Fractal Wave ~ Forecast

is developing a rule-based long/short portfolio trading system for equities, based on its proprietary cycle oscillator (Fractal Wave ~ Forecast Oscillator). We are 80% there, based on 2-3 years work and considerable investment and testing. We looking for investor(s) for the remaining work to be completed, which would make us able to work with a broad range of stock market signals.

Our algorithm uses advanced mathematics to identify the dominant harmonic wave pattern in a security. Additional statistics and math is used to identify the best signals out of a group of stocks. This proprietary oscillator provides a high probability entry signal based on time. At the same time, before the trade is placed, the Oscillator provides the time of exit.

This is highly unusual to know the exit, before the trade is entered.

It is a powerful unique feature of our Intellectual property

The portfolio trading system, with the FractalWave Oscillator as a foundation, is designed for swing trading positions in multiple stocks, long and short, based off signals from daily charts. Trades are only taken for the highest probability signals based on the testing that has been done to date.

The associated rules can be adjusted based on the risk parameters and capital of the fund, proprietary trading operation, or trader preferences. For example, utilizing a trailing stop or tightening a trailed stop when target is close (in order to increase profits). There are times when the stock may exceed its initial target, adjusting initial protective stop parameters, position sizing, maximum number of positions taken, and taking signals weekly rather than daily charts, and so forth are possible personal modifications.

The great thing about this system is that the potential profit is known at time of entry as the oscillator indicates the exit time when the entry is signaled. The take profits as well as the time based (temporal) exits are given in advance of the trade. These are good guidelines, but a trader is welcome to modify them as they see fit. This is one of the unique aspects of this system.

Fourier analysis is used to determine a range of possible cycles.

- The de-correlated and independent information from a range of cycles is extracted and a new cycle is created known as the Alpha Cycle.
- A determination of validity of market cycle synchronization based on recent cycle performance
- Determine exit time based on length of cycle (Exit is determined before we enter the trade – both temporal exits as well as price based exits)
- Determine if the predetermined temporal exit has strong cycle correlation – hence a meaningful exit using advanced mathematics.

This is highly unusual to know the exit, before the trade is entered.

The IP Fractal Wave Software Principle

A living wave function happens because when millions of people are involved in a financial market - it is a living event that has "emerged from chaos." This creates a pattern, an emotion, a movement, an expression and a waveform, which is a 'predictable order' that can be measured, tested, validated and used as a tool for stock and forex market analysis. ANY waveform that enters into implosive collapse or "compression" has to become part of a self- organizing system. Any wave form/shape, which is going to emerge from chaos, is going to exhibit these characteristics, which are also based on the 'Golden Ratio' biologic oscillator coherence indicators. The unique Fractal Wave algorithm allows you a whole new layer of discrimination to describe a stock or currency's (price) wave shape: by applying the Fractal Wave you can powerfully look at financial market analysis in a far more subtle and sensitive manner.
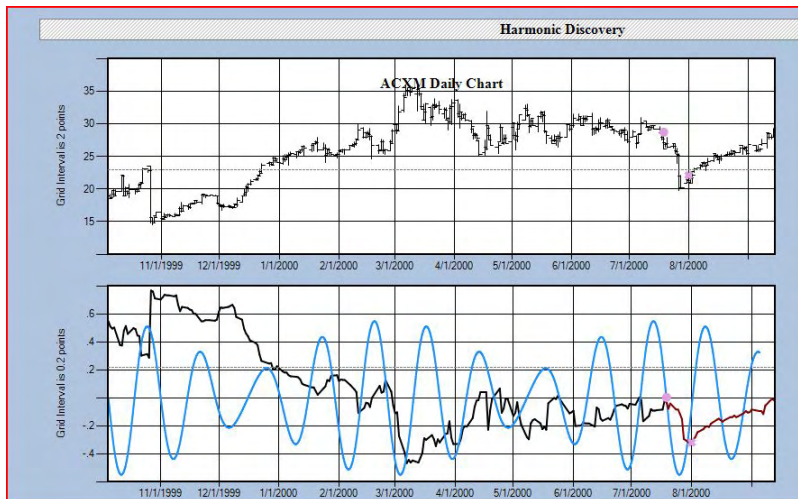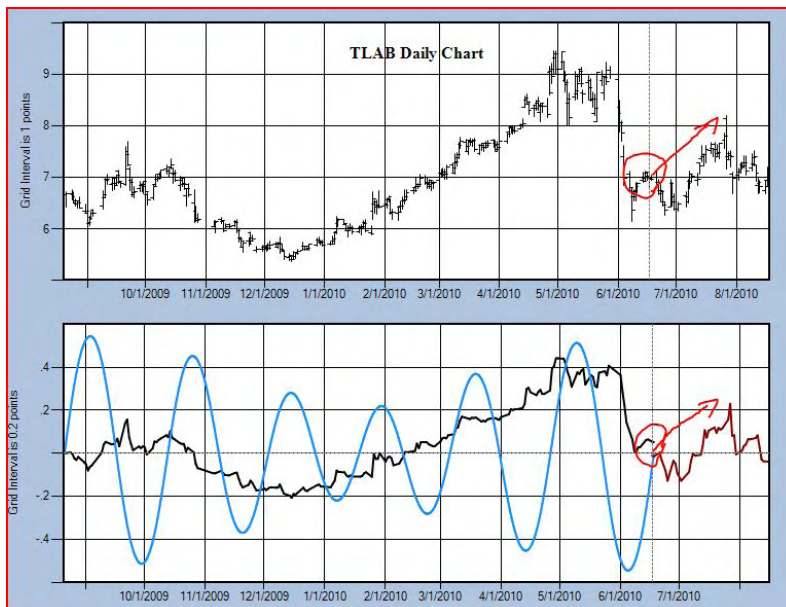
Proof of Concept testing…

Chart 1

Chart 1 shows an example of a short signal in ACXM, with an entry indicated at the first purple dot and the exit at the second. Again, both the entry and exit signals were given before the trade was entered.
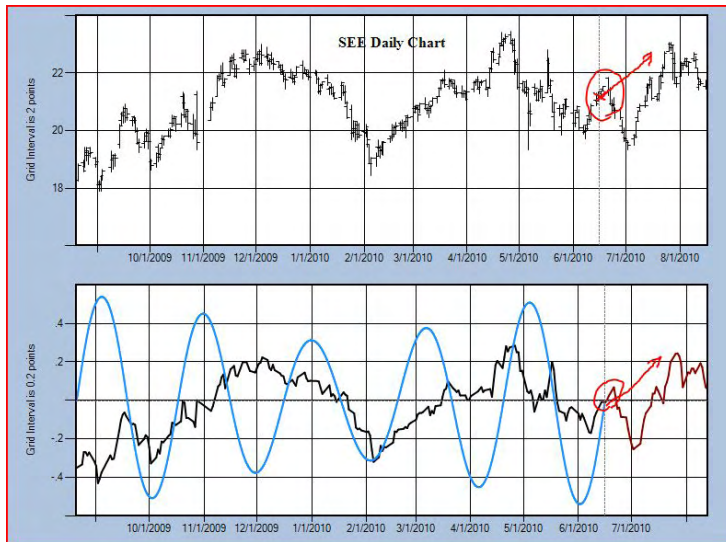
Chart 2

After the long entry signal shown for TLAB in Chart 2 (red circle), the stock went down first, held prior support, and then rallied to the target shortly thereafter. Note that once target was hit, as indicated by

the Oscillator, TLAB then sold off. Too tight of a stop would be detrimental here, so it is important to have proper stops and funding.

Chart 3

Again, in Chart 3, for SEE, we see a long entry (red circle) signal, followed by an initial sell off, but ultimately, the stock reached its target (tip of red arrow), before declining again.
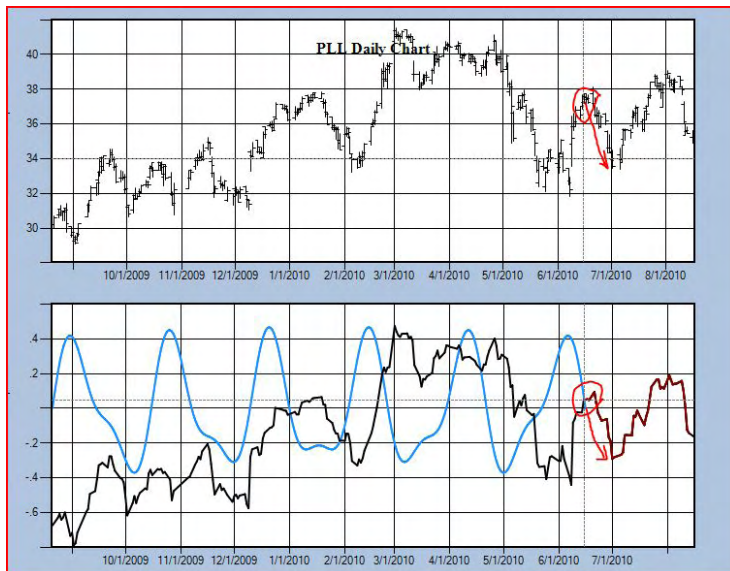
Chart 4

Chart 4 shows a short signal for PLL, where once again, when the target is hit, the stock quickly rallies, illustrating the significance of knowing the exit at the time of entry.

It doesn't always occur like that, but it happens enough times to make the FractalWave Oscillator a confident signal generator for a robust portfolio trading system. It can be an asset to anyone's trading toolbox. Every evening you can run the system to help you select good options for trading and to help confirm some of your own choices.

www.FractalWaveForecast.com

Enquires: Roger Green

E-mail: Info@Breakthru-Technologies.com