

Stoch

02-09-2008

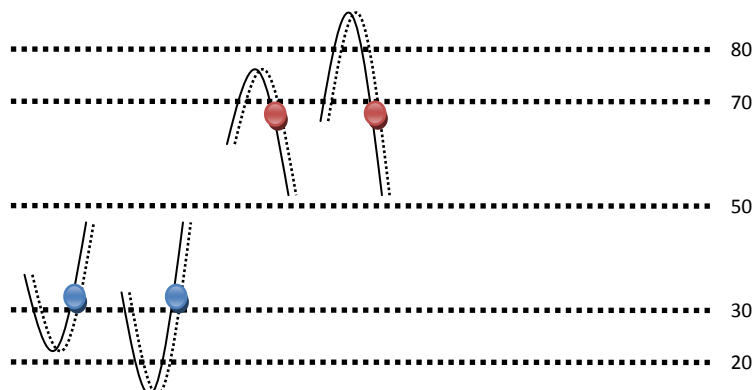
Stochastic settings

Values	Parameters	Levels
K% = 3		80
D% = 2	MA = simple	70
Slowing = 3	Price field = Low/High	50
		30
		20

Entry signals

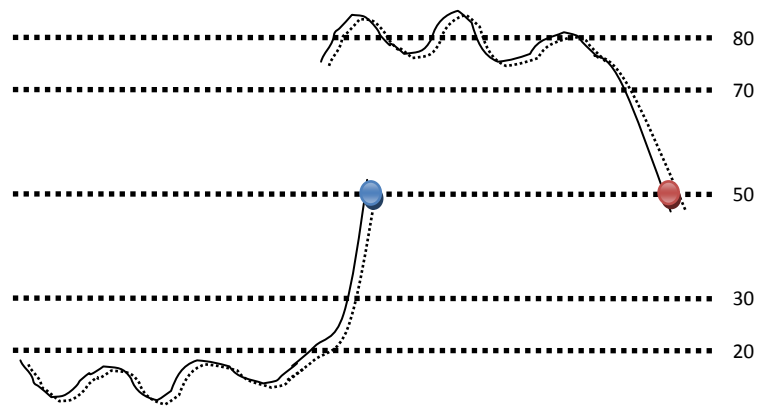
1. Crossings:

- if it passes over 70 but not over 80, wait to get under 70 and then sell;
- if it passes over 80, wait to get under 70 and then sell;
- if it passes under 30 but not over 20, wait to get over 30 and then buy;
- if it passes under 30, wait to get over 30 and then buy;



2. Interval reentry confirmation

- if it stays a long time over 80 or under 20, wait to touch the 50 line and then enter a trade.

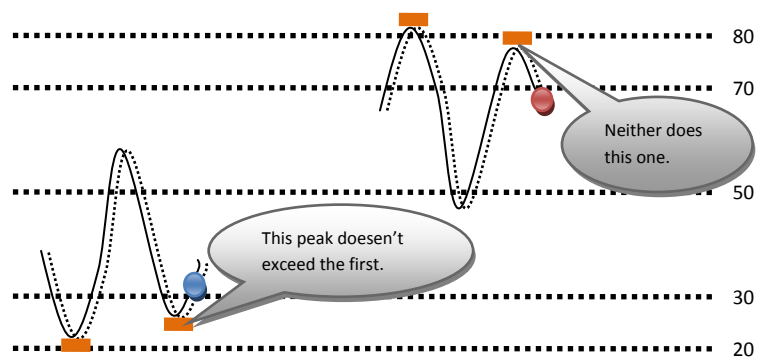


3. Divergences:

- for reversal divergences that occur over 70 and under 30;

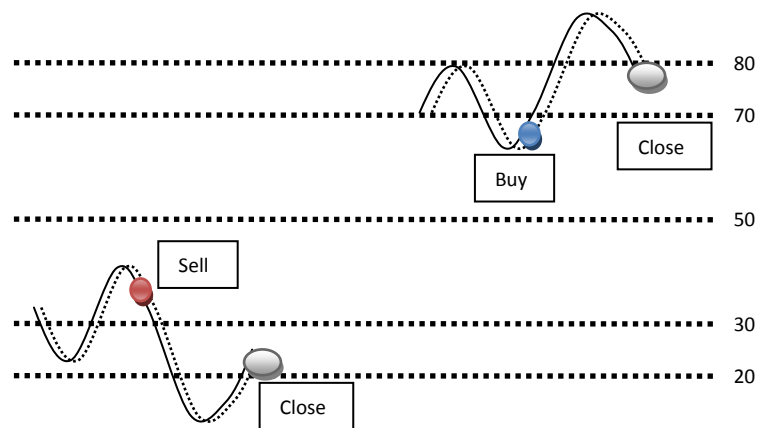
4. Peaks comparison

- when we have two signals of the same type (both buy/both sell), if the second doesn't exceed the first:



Complementation + exit signal

- if it gives a signal under 70/ over 30 and after a very short while it gives an opposite signal, the way in which the price should move it's opposite to the first signal and it's a big chance for a big move in that direction. Assuming that a long term trade is already opened and you would not decide to close it on the first stochastic opposite signal (meaning that if you are in a sell and you receive a buy signal, you would not close the trade as a result of the signal - or vice-versa) you can either hold that current position or add a new one and exit only after stochastic returns in the 20-80 interval).



REDtrader