

# TradeMiner Manual

## Theory

The TradeMiner application enables a trader to search for historical trade patterns that meets a certain criteria, or level of success. The user focuses on the month they wish to see the trade start, how many years to include in the pattern, how often it should win, what the minimum average gain should be to consider it a winner, how far the market can retrace before considering it a loser and how many days long the trade should last.

The concept is that if we find patterns, cycles or trends that continually repeat themselves in our historical log, then its likely that these same patterns, cycles and trends will repeat in the future.

When you Dig for results, the software looks for month-based trading patterns by calculating the following question for every trading day available in the year. "If I enter on the first trading day of the month and exit on the third to the last trading day, do I find a pattern that wins historically?" The entry and exit dates aren't constrained to be in the same month.

In order to answer these questions and to look for patterns based on the days since the first of the month or before the end of the month, the historical data is lined up so that the trading days for each month are always at the same offset from the beginning. Because a month will have more trading days some years and less in other years, we use a proprietary method of calculation to even up the data. It's through this secret formula that we are able to obtain such a high degree of accuracy over time; beyond what anyone else has ever been able to achieve.

The software is divided into two parts, the Mine tab and the Portfolio tab. The Education tab launches a web browser to the electronic education center.



## Mine

Each time you use Trade Miner you will need to dig for some results based on your criteria. There are several parameters to change, each with a different effect on the results. The software will have some default settings on the first run. It will remember your settings automatically for subsequent runs.

## Parameters

### Month

Choosing a month focuses the selection of winning trades on those who's entry date is within the selected month. If you choose November, then only trades who start in November will be selected. The trades may last past the end of November, depending on your maximum days setting.

### Win Percent

The percent parameter allows you to ignore a set of trades unless they win (don't lose money) at least that percent of the time over the number of years examined. If you want to see a winner at least 80% of the time and you go back ten years, at least eight of those years will need to be winners. If you go back five years, at least four of them need to be winners.

The granularity of the percent parameter is fairly rough due to the amount of history available. Without going back 100 or more years, there is no difference between 79% and 80%. Both would require at least eight wins on ten years of history.

## Minimum Days

You may specify the minimum length of the trade in days. The default minimum is one day. If you want to filter out shorter trends, you may enable this field and set a larger value.

## Maximum Days

The maximum days parameter lets you limit the length of the trade to filter out long term trends you may not be interested in. The default is to have no upper bound on the trade's length. In practice most trades found are a less than a month long.

## Go Back Years

The years parameter allows you to limit or expand the number of years considered when looking for a pattern. A longer term pattern may be considered to be more reliable than a short term one. On the other hand, markets can change over time and a greater number of years may ignore a more recently developed trend. Trades will not be considered unless the pattern won at for at least the number of years requested, and possibly longer.

## Results

Once you have a list of winning trades, you can drill down on the specifics of individual trade opportunities. The trade summaries table at the top lists all the winning trades. You are able to sort by any of the columns in the table to group your preferred trades together.

- Add - Checked trades are in your Portfolio. Toggling the check box in this column adds or removes them from the Watch List. Double-clicking the row adds that trade to your portfolio if it was not already selected and switches to the Portfolio tab.
- Entry - The direction of the entry trade, to buy or sell first.
- Symbol - The symbol to buy or sell
- Entry (Open) - The date to enter the trade on market open, projected into this year's calendar.
- Exit (Close) - The date to exit the trade by placing a trade opposing the entry trade on market close.
- Avg Profit - The average closed profit and loss for this trade historically.
- Biggest Profit - The biggest historical single-year closed profit and loss for this trade.
- Total Historical Profit - Sum of the profit (or loss) from all the years in the pattern.
- Max Draw - The most the market moved against the trade historically.
- Avg Draw - The average draw down for this trade historically.
- Stop - The suggested stop loss placement in dollars back, based on the maximum draw of the winning years.
- Total Losses - Total count of losing years.
- Total Wins - Total count of winning years.
- Win Percent - Percentage of years that were winners.
- Cal Days - Number of calendar days in the trade.
- Years - Number of years in the pattern.

- Avg Daily Profit - Average of the daily profit.
- Avg Ann Profit - Annual profit if the daily profit were actualized for a full year.
- Risk:Reward - Ratio of average reward to average risk.
- Max Gain - The maximum profit potential, if you exited at the highest high or lowest low.
- Trading Days - Number of trading days in a trade.
- Quantity - Number of shares/contracts/lots traded.
- Margin/Contract - Initial margin per contract.

## Column Formulas

### Average Profit

total profit / years

### Total Historical Profit

sum(profit(top year):profit(top year - years))

### Max Draw

If buying, the difference between the entry price and the lowest low during the trade.

If selling, the difference between the entry price and the highest high during the trade.

### Avg Draw

total draw / years

### Stop

The max draw of just the winning years.

### Percent

(sale price - buy price) / buy price

### Percent Return on Margin

profit / margin

### Avg Daily Profit Percent

daily percent profit = percent profit / calendar days in trade

total daily percent profit = sum of daily percent profit for all years in the trade

average daily percent profit = total daily percent profit / years

### **Avg Daily Profit Dollars**

daily profit = profit / calendar days in trade

total daily profit = sum of daily profit for all years in the trade

average daily profit = total daily profit / years

### **Avg Ann Profit**

average annualized profit = average daily profit \* 365

### **Risk Reward Ratio**

risk reward ratio = average profit / average draw

### **Score**

Proprietary formula that determines which opportunities make the most amount of money, in the shortest amount of time, with the least amount of risk.

### **Trade History**

Clicking any of the report details buttons on the right will show that report for the selected results trade. You can view the data as one of three different chart types or as a table.

### **Profit Growth Chart**

The profit growth chart helps you visualize the investment trend. It sums the profit or loss from each year, showing how the theoretical net assets changed over time by trading the selected winners.

### **Yearly Risk / Reward**

The yearly risk reward bar graph breaks down the average risk/reward ratio by year. It is a good way to visualize the trend of the selected trade.

### **Average Risk / Reward**

The average risk reward pie chart is useful to quickly visualize the risk/reward ratio for the selected trade. This ratio is used by many investors to compare the expected returns of an investment to the amount risked to win those returns.

## Trade History

The trade history table shows the trade details for all previous years.

## Portfolio

The Portfolio tab is very similar to the Mine tab. The main difference is that the contents of the Trade Summaries table is controlled by the trades you selected to watch in the Reports tab. Since you can watch trades from different symbols and even from different settings, all of those details are tracked for you on the Portfolio tab.

To remove trades from the watch list, simply select the trade and click the Remove Selected button.

## Stocks

TradeMiner's list of stocks is based on a several stock market indexes, high volume markets where most have options trading capabilities:

- DJCA - Dow Jones Composite Average: 65 prominent companies. Every stock in the:
  - DJIA - Dow Jones Industrial Average: 30 prominent "industry" companies
  - DJTA - Dow Jones Transportation Average: 20 companies in the transportation sector
  - DJUA - Dow Jones Utility Average: 15 prominent utility companies
- NASDAQ-100: Index of the 100 largest non-financial companies listed on the NASDAQ Exchange.
- S&P 500: Index of the 500 large-cap companies covering about 75% of the American Equities market by capitalization.

Note: 65+100+500 does not equal 665 due to significant overlap between the different indexes and our ignoring markets with less than five years of history, instead we have just over 500.

## **INSTALL Via USB**

The TradeMiner "install" USB memory device has very little on it. Its main purpose is to point users to: <http://www.trademiner.com/install>.

## **REQUIRES JAVA 1.6**

TradeMiner requires Java 1.6 to run. The install page has JavaScript code that checks their Java plug-in version and does a few things based on the platform:

- Windows users are sent to java.com if their version is older than 1.6 or they don't seem to have Java installed.
- Mac OS X users are told that Java is distributed with their OS and to contact Apple.
- Linux users usually have Java installed.

In any case we always recommend that user install the latest version of Java.

- Windows users should check for updates using their Java control panel. If they don't have one of those, they should install from java.com.
- Mac OS X users should install their Java software updates. They may need to go into their Java control panel (Applications > Utilities > Java) and re-order the versions by drag-n-drop so the latest version is at the top of the list and then delete the cached TradeMiner, and try again from the start.
- Linux users should be sure they have the Sun Java 1.6 installed and are pointing to it. It doesn't work with OpenJDK 1.6.

## **RESET CONNECTIONS REQUIRE PERSISTENCE**

For whatever reason sometimes during an install or when taking an update, the Java Installer doesn't complete the download; we believe the HTTP connection gets reset and the Java Web Start download code doesn't retry, it just gives up.

In almost every case the problem is corrected by trying to launch TradeMiner again (and again, and maybe just wait a bit then try again.) If the user has a sketchy internet connection they might experience a bit of frustration here.

For the cases where retrying seems to download everything but the application gives really strange errors (very rare) it may be necessary to clean your cache. If this is beyond your capabilities or understanding, please call 1-800-862-7193 for tech support.

## **SIGNED CODE ISSUES**

### **UNABLE TO VERIFY / TRUSTED.CERTS**

If a user is being told that the certificate cannot be verified and clicking Details shows the following at the start of the stack trace, then they probably have a file permission error on the trusted.certs file. It may need to be deleted manually; this is generally due to Windows 7 and Vista users who turn off user access control.

```
java.io.FileNotFoundException < path to user data store >\Sun\Java\Deployment
\security\trusted.certs (Access is denied)
```

<http://forums.zybez.net/topic/1208969-unsigned-java/>

## JAVA WEB START CACHE

Java Web Start doesn't use their web browser cache. It's not using the IE Web Browser control so clearing the IE cache has no effect on anything except the tiny launch.jnlp file.

The cache is found in the Java control panel. On windows it's on the General tab and called View under Temporary Internet Files, some versions also name it something different as well. In every case, Windows, Mac or Linux, it's called some kind of Cache or temporary internet files.

Once in the Cache there are a couple of kinds of views. Applications view is the default and easiest to deal with for deleting ("uninstalling") the TradeMiner cache. There is a file-level cache too (resources) that we've had to switch to when deleting TradeMiner from the application, when the cache didn't seem to clear out everything. The cache items should list their source URL. When in doubt, you can delete anything from www.trademiner.com on the resources and anything from publisher Gecko Software, Inc on applications or called TradeMiner.

## OUT OF MEMORY

If a user does a search that would net thousands of records, but they don't have gigs of memory, the software may fail to finish digging. This is probably the case if the progress bar fails to move for a couple of minutes. At this point they should just close TradeMiner and launch it again and then modify the parameters to be more selective about the winners (more years, higher %, larger min/max days.)

We are working on handling this issue more gracefully, but the bottom line is lots of results requires lots of memory. With 2-4 gigs in your system we can usually get a nice number of results. With much less memory, we can't handle as many records. Even with a lot of memory, over a few thousand records and table sorting slows down significantly.