

VectorVest

Trading in the Fast Lane

# Combining Technical Indicators

The Star Search technique combines the DPO with Bollinger Bands and creates “Trading Lanes” to help manage your trades.

# Bollinger Bands

Calculation: VectorVest Default

- Upper Bollinger Band = 10 Period Moving Average + 2 standard deviations
- Lower Bollinger Band = 10 Period Moving Average - 2 standard deviations

# Combining Technical Indicators

## Indicators Used:

- Bollinger Bands (20-day lookback, 3 and 1 Standard Deviations)
- 20-day DPO (Detrended Price Oscillator)

# Star Search (Bullish)

1. Enter trade when price breaks above upper Bollinger Band and 20-day DPO turns bullish.
  - 20 day look back, 1 Standard Deviation (Bollinger Bands)
2. Stay in the trade as long as price stays in the “Fast Lane.”
3. You may close the position once the price crosses into either the middle or right-hand lanes or the 9-day DPO crosses bearish.

# Bollinger Bands

## Description:

- The purpose of Bollinger Bands is to provide a relative definition of high and low prices.
- By definition prices are high at the upper band and low at the lower band.
- The bands indicate overbought and oversold levels.

# Bollinger Bands

## Interpretation:

- Contracting band warns of an upcoming breakout in the market.
- A trend that hugs a band indicates a strong trend that will likely continue.
- A move outside the band indicates a statistically unusual price trend that is likely to reverse.

# Bollinger Bands vs. Envelopes

## Bollinger Bands:

- Based upon standard deviations.

## Envelopes:

- Based upon a percentage of a moving average.



# De-trended Price Oscillator

## Description:

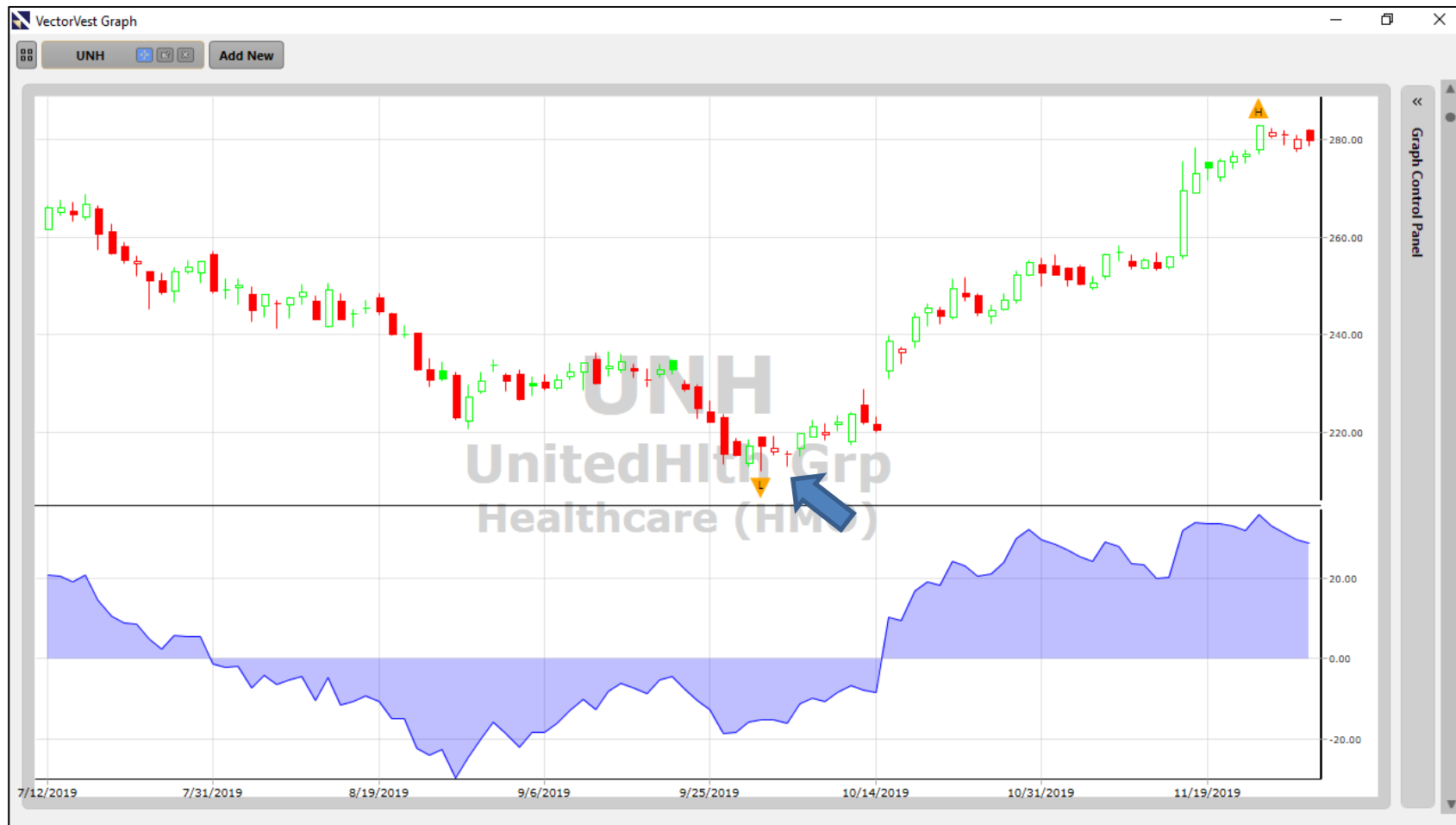
- The De-trended Price Oscillator ("DPO") attempts to eliminate the trend in prices.
- De-trended prices allow you to more easily identify cycles and overbought/oversold levels.
- It compares closing price to a prior moving average, eliminating cycles longer than the moving average.

# De-trended Price Oscillator

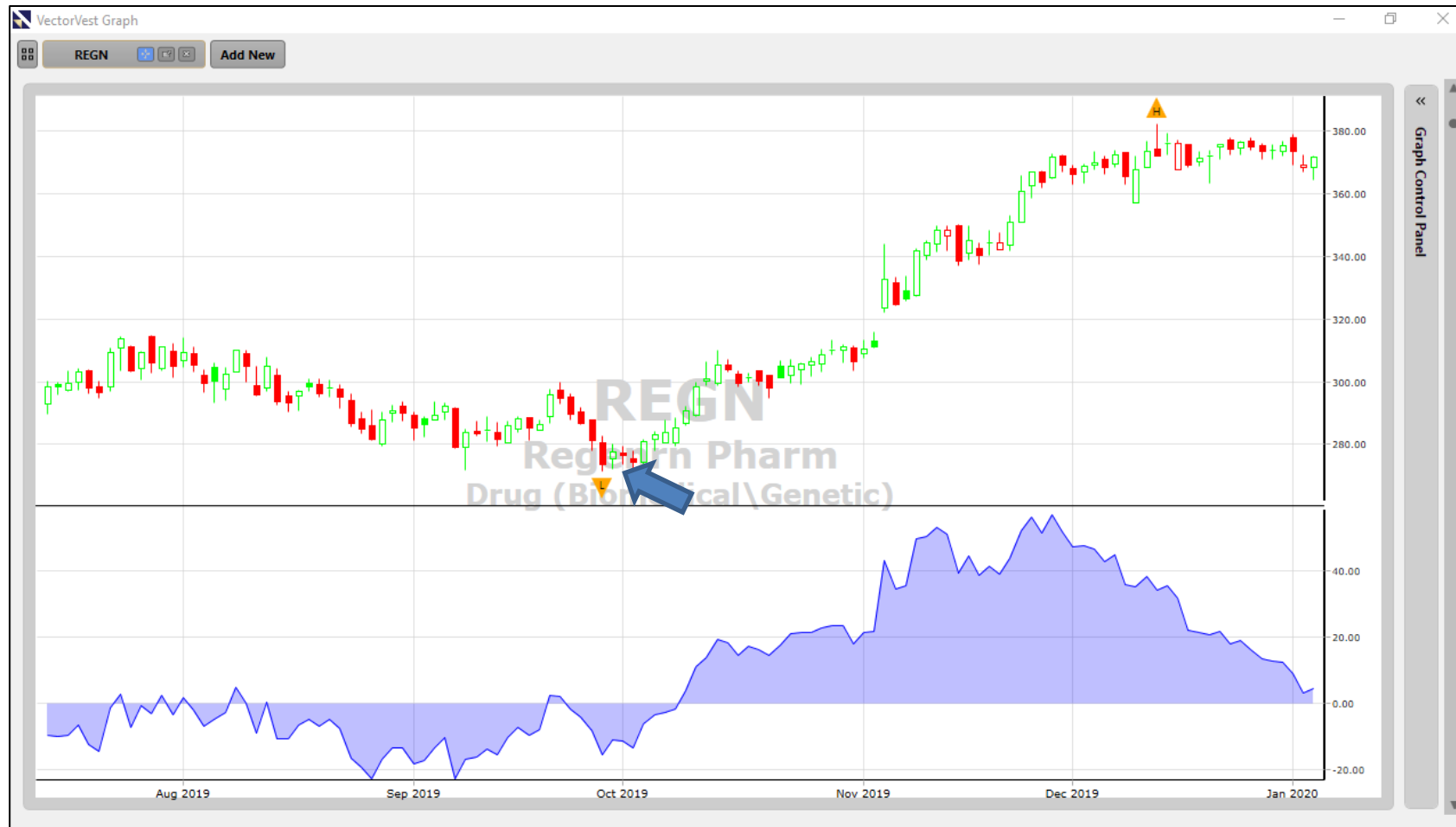
## Interpretation:

- When the DPO is greater than zero, it is indicating a bullish trend.
- When the DPO is less than zero, it is indicating a bearish trend.
- More aggressive approach would be to go long when the DPO forms a higher low, and to go short when the DPO forms a lower high.

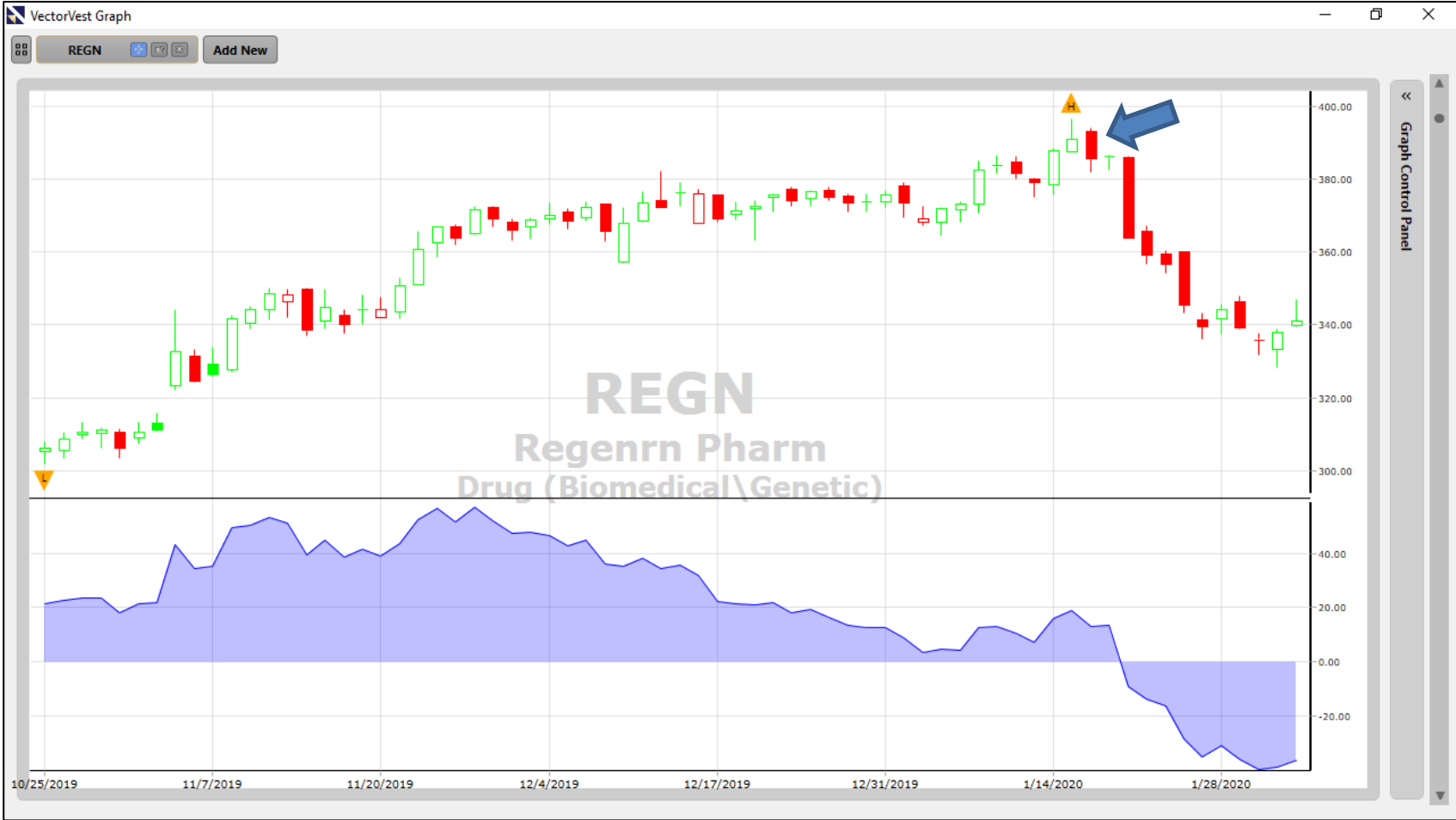
# DPO Bullish Divergence (UNH)



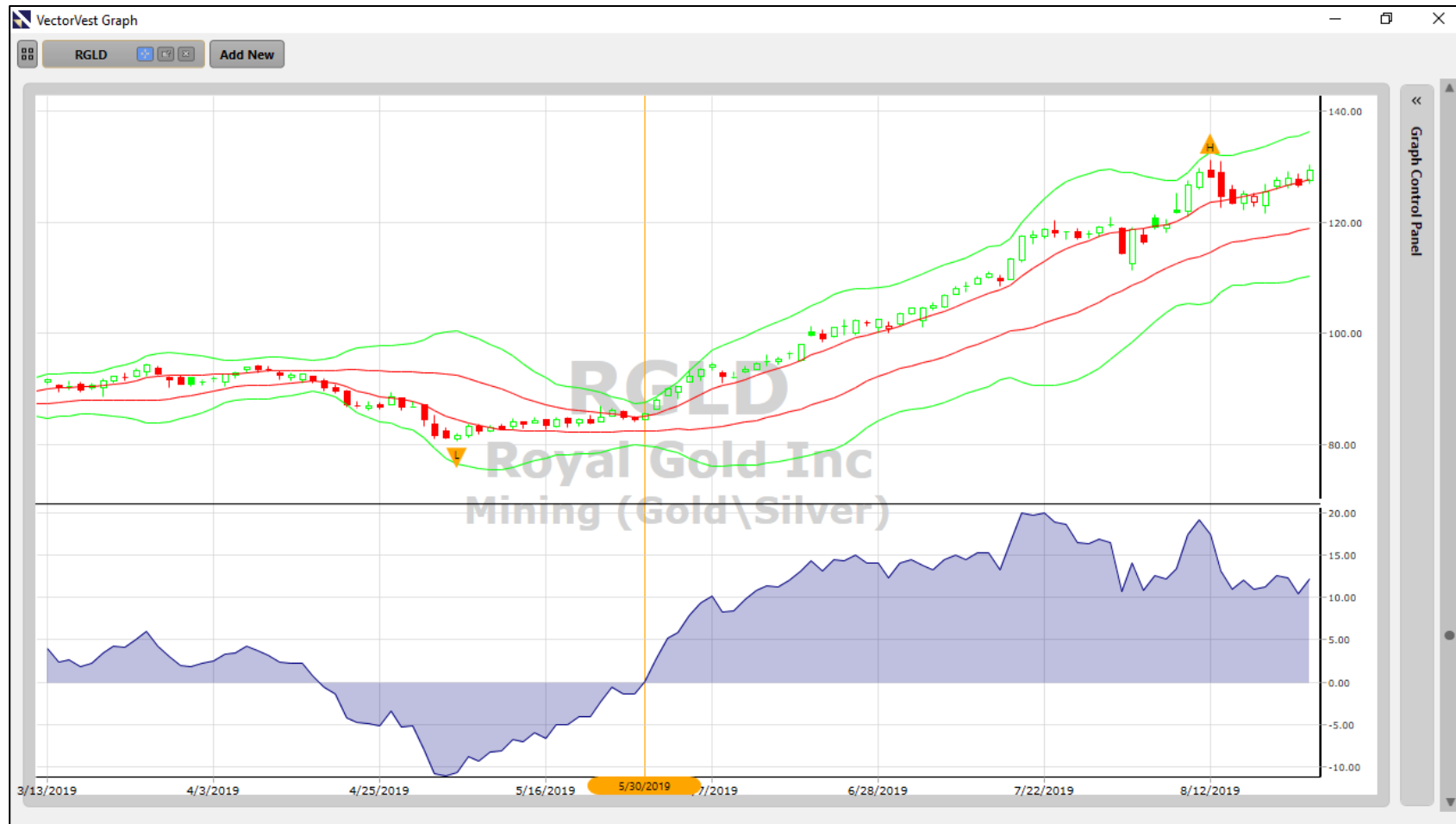
# DPO Bullish Divergence (REGN)



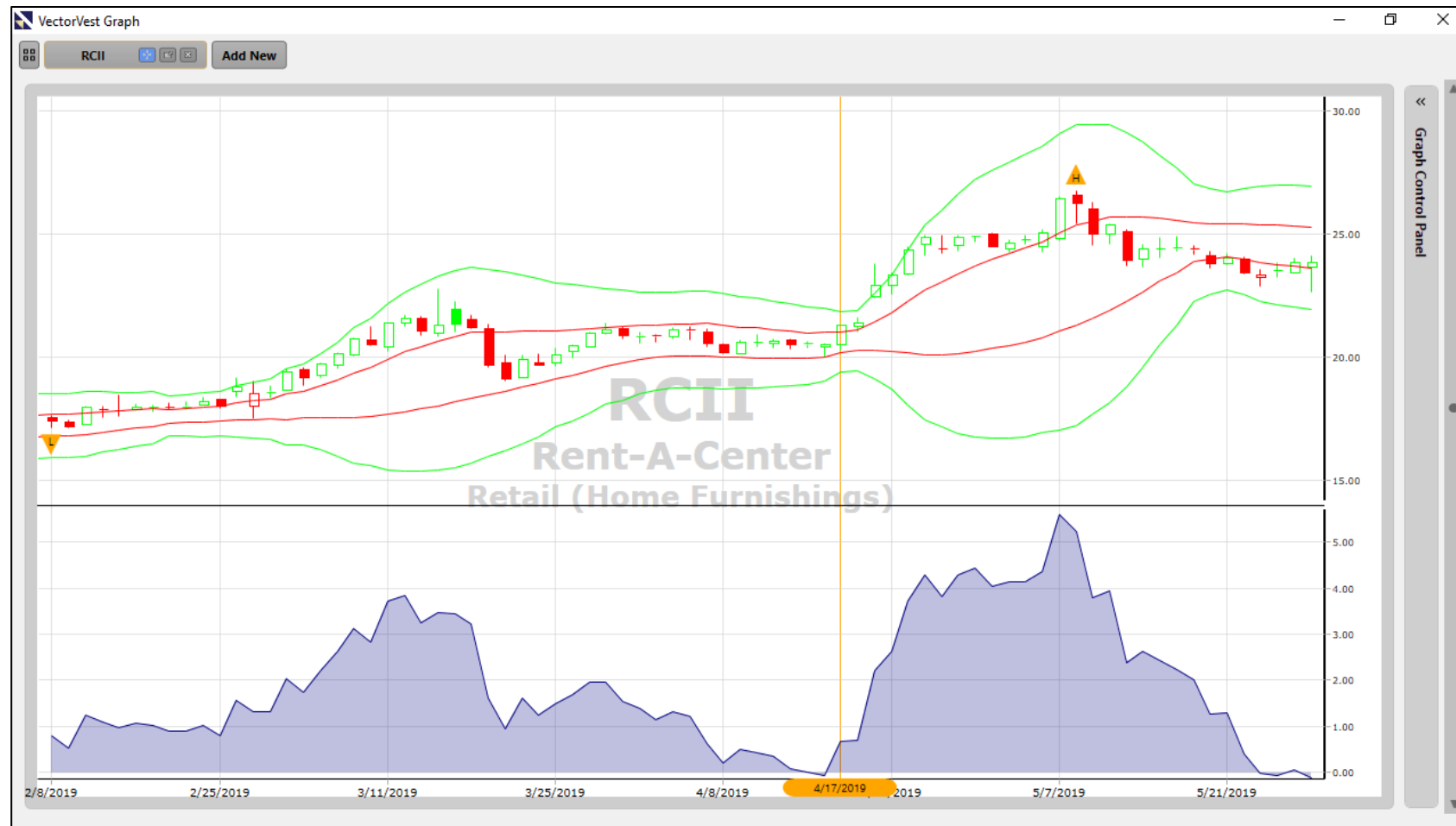
# DPO Bearish Divergence (REGN)



# Star Search Example Chart for (RGLD)



# Star Search Example Chart for (RCII)

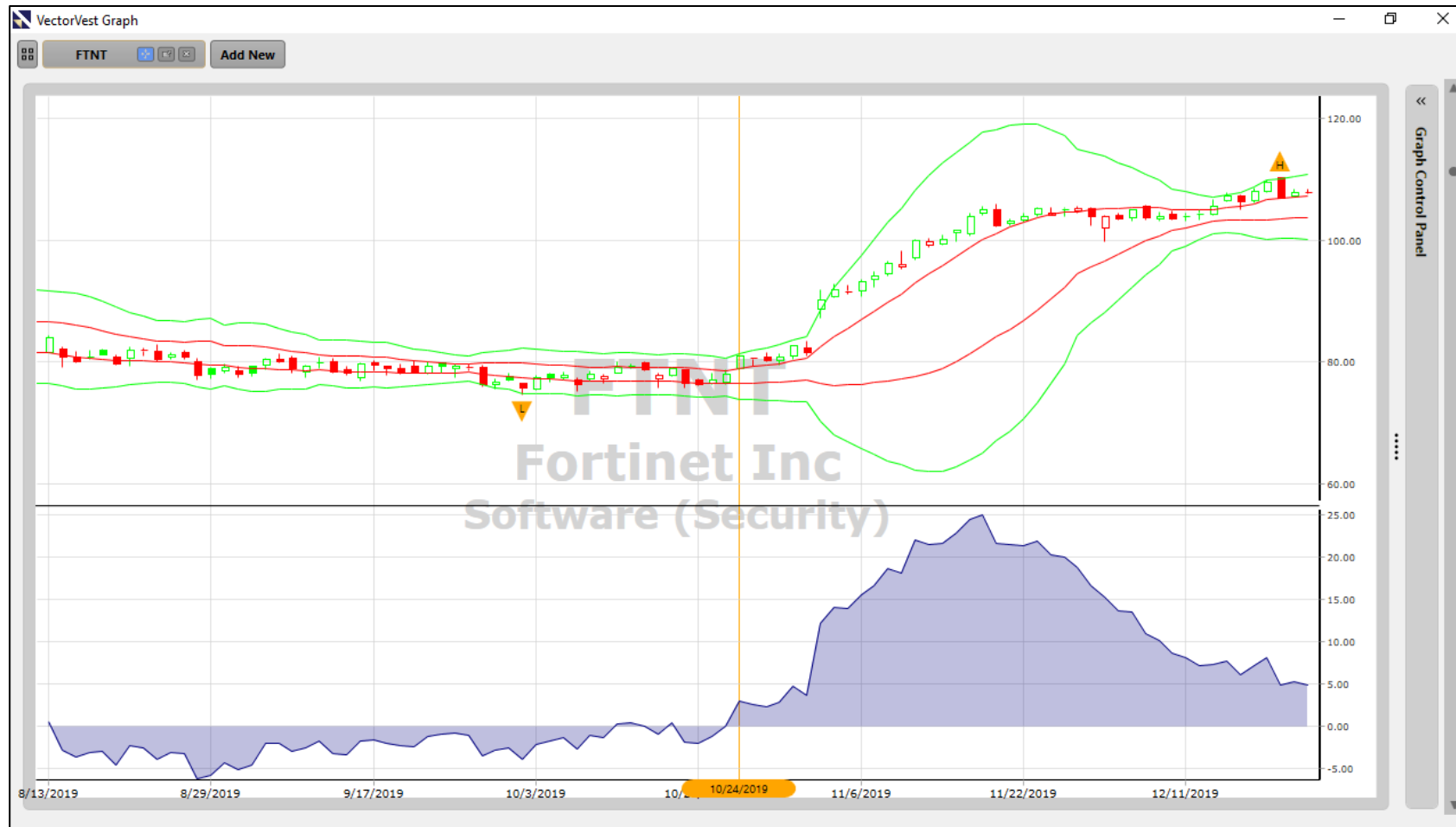


# Star Search Example Chart for (VRTX)





# Star Search Example Chart for (FTNT)



# Case Study: Star Search (Bullish)

Date: October 21, 2019

Situation: DEW UP

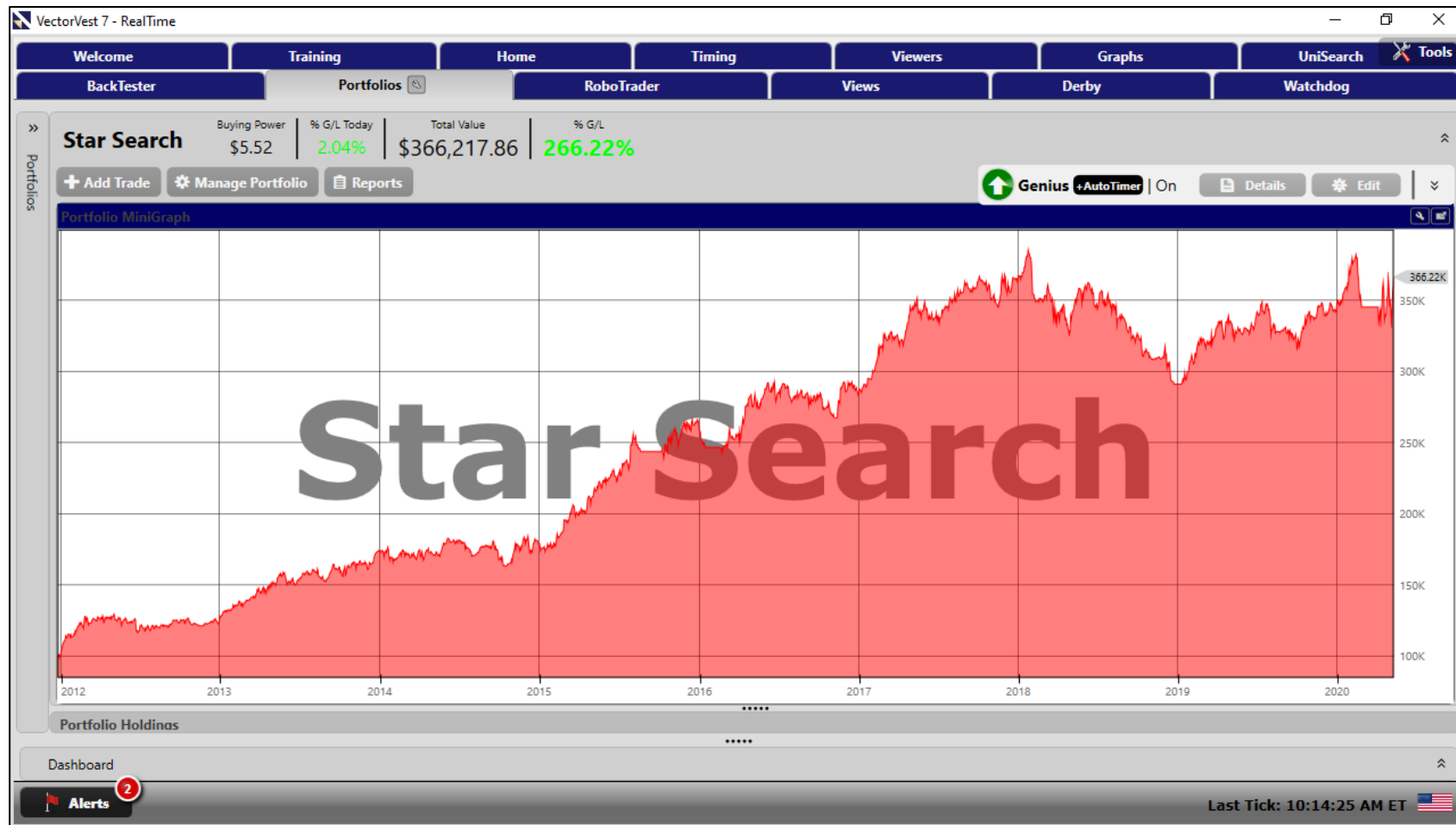
Search: Star Search

1. Click on the UniSearch tab.
2. Click on the ProTrader Folder, then Star Search.
3. Run Search on 10/21/19.
4. Graph the top 10.

# Star Search Example Chart for (PHO)



# Star Search Automated Trading System



# Star Search Trading Plan

BackTest Summary Report

**BackTest Settings for:  
Star Search**

**Account**

Initial Investment:	\$100,000.00
Commission:	\$3.95 per trade
Margin:	Don't Use Margin
Interest:	Don't Account for Interest
Place Trades At:	Current Day's Close

**Market Timing**

DEW

**Automation Rules (Up):**

Direction:	Buy Long
Search:	Star Search
Stop Criteria:	10.0% Trailing Stop
Simulate Intraday Stops:	YES - Box Checked
Optimum Number Of Positions To Hold:	5
Automatically replace closed positions:	Automatically replace closed positions
When opening new positions:	Try to open all positions the first available day.
Turn Action:	Don't close positions when entering this situation
Amount To Invest When Replacing Positions:	Invest average portfolio value
Lots:	Odd Lots
Duplicate Policy:	Don't repurchase a stock I CURRENTLY own
Max Stocks Per Industry:	N/A
Max Stocks Per Sector:	N/A
Max % Average Volume:	10.00%

**Automation Rules (Down):**

Direction:	No Action
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**Test Period**

Start Date:	12/22/2011
End Date:	2/23/2018

**Description**

# Swing Trading with the Amazing Midas Touch Technique

Precision Market Timing	Swing Trading with The Midas Touch	Improving Entries and Exits on Midas Touch Stocks	Automating The Midas Touch
Heed the Color Guard	High Momentum Stocks	Buying Pullback	Systematic, Rules Driven
<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Buying rising stocks</li> <li><input checked="" type="checkbox"/> Buy them in rising markets</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Stocks hitting 3-month HI's</li> <li><input checked="" type="checkbox"/> Risk management guidelines</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Favor Midas Touch stocks</li> <li><input checked="" type="checkbox"/> Use technical indicators to identify entries and exits.</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> When to Buy</li> <li><input checked="" type="checkbox"/> What to Buy</li> <li><input checked="" type="checkbox"/> When to Sell</li> </ul>

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