PositionTrader

User Guide

Nirvana Systems

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Worldwide Technical Support and Product Information

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Important Information

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Introduction to PositionTrader

Welcome to Nirvana Systems' PositionTrader! This Users Guide is designed to help you get PositionTrader installed and registered as easily as possible. It also contains detailed information on the different components of PositionTrader.

PositionTrader is designed to identify stocks as they are being accumulated to find longer term trend trading opportunities. By detecting tell-tale patterns of accumulation, we are able to identify stocks that are gaining strength or showing continued strength in the current market.

After you have completed the installation and registration steps, you can learn about the PositionTrader Trading Strategies, Trade Plans, and OmniScans.

Installing PositionTrader

Follow these instructions to install PositionTrader:

1. PositionTrader can be installed at the following address: http://www.omnitrader.com/currentclients/downloads/item.asp?Prodcode=151

Or

1. Insert the PositionTrader CD into the CD-ROM drive. The installation should begin automatically. If it does not, click **Start»Run** from the Windows Start menu.

   Type ***x*:\setup.exe** (where *x* is the CD-ROM drive you are using) in the command line box and click **OK**.

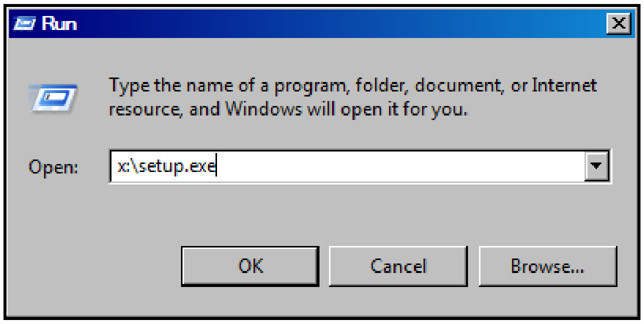

Figure 1-1. Run Dialog Box in Microsoft Windows

2. Follow the instructions that appear in the installation wizard dialog boxes.

Registering PositionTrader

Before you can use PositionTrader, you must register the software. In order to register, you will need your customer number and your CD-Key, which are supplied on the on the back of the PositionTrader CD case.

1. Double-click on the OmniTrader icon on your desktop to launch the program or select **Start»Programs»OmniTrader 201#»OmniTrader 201#**.
2. If the Product Registration dialog box does not appear, select **Help»Registration**.
3. Click **Get My CD Keys** button and your registration file will be updated automatically with your new PositionTrader CD key or enter the PositionTrader CD key provided on your invoice.

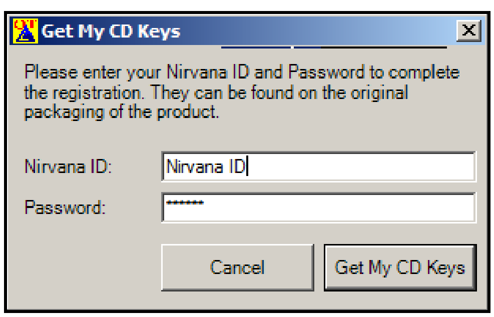

Figure 1-2. Product Registration Dialog Box

The PositionTrader Components

PositionTrader includes the following components:

PositionTrader Trading System

- PositionTrader Donchian Breakout

PositionTrader Trading Strategies

- Position Basing
- Position Continuation
- Position Basing 2
- Position Continuation 2

PositionTrader Trade Plans

- Position - Loose
- Position - Medium
- Position - Tight
- Position - Moving Average

PositionTrader OmniScans

- PositionTrader Basing
- PositionTrader Continuation
- Liquid Stocks

Position Chart Template

- Position

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PositionTrader Trading Strategies

PositionTrader is based on the PositionTrader Donchain Breakout System (PT-DB) included with the plug-in. The System is used to build two long-only mechanical Trading Strategies that help you find excellent position trading opportunities. These strategies are designed to be used alongside the PositionTrader Omniscans and Trade Plans.

PositionTrader Donchian Breakout System

The PositionTrader Donchian Breakout System (PT-DB) generates signals when price breaks to the outside of the Donchian Channel. It was originally developed for our TurtleTrader Plug-in which is also used to find longer term trending trades. The system has a single parameter:

- **Periods**—Specifies the number of periods used to generate the Donchian Channel.

Position Continuation Strategy

The Position Continuation Strategy is a mechanical strategy designed to find breakout trades in the direction of a well established trend. It is based on the PositionTrader Donchian Breakout System, with a Filter Block that is set up to identify the proper trend considerations.

Figure 2-1. Position Continuation Strategy fires breakout signals in-line with well established trends

By default, the Position Continuation Strategy uses the Position-Medium Trade Plan though any of the three PositionTrader Trade Plans can be used, based on the risk and reward objectives of the trader. For more information on this, refer to Chapter 3, *PositionTrader Trade Plans*.

Position Continuation 2 Strategy

The Position Continuation 2 Strategy is a slightly modified version of the original. An additional filter is added to the filter block of the strategy. This filter measures the 21 and 30 period exponential moving averages of the SPY.

Position Basing Strategy

The Position Basing Strategy is a mechanical strategy designed to find breakout trades after a period of strong accumulation has occurred. It is also based on the PositionTrader Donchian Breakout System, but in this Strategy, the Filter Block ensures the stock has not moved too far from the base.

Figure 2-2. Position Basing Strategy fires a Long signal on Cracker Barrel as the stock begins to trend after a strong basing pattern

By default, the PositionTrader Basing Strategy uses the Position-Medium Trade Plan though any of the three PositionTrader Trade Plans can be used, based on the risk and reward objectives of the trader. For more information on this, refer to Chapter 3: Trade Plans.

Position Basing 2

The Position Basing 2 Strategy is a slightly modified version of the original. An additional filter is added to the filter block of the strategy. This filter measures the 21 and 30 period exponential moving averages of the SPY.

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PositionTrader Trade Plans

PositionTrader includes four trade Plans to help traders manage their position trades by riding the prevailing trend until a significant reversal occurs. Three of these are fully interchangeable, and are designed to allow the trader to select the appropriate Trade Plan for their personal risk/reward profile each using similar stops with different parameters defined. The fourth Trade Plan uses the Moving Average stop and is designed to allow the most room for a trade to run of the Trade Plans offered.

Figure 3-1. Comparison of three PositionTrader Trade Plans

Position - Tight

The Position Tight Trade Plan is designed to quickly lock in profits from position trades. It uses a 5 ATR Fixed Loss Stop with Trailing Profit Stop that has a cushion and threshold of 2 ATRs.

Figure 3-2. Position Tight Trade Plan applied to the signal on KFT

Position - Medium

The Position Medium Trade Plan is designed to trail position trades capturing more profits than the tight Trade Plan by loosening the trailing profit stop. It uses a 5 ATR Fixed Loss Stop with Trailing Profit Stop that has a cushion and threshold of 3 ATRs.

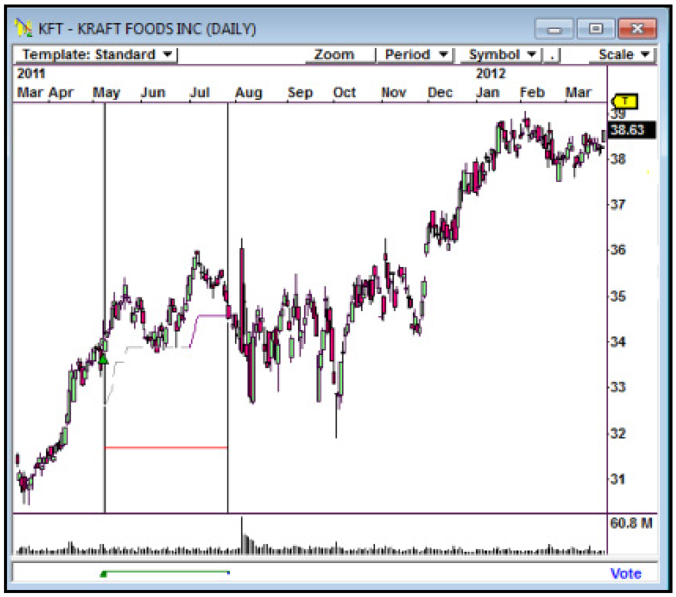

Figure 3-3. Position Medium Trade Plan applied to the signal on KFT

Position - Loose

The Position Tight Trade Plan is designed to slowly ratchet up to lock in profits from position trades. It uses a 5 ATR Fixed Loss Stop with a loose Eighths Stop.

Figure 3-4. Position Loose Trade Plan applied to the signal on KFT

Position - Moving Average

The Position Moving Average Trade Plan is designed to follow price smoothly on an average. It includes a 5 ATR Fixed Loss stop and an OmniScript stop based on the crossing of the 21 & 30 period exponential moving averages.

Figure 3-5. Position Moving Average Trade Plan applied to the signal on CLUB

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PositionTrader OmniScan Lists and Chart Template

PositionTrader includes three OmniScan Lists to help identify prospective position trading candidates. The scans are intended to be paired with their respective strategies for best results.

Basing List

The PositionTrader Basing List is designed to be used alongside the PositionTrader Basing Strategy. It contains conditions to identify stocks that have recently spent time building out around lows. This behavior typically leads to a solid base on which the next rally can be built.

Continuation List

The PositionTrader Continuation List is designed to be used alongside the PositionTrader Continuation Strategy. It ensures stocks are in an established uptrend consistent with annual return in excess of roughly 10%. It also ensures the stock has not moved significantly below its forty period moving average in the past three months. Additionally it checks to make sure the gains are not being caused by one large gap. When you put these conditions together, you end up with strong upward trending stocks that make great candidates for continuation trades.

Liquid Stocks

This scan is based on the average money flow of stocks over a 14 day period. The formula is price X volume and is used for getting a list of liquid stocks. By default the scan is returning stocks that are higher than 100000000. Increase this number if you desire a smaller number of stocks returned in the scan.

Position Chart Template

The Position Chart Template plots three indicators - the 21 period EMA, 30 period EMA and the Volatility price ratio. These indicators help show the continuation of a trend. That is, typically when the EMA(21) remains above the EMA(30) it is a good indication the trend will continue. An increase in the Volatility Price Ratios can give us an indication that the smooth trend is coming to an end.