

Why Traditional Lagging Indicators Are Becoming Less Reliable & What To Do About It

Presented by
EOTPRO Development



YOUR HOSTS

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CEO
Head Trader



Lorraine McGregor
VP Sales & Marketing

HOW THE WORLD OF TRADING IS CHANGING

What We're Going To Cover:

- The factors that drive price changes in stocks.
- Why traditional technical analysis misses key entry and exit points.
- How Algorithmic and High frequency trading has made technical analysis more challenging.
- The difference between a 'forward looking' trading platform and a 'look back' trading system.
- What it's like to select trades using a forward looking supercomputer and machine learning.

The Factors That Drive Price Changes

Factors:

- Fundamental changes in a company.
 - Macroeconomic uncertainty.
- We forget this is info comes as 'news'

What else drives price changes?

- Fear/Greed/Mania
 - Prices disconnect from earnings
- Computerized trading instructions.
 - HFT
 - Algorithms

The aggregate of all these factors moves the indices.



WHAT YOU CAN AND CAN'T "SEE"

- When you trade you are looking for signals, indicators, patterns that you can 'see' clearly that give you confidence to enter and exit.
- Think about your own trading system. Which of the factors that move price are you paying attention to?
 - Can you 'see' the news before it is priced into the market?
 - Can you 'see' how a global macro event will affect any particular stock?
 - Can you 'see' when fear is about to turn the market bearish?
 - Does your trading system 'sniff out' the algorithmic trading effect before the opportunity to get in/out passes?

15:55 REUTERS Massimo Zanetti Beverage USA Announces Closing Of Equity Stake Investment In Canada's Club Coffee

15:54 EOTP YM: Market is Uncertain; stocks:IBM, VZ; impact:18.7; confidence:68; delta:9.25

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15:53 REUTERS Freeport's Chile-based El Abra mine, union seal wage agreement

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15:50 REUTERS IAITAM: U.S. Companies Need To Gear Up Now For New EU Data Privacy Regulations

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15:48 EOTP YM: Marke

15:48 REUTERS Karma

benefit cancer research...

15:47 MKR FIS Rises L

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15:47 EOTP YM: News

a:4.56

15:47 REUTERS Fitch I

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15:45 REUTERS Columbia Pipeline Group and Columbia Pipeline Partners Schedule Earnings Release for May 3 <CPGX.N><CP..

15:45 REUTERS Moody's Affirms 11 Classes of COMM 2014-UBS3

15:44 REUTERS Verizon offers improved contract proposal to worker unions

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Can you read this
news stream?

How News is Structured

Event

Time

Process

Urgency 1 Dashboard

FIRST ALERT

When a newsworthy event occurs, the first part of a story may be an alert, a short sentence in upper-case that contains the facts and essential detail.

First Alert

If there is no social media detection of this event we move to display.

ALERT: U.S. STEEL MAKER NUCOR CUTS PROFIT FORECAST<NUE.N>

EOTPRO calculates: Expected Market Return = -3.0%
 Historical Target Accuracy = 87.5%
 Time to be priced into stock = 130:00 mins

NEWSBREAK

HEADLINE

A newsbreak is generally created 5-20 minutes after any alerts.

+5-20 min

BODY

A newsbreak story body is also created 5-20 minutes after alerts.

UPDATE 1

HEADLINE

UPDATE 1 Headlines in the update may be different from the newsbreak.

+20-30 min

BODY

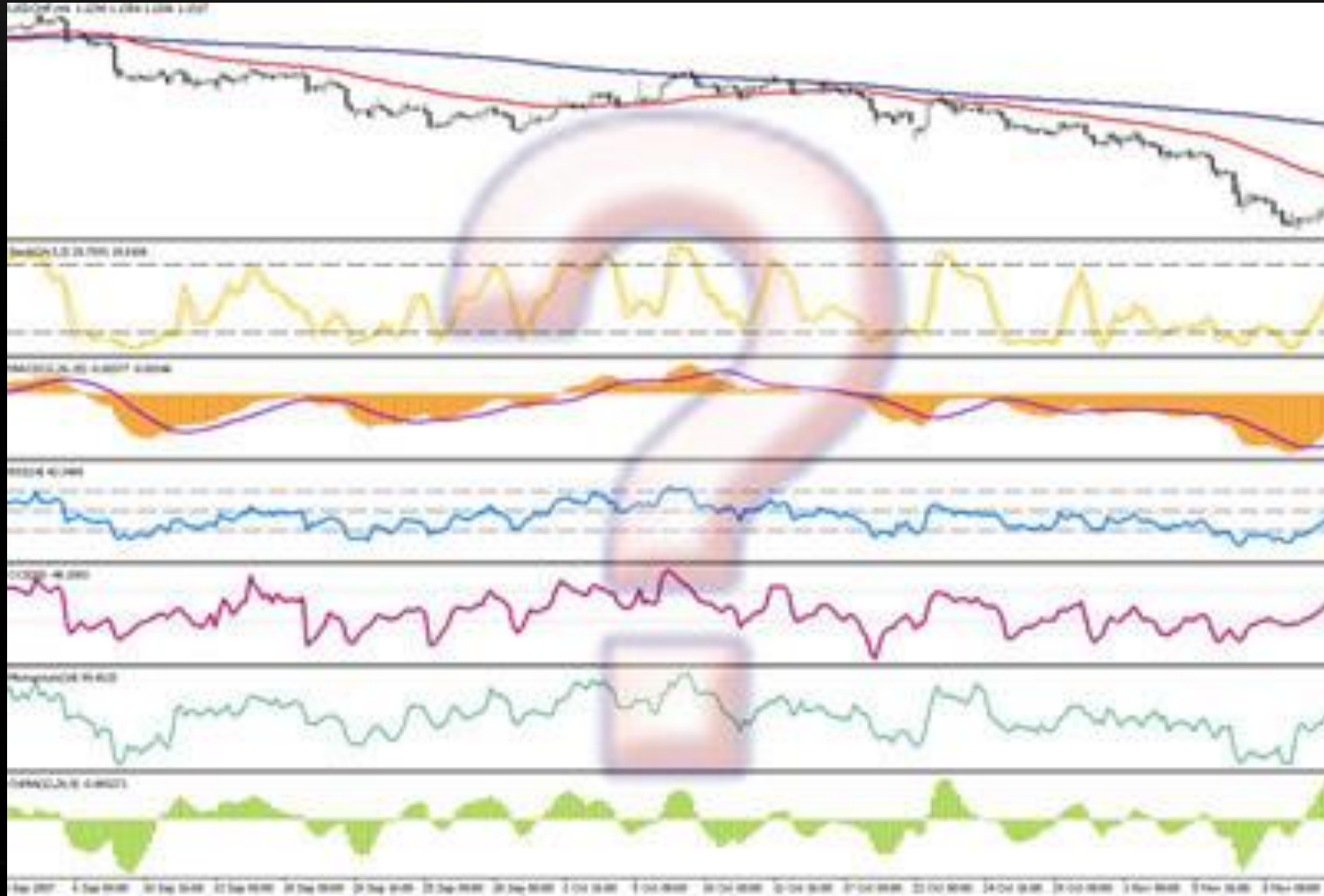
6-20 paragraphs of body text with further information about the event are released.





WHAT'S A TRADER SUPPOSED TO DO TO
BE SUCCESSFUL TODAY?

THE PROBLEM WITH TRADITIONAL TECHNICAL ANALYSIS



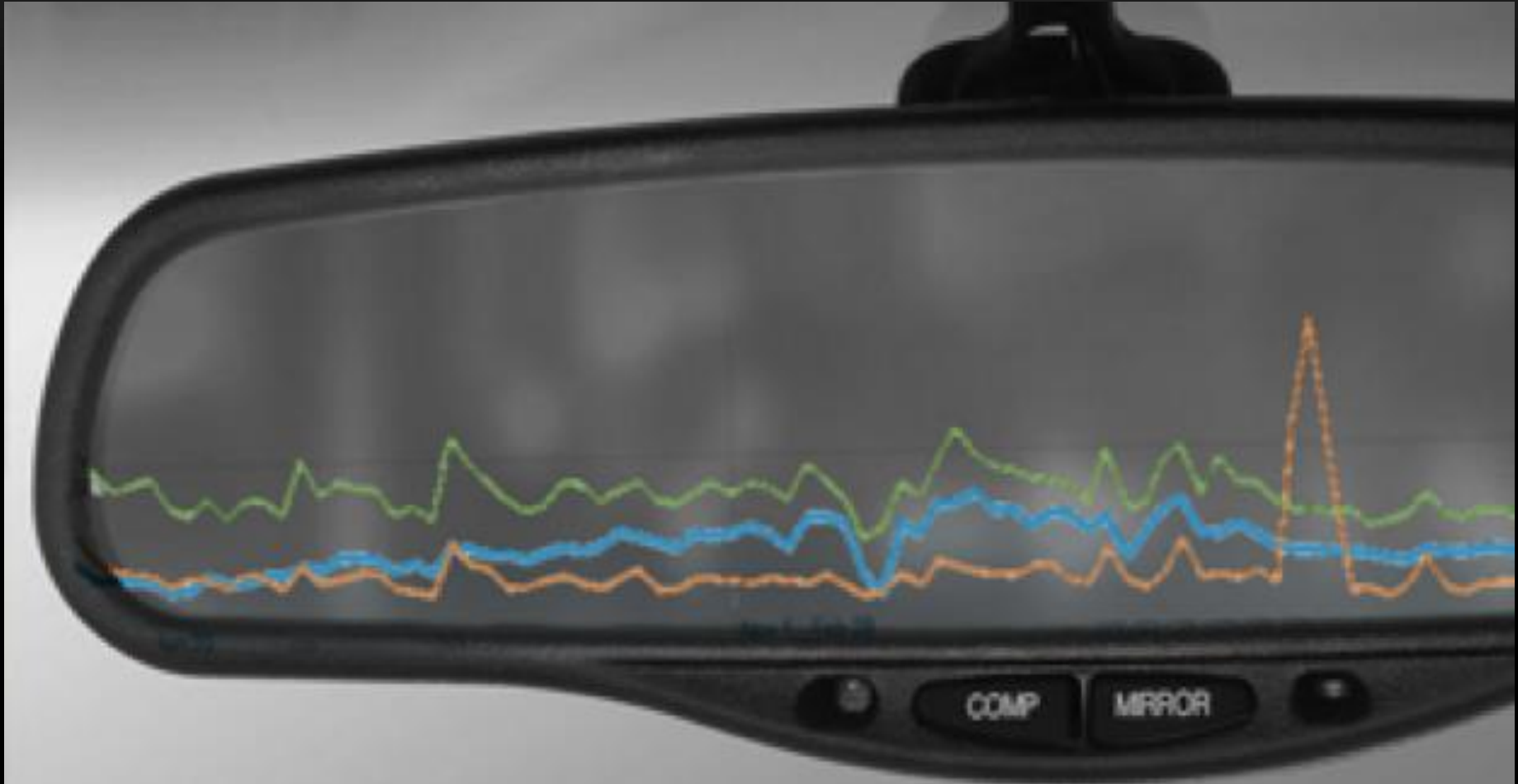
WHAT ABOUT THE MACD AS A "LEADING INDICATOR"?



HOW HIGH FREQUENCY TRADING AFFECTS STOCK PRICES

<http://g.foolcdn.com/img/editorial/Dxwer.gif>

DOES YOUR TRADING SYSTEM LOOK BACK
OR LOOK FORWARD?



TRADERS HAVE NOT HAD ACCESS TO LEADING INDICATORS THROUGH TECHNICAL ANALYSIS

*A leading indicator gives a signal BEFORE
the new trend or reversal occurs.*

*A lagging indicator gives a signal AFTER
the new trend or reversal occurs.*



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WHICH SOLUTION PROVIDES FOREKNOWLEDGE?



Lagging Indicators

- Slow selection system
- After news affects price



Lagging indicators

- Fast (Algo) selection system
- As news affects price



Machine Learning Prediction

- Hard to analyze results
- Before news priced in



DeepStreet EDGE Visual Analytics

- Easy to see trades
- Before News priced in

LOOKING BACKWARD

LOOKING FORWARD

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LIVE Market News transformed...

benefit cancer research...

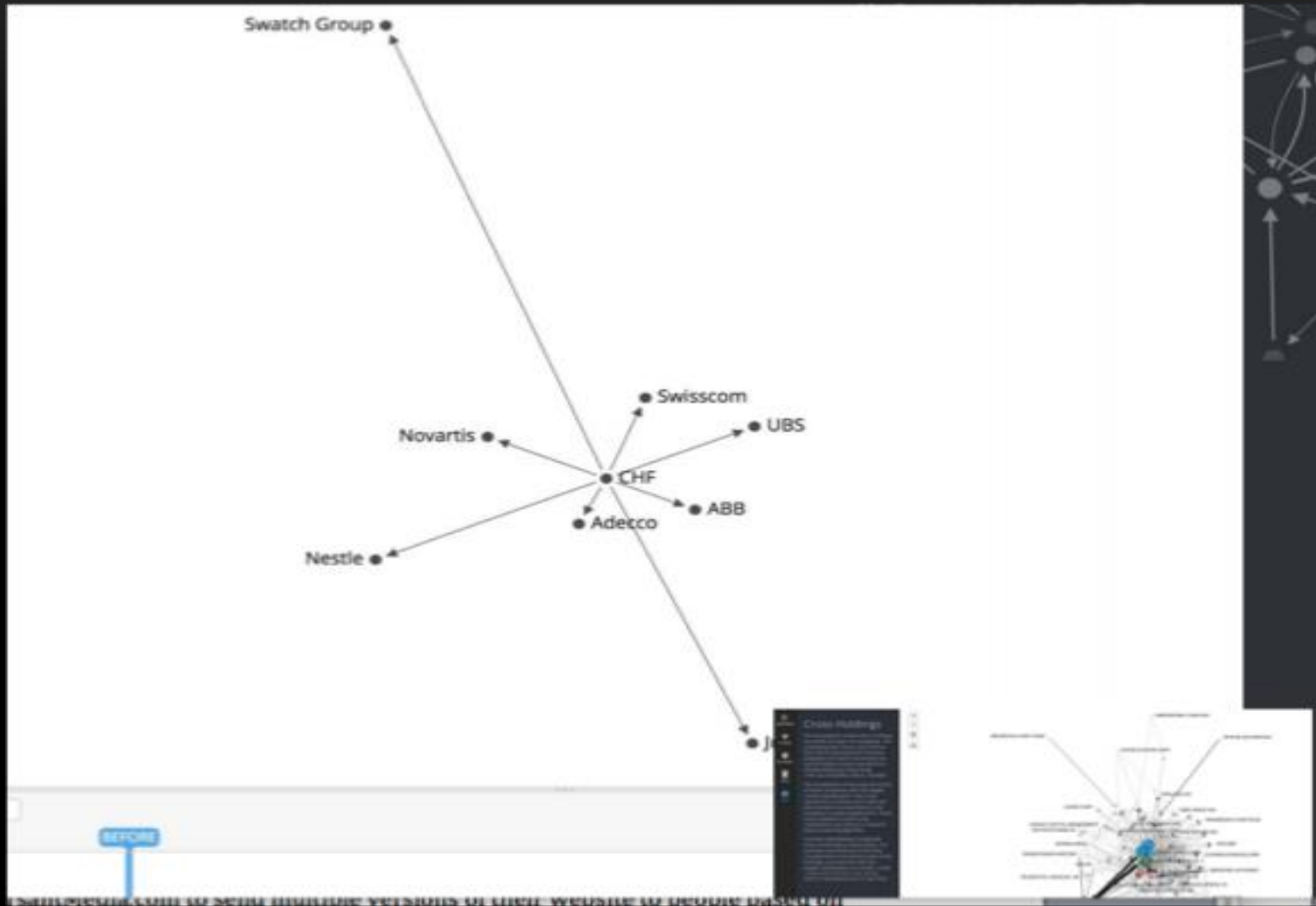
a:4.56

a:4.65

FORWARD LOOKING SYSTEMS NEED CONTEXT TO BE HELPFUL

F	G	H	I	J
location	sentiment	contents	authname	
Omaha, Neb	-1	Starbucks computer glitch means free drinks http://t.co/cD4Lf6GHaj	KETV NewsWatch 7	
	0	RT @ArianaGrande so starbucks is closing i'm pregnant my nudes leaked & s	æœ`â...%e	
Stark County	0	RT @sanctuarymg Will you be cheering at the @YMCAStark #NorthCanton4tl	YMCA of Cntrl Stark	
valdivia - chil	0	OHhh muy cansada pero alfin en starbucks ðŸ™ˆ	frafrafran	
Tampa, FL	1	I live off of Starbucks Arizona tea and blue cherry Gatorade ðŸ™ˆ ...	Sky	
	1	RT @camilacabello97 today I walked around New York City with a hot Starbu	LERN JERGI	
Hawthorne, N	0	@JosilynnLoren Starbucks on el segundo and hawthorne	senpai	
	1	Time to relax ðŸ™ˆ #Starbucks http://t.co/u2oEkloMdV	Elizabethâ ĩ,	
Washington	1	@Alex_js_coded within a year you could be a manager if you work hard enou	Versace Princess	
Cosby, TN	0	RT @EverythingGoats I goat some starbucks â`*i, ðŸ™ˆ http://t.co/6u2V	Jordan Self	
	1	RT @Luiss_v76 I want a vanilla bean frappe from Starbucks	â` t, â` t, â` t,	
	0	RT @AminePosey Vous allez au Starbucks pour la boisson ou pour Instagram	EL MAESTROâœœ	
Buenos Aires	0	"Yo que querÃ-a ir a starbucks con con vos:ccc" que linda que es como la qu	â`†	
Hawaii Pacifi	0	I'm the asshole that asks Coffee Bean if they have (a variation of) a Starbucks	Michelle C	
	1	I'm so thankful I live so close to a Starbucks ðŸ™ˆœ	Diana.	
	-1	No matcha at this Starbucks ðŸ™ˆ«	Melissa S.	
North Missis	-1	Never been to a Starbucks. Who the hell wants high priced coffee?	Cox Da Gamer	
		RT @LetranCollege #LetranFroshTips kung walang perang pang Starbucks me	Ra	
		RT @InaAraujo99 Apetece-me starbucks	clÃjudia sofia	
		@sillysampi starbucks itu pake bubuk yg dilarutin.	the wicked bitch	
		RT @Starbucks Proud. #LoveWins http://t.co/ADdXKlyhcb	Angelina	
Hermosillo Sonora		Starbucks repara falla tÃ©cnica y reanuda el servicio http://t.co/Z5WWgyfzV	Rebeca Dessens	
italy		@CiccioBa ti fari la musica che sparano qui da Starbucks. che te ne fai del Qui	The new londoner	

MACHINE LEARNING AT HEDGE FUNDS



HEDGE FUNDS SPENDING MILLIONS ON MACHINE LEARNING

- Two Sigma Investments
- Bridgewater Associates
- Renaissance Technologies
- Aidiyia
- Cerebellum Capital
- Rebellion Research
- Commeq
- Castilium
- Binatix
- Sinai
- KFL Capital
- Clonealgo

WHAT SHOULD A MACHINE LEARNING PLATFORM OFFER?

1. Early News
2. Accurate Scoring
3. Price Prediction By Stock
4. Confidence in the Prediction
5. Timing How long will it take for the stock to move to that price?
6. When to Exit
7. When NOT to Trade Stocks
8. A Visual Dashboard graphic 'at-a-glance'

HOW MACHINE LEARNING 'READS' & 'LEARNS' HOW NEWS AFFECTS PRICE



THE 'AT A GLANCE' DASHBOARD

Real Time Portfolio Alert

Impact of Alert

Portfolio/Filters



Time
3/05 08:15

Novelty
new

NYT U3

Latest News Alert
The New York Times Company to Webcast First-Quarter 2016 Earnings Conference Call<NYT.N>.
 Sent. 0.54, Rel. 100%



symbol search ... 

NYT	\$0.11	X
AXP	\$0.00	X
MMM	\$0.00	X
AAPL	\$0.12	X
JPM	\$0.34	X
EXPE	\$0.84	X
WBA	\$0.00	X
XOM	\$0.17	X

Price @alert \$12.57
Timer 44:51 min:sec
Return \$0.11
Confidence %97

Time	Symbol	Alert Count	Real Time Market Alerts	Price @alert	Return with Confidence	Index Momentum
08:15	NYT	1 long	The New York Times Company to Webcast First-Quarter 2016 Earnings Conference Call<NYT.N>. Sent. 0.54, Rel. 100%, 1 minute ago Novelty: new Broker Action:	\$12.57 U3	\$0.11 In play %97	Momentum Bullish
		<input checked="" type="checkbox"/>	Add to portfolio			
08:14	AGN	6 short	VOLATILITY ALERT. Sent. -0.82, Rel. 100%, 1 minute ago Novelty: new Broker Action:	\$231.79 U1	\$2.01 In play %72	Momentum Bullish
		<input type="checkbox"/>	Add to portfolio			
08:11	ENDP	1 short	VOLATILITY ALERT. Sent. -0.75, Rel. 100%, 4 minutes ago Novelty: new Broker Action:	\$26.91 U1	\$1.15 In play %52	Momentum Bullish
		<input type="checkbox"/>	Add to portfolio			

DEEPSTREET EDGE IS DESIGNED FOR ACTIVE TRADERS BY INTRADAY TRADERS



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Developments Inc.



How to experience
TRADING WITH EARLY NEWS

[https://deepstreetedge.clickfunnels.com/
AllAccessPass](https://deepstreetedge.clickfunnels.com/AllAccessPass)

Free for 30 days, then \$397 per month.

WHAT YOU DON'T GET

- This is not a brokerage account. You still need your Interactive Brokerage account.
- We don't recommend trades.
- We don't trade for you.
- We aren't licensed brokers.
- This is for serious, experienced traders.
- No guarantee of trading results.
- Past results not a guarantee of future results.

Questions?