



CSI TECHNICAL JOURNAL

DATA ♦ SOFTWARE ♦ SERVICE

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Technical Journal Index

Since revamping the CSI Technical Journal (formerly the CSI News Journal) in August of 1990, we are often asked for reprints and copies of past articles. The following is a list of feature articles over the last five years, including the date of issue and brief description of the content. Back issues are available from CSI for \$5 each.

8/90 "Are There Any Good Trading Systems Out There?"

Introduces the Journal's new purpose of helping readers to formulate better trading practices and avoid products that cannot fulfill their advertising claims.

"On Perpetual Contracts® and Why They are Favored"

Discusses how Perpetual Contract data overcomes the problems of expiring contracts and ever-increasing volatility.

9/90 "OPTIMIZATION: What does it Mean?"

Points out common flaws in optimization programs and suggests features for careful consideration in trading system design.

10/90 "How Important is Accurate Data to your Trading Success?"

Reviews CSI's error rate and compares it with a competitor's record.

"Trading Systems & Contests: Skill or Luck?"

Helps separate a lucky outcome from a sound trading approach. The ideas presented here evolve into the Systems Performance Evaluator™ (SPE) and, later, TSPE and TMM.

11/90 "System Performance Evaluator"

Discusses the required inputs for the System Performance Evaluator (SPE) (later TSPE and TMM) and explains how Monte Carlo simulations apply.

"Capital Gains - Who Benefits?"

Argues that capital gains tax protection should apply to short positions for commodities, ending rewards for those who drive up consumer prices.

12/90 "Custom QuickPlot® Studies

by Bob Pelletier"

Introduces the Probable Direction Index.™

"System Performance Evaluator"

Clarifies that the System Performance Evaluator is not a trading system, but an evaluator of trading systems. An output chart is included.

1/91 "More on QuickPlot Studies"

Introduces CSI-STOP™, CSI-TREND™ and Candlestick charting.

2/91 "More on Trading Systems"

Summarizes the previous six months of advice to traders and expands on the importance of sample size in analyzing a trading system.

"Where Does the Money Go When You Log a Losing Trade?"

Identifies where your money goes and suggests steps you can take to limit losses. Includes a recap of a 1969 study.

3/91 "Banking on CSI Seasonal Charts"

Introduces daily Seasonal Index data derived from Perpetual Contract data.

"Managing Expected Losses"

Offers a statistical exercise to determine how many marginal (profitable or unprofitable) trades one might reasonably be forced to experience before a substantial profit would develop.

"Do Candlesticks Charts Improve Your Market Performance?"

Gives a history of Candlestick Charts and some brief candlestick trading techniques.

4/91 "Evaluating the Merits of Trend Following vs. Overbought/Oversold Trading Systems"

Discusses these two popular, but opposite analysis techniques.

"How Perpetual Contracts and Continuous Contracts Compare"

Compares how each deals with the problems of discontinuity between expiring and newly active delivery months.

"More On Seasonals"

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Technical Journal...

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Demonstrates the relationship between the S&P 500 Seasonal Index data and the Crude Oil Seasonal Index data to show how Seasonal Index data can be used.

"Oil - Who Needs It?"

Discusses the importance of oil in the economy and as a supporting element for trading other markets.

5/91 "CSI Now Offers a Complete Back-Office Accounting System"

Introduces TraDesk™

"CSI Seasonal Charts vs. Chicago Charts"

Graphically displays and tells the differences between the CME's seasonal data and CSI's Seasonal Index data.

"Coping with the Trading Game"

Discusses the approaches, ideas, and psychological perceptions of money management one encounters while trading.

6/91 "Factors Affecting The Design of a Profitable Trading System"

Offers suggestions on using least squares and moving averages in a trading system, while recognizing the importance of volatility and data stationarity. Statistical optimization, volume and the raw elements of open interest and other market forces are discussed.

7/91 "A Priori and Chance vs. Profitable Forecasting"

Illuminates various trading schemes and hoaxes that can mislead the trader.

"Using QP/QS to Study the Anatomy of a Trade Decision."

Discusses TED Spreads using CSI's QuickPlot/QuickStudy® software.

8/91 "Forecasting Market Movement Without an Economic Degree"

Advises traders on using CSI's Geometric Industry Indices to forecast interest rates.

"Using TraDesk to Enhance Trader Organization"

Follows the daily TraDesk routine.

9/91 "Optimal Money Management"

Discusses the level of risk one should accept based on accumulated wealth.

"Software Development in the '90s"

Proposes the direction technical analysis should take in the '90s.

10/91 "Monitoring Trade Risk"

Illustrates that risk control is a major factor in the profits made by successful traders and shows how TraDesk can aid in

assessing risk levels.

11/91 "Minimizing Drawdown in Your Personal Investments"

Tells of the author's investment fiasco and offers advice on avoiding your own.

12/91 "Performance Evaluator Shows its Value"

Discusses a TSPE user's question of how TSPE knew his system would fail even though it appeared profitable in hindsight analysis.

"Trader's Money Manager™ Nears Completion"

Introduces the new Trader's Money Manager (TMM) software which adds money management to the Monte Carlo simulations available through TSPE.

1/92 "Chaos as a Money Management Tool (Part I)"

Likens the technician to a sculptor, carefully removing non-substantive information, revealing trends, cycles, etc. This article, which was reprinted in *Technical Analysis of Stocks & Commodities*, goes on to tell how to make sense of the cast off chaos.

2/92 "Chaos as a Money Management Tool (Part II)"

Continues last month's theme and identifies the techniques used to uncover chaos.

3/92 "How Important is Money Management Anyway?"

Discusses the insightful ideas portrayed in Ralph Vince's *Portfolio Management Formulas* and contrasts them to the unique methods used in CSI's Trader's Money Manager software.

4/92 "Logging Profits in Futures is a Matter of Discipline"

Offers techniques to improve your odds of success in the markets.

"The NFA Questions Simulated Performance Based on Continuous Data"

Expounds on how artificial market data, such as back-adjusted continuous series, nearest future or Perpetual Contract data affects simulated results.

5/92 "Quantifying Account Drawdown"

Reveals how TMM addresses account drawdown as a function of your capital stake entry.

"Increased Global Trading Reflected in CSI's Data Offerings"

Illustrates the boom in overseas trading by

detailing the increased presence of foreign futures in the CSI database.

6/92 "Welcome MacIntosh!"

Introduces Trade Data Manager™ software.

"Calculating Your Return on Investment"

Describes the return on investment calculation which has been added to TMM.

7/92 "More on Managing Drawdown"

Continues the debate on the significance of account drawdown and the appropriate method for quantifying this value.

8/92 "The Data Debate - A Statistician's Point of View"

Refutes a Futures Magazine article favoring back-adjusted, concatenated data over individual contracts, in which Perpetual Contract data was dismissed without debate. The open letter describes the advantages of Perpetual Contract data over both individual contracts and back-adjusted, concatenated series.

9/92 "Optimal Portfolio Selection and Weighting - An Achievable Task"

Probes Harry Markowitz's Modern Portfolio Theory.

10/92 "The Mathematics of Time"

Tells how time, as addressed through reliability theory, relates to the markets.

11/92 "Portfolio Selection and Weighting - Your Reaction (Part I)"

Offers feedback from readers on the 9/92 article and further discussion, including use of the Efficient Frontier to weigh risk against return on investment.

12/92 "Portfolio Selection and Weighting - Your Reaction (Part II)"

Continues the discussion of measuring portfolio returns and introduces the evaluation of a selected portfolio (from 11/92).

1/93 "The Many Faces of Technical Analysis"

Addresses the elements of technical analysis: Market data, mathematical manipulation and market form.

"TMM Versus Optimal f - A study of contrasts"

Discusses the difference between the Optimal f and the techniques used by Traders Money Manager.

2/93 "Designing Neural Networks to Predict Market Movement"

Describes how work done by biomedical research teams has become the basis for a

new type of market analysis. Includes a discussion of neural network model building and architecture.

3/93 "Time Series Transformations (Converting Raw Data into Profit Opportunities)"

Explores the use of mathematical filters and screening methods to identify obstacles and formations in market data. The importance of stationarity and differential smoothing in generating trading signals is also discussed.

4/93 "How to Combine Neural Networks & Fuzzy Logic Techniques to Trade More Sensibly"

Extends the discussion of neural networks, including a review of Divergent Disequilibrium, Convergent Equilibrium, and Transformation.

"Seasonal Index Update"

Discusses the re-calculation of the seasonal index data and the subtle changes produced.

5/93 "Technical Journal Philosophy and Purpose"

Clarifies CSI's commitment to inform and educate CSI customers on technical matters through the CSI Technical Journal.

"Sensible Trading Using Neural Networks & Fuzzy Logic (Part 2)"

Continues the discussion begun in the 4/93 Journal about Neural Networks. Neural Network parameters are defined.

"Software to Analyze Software & Protect Capital"

Examines the benefits of using the Trading System Performance Evaluator and the Trader's Money Manager to analyze your trading systems.

6/93 "Causal Intermarket Relationships"

Discusses the relationships between the markets and explores some of the industry or intermarket groups that provide insight into future price behavior.

7/93 "Price Indices - A method for picking winners"

Introduces 200 stock indices soon to be available from CSI.

8/93 "Measuring Relative Market Performance Through"

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History On-Demand Update

It was reported that occasionally some data supplied as "history on-demand" between April 14, 1995 and July 14, 1995 was delivered with only the closing price, even though the entire open-high-low-close series was available from CSI. We are correcting this problem and expect full resolution before this Journal is mailed.

Contracts supplied as daily updates, as assisted history orders or on diskettes were not affected. To determine whether any history on-demand data you may have received was affected, please graphically display your data files. If any data from 950417 forward shows the same price for the open, high, low and close, please contact our customer service department to arrange for free replacement for the affected markets.

Historical data retrieved on-demand after 8 p.m. eastern time is now current through the last closing price on our computer. ♦

Technical Journal...

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See the Product Summary on page 7 to order CSI Technical Journal reprints.

Indexing

Explains, as background to the upcoming security industry indices to be offered by CSI, alternative index construction methods that one should consider.

9/93 "Variety is the Best Brainfood for Neural Networks"

Discusses the importance of the content, form, structure and substance of the input for a neural network.

10/93 "Breakout - The technical Trading Gem You Probably Didn't Know You Had"

Re-introduces BREAKOUT, the one-parameter non-graphic trading system included with CSI's QuickTrieve software.

"CSI Mid-Range Opening Prices"

Discusses how the opening price is calculated at CSI.

11/93 "Advice for Washington: Past Performance is No Guarantee of Future Results"

Reveals the U.S. government's hindsight curve fitting practice used to re-calculate the Commerce Department's Index of Leading Indicators.

12/93 "Gold: The Global Currency"

Suggests using gold as a common denominator to allow free comparisons of value in multinational economies.

1/94 "The Driving Force Behind the Stock & Bond Markets"

Demonstrates how the Federal Reserve Board, American business and consumer confidence affect the outlook for the stock and bond markets.

2/94 "Don't Let Deception Become Your Reality"

Discusses common deceptions that can cause losses for traders, including deceptions of inconsistency, deceptions in advertising and deceptions through hindsight analysis.

3/94 "Structuring Your Data Base For Tomorrow - The Next Quantum Leap"

Introduces the supercompression algorithm under development at CSI which will revolutionize technical analysis opportunities through the availability of and easy access to massive historical data resources.

4/94 "The Logistics Curve as a Superior Method for Modeling Price Behavior"

Examines the drawbacks of using straight trendlines for price projection and suggests the merits of the logistics curve as a trader's decision tool.

5/94 "Managing Risk Through Options"

Offers a brief history of the options markets and current opportunities for managing risk.

6/94 "Market Analysis Takes on a New Dimension (With Neural Networks and Chaos)"

Touts brute computer force (with appropriate programming) as a tool to solve problems in technical analysis.

7/94 "Worldly Wisdom from Global Market Indices"

Provides information on international indices and their special value to traders. (The first of a two-part series)

8/94 "Profiting From Global Market Indices" (Part II)

Offers a suggested course of study using index data and lists other resources to supplement index data.

9/94 "An Official Guide to Trading System Design (Part I)"

Discusses the importance of the planning process, the broker tax, investment vehicles and asset allocation in designing a trading system.

10/94 "An Official Guide to Trading System Design (Part II)"

Describes promising tools such as breakout systems, Kalman filters, counter-trend analysis and neural networks.

11/94 "Training, Testing, Assessment and Certification of Your Market Trading System" (Part III)

Covers system training, testing and finally, implementation of the trading plan. Part three of a series on trading system design.

12/94 "To Stop or Not To Stop? - A Question Every Trader Must Answer"

Discusses parameter control, the double-whammy of hitting a stop, and using options as alternatives to stops.

"Throwing Away Unfortunate Outliers When Examining System Performance"

Elaborates on why rare and presumably non-repeatable events should not be

(continued on Page 5)

A New Era Has Begun in Data Delivery

The CSI computer room has a new look and a new mission in delivering data at unprecedented speeds. The Texas Instruments 990 rack system computer that has been the heart of the CSI data base for almost two decades has been retired. Its complete data base is intact, but new programs have been developed to fine-tune delivery methods.

The 990 has been replaced by a modern network-based system that finally lets our downloader software show its potential as the fastest data delivery system in the business. Previously the typical CSI caller completed a data transmission request within one minute, and many customers with very large portfolios were serviced in two to ten minutes. These larger portfolios can now be retrieved in ten to twenty seconds. Smaller portfolios show speed improvements, but the percentage change is less dramatic.

We hope you enjoy the faster speed and, not coincidentally, improved access to the system. We would appreciate your comments on the new system. ♦

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removed from consideration when evaluating a track record.

"Certifying a Real-Time Track Record Without Real-Time Risk"

Introduces AudiTrack, a brokerage service in simulation.

1/95 "Structuring Information to Enhance Comprehensive Analysis"

Gives more information on CSI-PAC,TM CSI's upcoming data compression technique and how it will enhance analysis efforts.*

"Adding Political Punch to Market Analysis"

Describes an upcoming addition to the CSI data base which will add information on the political party in power to standard market data.

2/95 "Real Time Services - Do They Deliver Profits?"

Explores the difficulties of accumulating

consistent profits through daytrading.

"Choosing Between Code 46 and Code 51 Perpetual Contract Data"

Contrasts and compares these two time series available from CSI. The accompanying chart shows them to be very similar.

3/95 "De-Mystifying the Magic of Neural Networks"

Clarifies the Neural Network mania and the innovative use of sound neural network technology for solving important analytical problems.

"Software and Data Preference Polls: Not a Gauge of Quality"

Explains what S&C's "Reader's Choice" award really means.

"IPO Information Sheds a Dismal Light on New Issues Market"

Reviews the poor early track records of IPOs listed in the Journal.

4/95 "Market Forces That Influence Cyclic Behavior"

Shows how price, production and time influence market cycles, including a discussion of the Cobweb Theorem.

"Using the Corporate Veil to Smooth Speculative Profits"

Promotes the legal circumvention of U.S. tax laws that can penalize individual investors in times of inconsistent profits.

5/95 "Capturing the Substance of Volume and Open Interest"

Explores using often-ignored volume and open interest data to improve technical market intelligence.

6/95 "The Impact and Influence of the Federal Reserve System on the U.S. Economy, An Essay - Part I"

Discusses the Fiscalist and Monetarist philosophies that have influenced the Fed's decisions and the role of banks in carrying out Fed-sponsored goals.

7/95 "The Consequences of the Federal Reserve's Decisions on the U.S. Economy, An Essay - Part II"

Reveals the Federal Open Market Committee's unbridled control over the economy and the inevitable time lag between the raw information presented to the FOMC and the results of their actions. The political connection and a computerized alternative are discussed. ♦

*Products shown with an asterisk are still under development at CSI.

Coming Next Month:

Look for news on 4800 baud Tymnet access and reduced network charges for domestic callers paying on a month-by-month basis.

Ask Customer Service

Each month our customer service staff addresses a topic of interest to many CSI subscribers. This month they'll discuss the automatic rollforward option for arranging your portfolio of commodities on the CSI host computer. Feel free to call with your automatic rollforward requests or use the electronic ordering system described here.

Q. *I follow a lot of commodities, but track just a few contracts on each. As a result, I spend more time than I'd like making portfolio changes through QuickTrieve. Is there an automated way to maintain the portfolio I desire?*

A. Our automatic rollforward portfolio option may be just what you need. This system allows you to identify all the candidate delivery months you'll eventually want to follow over the course of the year and to choose the quantity of those to be delivered on a daily basis. You can also select a rollover date when the nearest contract will be replaced.

Q. *How do I arrange an automatic rollforward portfolio?*

A. It can be done through the Order Subsystem's Change User Portfolio option as follows:

Add/ Del	Com or Stock?	Com#/ Sym	Stk#/ Sym	Div Mo	Div Yr	D/W/M	Norm P/C	Strike Price	Max # Mos.	Roll- Over	Spot/ Prev	Tot/ Ind
A	C	44		3	0	D	N		2	1	S	T
A	C	44		6	0	D	N					T
A	C	44		9	0	D	N					T
A	C	44		12	0	D	N					T

Note that each line bears an A (for Add), a C (for commodity) and the CSI commodity number (in this case 44 for U.S. T-Bonds). Each line also includes a different delivery month and 0 for the delivery year. Only the very first line for each commodity needs to include information on the maximum number of months to be supplied daily, the rollover date and whether that date is in the spot month or the previous month. These entries may be left blank for subsequent lines of the same commodity. Our example shows that only the two nearest of the March, June, Sep and Dec T-Bond contracts should be delivered each day, with the nearest contract being replaced on the first day of the spot (delivery) month.

Q. *My portfolio keeps getting larger even though I never use the order subsystem to change the list of contracts I am receiving. I arranged to receive an automatic rollforward portfolio of 35 commodities with two delivery months each. Somehow I keep exceeding 70 contracts each month. What is going on?*

A. Our guess is that you are ordering history on various contracts through the Order Subsystem and answering (Y)es to the "Add to daily" prompt on the history order form. This seems like an inconsequential entry, one that might just re-confirm your order, but when you have an automatic-rollforward portfolio, adding a specific contract throws off the quantity to be delivered daily.

By requesting a daily update on a specific delivery month, you change its classification on our host computer. It is removed from the list of delivery months available for automatic rollforward and it becomes a constant in your portfolio. It will stay there until it expires or you delete it. Consequently, the automatic rollforward portion of your portfolio is shifted forward by the number of contracts you added through the Order Subsystem.

Your automatic rollforward portfolio is programmed to deliver a specified number of the nearest delivery months on a particular commodity (in your case, 2). When you order history on a specific contract, September '95 for example, and add it to your portfolio through the "add to daily" prompt, our computer is forced to skip ahead to the next month on your candidate list. Instead of getting September and December T-Bonds, the computer will deliver September as a specific contract, and December and March as the two nearest from your contract list - for a total of three.

If you are getting daily updates

from an automatic rollforward portfolio, please always use the default (N)o response to the "Add to daily" prompt. This will prevent unintended portfolio additions while still delivering the history you desire.

Q. Once I have arranged for an automatic rollforward portfolio, can I change it?

A. Yes. To change the maximum per day or rollover date for a commodity, just re-enter any one of the selected delivery months, using 0 for the

delivery year and the revised information for the remainder of the line. Your latest entry will apply to all contracts of that commodity.

To change the candidate delivery month list, simply use A (for add) and D (for delete) as needed to effect your changes. Use one line for each delivery month that is to be added or deleted. Please keep in mind that when a delivery month is removed from your candidate list, it will not be available when it would normally fall within your window of desired contracts. ♦

Holiday Schedule

CSI will be closed for voice communication on Monday, September 4th for the Labor Day holiday. The host computer will be operational, but U.S. exchanges will be closed. Data from other exchanges will be available as usual. ♦

CSI Software Product Summary

Please check all that apply and complete the information box at right.
Mail or fax to CSI, 200 West Palmetto Park Road, Boca Raton, Florida 33432; Fax: (407) 392-7761

- QuickTrieve®/QuickManager®** for PC - To retrieve, manage & edit data (includes 1995 Alerts Calendar); New daily user \$59. QuickTrieve/QuickManager version 4.06 upgrade (for current QuickTrieve users only): \$39; shareware demo disk \$5
- 1995 Commodity Alerts Calendar** for use with QuickTrieve \$20; Calendar upgrade for current QT 4.06 users \$10
- QuickPlot®/QuickStudy®** for PC - Charting & analysis software (requires QT/QM) \$89
- Trade Data Manager™** - Macintosh downloader & accounting program \$59; upgrade \$49 or *FREE* with \$100 history order
- Trading System Performance Evaluator™ (TSPE)** for PC - Computes your system's capital requirements \$149
- Trader's Money Manager™** for PC - \$399 (includes TSPE); Demo disk: \$15
- TraDesk™** for PC - Traders' complete accounting system - CSI daily user \$149; Unrestricted use \$299; 30-day trial version \$22
- Seasonal Index Value Pack** for PC - Ten years of history for 33 popular commodities \$315
- Daily Updates** for PC - Starting at \$10.80 per month
- CSI Technical Journal Subscription** - \$35/Yr. - Reprints \$5/each
Issues requested: _____
- CSI Mailing List** - \$200/1,000 names (CSI users omitted)
- CSI Product Catalog** - *FREE*

Please add \$29 per software package for overseas shipping.

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ADDRESS _____

DAY PHONE (____) _____

USER ID# _____

DISK PREFERENCE

- 5.25"/360K 5.25"/1.2 MB (HIGH DENSITY)
 3.5"/720K 3.5"/1.44 MB (HIGH DENSITY)

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 DISCOVER AMERICAN EXPRESS

AMOUNT ENCLOSED \$ _____

CARD # _____

EXP. DATE _____

SIGNATURE _____

8/95

All prices subject to change without notice.