



Dr. Eric Wish Trading System Implementation Plan

Based on my research of Dr. Eric Wish's trading methodologies, I've created a comprehensive implementation plan for building a Python system that incorporates all four of his core techniques. Here's your complete roadmap:

Dr. Wish's Four Core Trading Techniques

- 1. GMI (General Market Index)** - A 6-component market timing system that determines when to be in or out of the market^{[1][2]}
- 2. Green Line Breakout (GLB)** - Identifies stocks breaking above all-time highs after at least 3 months of consolidation^{[3][4]}
- 3. Blue Dot** - Oversold bounce signals using 10-period stochastic crossing above 20 with a rising 50-day moving average^[5]
- 4. Black Dot** - Alternative oversold bounce signals when 10-period stochastic was ≤ 25 in the past 3 days, with price improvement and above trend^{[2][6]}

Implementation Plan Overview

The system will screen for GLB, Blue Dot, and Black Dot signals, but position-taking will be controlled by the GMI market timing system. When GMI is bullish (score >3 for 2+ days), the system actively looks for trade opportunities. When bearish, it stays defensive.

Technical Implementation Details

Phase 1: GMI Implementation (Weeks 1-2)

The GMI consists of six components that Dr. Wish tracks daily:^{[7][8]}

- **10-day Successful New Highs:** Percentage of stocks that hit new highs 10 days ago and are still higher today

- **Daily QQQ/SPY Trend:** Objective determination of major index trends
- **Weekly QQQ Stage Analysis:** Stage 2 (uptrend) vs Stage 4 (downtrend) classification
- **Daily New Highs Count:** Minimum requirement of 100 new highs per day
- **IBD Mutual Fund Index:** Trend of growth mutual funds
- **Market Breadth Indicators:** Additional breadth measures

Phase 2: Green Line Breakout (Weeks 3-4)

Based on the TradingView implementation you provided, the GLB system:

- Analyzes 470 days of historical data
- Identifies monthly highs that haven't been exceeded for 3+ months
- Triggers buy signals when price breaks above the "green line" level
- Only works on monthly timeframes for calculation accuracy

Phase 3: Blue Dot Signals (Week 5)

The Blue Dot system identifies oversold bounces using:

- 10-period stochastic crossing above 20 from below
- 50-period simple moving average must be rising
- Signals potential low-risk entry points in uptrending stocks^[9]

Phase 4: Black Dot Signals (Week 6)

The Black Dot system provides alternative oversold signals:

- 10-period stochastic was ≤ 25 in any of the past 3 days
- Current price must be higher than previous day
- Stock must be above either 30-day MA or 21-day EMA^{[2][6]}

Phase 5: Integration & Risk Management (Week 7)

The complete system integrates all components with proper risk management:

- Position sizing based on market conditions

- Stop-loss placement below support levels
- Portfolio-level risk controls
- Alert systems for new signals

Phase 6: Backtesting & Validation (Week 8)

Comprehensive testing framework including:

- Historical performance analysis of each signal type
- Risk-adjusted returns calculation
- Drawdown analysis
- Paper trading setup for live validation

Key Success Factors

Market Timing: Dr. Wish emphasizes that "the market trend is everything". Even the best stock setups fail in poor market conditions, which is why the GMI system is crucial for timing.^[7]

Risk Management: Dr. Wish advocates for "many small losses and a few large gains". The system includes stop-losses for every position and expects most trades to potentially fail.^[5]

Simplicity: Despite the sophistication, Dr. Wish keeps his approach simple enough for part-time traders. The system provides clear buy/sell signals without requiring constant monitoring.

Stage Analysis: Only buy stocks in Stage 2 uptrends and avoid Stage 4 downtrends, following Stan Weinstein's methodology that Dr. Wish incorporates.^[10]

The implementation provides a systematic approach to Dr. Wish's proven techniques while maintaining proper risk management protocols. The modular design allows you to test each component individually before integrating them into the complete system.

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