

A New Indicator for Short-Term Traders ... Will-Spread

Markets move for real reasons, not because of technical whirling dervishes. Things happen in life because there are consequences to actions. Charts do not move the markets. Markets move the charts. In keeping with that, I also think short-term swings occur because of some external factor. Price never rallies because it is rallying; the rally is the symptom of a cause. Detect that cause and we are several light years ahead of the average short-term or day trader. One of my favorite causative indicators is my Will-Spread index, a measure of the flow of price between the primary market we are trading and a secondary market that influences the primary. As you know, Bonds influence stocks, and Gold influences Bonds; Will-Spread allows us to spot the inner workings of these market relationships. The index is constructed or calculated by first dividing the price of the market we are trading, the primary market, by the secondary market and multiplying by 100. This creates a spread between the two markets allowing a basic comparison of market interaction. For short-term trading on 15-minute bar charts in particular, and most other time frames as well, I then create a 5-period exponential of the spread and subtract that from a 20-period exponential of the spread. By so doing, we can see when one market is heating up over another and get a better sense of these inner-market influences. Granted, this is not a perfect system, but the only perfect approach to day trading I have ever seen are those myriad of ads in commodity magazines and newspapers. You can absolutely trust me on this: those are 90 percent hype and 10 percent substance. If anyone really had such an outstanding system, he or she could make 100 times more money trading without the hassle of having to deal with the public. In addition, the tax advantages of trading are gargantuan compared with hawking systems. I have yet to see a totally mechanical day trading system that consistently makes money. Day trading is an art form that must be based on good concepts to be successful.

About the Author

Did you find this article useful? For more useful tips and hints, points to ponder and keep in mind, techniques, and insights pertaining to Internet Business, do please browse for more information at our websites.

<a href="<http://www.adsence-dollar-factory.com>"><http://www.adsence-dollar-factory.com>

<a href="<http://www.100earningtips.com>"> <http://www.100earningtips.com>

Source: <http://www.apexarticlebase.com>