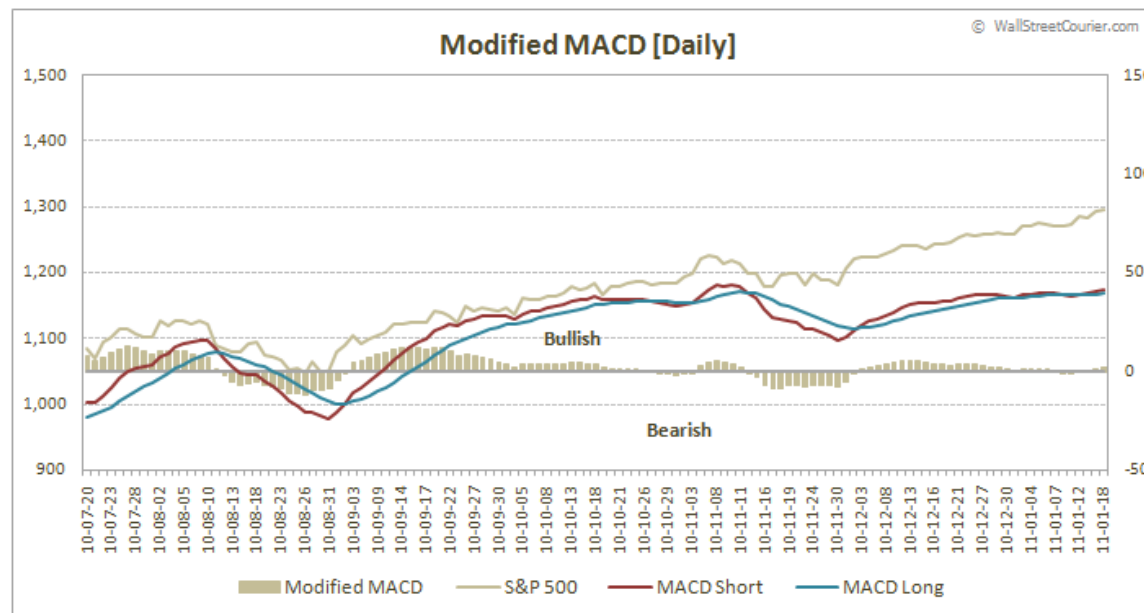
Signals:

- A short term uptrend is given, if the S&P 500 is trading above the 20 day moving average of the past highs
- A short term downtrend exists, if the S&P 500 is trading below the 20 day moving average line of the past lows
- Furthermore, the direction of the simple moving averages could also give an additional information about the trend direction

Trend indicators for short-term traders (2/3)

Short-term trend indicator

The Modified MACD [daily]



Description and signals

Description:

- Moving Average Convergence-Divergence (MACD) is one of the most effective trend indicators
- The Modified MACD uses two zero-lag adaptive moving averages of the S&P 500 to identify a trend

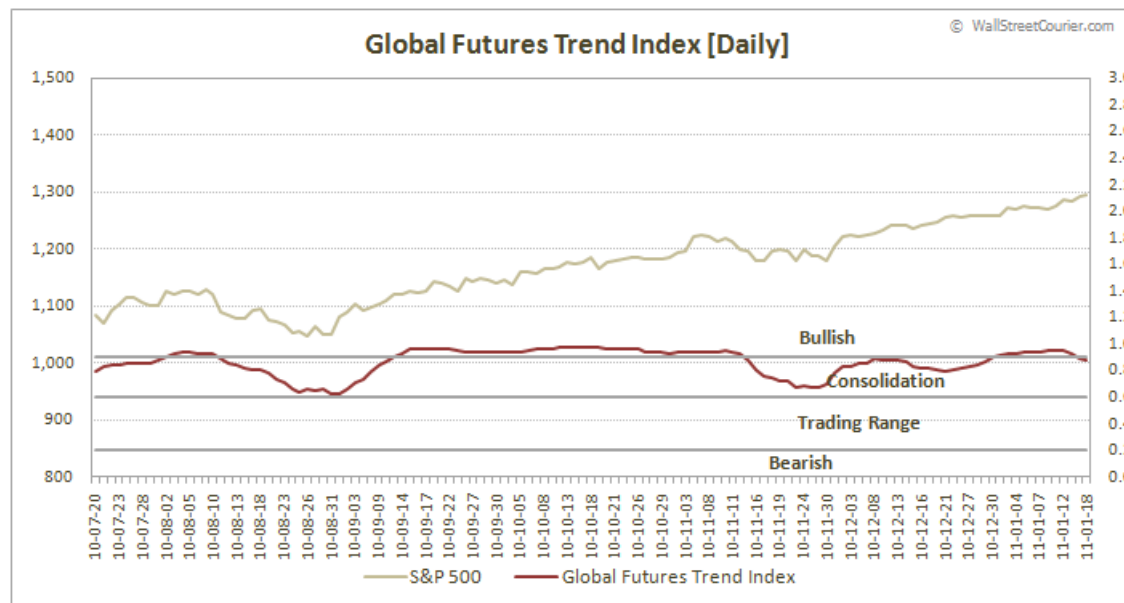
Signals:

- Investors should pay attention to a crossovers of the two signal lines (MACD Short and MACD Long)
- Bullish: MACD Short crosses the MACD Long from below
- Bearish: MACD Short crosses the MACD Long from above

Trend indicators for short-term traders (3/3)

Mid-term trend indicator

Global Futures Trend Index [daily]



Description and signals

Description:

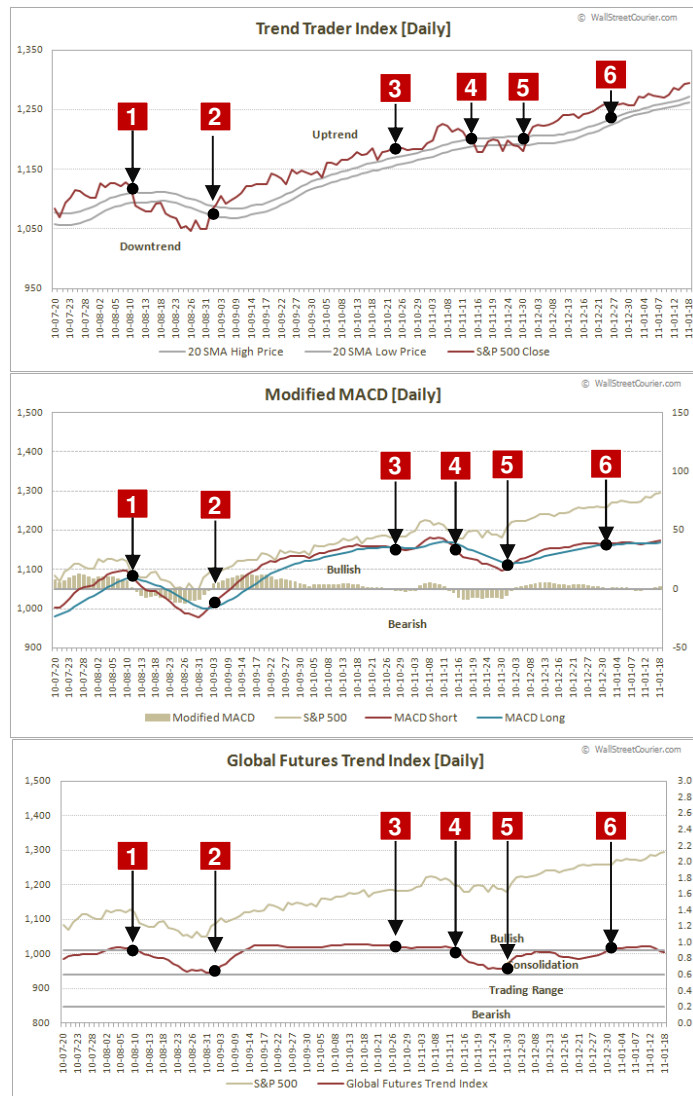
- The Global Futures Trend Index calculates the amount of stocks listed on NYSE which are reaching daily new highs or daily new lows

Signals:

- Bullish: as long as the gauge of this index stays above the consolidation level (0.6), a solid bullish trend is in progress
- Bearish: as long as the gauge of this index stays below 0.2, a solid bearish trend is in progress

4 TREND INDICATORS

Example: combination of short- to mid-term trend indicators (1/2)

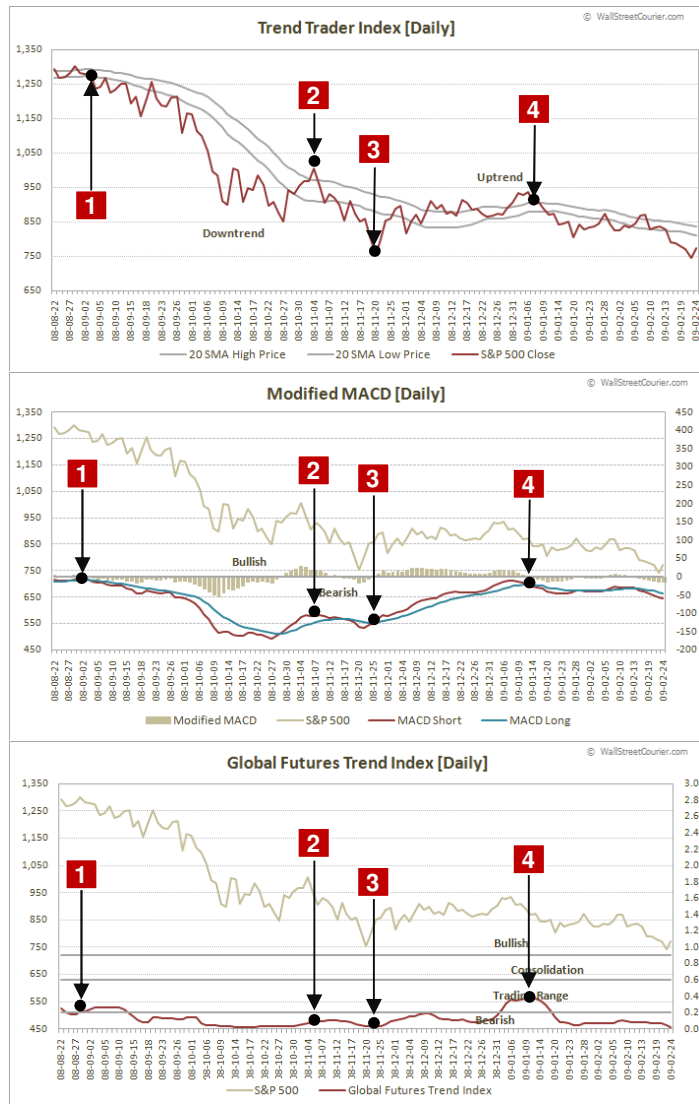


	Trend Trader Index Short-term trend Indicator	Modified MACD Short-term trend Indicator	Global Futures Trend Index Mid-term trend Indicator	Check breadth and contrarian indicators ¹⁾	Trade
1	Bullish trend break	Bullish trend break	Bullish	Bullish	Take profits
2	Bearish trend break	Bearish trend break	Bullish	Bullish	Buy into weaknesses
3	Bullish	Bullish trend break	Bullish	Bullish	Hold long position
4	Bullish trend break	Bullish trend break	Bullish	Bullish	Take profits
5	Bearish trend break	Bearish trend break	Bullish	Bullish	Buy into weaknesses
6	Bullish	Bullish trend break	Bullish	Bullish	Hold long position

1) Low trading experienced: check breadth indicators only
High trading experienced: check breadth- and contrarian indicators

4 TREND INDICATORS

Example: combination of short- to mid-term trend indicators (2/2)



	Trend Trader Index	Modified MACD	Global Futures Trend Index	Check breadth and contrarian indicators ¹⁾	Trade
	Short-term trend Indicator	Short-term trend Indicator	Mid-term trend Indicator		
1	Bullish trend break	Bullish trend break	Bearish	Bearish	Go short!
2	Bearish trend break	Bearish trend break	Bearish	Bearish	Sell into strengths
3	Bearish	Bearish trend break	Bearish	Bearish	Hold short position
4	Bullish trend break	Bullish trend break	Bearish	Bearish	Go short!

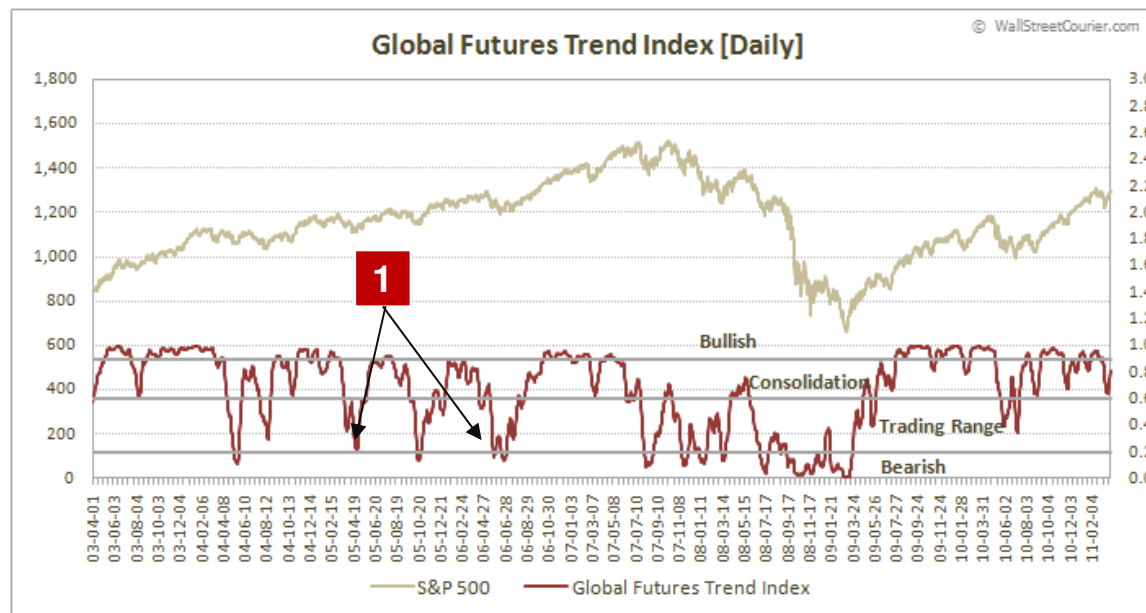
- 1) Low trading experienced: check breadth indicators only
High trading experienced: check breadth- and contrarian indicators

4.2 Trend indicators for mid- to long-term investors

Trend indicators for mid- to long-term investors (1/6)

Mid-term trend indicator

Global Futures Trend Index [daily]



1

Countercheck with mid- to long-term market breadth- and other long-term trend indicators to increase performance

Description and signals

Description:

- The Global Futures Trend Index calculates the amount of stocks listed on NYSE which are reaching daily new highs or daily new lows

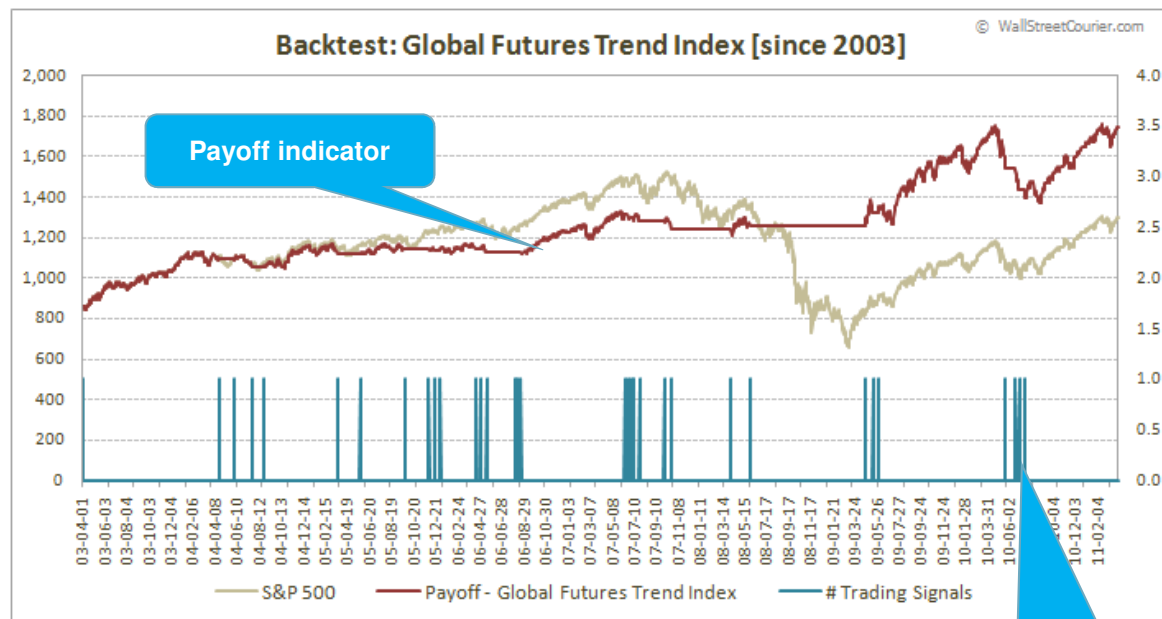
Signals:

- Bullish: as long as the gauge of this index stays above the consolidation level (0.6), a solid bullish trend is in progress
- Bearish: as long as the gauge of this index stays below 0.2, a solid bearish trend is in progress

Trend indicators for mid- to long-term investors (2/6)

How our payoff would have looked like if you had followed the Global Futures Trend Index?

Backtest: Global Futures Trend Index [daily]



Description of backtest

Methodology:

- When the gauge of the Global Futures Trend Index is above 0.6 (previous page) a long position in the S&P 500 had been taken
- If the gauge of the Global Futures Trend Index drops below 0.6 no investment (therefore a flat line) had been taken
- Subject to one day lag (since you have to generate a signal first before you are able to invest)

Chart:

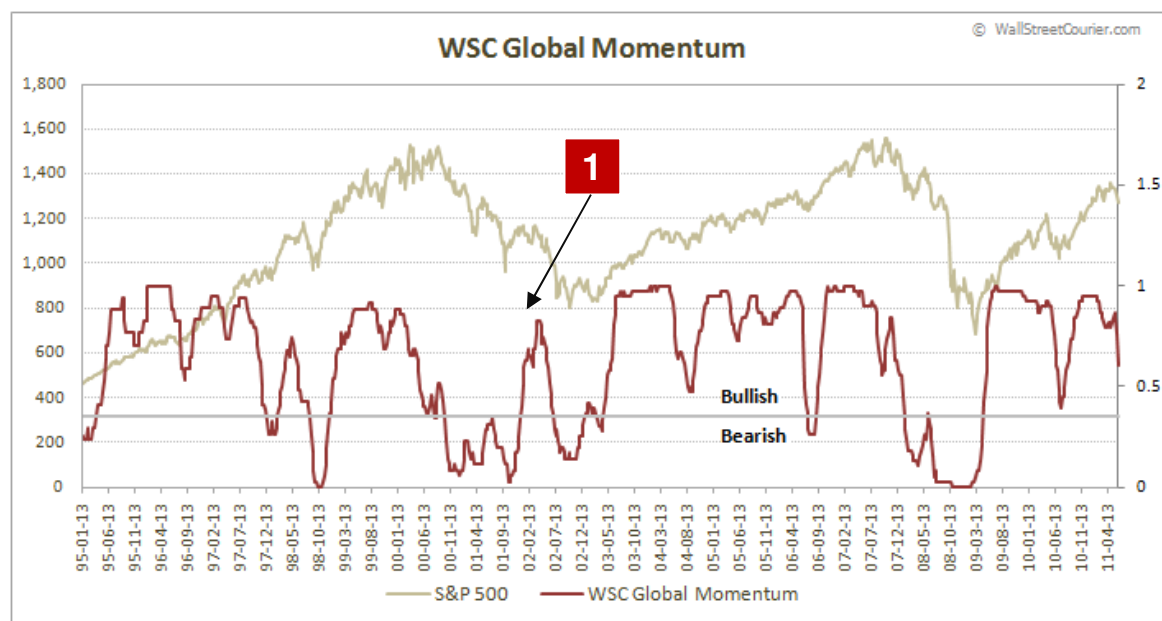
- Right scale: trading signals
- Left scale: S&P 500 and Global Futures Long Term Trend Index payoff
- **The red line represents how your portfolio would have looked like, if you have followed this indicator**

No transaction cost included

Trend indicators for mid- to long-term investors (3/6)

Long-term trend indicator

WSC Global Momentum [weekly]



1

Countercheck with mid-to long-term market breadth- and other long-term trend indicators to increase performance

Description and signals

Description:

- The WSC Global Momentum Indicator is the underlying risk management indicator of the WSC Global Tactical Asset Allocation Strategy
- This indicator measures the percentage of 38 global stock markets which are gaining momentum
- When this indicator flashes a sell signal it should be compared with other long-term trend- and breadth indicators

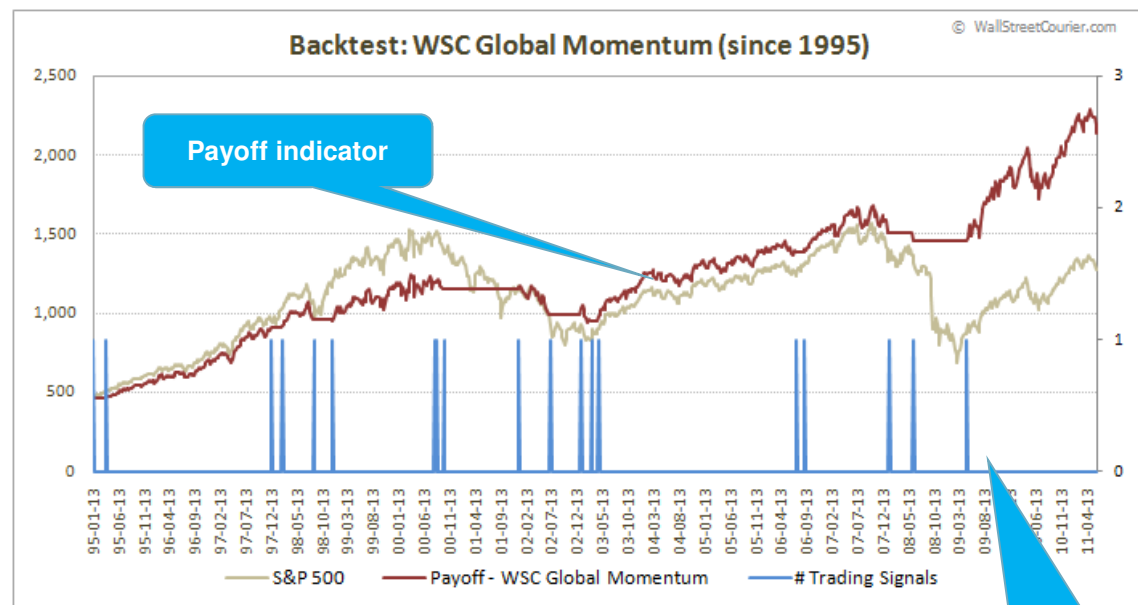
Signals:

- Bullish: Gauge of the WSC Global Momentum above 0.35
- Bearish: Gauge of the WSC Global Momentum below 0.35

Trend indicators for mid- to long-term investors (4/6)

How our payoff would have looked like if you had followed the this indicator?

Backtest: WSC Global Momentum [weekly]



Description of backtest

Methodology:

- When the gauge of the WSC Global Momentum Indicator is above 0.35 (previous page) a long position in the S&P 500 had been taken
- If the gauge of the WSC Global Momentum Indicator drops below 0.6 no investment (therefore a flat line) had been taken
- Subject to one week lag (since you have to generate a signal first before you are able to invest)

Chart:

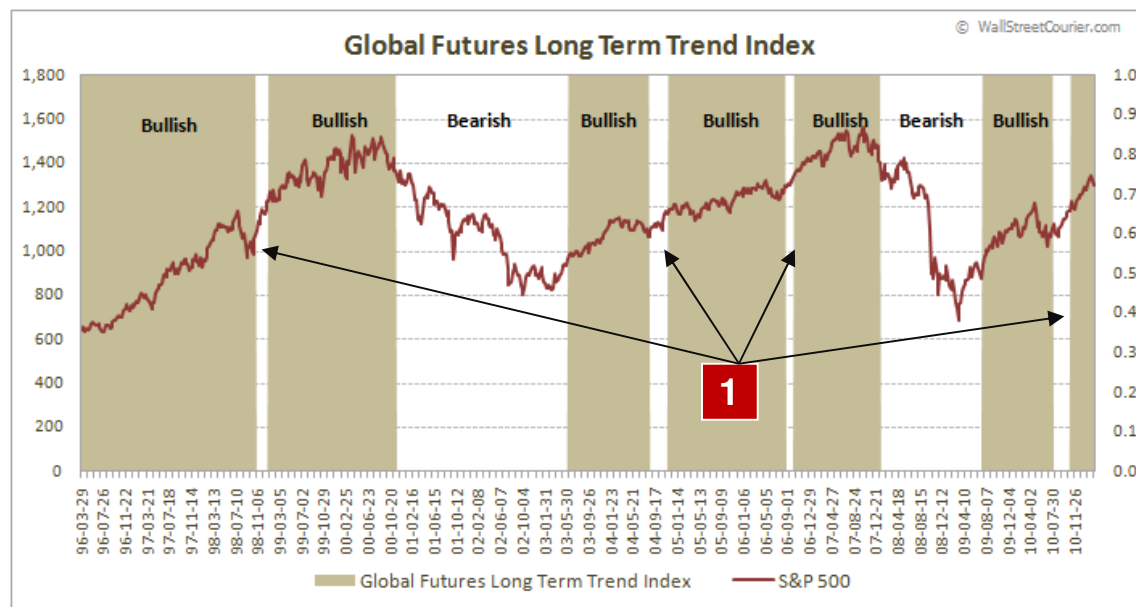
- Right scale: trading signals
- Left scale: S&P 500 and WSC Global Momentum payoff
- **The red line represents how your portfolio would have looked like, if you have followed this indicator**

No transaction cost included

Trend indicators for mid- to long-term investors (5/6)

Long-term trend indicator

Global Futures Long Term Trend Index [weekly]



1

Countercheck with mid- to long-term market breadth- and other long-term trend indicators to increase performance

Description and signals

Description:

- The Global Futures Long Term Trend Index is a long term trend index which is perfectly suitable for long term investors.
- The indicator flashes a beige box when the S&P 500 is entering a technical bull market and flashes a white box when the market is entering a technical bear market
- When this indicator flashes a technical bear market it should be compared with other long-term trend- and breadth indicators

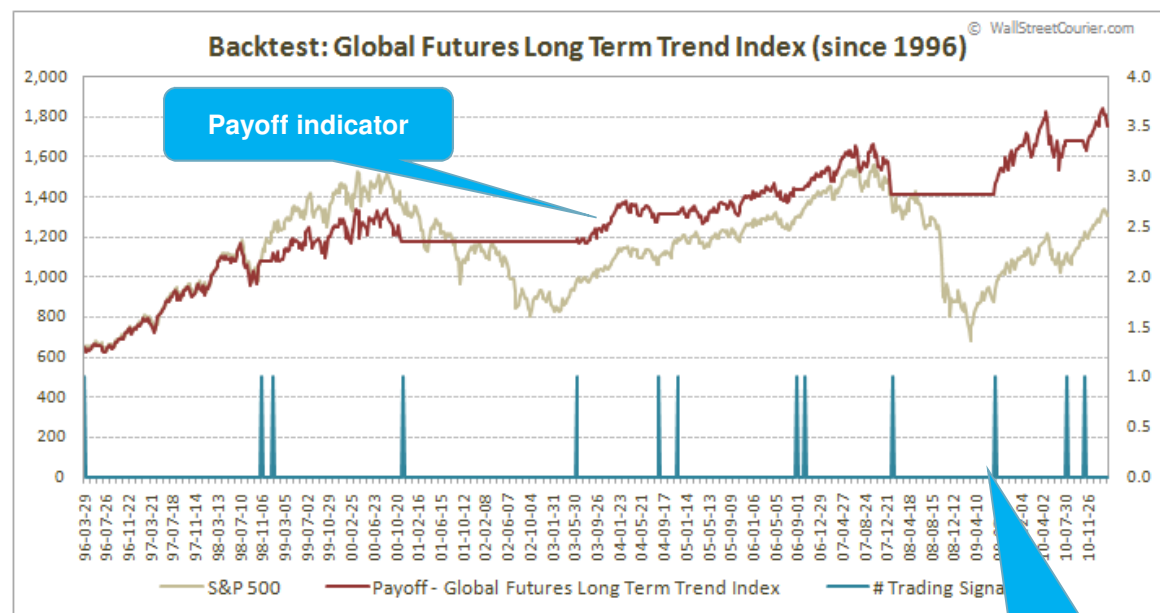
Signals:

- Bullish: beige box
- Bearish: white box

Trend indicators for mid- to long-term investors (6/6)

How our payoff would have looked like if you had followed the GF Long Term Trend Index?

Backtest: Global Futures Long Term Trend Index [weekly]



No transaction cost included

Description of backtest

Methodology:

- When the gauge of the Global Futures Long Term Trend Indicator flashes a buy signal (grey box see previous page) a long position in the S&P 500 had been taken
- If the Global Futures Long Term Trend Index flashes a sell signal (white box see page before) no investment (therefore a flat line) had been taken
- Subject to one week lag (since you have to generate a signal first before you are able to invest)

Chart:

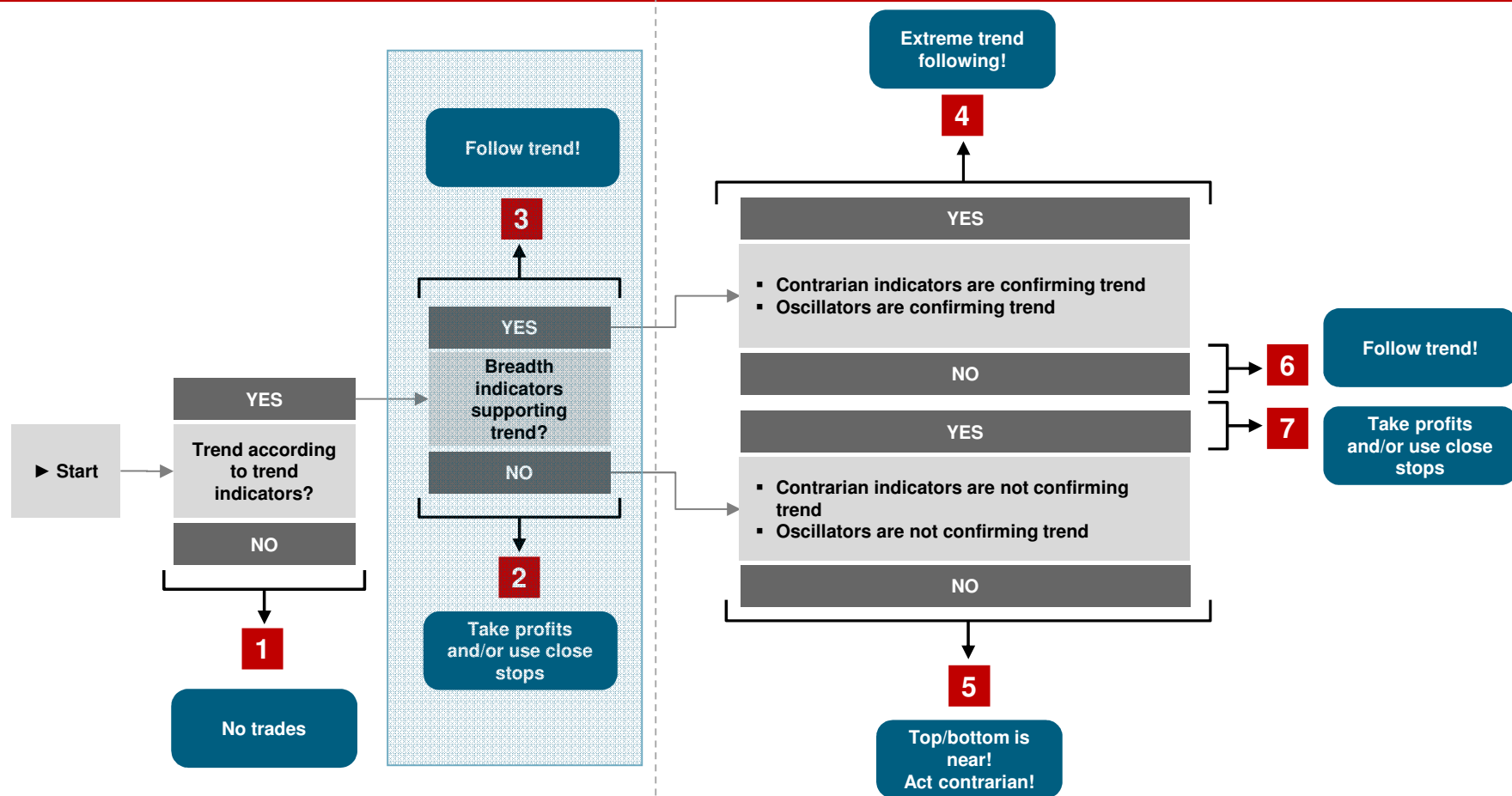
- Right scale: trading signals
- Left scale: S&P 500 and GF Long Term Trend Index payoff
- **The red line represents how your portfolio would have looked like, if you have followed this indicator**

5. Breadth indicators – Determine the strengths of a trend

Trend indicators are crucial to watch since a trend is stronger than anything else

Low trading experience investors

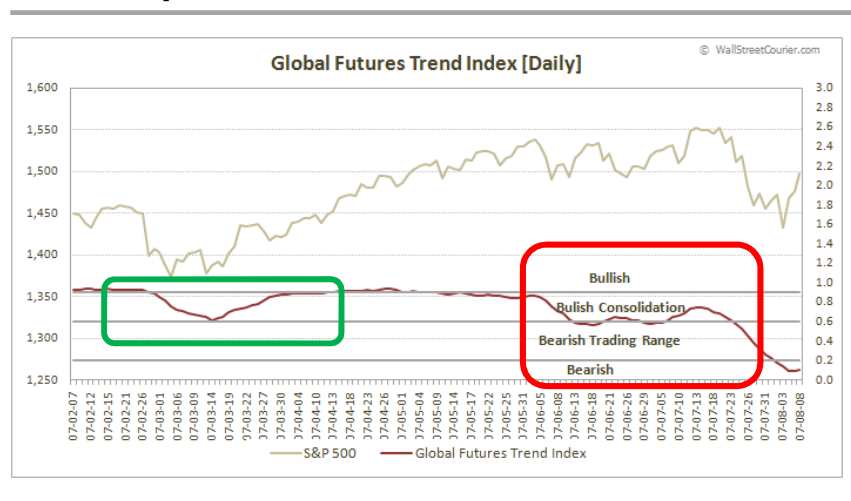
High trading experience investors



Trend indicators are always lagging indicators as they follow the price action of the underlying security – so investors are always late in and late out with their trades!

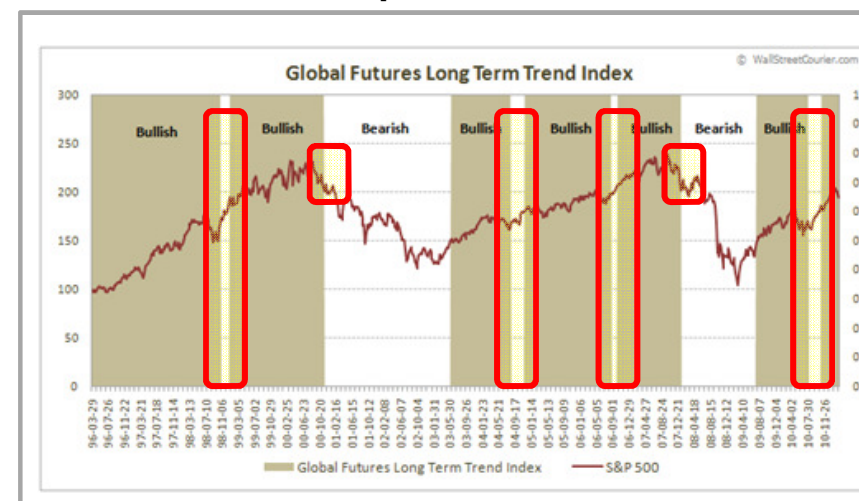
Breadth indicators are fulfilling two functions

Breadth indicators are telling you if a trend break is possible



Short-term traders

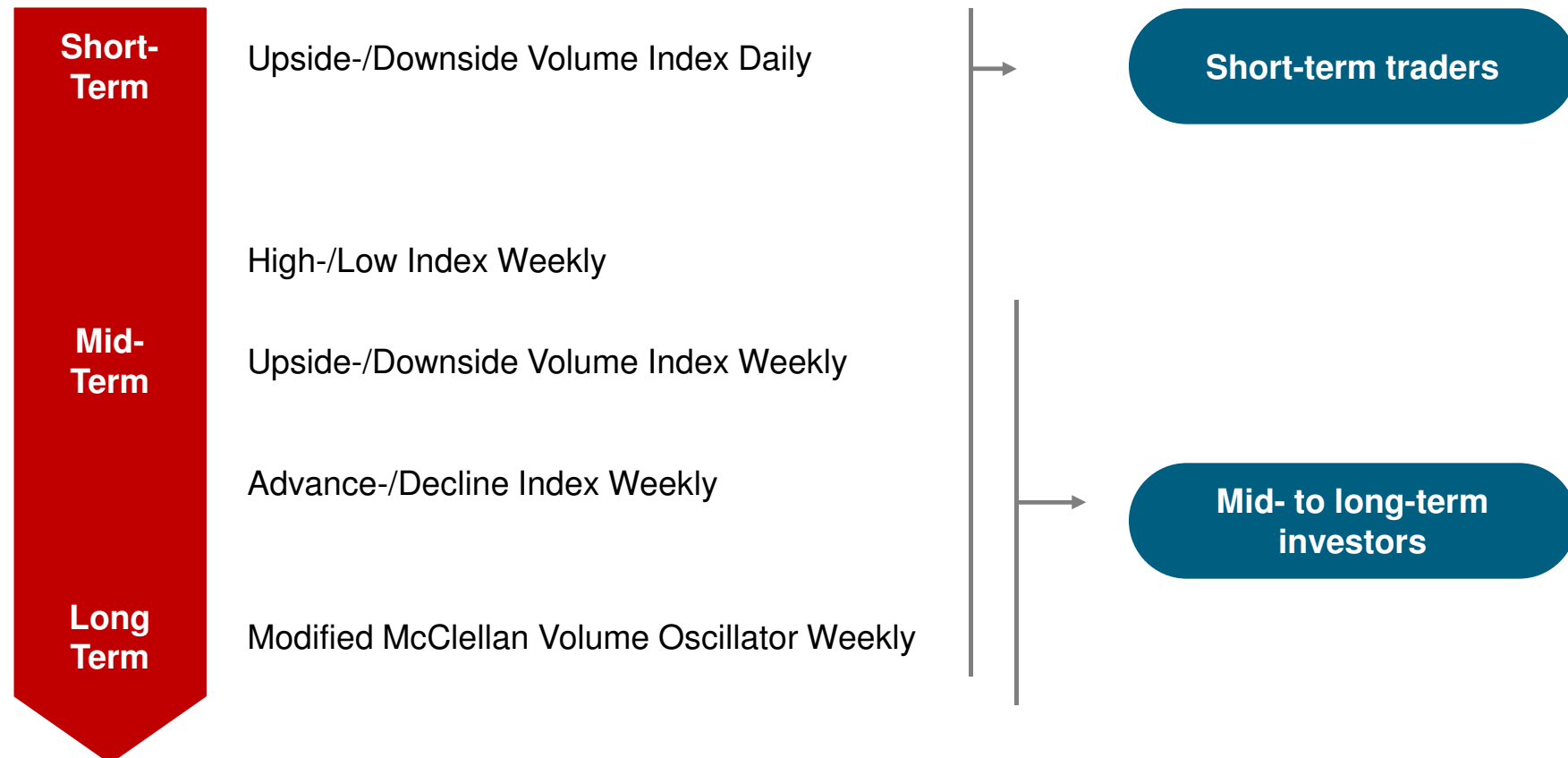
Minimize wrong trend indicator signals and reduce the late out problematic



Mid- to long-term investors

The overview of most important breadth indicators offered by WallStreetCourier.com

Sorted by time horizon

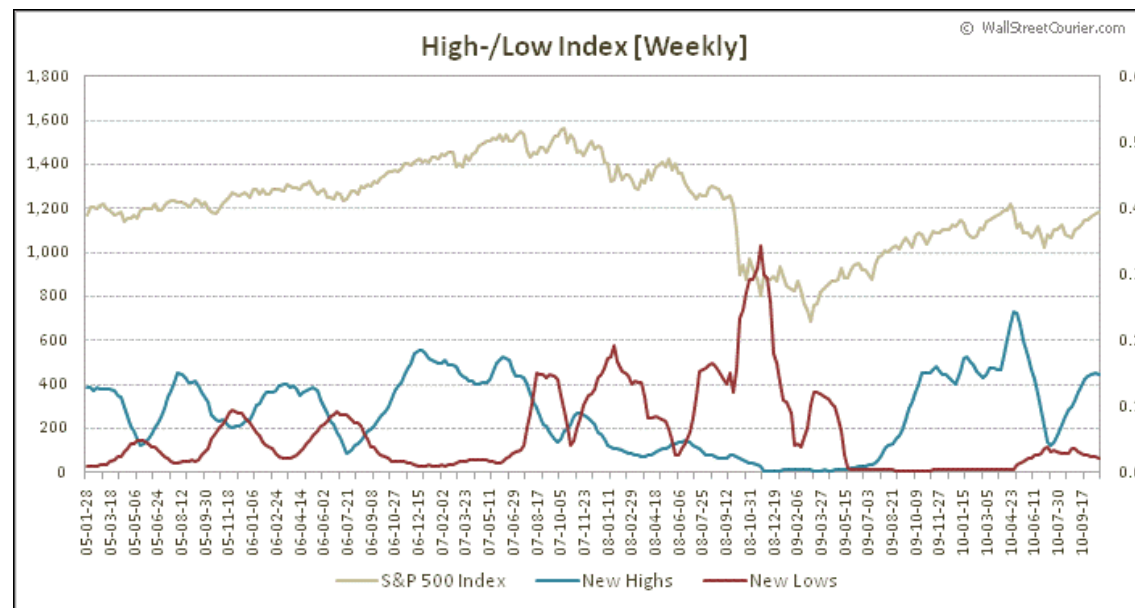


5.1 Breadth indicators for short-term traders

Breadth indicators for short-term traders (1/2)

Example: short- to mid-term breadth indicator

High-/Low Index [weekly]



Description and signals

Description:

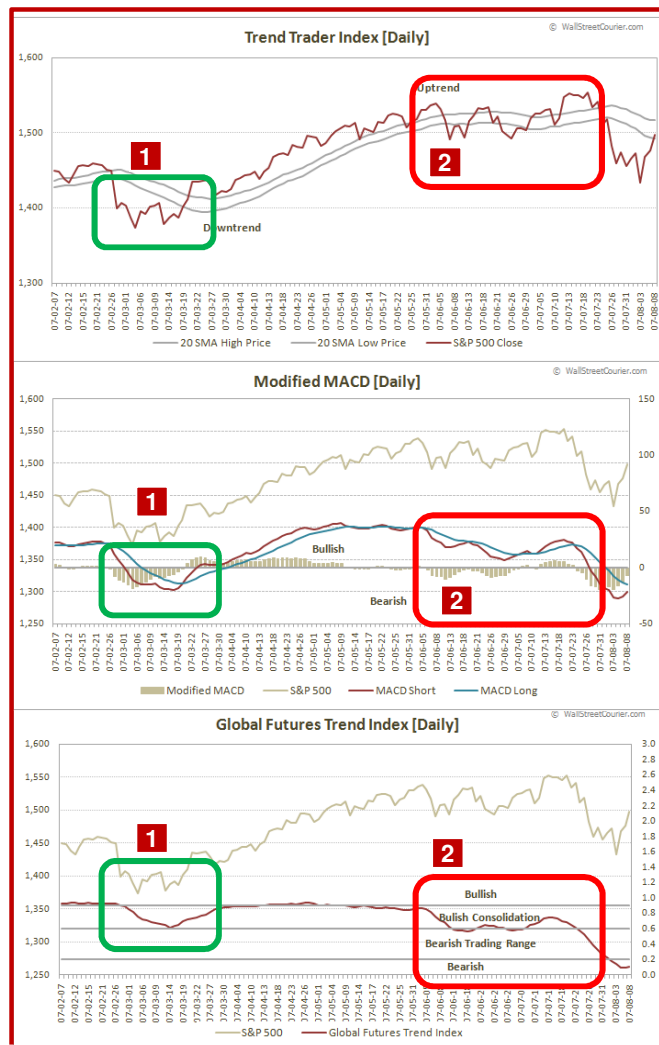
- The High-Low Index is a breadth indicator based on new highs and new lows made on Nyse
- New high refers to the number of stocks reaching a new 52-week high. New low refers to the number of stocks reaching a new 52-week low.
- The index is calculated by dividing the number of new highs by the number of new highs plus new lows.

Signals:

- Bullish: New highs above new lows
- Bearish: New highs below new lows
- Watch out for divergences between the market and new highs

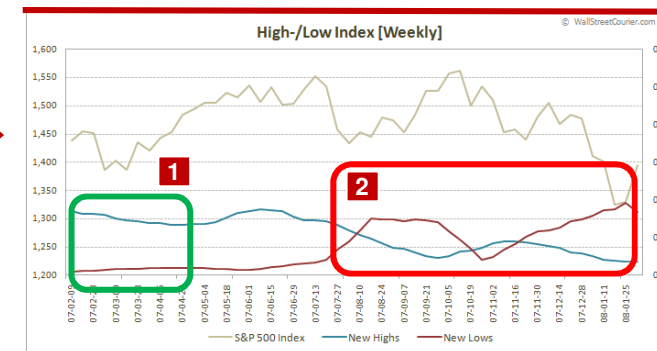
Breadth indicators for short-term traders (2/2)

Short- to mid-term trend indicators



Short-term trend break but mid-term trend still bullish (Global Futures Trend Index) → check breadth indicators

Short- to mid-term breadth indicator



- The High-Low Index is a breadth indicator based on new highs and new lows made on Nyse
 - Bullish Signals:** New highs above new lows
 - Bearish Signals:** New highs below new lows

1 Short-term bullish trend break but mid-term trend still in force and confirmed by breadth

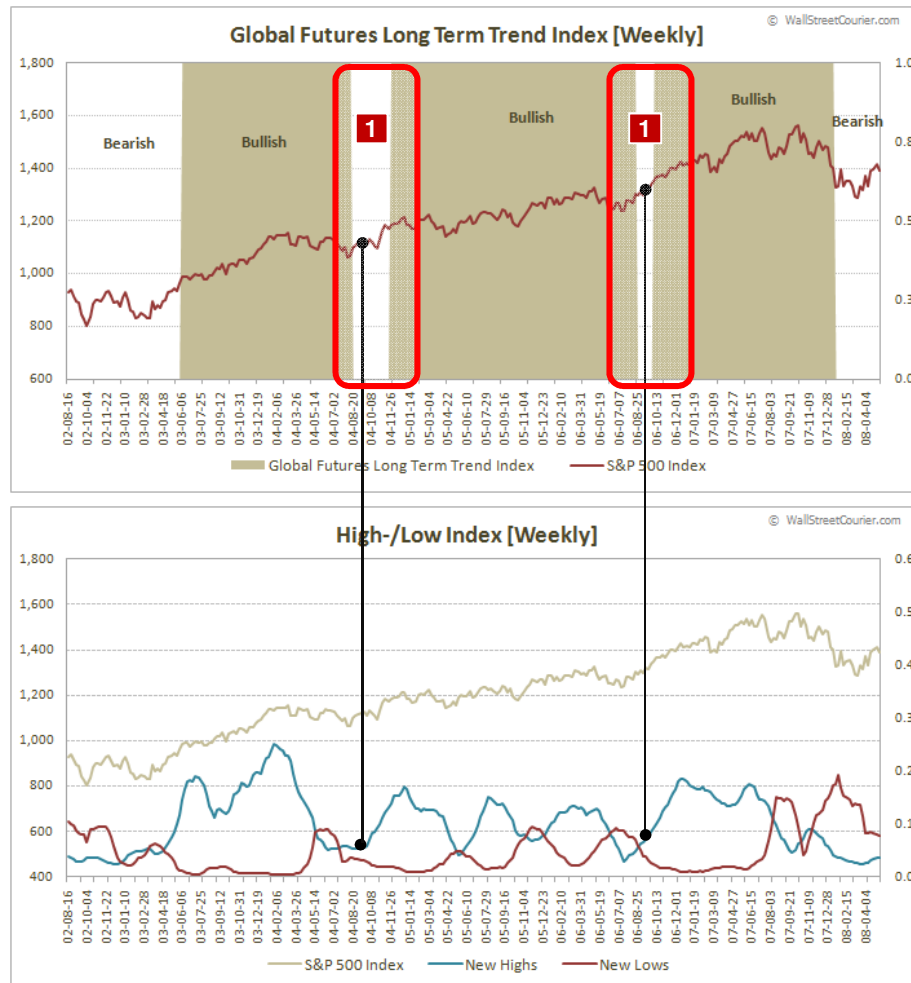
Buy into weakness

2 Short-term bullish trend break and mid-term trend still in force but not confirmed by breadth

Sell into strengths

5.2 Breadth indicators for mid- to long-term investors

Mid- to long-term-investors: using breadth indicators to minimize wrong trend indicator signals



1 Trend break in the Global Futures Long Term Trend Index

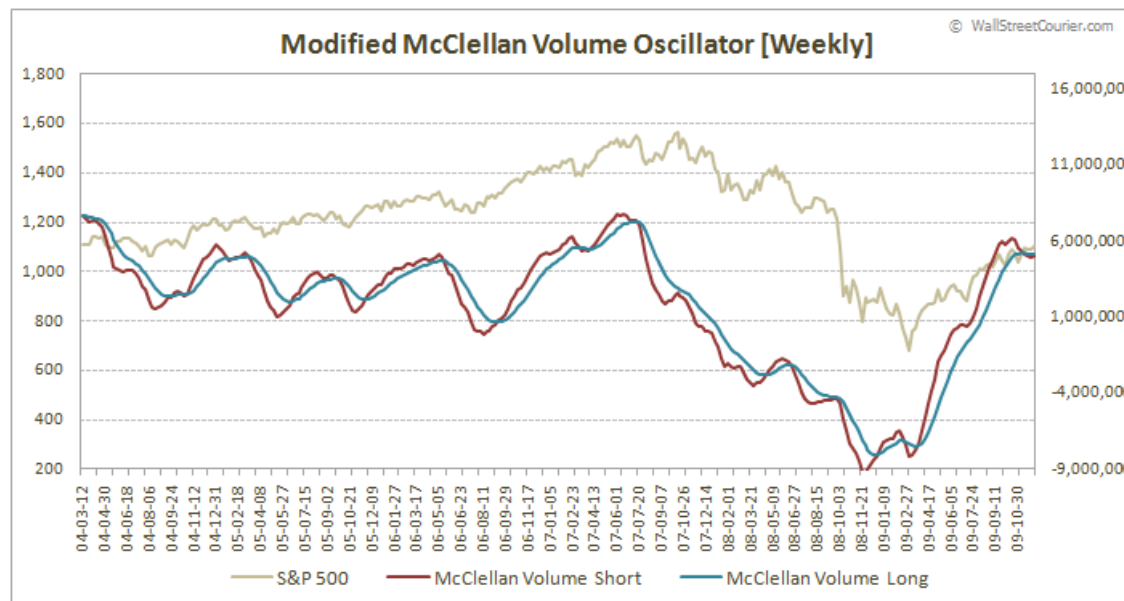
1 Market breadth (High-/Low Index) remains bullish!

Stay long!

Long-term investors: using breadth indicators to minimize the late-out problematic (1/2)

Example: long-term breadth indicator

Modified McClellan Volume Oscillator [weekly]



Description and signals

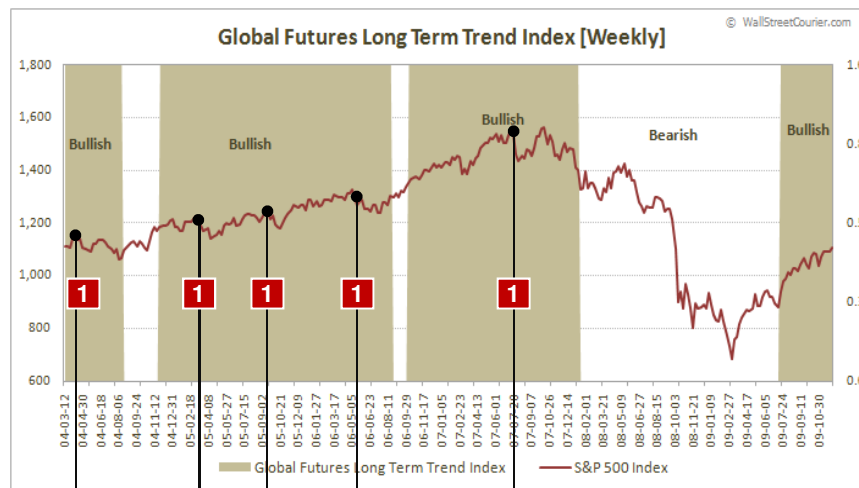
Description:

- This indicator is derived from the weekly net volume, the number of advancing volume less the number of declining volume.
- By applying 2 exponential moving averages (short and longer one) of net advances this is a perfect breadth indicator

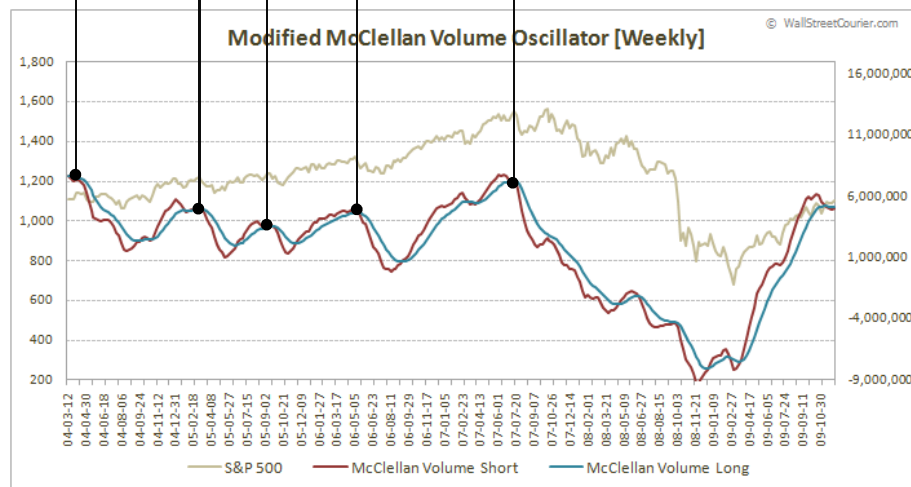
Signals:

- Bullish: McClellan Short closes above McClellan Long
- Bearish: McClellan Short closes below McClellan Long
- Watch out for divergences between the market and the Modified McClellan Oscillator

Long-term investors: using breadth indicators to minimize the late-out problematic (2/2)



1 Global Futures Long Term Trend Index is bullish



1 Market long-term breadth (Modified McClellan Volume Oscillator) turns bearish!

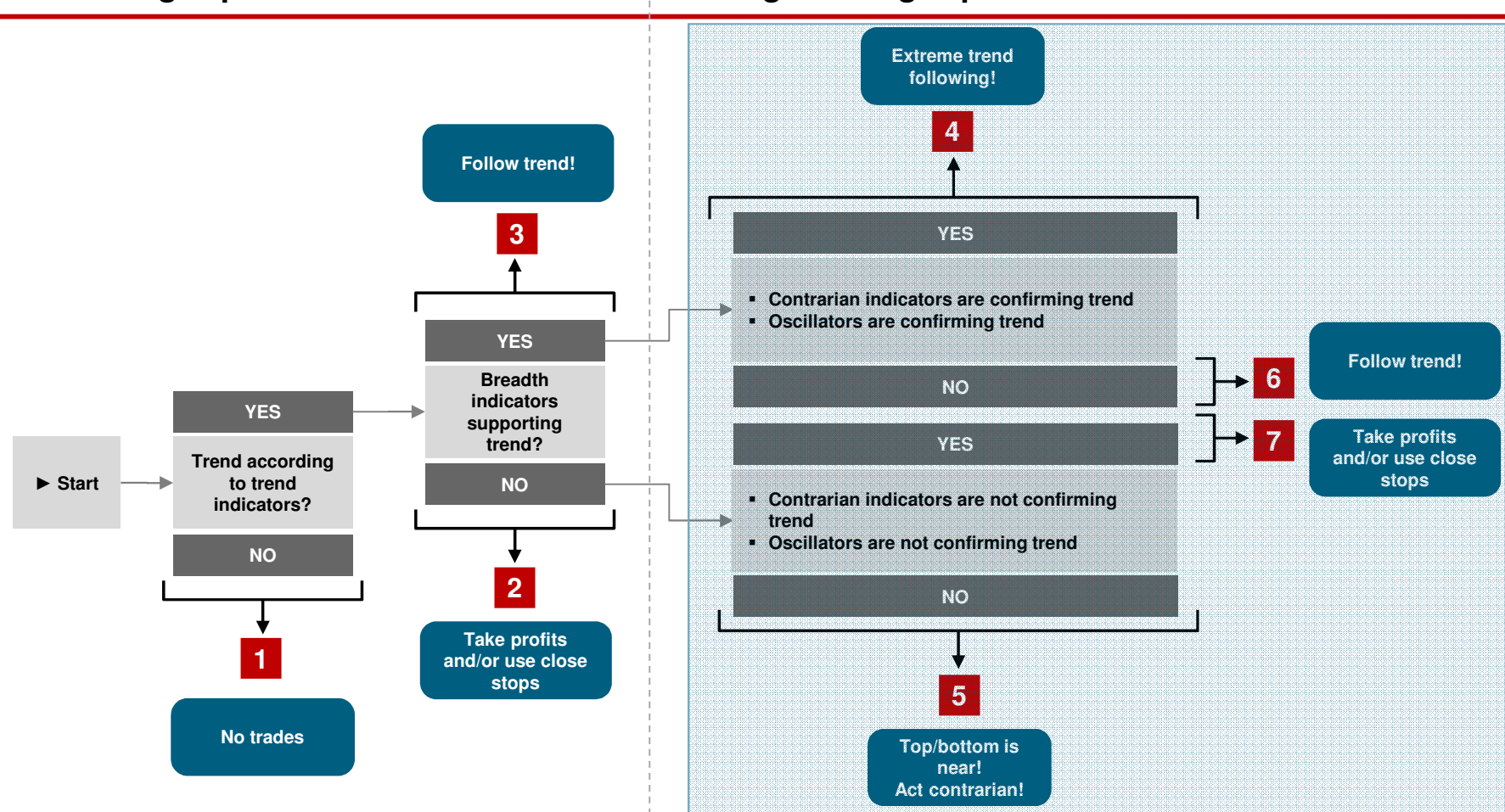
Hedge or sell positions

6. Contrarian indicators – Indicators for experienced investors only

Trend indicators are crucial to watch since a trend is stronger than anything else

Low trading experience investors

High trading experience investors



Contrarian indicators are tracking the investing behavior of four different kinds of investment groups

Classification according to WallStreetCourier.com

Smart Money Indicators

- Measure the investment behavior of well informed investors
- These market participants are usually **right** about the direction of the market and these indicators are therefore confirming indicators

Dumb Money Indicators

- Measure the investment behavior of uninformed investors
- These market participants are usually **wrong** about the direction of the market and these indicators are therefore contrarian indicators

Market Sentiment Indicators

- Measure the sentiment among investors
- This is important since when everybody is fully invested there will be no further purchasing power.
- At this point, the market is at a peak

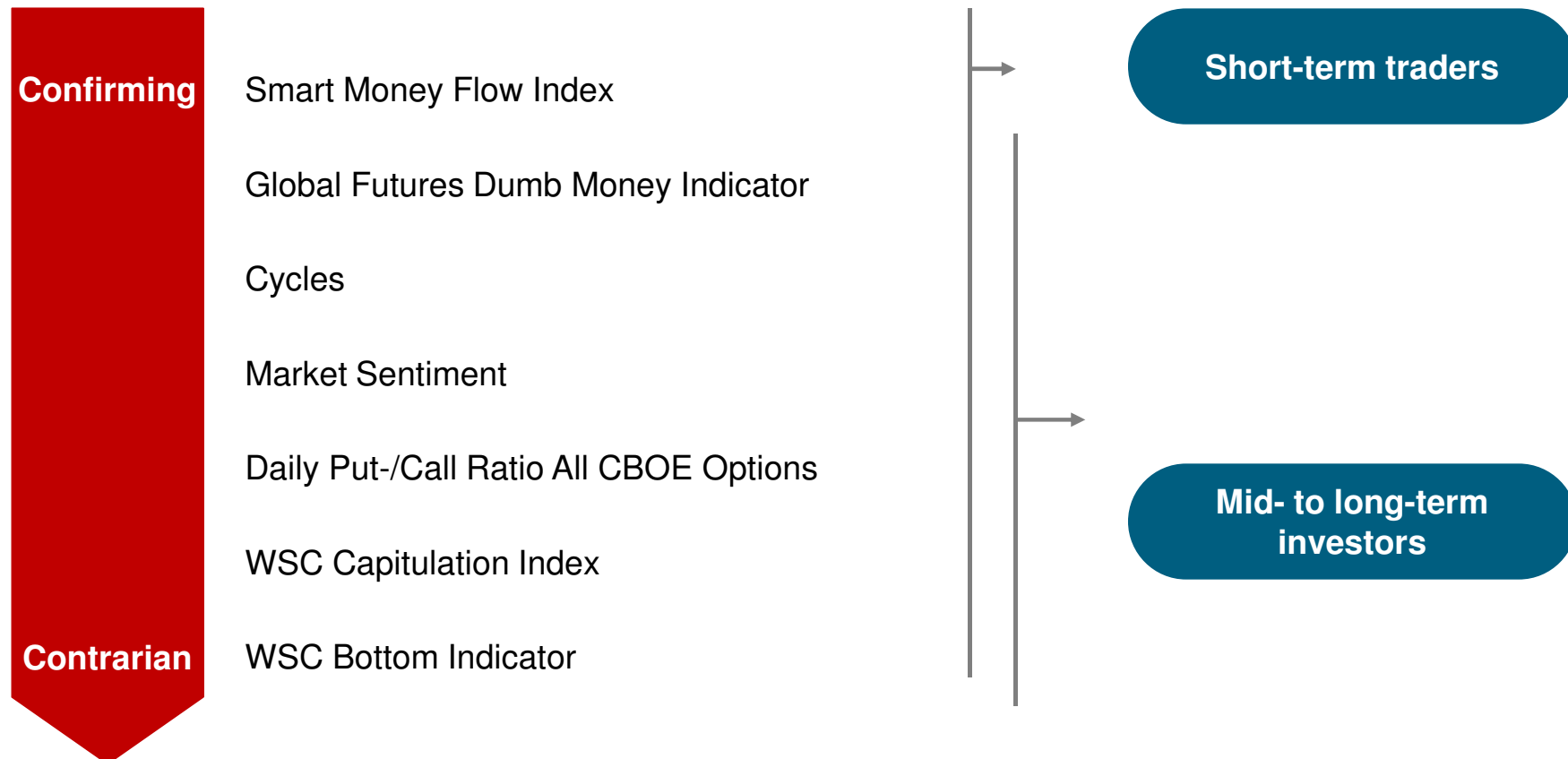
Options Market Indicators

- The buying and selling activity for puts and calls can be used to help gauge investors sentiment in the market

**Contrarian
Indicators**

Overview of most important contrarian indicators offered by WallStreetCourier.com

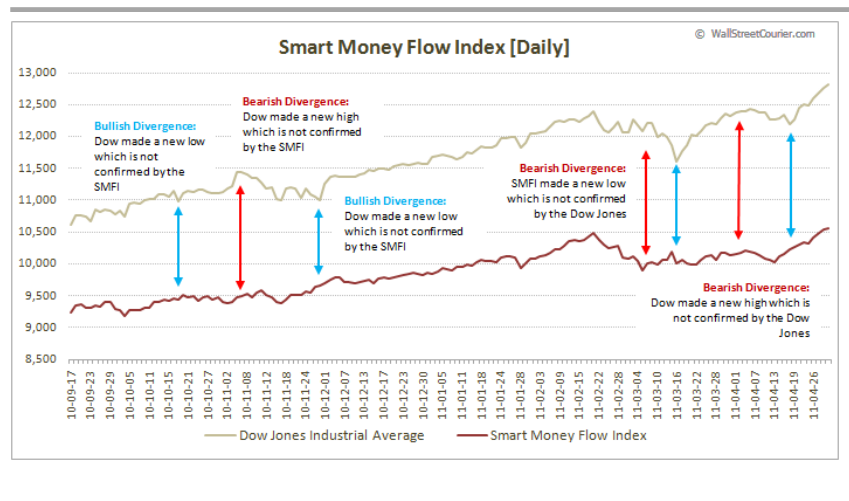
Contrarian indicators can be again divided into two subgroups (sorted by its nature)



Contrarian indicators are being used for money management or to act contrarian (experienced investors only)

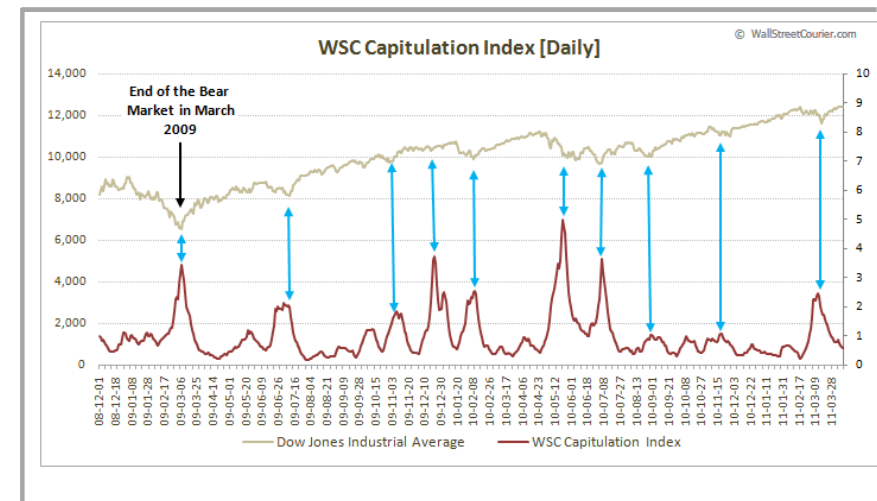
Money management refers to taking profits/averaging down the portfolio

Confirming indicator (example)



Take profits (if non confirming) and buy if confirming (use them always in combination with trend- and breadth indicators)

Contrarian indicator (example)

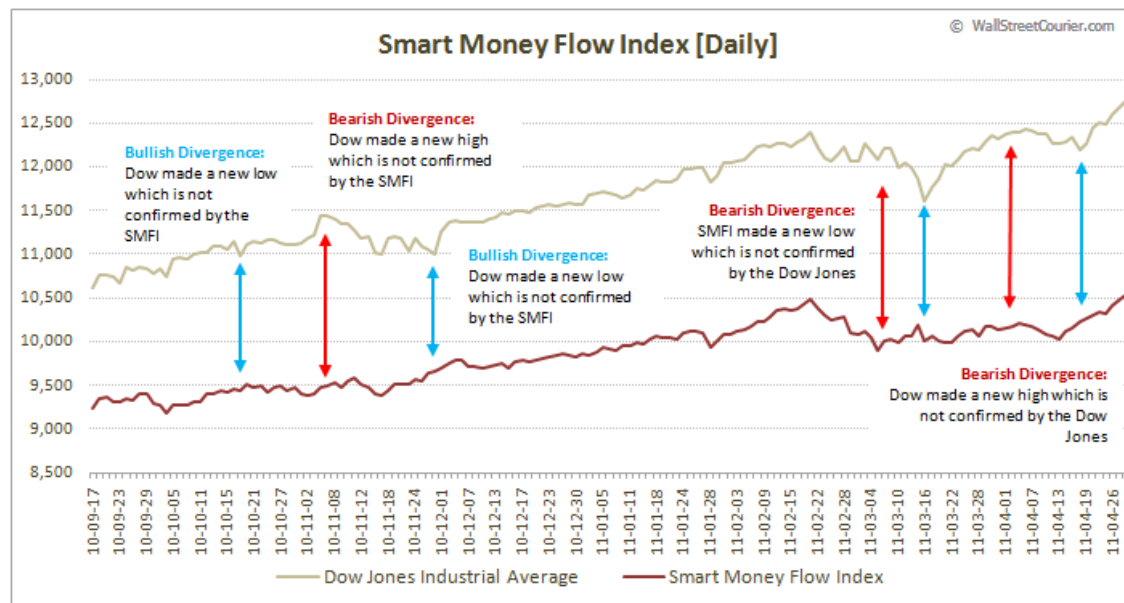


Average down your portfolio at the bottom (use them always in combination with trend- and breadth indicators)

The Smart Money Flow Index

Track what smart money is doing

Confirming indicator



Description and signals

Description:

- The Smart Money Flow Index is calculated by taking the action of the Dow in two time periods: the first 30 minutes and the close. The first 30 minutes represent emotional buying, driven by greed and fear of the crowd based on good and bad news.
- Smart money waits until the end and they very often test the market before by shorting heavily just to see how the market reacts.

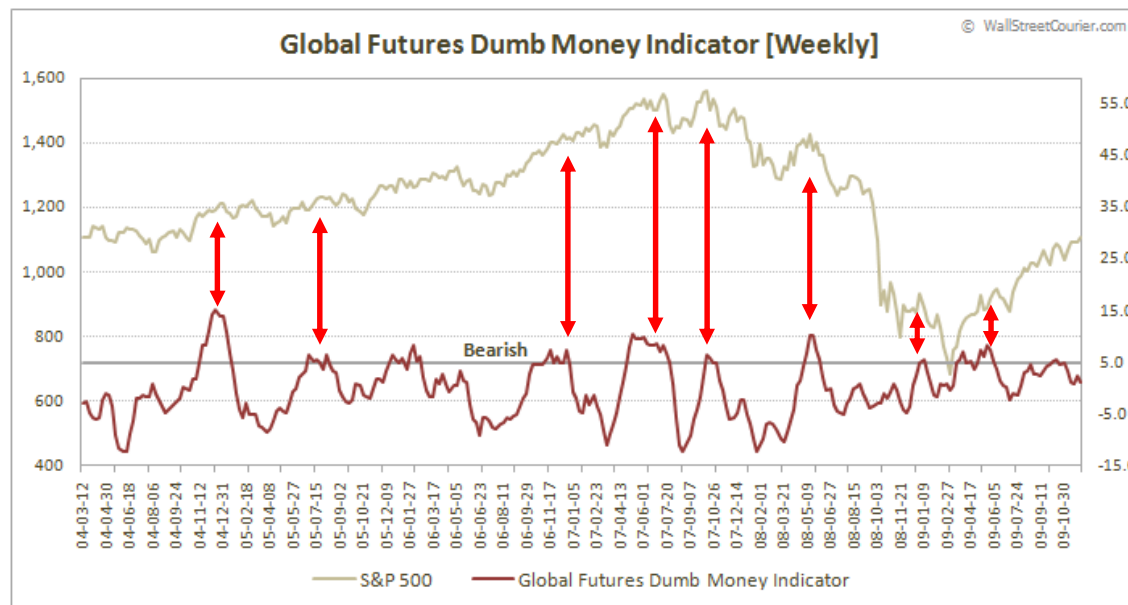
Signals:

- Whenever the Dow makes a high which is not confirmed by the SMI there is trouble ahead or the other way round.

The Global Futures Dumb Money Indicator

Do not behave like dumb money!

Confirming indicator



Description and signals

Description:

- The Global Futures Dumb Money Indicator is calculated according to a proprietary formula. It shows tops when the so called "crowd" gets too bullish.
- Take profits if the market is in a long term uptrend and this indicator turns bearish
- Go short if the market is in a long term downtrend and this indicator turns bearish

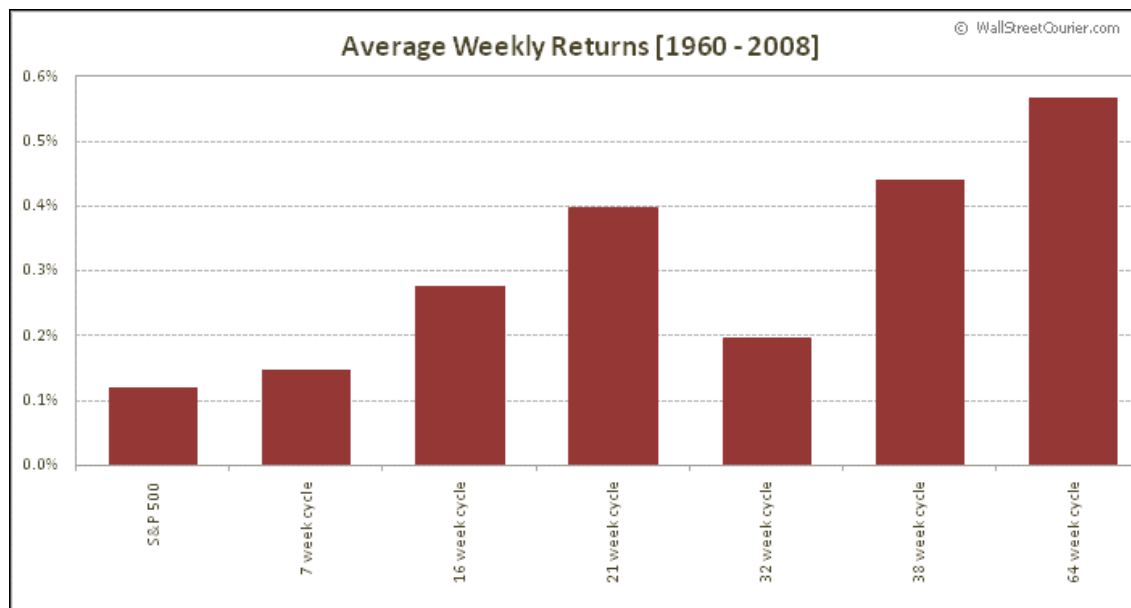
Signals:

- Bearish: gauge of the Global Futures Dumb Money Indicator above 5
- Bullish: no bullish signals

Stock market cycles do appear in different weekly regularity and they are very profitable for short-term opportunistic traders

Average weekly returns of the S&P 500 compared with the different bullish cycles

Confirming indicator



Description and signals

Description:

- Cycle analysis has a long history and is also part of technical analysis.
- All markets appear to be subject to cyclical patterns and forces caused by economic influences and countless other factors.
- Stock market movements seem to take place with cyclical regularity and timing your trades to coincide with anticipated cyclical movements can be very rewarding

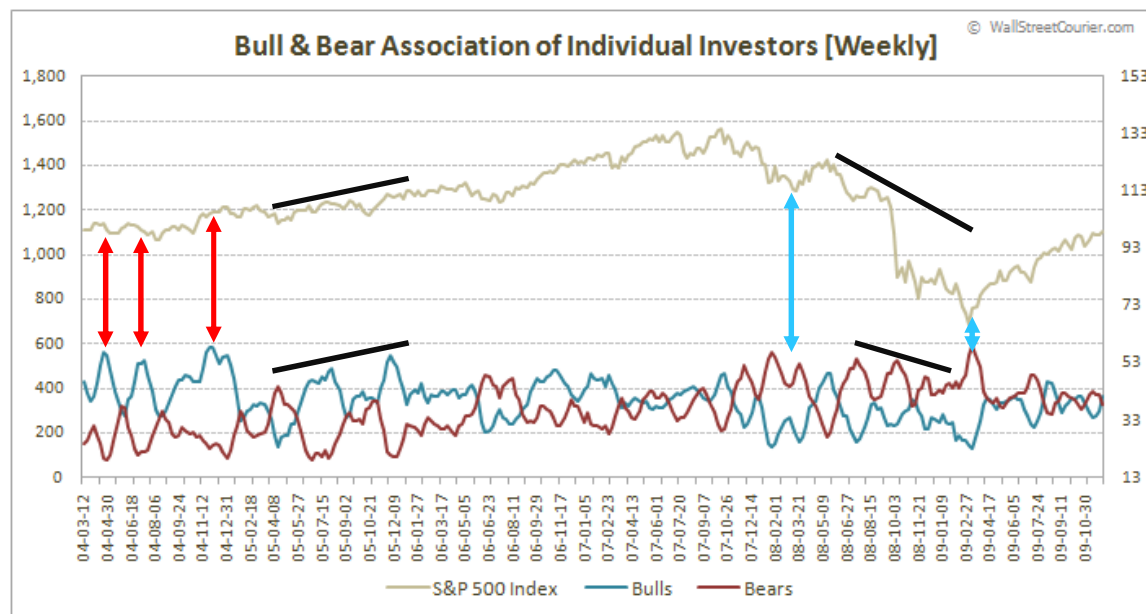
Signals:

- Bullish: 7-, 16-, 21-, 32-, 38- and the 64-week cycle

Market sentiment – a mixture between confirming and contrarian indicator

Do not get bearish when others are

Confirming/contrarian indicator



Description and signals

Description:

- Every week the AAI polls its 170,000 members how they feel about the market's performance in the next six months.
- The Bull & Bear AAI shows the number of bulls divided by the number of bears

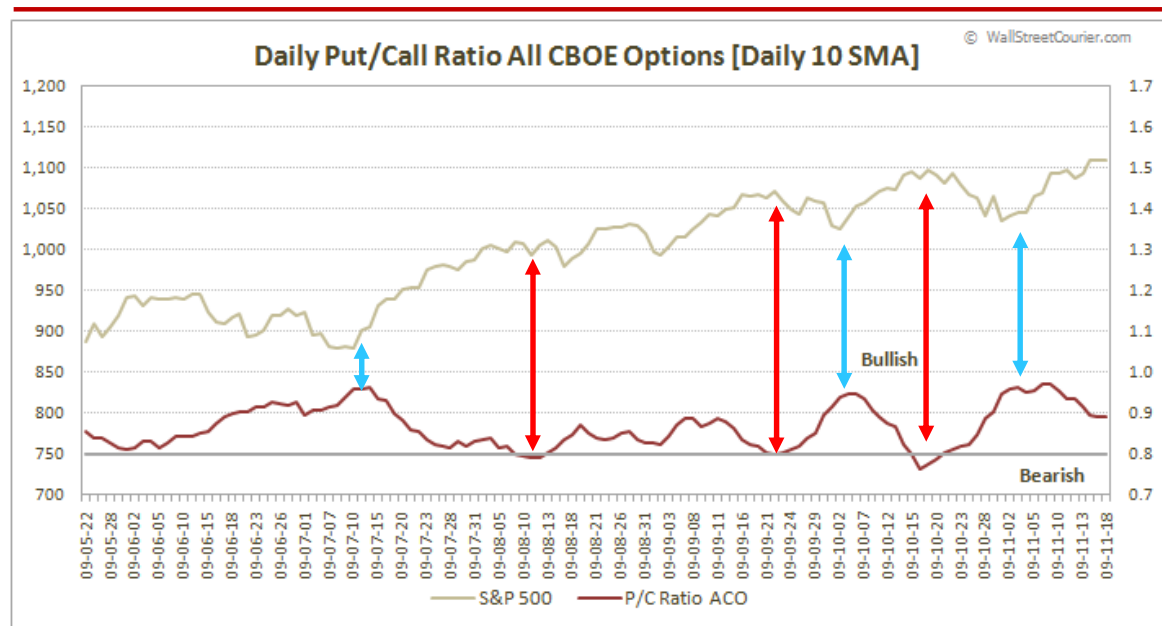
Signals:

- Bullish: extremely low readings
- Bearish: extremely high readings
- Otherwise the crowd should confirm the current trend

Daily Put/Call Ratio All CBOE Options

Do not buy calls/puts when the crowd is betting on further gains/losses

Contrarian indicator



Description and signals

Description:

- This indicator refers to All CBOE (Chicago Board of Exchange) Options.
- High put/call ratios are often indicative of excessive pessimism and thus of large amounts of money on being at the "sidelines"
- Conversely, low put/call ratios indicate a point at when there is so much optimism causing a very little money left to push the stock or index higher

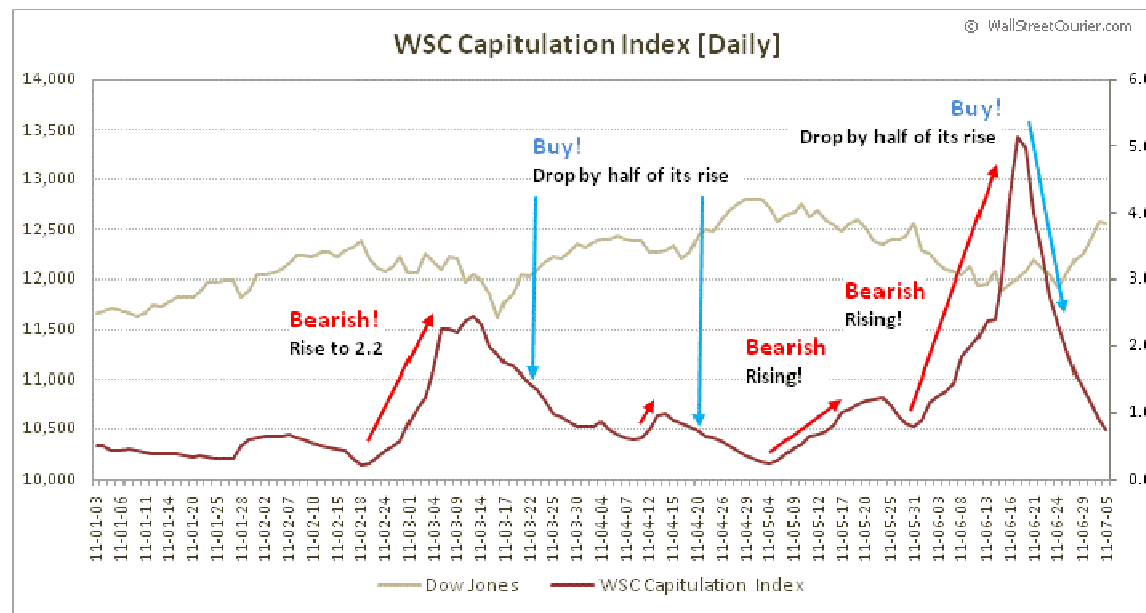
Signals:

- Bullish: extremely high readings
- Bearish: readings below 0.8

WSC Capitulation Index

Buy when dumb money is throwing in the towel

Contrarian indicator



Description and signals

Description:

- The WSC Capitulation Index shows bottoms when the so-called "crowd" gets too bearish. It does not appear very often but it is extremely reliable when the market is at a turning point.
- It prevents long-term investors from buying at the wrong time and works especially well for option traders because of its incredibly perfect timing

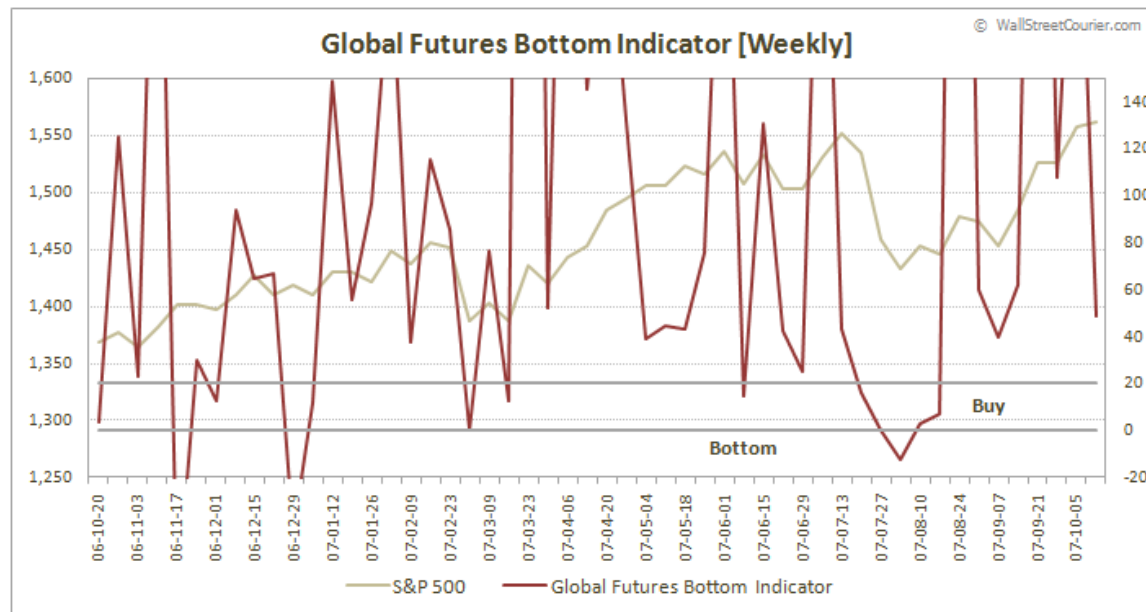
Signals:

- Bullish:** gauge of the WSC Capitulation Index drops by half of its rise
- Bearish:** gauge of the WSC Capitulation Index is rising

The Global Futures Bottom Indicator

Cover your shorts at the bottom

Contrarian indicator



Description and signals

Description:

- The Global Futures Bottom Indicator is derived from weekly calls and puts.
- It does not appear very often but it is extremely reliable when the market is at a turning point.
- It prevents long-term investors from buying at the wrong time and works especially well for option traders because of its incredibly perfect timing.

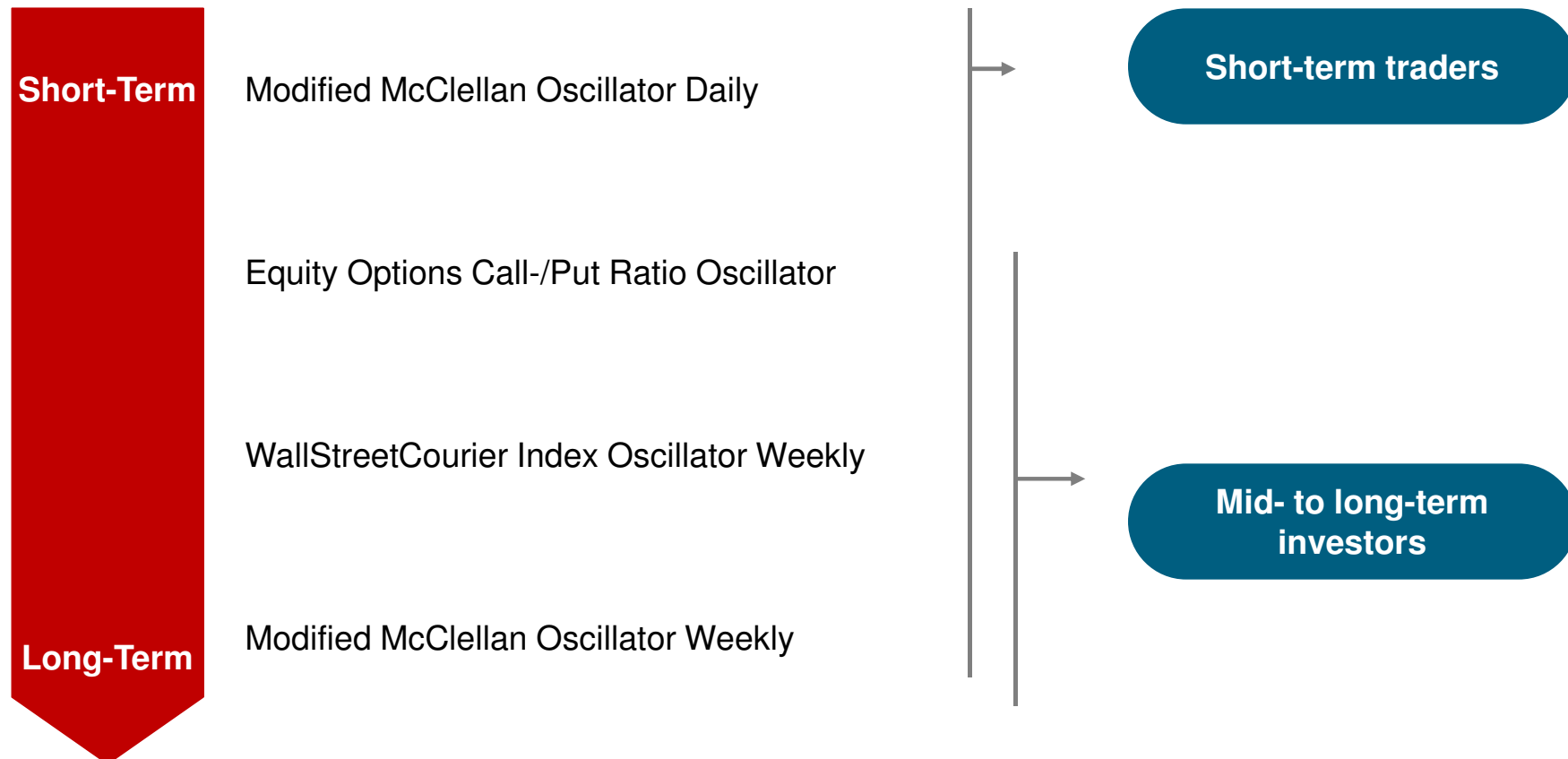
Signals:

- Bullish: gauge of the Bottom Indicator drops below 20
- Bearish: no bearish signals

- 7. Oscillators – a mixture of trend-, breadth- and contrarian indicators – are providing another unique inside about the condition of the market**

Overview of most important oscillators offered by WallStreetCourier.com

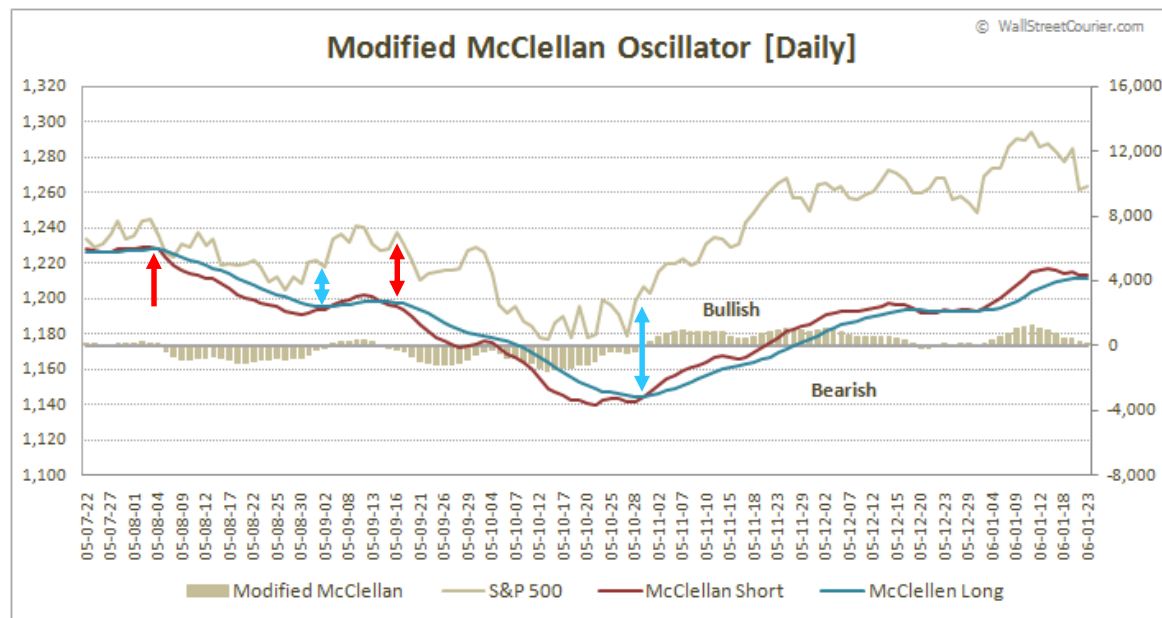
Sorted by nature



Modified McClellan Oscillator Daily – a mixture between trend- and breadth indicator

Use this indicator in combination with other short-term trend- and breadth indicators!

Trend- as well as breadth indicator



Description and signals

Description:

- This indicator is derived from the daily net advances, the number of advancing issues less the number of declining issues
- By applying 2 exponential moving averages (short and longer one) of net advances this is a perfect momentum as well as breadth indicator

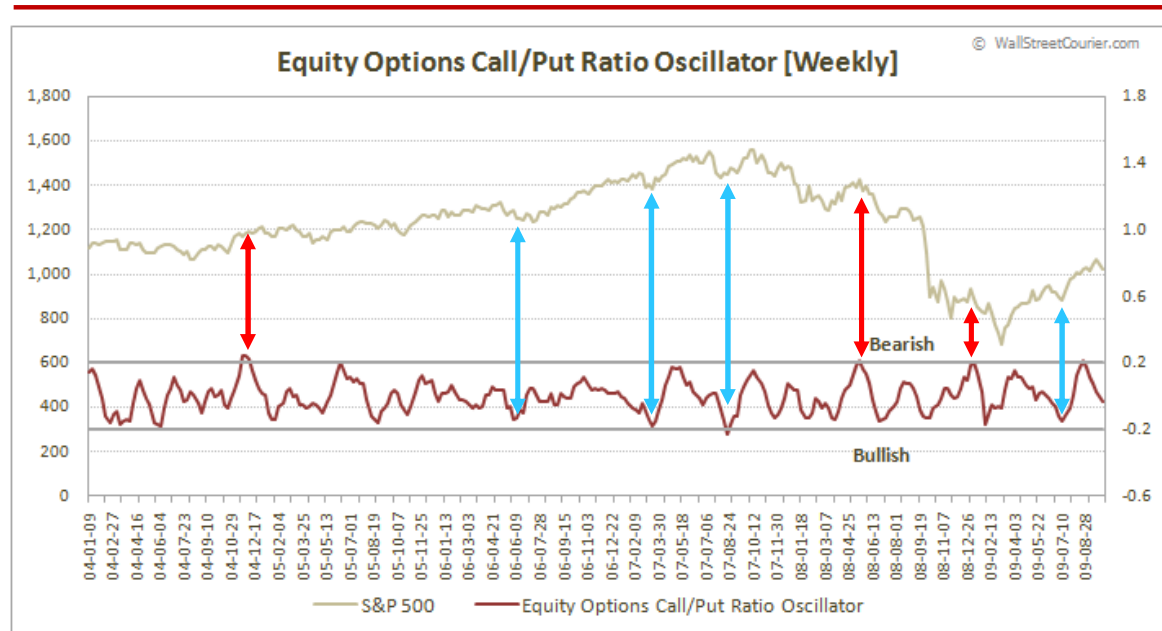
Signals:

- Bullish: McClellan Short closes above McClellan Long
- Bearish: McClellan Short closes below McClellan Long
- Watch out for divergences between the market and the Modified McClellan Oscillator

Equity Options Call-/Put Ratio Oscillator

Measure the momentum of calls and puts which are being bought by the crowd

Options market oscillator



Description and signals

Description:

- The buying and selling activity for puts and calls can be used to help gauge investor sentiment in the market
- The Equity Options Call/Put Ratio Oscillator measures the momentum of the Call/Put Ratio of CBOE Equity Options.

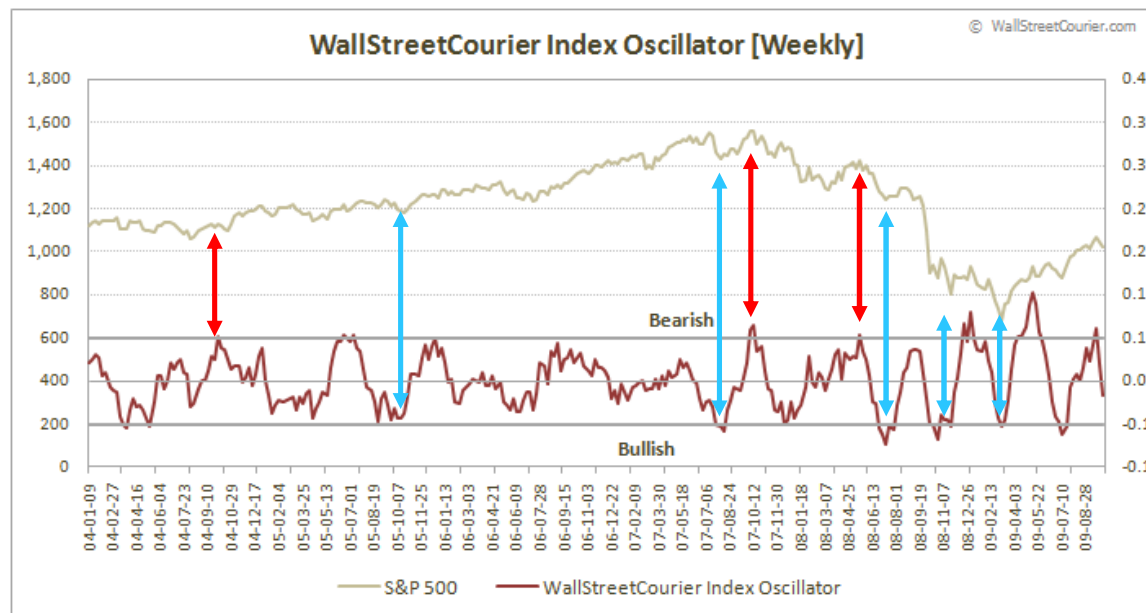
Signals:

- Bullish: readings below -0.2
- Bearish: readings above 0.2

WallStreetCourier Index Oscillator

Works especially well when the Global Futures Long Term Trend Index is bearish!

Combines options-, smart- as well as dumb money data



Description and signals

Description:

- The WSC Index Oscillator is based on 15 different price information (option data, upticks/downticks data, new highs and lows etc)
- This indicator is a leading indicator as it leads the price move.

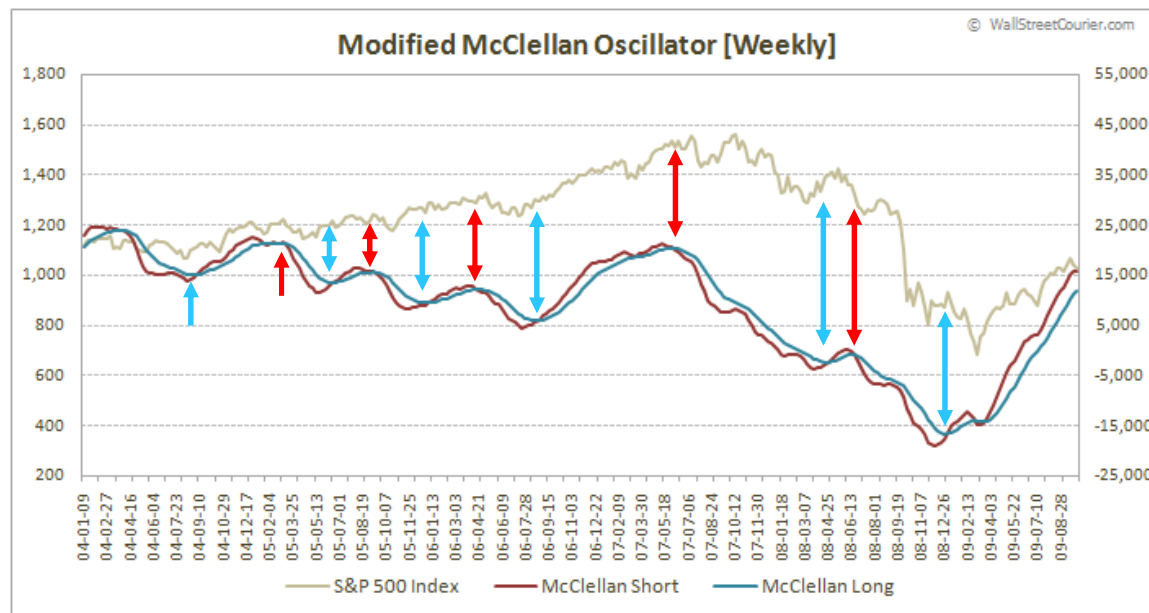
Signals:

- Bullish: readings below -0.1
- Bearish: readings above 0.1

Modified McClellan Oscillator Weekly – a mixture between trend- and breadth indicator

Use this indicator in combination with other mid- to long-term trend- and breadth indicators!

Trend- as well as breadth indicator



Description and signals

Description:

- This indicator is derived from the weekly net advances, the number of advancing issues less the number of declining issues
- By applying 2 exponential moving averages (short and longer one) of net advances this is a perfect momentum as well as breadth indicator

Signals:

- Bullish: McClellan Short closes above McClellan Long
- Bearish: McClellan Short closes below McClellan Long
- Watch out for divergences between the market and the Modified McClellan Oscillator

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