

## 15 GLOSSARY

### A

**Accumulation/Distribution:** Used to measure accumulation and distribution, it solves the problem of volatility and trading ranges

**Adjusted Charts:** Adjusted Charts are applied to futures instruments and contain data for more than one contract. They follow the current lead contract through to expiration, and then follow the new lead contract. The scale of the chart is "adjusted" to the scale of the lead contract. This removes any gaps in the history of the chart that occur when one contract expires and another rolls on.

**Alerts:** Is an indicator that notifies a user when the level they set the alert at has been hit.

**Alert lines** are used to easily identify important price levels from previous price actions.

**Annotation:** Text, circles, and arrows that is customizable.

**Automatic Timeframe:** Automatic time-frame is pre-select timeframes ranging from short, medium and long term.

**Autosave:** An automated function that saves any amendments on the customized time selected, whether it is 1, 5 or 10 minutes.

### B

**Bar Chart:** Constructed from the high, low, open and closing for each event.

**Baskets:** A basket is a group of securities that have been put together for a specific investment purpose and are traded as a unit.

**Bollinger Bands:** These consist of 2 lines either side of a selected moving average. They can be used as envelopes or filters. The upper and lower 'bands' are set to a number of standard deviations away from the moving average, normally 2.

### C

**Calculated Fan Line:** Connect to the high and low of the chart and calculating in which direction the trend is going.

**Calculated Retracement Line:** Connect to the high and low of the chart and calculating in which direction the trend is going.

# MAVERICK User Guide

**Calculated Median Line:** Plots the angle of trend ascent and descent between the extreme points on a graph.

**Candlestick Chart:** Records the high, low, open and closing prices that occurred during the time interval of the candle.

**Channel Line:** Draw a parallel line above or below the main trend line to form a channel.

**Chart Colour:** Change the colour of the application.

**Chart Type:** Consists of the different types of ways you can view your chart.

**Chiku:** This is part of a study called Ichimoku that comes from Japan. This is the most important line. If both the Chiku line and the price are in an uptrend then this signals a buy. A signal is also generated if the Chiku line crosses the price action i.e. used in a similar way to a moving average.

**Close:** The Close is the last price recorded at the end of the selected time interval.

**Commodity Channel Index:** It produces cyclical patterns, is it considered a timing tool

**Continuation Charts:** Continuation Charts are applied to futures instruments and contain data for more than one contract. They follow the current lead contract through expiration, and then follow the new lead contract. They provide a longer history for the chartist to analyze.

**Contract Specific Charts:** Contract Specific Charts contain data for only one contract. They follow the specified contract through expiration.

**Copy:** Copies the active chart

**Copy Desktop:** Copies the active desktop and charts within.

**Cycles:** This allows the user to measure the number of events between points and replicate this distance across the chart. This can identify patterns in highs and/or lows.

## D

**Daily Charts:** The term "daily" is used to describe those charts that are constructed from a time period of 24hrs. Each daily bar contains the high, low, open and close that occurred during each trading day. In TraderMade this is between 0:00 to 23:59 GMT.

**Data:** Each contract or instrument has historical and daily data and may also have intra-day data.

**Directional Movement Indicator:** Is used to identify a trending market and to provide an indication of the extend of this trend.

# MAVERICK User Guide

**Directional Movement Indicator & ADXR:** Is used to identify a trending market and to provide an indication of the extend of this trend. The ADX line indicates how much the market is trending either up or down.

**Duplicate Chart:** Duplicates the active chart selected and ta functionalities within. E.g. oscillators, timeframe, and text.

**Duplicate Desktop:** Duplicate desktops duplicate the active desktop and all the charts within the desktop and the TA functionalities within.

## E

**Exchanges:** Exchanges is short for Futures Exchanges that are available on each system.

**Expiration:** The date, and time at which any futures or option contracts must be settled.

**Exponential Moving Average:**  $EMA = \text{Yesterday's EMA} + (\text{Today's Price} - \text{Yesterday's EMA}) \times (2 / n + 1)$ . All previous price action taken into account and greater weight is given to recent prices. Calculates the average price of the markets over a specific period of time.

## F

**Fan Lines:** Display fans of Fibonacci values or Gann Values.

**Fast Exponential Moving Average:** Calculates the average price of the market over a shorter period of time to what an exponential moving average would calculate

**Fast MACD:** Measures the acceleration/deceleration, overbought/oversold situations and trading signals.

**Fibonacci:** Fibonacci was a 12th Century Italian mathematician who discovered the number series 1,2,3,5,8,13,21,34,55, where each successive number is the sum of the two previous numbers. The difference in ratio between these numbers into infinity is always 0.618, which is known as the "Golden Ratio". This number is one of the most important numbers in Technical Analysis and is always used as the most important retracement level. These percentages are used in retracements, fans and projections.

**Fixed Scale:** Fix the parameters of the high and low to the chart scale.

## G

**Gann:** W D Gann was an extremely successful stocks and commodities trader in the 1920's. Through his study of market behaviour he concluded that the most important retracement levels were thirds and eighths, with greatest importance attached to 1/3, 3/8, a half, 2/3 and 5/8. These percentages are used in retracements, fans and projections.

**Grids:** Applies a full grid to the chart.



## H

**High:** The High is the highest price recorded during a selected time interval.

**Histogram:** A Histogram displays a series of values as vertical lines drawn from the zero line to the value. They look like rolling hills.

## I

**Ichimoku:** This is a Japanese trading model. There are 5 lines: - TENKAN, KIJUN, CHIKU, KUMO 1 and KUMO 2. Please see individual line names for explanations.

**Intra day Charts:** The term Intra-day is used to describe charts that are constructed of bars, candles etc that represent a time period of less than one day. These would include 1-minute, 5-minute, 60-minute, etc. Each Intra-day Bar displays the Open, High, Low, and Close that occurred during a specified time period.

## K

**Kijun:** Kijun means 'trend' in Japanese. If the Kijun line is going down, then sell. If the Kijun line is going up, then buy.

**Kumo 1 and 2:** The Kumo Lines create a 'cloud', which is an area of support or resistance. The market must break through the cloud to signal a buy or sell. They are used in a similar way to support and resistance levels.

## L

**Larry Williams's %R:** This oscillator measures overbought/oversold situations. It is said to be an 'upside down' stochastic. This oscillator is based on the same concept of measuring the last close in relation to the price range over a certain period (below it is 10 days/hours).

$$\%K = 100 \times (H10 - C) / (H10 - L10)$$

Where C = Last close; and L10 = lowest low during the chosen period and H10 is the highest high during chosen period.

The %R line is - %R = 100 - %K.

The scale in Williams' oscillator means that a reading above 20 corresponds to an overbought situation and a reading below 80 corresponds to an oversold situation.

**Least Mean Square Line:** Fits a trend by least squares. The line produced by the least squares calculation reduces the sum of squares of these deviations to a minimum.

**Legends:** Is the description of an oscillator or study applied to an active chart.

**Level Mode:** Highlights the values of the high, low, open and close of each individual bar or candle.

# MAVERICK User Guide

**Line Chart:** Line Charts are created by connecting a specified price, either the high, low open or close, for each time interval displayed. Line charts usually plotted using the close.

**Logarithmic Scale:** Changes graph scale from arithmetic to a logarithmic scale.

**Logging:** To record any troubleshoot issues for support purposes.

**Low:** The Low is the lowest price recorded during the selected time interval.

## M

**MACD:** The MACD measures acceleration/deceleration, overbought/oversold situations, and gives trading signals. It can be used as a trading system or as an oscillator.

The MACD consists of: the Fast line which is the difference between two exponential moving averages in which the first one has a shorter time span than the second one; (Moving Average Oscillator) and the Signal line which is an exponential moving average of the fast line. For identification purposes the Fast line will be more erratic than the Signal line.

Gerard Appel, who originally developed this formula, suggests 12 and 26 days to calculate the fast line and a 9-day period to get the signal line.

T.E Aspray has tested different combinations of inputs for the three exponential moving average values and this optimization has led him to the conclusion that a 10-20-9 day was the most profitable combination.

**MA Standard:** Measures acceleration or deceleration of the trend. As the speed of the price increases the moving average line, tough lagging behind it will also accelerate and decelerate.

**MA Exponential:** Measures acceleration or deceleration of the trend. As the speed of the price increases the moving average line, tough lagging behind it will also accelerate and decelerate.

**MA Fast Exponential:** Measures acceleration or deceleration of the trend. As the speed of the price increases the moving average line, tough lagging behind it will also accelerate and decelerate.

**MA Weighted:** Measures acceleration or deceleration of the trend. As the speed of the price increases the moving average line, tough lagging behind it will also accelerate and decelerate.

**Manual Support & Resistance Line:** Click and type in the value of the trend line required.

**Manual Timeframe:** Select specific dates from too and from drop down list

**Mid Line:** Draws a horizontal line across the chart at the mid-point of the range displayed in the title bar.

**Mid Price:** The Mid price is the price at the middle of the event's range, or High + Low divided by 2.

# MAVERICK User Guide

**Momentum:** The momentum measures acceleration/deceleration and overbought/oversold situations. The momentum formula is  $M = P - P_x$  where  $P$  = Latest price and  $P_x$  = closing price "x" events ago. The crossing of the 'zero' line can be used for generating trading signals, but momentum signals have to be coordinated with the existing trend, for example the crossing of the "zero (1) line" should be taken as a sell signal only in a downtrend.

**Monthly Contracts:** The term monthly is used to describe charts that are constructed from monthly intervals.

**Moving Averages:** Moving averages are trend following techniques. When using a single moving average the signal is taken from the crossing of the Moving average with the price action. When the moving average crosses below the price action a buy signal is generated and when it moves above a sell signal is generated. When using two moving averages the signal is taken from the crossing of the two moving averages. When the shorter moving average (the one calculated from the lowest number of intervals) moves above the longer moving average a buy signal is generated and when the short moving average moves below the longer moving average a sell signal is generated.

There are 4 types of moving average in the TraderMade application. They are Standard, Weighted, Exponential and Standard Working Days. Please see individual entries for calculations.

**Moving Average Oscillators:** The oscillator is a measure of the trend acceleration or deceleration. As the speed of the price move increases the moving average line, though lagging behind, will also accelerate/decelerate. The calculation for this oscillator is to plot the difference between 2 moving averages. Presenting the data in this form has the advantage of highlighting the classic trading signals of a 2 moving average system (crossing of the "zero line").

Overbought/oversold situations are spotted when the short-term moving average moves too far above/below the long term moving average (=zero line). This short-term variation from the long-term trend usually announces a pause in the market until the short term moving average moves back to the long term moving average. If the short-term moving average bounces off the long term one, this usually represents a good buy/sell area in an uptrend/downtrend. If the short term moving average crosses the long term one, this usually warns of a trend reversal.

O

**OBOS:** Highlights when moving averages cross the price or each other

**On Balance Volume:** it assigns the volume for each day a positive or negative value depending on whether the market prices closer higher or lower for that day.

**Open:** The open is the first price recorded at the beginning of a selected time interval.

**Oscillators:** Oscillators are defaulted to plot in their own area directly below the price action. They share the time (y) axis but not the price (x) axis, although they can be overlaid onto the price action if required.

**Overbought and Oversold levels:** Customize 75/25 settings on oscillators using scrollable buttons.

**Overlays:** Are used to compare performance between selected instruments. Each instrument is plotted on the same chart so they are easily viewed together.

## P

**Parabolic:** This is a trend following mechanical trading system developed by J.W Wilder. The name was derived from the pattern formed by the stops. The system is a true reversal system; every STOP being a REVERSAL POINT (SAR), when the SAR is penetrated the position is reversed.

**Period:** The period is the amount of time represented by each bar/candle/trend bar on the chart. The time period can be changed via the "Display Selection" There are 3 types of time period available in TraderMade and these are a) Short term, b) Medium term and c) Long term. The Long term is then divided into Daily, Weekly and Monthly periods.

**Preload History:** To view the full history of the instrument applied to the active chart.

**Price Label:** Shows the current trading price

**Print Setup:** Allows the user to change the printer settings, orientation, and paper size.

**Projection Lines:** Measure breakout points

**Pull Back Line:** A Pull back line is a trend line that is drawn between a high and a low to identify a resistance line that is now acting as support, or vice versa.

## Q

**Quick Links:** Is a menu that allows you to access commonly used functions. The bar can be customized by dragging icons from the ribbon.

## R

**Range/True Range:** The Range is the difference between the high and the low of a specified interval. The True Range is the greatest of:

1. Current high to current low
2. Previous close to current high or low
3. Previous close to current low.

The True Range is used to calculate the DMI.

**Rate of Change:** The difference between two output values divided by the difference the corresponding input values

**Ratio:** Amend the ratio applied (Fibonacci – 0%, 23.6%, 38.2%, 50%, 76.4%, 100%) (Gann – 0%, 25%, 33.3%, 50%, 66%, 75%, 100%)

**Retracement Lines:** Display retracement of Fibonacci values or Gann values.

# MAVERICK User Guide

**ROC Scale:** Changes chart scale to a rate of change scale.

**RSI Cutler:** The RSI helps to measure the strength of the markets recent up moves compared to the strength of its recent down moves. It helps to indicate whether the market has seen more buying or selling pressure over the trading period.

**RSI (Relative Strength Index):** Cutlers Formula. The formula used to calculate the RSI is as follows:  $RSI = 100 - (100 / (1 + RS))$ , where RS = Average of 'x' days up closes divided by the average of 'x' days down closes. One of the advantages of oscillator analysis is to point out short-term market extremes.

**RSI FX Filtered:** The FX Filtered RSI is a Tradermade proprietary RSI, which takes into account the absolute value of the instrument being analyzed. The formula used to calculate the Standard RSI (Cutler's RSI) is as follows:  
 $RSI = 100 - (100 / (1 + RS))$  where RS = Average of "x" days up closes divided by the average of "x" days down closes. The RSI can be considered a "smoothed" oscillator.

**RSI Smoothed:** This is Welles Wilder's calculation. After having calculated the first RSI value, use an exponentially weighted moving average to calculate the future values of UP and DOWN

**RSI Wilder:** compares upward movements in closing price to downward movements over a selected period

## S

**Save Upon Exiting:** Allows you to save any amendments when exiting the application.

**Scrolling Axis:** Both the Price and the Date/Time axes can be moved on the scale and dragging. The curser will change to a double ended arrow when the mouse is in the correct position for grabbing the scrolling function.

**Signals:** This refers to the signals used to calculate moving average studies. Market convention dictates that the closing price is used to calculate moving average lines. Tradermade however gives you the option to use the high, low, open and close as well as a typical or average close.

**Smooth Slow Stochastic:** Measure overbought/oversold situations, divergence and trading signals.

**Shortcut keys:** Keys that can amend or create a command to the application via the use of letters or numbers on a user's keyboard.

**Speed Line:** A variation on the 1/3<sup>rd</sup>, 2/3<sup>rd</sup>. Is a 50% line and takes the extreme prices for the chart and then the next available highest or lowest low and plots a 50% along the angle of the trend.

**Standard Moving Average:**  $SMA = (P1 + P2 + P3 + P4 + P5) / 5$  for a 5 event standard moving average. The same weight is given to each price and only the recent price action is taken into account. Is calculated by adding the closing price of the market for a number of time periods and then dividing this total by the number of time periods

# MAVERICK User Guide

**Stepped Line:** Displays the line chart as a stepped line chart.

**Stochastic:** These oscillators measure overbought/oversold situations, divergence and trading signals.

They are based on the following observations: in an uptrend, the closing price is usually closer to the high of the price range, whereas, in a downtrend the closing price is usually near to the low of the price range. The Stochastic uses two lines. The formulae used to determine both lines are given using a popular parameter set of 5 and 3 days.

$\%K = 100 \times (C-L5) / (H5-L5)$ .

Where C= last close or latest price. L5 = lowest low during the last 5 events. H5 = highest high during the last 5 events.  $\%D = 100 \times H3/L3$ . %D is a three-day or event moving average of %K.

where H3 = 3 day sum of (C-L5) and I3 = 3 day sum of (H5-L5).

The same 75 and 25 values are used to identify overbought/oversold situations.

A slower stochastic is sometimes preferred to counteract whipsawing and act as a filter. In this case the %K line is not shown. %D is displayed with a new line: %Dn = 3 day moving average of %D. The parameters to be input in this case would then be 5-3-3.

**Swing Line:** These are similar to Swing Charts, except that time is considered in the calculation of the swing line. Therefore the distance between each vertical line may vary depending on the timing of the price action.

## T

**Tenkan:** This is part of the Ichimoku Study. It is most important when used with the Kijun line. If it crosses up above the Kijun line, buy. If it crosses down below the Kijun line, sell.

**Time Cycle:** To determine exactly where the market is in relation to these cycles, once known the timing of positions becomes much easier.

**Time Periods:** The time period is the number of events shown on the chart. The time period displayed can be changed via the "Display Selection". There are 3 types of time period available in TM-Cube and these are short term, medium term and long term. The long term is then divided into daily, weekly and monthly.

**Title Bar:** The title bar tells you about the content of the chart. First is the time frame of the chart; the start and end date of the chart; then the instrument; then the size of each event; and the high and low of the chart and the last price.

**TMI Trend/Reversal Indicator:** Identifies the underlying trend of the market and warns of possible impending turning points when at extreme levels

**Trend Lines:** These are diagonal lines, drawn by the user that identifies levels of support or resistance that change for each event.

**True Range:** Shows volatility of the market. It is defined as the true high - the true low, where the true high is the maximum of today's high and the previous close and the true low is the minimum of today's low and the previous day's close.

## V

**Value Window:** Displays high, low, open and close of the highlighted event.

**Volatility:** Measures the volatility over n number of events, i.e. relative movement in terms of range against their mid point values =  $\text{SUM}(\text{Range}/\text{Midpoint}) / \text{events}$

**Volatility Bands:** Rate Volatility Band - These consist of up to 2 lines either side of the price at certain percentage points, as determined by the user. They can be used as envelopes or filters.

Moving Average Volatility Band - These consist of up to 2 lines either side of the selected moving average at certain percentage points, as determined by the user. They can be used as envelopes or filters.

**Volume Accumulation:** Volume Accumulation is a volume indicator, which was devised by Marc Chaikin. Volume accumulation counts only a percentage of the volume as a plus or minus, depending on where the close is in relation to its average price for the day. If prices close above the mid-point of the day's range a percentage of that day's volume is given a positive value. If prices close below the mid-point, a percentage of the day's value is assigned a negative value. The only time the entire day's volume is assigned a positive value is when the close is the same as the day's high. When the opposite occurs, all the day's volume is counted as negative.

## W

**Weekly Charts:** The term weekly is used to describe those charts where each bar/candle represents one week.

**Weekly Rule (Intraday Close):** The Four Week Rule (or Donchian Rule) is a very simple trend following mechanical system, which is continuous by nature. i.e. it is always in the market, either long or short. It is a channel breakout system in which the previous twenty days (4 full calendar weeks) are examined and the system goes (or stays) either: a) Long - when the price exceeds the highs of the four preceding weeks, or b) Short - when the price falls below the lows of the four preceding weeks.

**Weekly Rule (Intraday Extreme)** – The Four Week Rule (or Donchian Rule) is a very simple trend following mechanical system, which is continuous by nature. i.e. it is always in the market, either long or short. It is a channel breakout system in which the previous twenty days (4 full calendar weeks) are examined and the system goes (or stays) either: a) Long – when the price exceeds the highs of the four preceding weeks, or b) Short - when the price falls below the lows of the four preceding weeks.

**Weighted Close:** Calculated the average of the High, Low, Open and twice the Close.

**Weighted Moving Average:**  $\text{WMA} = [P1 + (P2 \times 2) + (P3 \times 3) + (P4 \times 4) + (P5 \times 5)] / (1 + 2 + 3 + 4 + 5)$  for a 5 event weighted moving average. Greater weight is given to the most recent prices, but only the most recent price action is taken into account.

**Wilder True Range:** the indicator does not provide an indication of price trend, simply the degree of price volatility

# MAVERICK User Guide

X

**X Axis:** The X axis displays the date and/or time.

Y

**Y Axis:** The Y axis displays the price

Z

**Z Ordering:** Amend the position of a TA tool or annotation.

**Zooming:** This allows the enhancement of the graph by either zooming visually or zooming by date.