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Choosing Causal Inputs to Feed Your Trading Model

Today's market players can (and should) consult a broad range of information before risking trading capital. Your trading success depends upon how you interpret and act upon available information. Having a vast repository of daily trading summary data on world future, equity, options and currency markets (such as is provided by CSI) is an important first step. To improve your odds, we recommend taking a step further by incorporating supporting data of a more fundamental nature into your trading model. This month's CSI Technical Journal surveys the many kinds and flavors of input that are candidates for introduction into your trading system.

Deciding which inputs should be consulted to feed a trading plan is no small task. It must be given more consideration than the usual price-determines-price plan commonly used by the tool-kit novice. To consistently achieve a successful outcome, you must introduce substantive causal input. Using solely the past behavior of the market you hope to conquer will not pass muster. Try to find independent supportive factors that strengthen your decision to enter a market.

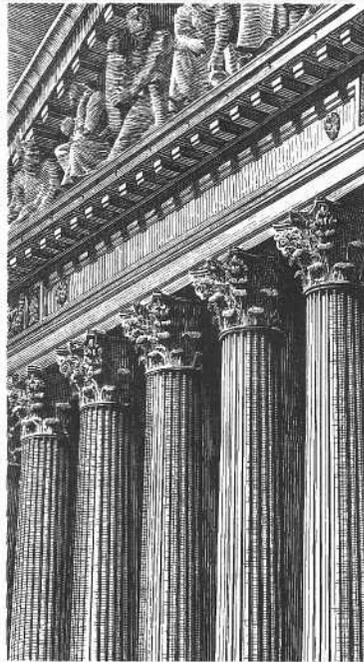
In the December 1995 CSI Technical Journal, we announced the addition of

many econometric series that support the financial (non-agricultural) side of the markets. Much of the data introduced in December originates with the U.S. Department of Commerce, the U.S. Department of Labor and Industry Associations. The U.S. Department of Agriculture also provides an abundance of helpful information that should not be overlooked. Their focus is on the producer or the farmer, but, as a service to the tax-paying public, the U.S. government also helps the speculator and trader.

A sampling of available government data supports the grain, soybeans, potatoes,

livestock, lumber, interest rate, currency, sugar, coffee, cocoa and metal markets. The USDA's Division of Information, Office of Management Service,* publishes many monthly reports. Some of their titles are: Grain Market News, The Feed Situation, Crop Production, Stocks and Grains in all Positions, Cattle and Calves on Feed, Hogs and Pigs Report, Wheat Situation Report, Weekly Grain Market News, Fats and Oils Situation Reports, Livestock and Meat Situation Report, Livestock Slaughter and Meat Production, Cold Storage Report, Bacon Slicings Report, etc.

(continued on Page 2)



“Alerts Calendar” A Wealth of Information

Each year the release of our updated Commodity Alerts Calendar brings a flurry of questions. To answer a few: No, you can't hang it on your wall; No, it won't keep track of your tee-times and yes, it can save you countless dollars in preserving your capital.

Many CSI subscribers don't realize that the Alerts Calendar operates as a function of QuickTrieve.[®] Most of us saw part of it every time we collected a daily update. That is, until December 31st when the '95 calendar ran out. The Commodity Alerts calendar produces an ever-changing list of government reports, first notice days, last trading days, U.S., Canadian and overseas holidays, etc... You can control whether or not alerts are included in your daily data listing report and you can decide how many days into the future will display through your User Constants. Looking ahead a few days can help you prepare for important deadlines and reports that may impact your investments.

As an added bonus, we're giving all QuickTrieve 4.06 users an updated software disk along with the calendar. Also included are our latest computer-readable lists of available commodities and stocks. Everyone who orders a Commodity Alerts Calendar will receive updated printed fact sheets.

We recommend that all our subscribers keep an updated Alerts Calendar on hand. If you would like one, please fill out the order form on page 3 and fax or mail it to us with your request. ♦

Thanks

Choosing Casual Inputs ...

(continued from page 1)

The Commodity Futures Trading Commission publishes a bi-weekly Commitment of Trader's Report on over forty commodities and futures. It classifies position holders according to their position size, market direction and whether positions are speculative or hedged. Steve Brieser's Bullish Review** classifies and categorizes each COT report and gives insightful advice concerning market direction.

Don't stop with CSI's fundamental data base in your search for useful information. Read, read, read all you can. Helpful tips and strategies may be obtained from private publications such as Futures Magazine, Technical Analysis of Stocks & Commodities, The Economist, Euromoney, Barron's, The Wall Street Journal, The Journal of Commerce, Financial Times of London and others. Some significant insight may also be derived by reading Formula Research*** and this Journal, which both delve into intermarket relationships and address the importance of independent input.

To the above, add your own judgment. Consider the market's technical dynamics, CSI Seasonal Indices, weather facts and the current world political scene. Whether you trade by the seat of your pants or adhere to a trading system, you should study, read and learn to form a basis for making fairly well-informed market decisions. We favor the more substantive causal approach and believe that if planned properly, your computer can be trained to make sense of it all through back-testing and simulation. ♦

Bob Pelletier

* USDA Division of Information, Office of Management Service, Washington, D.C. 20250

** Bullish Review, 14600 Blaine Ave. East, Rosemount, MN 55068

*** Formula Research is published by Nelson Freeberg, 4990 Poplar Ave., Suite 210, Memphis, TN 38117.

Ask Customer Service

Each month in this column our customer service staff addresses a topic of interest to many CSI subscribers. This month they field questions about QuickTrieve's Data Listing feature and its use in verifying received data.

Q. *How can I determine the size of my daily update portfolio?*

A. QuickTrieve's Data Listings offer daily reports of exactly which contracts, stocks, indices, etc. were received and provide a posting status confirming the disposition of each data series. The summary at the end of the detailed list shows the total quantity of contracts and stocks received.

Q. *How can I get a data listing?*

A. On page 4 of QuickTrieve's Change User Constants (see H from the main menu) you'll find the Data Listing option. Your choices are as follows:

(Y)es - to have QuickTrieve produce a report on your printer after each daily update.

(N)o - to produce no report

(A)sk - to be asked if you want a report after each retrieval session.

(F)ilename - to be prompted to enter a filename for storing the report on your hard drive. The report can be read on the screen during data distribution, but will not be printed automatically.

(G)enerate the same file - to have QuickTrieve automatically store the report in a file called TEMP, which can be viewed during distribution. Your report will be overwritten each day with your latest update. This is the current default setting.

(L)ast - to have only the last day of data printed on your report when multiple days are retrieved in the same phone call.

Q. *When I view the Data Listing report on my screen, I see only part of the page. The distribution status is missing and I don't see the summary I was expecting. Any suggestions?*

A. To view the right-hand portion and bottom of an on-screen data listing, use your cursor keys (directional arrows) to scroll through the document.

Q. *Please explain the summary at the end of my Data Listing.*

A. Here is a glossary:

Total received - This is the total number of futures contracts, cash series, stocks, indices, options, etc. received for a given day. Please keep in mind that each group of ten stocks, indices, funds or options is equivalent to one futures contract in our rate schedule. (The 10:1 stocks-to-futures ratio does not apply to overseas callers dialing through Sprintnet or Tymnet.)

Total distributed QT format (or non-QT format) - This is the number of files in the specified format that were updated. This and other "totals" will be inflated if you distribute your daily update more than once. To avoid redundant distributions, press <Esc> (not <Enter>) to end distribution.

Total not distributed QT format (or non-QT format) - This is the number of existing files in the specified format that were not updated with new data. It is NORMAL to have some files that don't get updated. Reasons include: expired contracts in directory, portfolio change omitting contracts that had previously been updated, Test File data residing on disk, etc...

Total not created - This is the number of contracts or stocks that were received and not distributed to files. Unless you revise your distribution arrangements and redistribute, this data will be lost. If your listing shows a non-zero value here, please adjust QuickTrieve's user Constants so that it will automatically create all necessary files, or at least prompt you for the option of creating new files. See Create QT Daily and Create MS Daily on pages 4 and 5 of User Constants. Once the problem has been corrected, use Distribute Daily Data from the main menu to create file space and distribute the previously un-posted data.

Q. My Data Listing says I am receiving all the data I ordered, but I can't find all the files. Where should I start looking?

A. The Data Listing reports distribution status by directory. You'll find your data in the last directory listed above any given file. If you find your current disk organization unmanageable, please consider re-organizing your data files alphabetically or by commodity using QuickManager's® <M> Sort Master File utility.

Q. My version 4.06 QuickRetrieve was received about a year ago and does not include some of the Data Listing features you have described. How can I get an updated copy of the software?

A. We're offering version 4.06 users a free update of the latest QuickRetrieve with the purchase of our 1996 Commodity Alerts Calendar. To order, please see the form on page 3 and fax or mail the information to us for processing. ♦



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; E-Mail: COMMSYS@AOL.COM

- QuickRetrieve®/QuickManager®** for PC - To retrieve, manage & edit data (includes 1996 Alerts Calendar); New daily user \$59. QuickRetrieve/QuickManager version 4.06 upgrade (for current QuickRetrieve users only): \$39; shareware demo disk \$5
- 1996 Commodity Alerts Calendar** for use with QuickRetrieve \$25 (allow three weeks for delivery)
- 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** - \$24/Yr. - Reprints \$5/each Issues requested: _____
- CSI Mailing List** - \$200/1,000 names (CSI users omitted)
- CSI Data Retrieval Service Information Package** - *FREE*
- Hardcopy Commodity Fact Sheets** (includes options) \$4; **Stock Fact Sheets** \$6. Visit our Internet Home Page for free on-line copies: <http://www.gate.net/~csi>

NAME _____

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)

METHOD OF PAYMENT (PREPAYMENT REQUIRED)

- CHECK MASTERCARD VISA
 DISCOVER AMERICAN EXPRESS

AMOUNT ENCLOSED \$ _____

CARD # _____

EXP. DATE _____

SIGNATURE _____

2/96

Please add \$34 per software package for overseas shipping.
 All prices subject to change without notice.