

Stuart McPhee & David Jenyns'

MetaStock Secrets

**CLIENT EMAIL
CONSULTATIONS**

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Request:

**Find a Divergence between Price and RSI (would it be better with another indicator?)
**A break trough, trough three peaks in line (up/down trend) The three peaks must span over at least 3 month.
**Volume >= 50000 Price > 15c

Reply:

Coding divergences are really quite hard to accomplish. This is due to the fact that there are so many variables to take into consideration. Below, I've coded an indicator for you that spots one type of divergence, however, to code an indicator that would identify all types of divergences would take a considerable amount of time. Try the one shown below and see how you go.

Trough(1,RSI(15),10)>Trough(2,RSI(15),10)
AND Ref(RSI(15),-1)>Trough(1,RSI(15),10) AND
Ref(H,-1)<Peak(1,H,3)

Trough(1,C,3)>Trough(2,C,3) AND Trough(2,C,3)>Trough(3,C,3) AND TroughBars(3,C,3)>65
V>=50000 and C>0.15

Request:

Can you code a double bottom for me?

Reply:

Try this formula below for the double bottom. Note: By the very manner in which the peaks and troughs are calculated in Metastock there will at least 5 days between the troughs.

ValueWhen(1,Trough(1,C,3),C)<1.005* ValueWhen(1,Trough(2,C,3),C) AND
ValueWhen(1,Trough(1,C,3),C)>0.0995* ValueWhen(1,Trough(2,C,3),C) AND LLV(V,20)>50000

Request:

I attended your Metastock seminar at the Medina last week. You mentioned that you had coded up the Coppock Indicator. As my coding review offer, would you be able to send me that function, together with instructions as to how to load it onto my system?

Reply:

The formula for the Coppock Indicator is:

Mov(ROC(C,14,%)+ROC(C,11,%),10,W);0

The indicator needs to be applied to a monthly chart. I have taken the following text from a technical analysis website:

"Edwin Coppock developed the Coppock Indicator with one sole purpose: to identify the commencement of bull markets. The indicator was devised for use on the Dow Jones Industrial Average but is suitable for use on other market indices or averages.

Although often late, the Coppock Indicator has produced very reliable signals in the past. A bull market is signalled when the Coppock Indicator turns up from below zero."

To use it, you will need to create a new indicator. Therefore select the Indicator Builder from the tools menu and then select 'New'. Name your indicator 'Coppock Indicator' and then type the formula above into the formula box. Then click 'OK'. Your new indicator will now be available in the Indicator QuickList (drop down menu).

Request:

"The closing price is on it's high for the day and is greater than yesterdays closing price and yesterday's closing price is greater than the previous day and there is a crossover of the 3 day simple moving average and the 8 day simple moving average and a crossover of the stochastic 7 and 3 and the volume is increasing."

Reply:

$C=H$ AND $C>Ref(C,-1)$ AND $C>Ref(C,-1)>C>Ref(C,-2)$ AND
 $Sum(Cross(Mov(C,3,S),Mov(C,3,S)),2)=1$ AND $Sum(Cross(Stoch(7,3),20),2)=1$ AND
 $Sum(V>Ref(V,-1),5)>2$

Request:

Object: To find shares in an ascending triangle pattern, and then broken out, or before they have broken out if we isolate item 5.

Criteria:

- 1/ Must of touched the resistance line or come within 1% of it at least three times.
- 2/ and the first withdrawal from the resistance line must be greater than 10 % of the resistance line's value.
- 3/ and the second withdrawal from the resistance line must be equal to or greater than 5 % of the resistance line's value.
- 4/ and every time it withdraws from its resistance line must be less or equal to its previous withdrawal.

5/ and must have closed higher than the resistance line.

6/ Must of traded everyday in the last 60.

7/ Must be trading over 180MA

8/ Must have a 20 day average volume of \$20000.00. { worked on approximate value }

9/ Must have a volatility of less than something. { I didn't get my head around that one }

Reply:

OK, you will need to create 3 indicators, as follows:

Name: Pat - HHV

Formula: LastValue(HHV(H,30))

Name: Pat - Test

Formula: tickk := If(C<.1,.001,If(C<.5,.005,.01));
test1 := H > (Fml("Pat - HHV") - 2*tickk);
test2 := test1 AND BarsSince(Ref(test1,-1))>5;
total := Sum(test2,30)>2

Name: Pat - Filter

Formula: FmlVar("Pat - Test","TOTAL")

Explanations:

Pat - HHV obtains the highest high value in the last 30 days

Pat - Test counts how many times the stock has come within 2 cents of the highest high value in the last 30 days and then ensures there at least 5 periods between the tests. It will then ensure that this level has been tested at least two times.

You will need to place the Pat - Filter indicator into the exploration filter. The other conditions you have requested are as follows:

C>Mov(C,180,S) AND Mov(V,20,S)>20000 AND ATR(15)/C*100<5

Request:

1)
A higher low and a higher high than the previous day,
and an opening price in the bottom third of today's range,
and a closing price in the top third of today's range.

2)
A lower high and a lower low than the previous day,
and an opening price in the top third of today's range,
and a closing price in the bottom third of today's range.

Reply:

1. $L > \text{Ref}(L, -1)$ AND $H > \text{Ref}(H, -1)$ AND $O < L + 0.33 * (H - L)$ AND $C > L + 0.66 * (H - L)$

2. $L < \text{Ref}(L, -1)$ AND $H < \text{Ref}(H, -1)$ AND $O > L + 0.66 * (H - L)$ AND $C < L + 0.33 * (H - L)$

Request:

I need a formula for Statistical Volatility for Weekly charts is the following correct.

$\text{Stdev}(\text{CLOSE} / \text{Ref}(\text{CLOSE}, -1) - 1, 20) * \text{Sqrt}(52) * 100$

Is it possible to write a formula for the Average of the Statistical Volatility over 26 weeks?

Reply:

You have come very close to the formula for statistical volatility, except you have put in an extra "-1" after the ref(close,-1) function. This would have the effect of removing a dollar off every value from the previous day and potentially distorting the indicator considerably.

Try this below:

$\text{Periods} := \text{Input}(\text{"Enter the number of periods"}, 1, 9999, 20); \text{Stdev}(C / \text{Ref}(C, -1), \text{periods}) * \text{Sqrt}(52) * 100$

The periods function has been used here to enable you to easily change the number of periods that are used. When you plot this indicator, it will prompt to enter the periods value.

If you don't want that, then use this:

$\text{Stdev}(C / \text{Ref}(C, -1), 20) * \text{Sqrt}(52) * 100$

To obtain an average of this, you will need to place it inside a moving average function, as follows:

$\text{Mov}(\text{Stdev}(C / \text{Ref}(C, -1), 20) * \text{Sqrt}(52) * 100, 26, S)$

Just remember to have your charts set to weekly.

Request:

1. The indicator I am trying to make is a Swing Line that follows the highs and lows but makes adjustments for outside days and inside days.

- a- if the high today is higher than the previous day plot h,
- or if the low today is lower than the previous day low plot the L,
- or if today is an outside day and previous day was a higher high plot the low of today, or if previous day lower low plot high,
- or if today is an inside day plot the opposite to the previous day.

I have tried to start this with the following but ! I hope you may be able to help me.

If(H>Ref(H,-1) AND Ref(H,-1)>Ref(H,-2),H,
If(L<Ref(L,-1) AND Ref(L,-1)<Ref(L,-2),L,

Reply:

I have developed an indicator for you that I hope achieves what you want, based on your conditions below.

The formula is:

```
HH:=H>Ref(H,-1);  
LL:=L<Ref(L,-1);  
If(HH,H,  
If(LL,L,  
If(Outside() AND Ref(hh,-1)=1,L,  
If(Outside() AND Ref(ll,-1)=1,H,  
If(Inside() AND Ref(hh,-1)=1,L,  
If(Inside() AND Ref(ll,-1)=1,H,  
PREV))))))
```

You will note that I have nested many functions within each other to achieve your multiple conditions.

Reply:

Thank you for your email.

I have compiled the following formula for you:

```
C>Peak(1,H,2.5) AND Trough(1,L,2.5) > Trough(2,L,2.5) AND Sum(LongLowerShadow(),7)=1
```

I would suggest that you read through the formula and ensure that you understand what it is that I have written.

Essentially:

- today's close is above the previous peak
- the low of the most recent trough is above the lower of the trough prior to that one
- there has been 1 and 1 only bullish hammerhead in the last 7 days. This is to ensure that you get the strong reversal pattern located at point 1.

Request:

I was thinking that instead of watching the share everyday from when the crossover takes place I could adjust the exploration to look back 10 days or 20 to see how the trend developed from the point of crossover.

I do not want to buy the share on the actual crossover, I am more interested in if a trend has developed 2 or 3 weeks from the actual crossover and then I can develop a trigger to enter into the share.

Can the BarsSince function be used with this exploration to identify the crossover taking place 10 or more periods ago.

Do I make any sense.

Cross(Mov(CLOSE,10,E),Mov(CLOSE,30,E))

AND C>Mov(C,100,E) AND VOLUME >=50000

Reply:

Sum(Cross(Mov(CLOSE,10,E),Mov(CLOSE,30,E)),9)=0 AND
Ref(Sum(Cross(Mov(CLOSE,10,E),Mov(CLOSE,30,E)),10),-10)=1 AND C>Mov(C,100,E) AND
VOLUME >=50000

What this does is ensures that your moving average crossover has NOT occurred in the last 9 days but HAS occurred in the 10 prior to that. I have used the SUM and REF functions to achieve this. Hopefully you will be able to understand the logic used and therefore change it should you need to.

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