

# Letters from the Ether

Questions and Responses from readers of “TradeStation Made Easy!”

## Introduction

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My fifth trading book, “TradeStation Made Easy!” was released March 17<sup>th</sup>, 2011. Nearly every week since then I have gotten a call or an email making comments about the book, or asking questions that are of such import that I believe every reader would like to hear my responses.

To this end, I’m writing a “diary” of the calls and emails (some verbatim, some paraphrased). The questions are enlightening because I am finding holes I left in the manuscript, and because I’m finding that I could have been even more “simple” in my explanations. Hopefully, the answers sections will fill those holes and provide much-needed instruction.

Rather than correct every spelling and grammatical error in the emails I receive, I am leaving them as they actually were. So, expect grammar and spelling errors in the “incoming” portions of the emails.

## John Parker

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After a brief telephone call regarding my latest book, I got this kind email from John Parker.

### Incoming

Date: Tuesday, April 05, 2011 1:55 PM

**Subject:** I appreciate your time in talking with me on your newest book!

Sunny,

Hopefully reading your book will inspire me to stick with Tradestation.

John

### Outgoing

**Date:** Tue, 5 Apr 2011 18:24:39 -0700

Thanks John.

I hope you enjoy it.

If you have any questions please don’t hesitate to call.

Sunny

### Incoming

**Sent:** Tuesday, April 26, 2011 10:25 AM

**Subject:** RE: I appreciate your time in talking with me on your newest book!

Hello Sunny,

I received your newest book, Tradestation Made Easy and am up to page 230 on Creating The New Strategy. This is actually the part I am most interested in converting a Plot statement I have into a strategy, but even having gone to the Tradestation forum, I still do not have the knowledge or answers to change the following into a strategy.

Like Norm Abrams, the THIS OLD HOUSE television carpenter, you make writing & understanding code SEEM so easy to do, but when non-programmers like me try this, I sit at the table shaking my head as to if I will ever be able to learn to program.

Here is the indicator code:

```
inputs:
buyColor(green),
sellColor(red),
width(3);
variables:
highBarsAgo(1),
possibleHighBarsAgo(1),
possibleHigh(-2),
hightoBeat(-1),
barsSincePaint(1),
lowBarsAgo(1),
possibleLowBarsAgo(1),
possibleLow(10000001),
lowtoBeat(10000000),
triggerPriceSell(-1),
triggerPriceBuy(1000000),
trend(1),
_UP(1),
_DOWN(-1),
_ON(1),
_OFF(-1);

if trend = _UP then begin
if swingHighBar(1,H,2,barsSincePaint+2) > -1 then begin
possibleHighBarsAgo = swingHighBar(1,H,2,barsSincePaint+2);
possibleHigh = H[possibleHighBarsAgo];
end;

if possibleHigh >= hightoBeat then begin
highBarsAgo = possibleHighBarsAgo;
hightoBeat = possibleHigh;
triggerPriceSell = L[HighBarsAgo - 1];
end;

if C < triggerPriceSell and
highest(high,highBarsAgo) < hightoBeat then begin
plotpb [highBarsAgo](H[highBarsAgo],L[highBarsAgo
],"",sellColor);
alert("Scalper Sell");
trend = _DOWN;
barsSincePaint = highBarsAgo-1;
hightoBeat = -1;
lowtoBeat = 10000000;
```

```

triggerPriceBuy = 10000000;
triggerPriceSell = -1;
highBarsAgo = 1;
possibleHigh = -2;
end;

end;

// *****
//***** Find and plot the lowest swing low *****
// *****

if trend = _DOWN then begin
if swingLowBar(1,L,2,barsSincePaint+2) > -1 then begin
possibleLowBarsAgo = swingLowBar(1,L,2,barsSincePaint+2);
possibleLow = L[possibleLowBarsAgo];
end;

if possibleLow <= lowtoBeat then begin
lowBarsAgo = possibleLowBarsAgo;
lowtoBeat = possibleLow;
triggerPriceBuy = H[LowBarsAgo - 1];
end;

if C > triggerPriceBuy and
lowest(L,lowBarsAgo) > lowtoBeat then begin
plotpb[lowBarsAgo](H[lowBarsAgo],L[lowBarsAgo], "", buyColor);
alert("Scalper Buy");
trend = _UP;
barsSincePaint = lowBarsAgo-1;
possibleLow = 10000001;
lowtoBeat = 10000000;
hightoBeat = -1;
triggerPriceBuy = 10000000;
triggerPriceSell = -1;
lowBarsAgo = 1;
end;

end;

barsSincePaint = barsSincePaint+1;
if trend = _UP then highBarsAgo = highBarsAgo + 1;
if trend = _DOWN then lowBarsAgo = lowBarsAgo + 1;
setPlotWidth(1,width);

```

I have two questions of you Sunny. 1) Why on a tickbar chart does this plot form the definitive paintbar without completing the closed tickbar? I seem to always see a paintbar formed before the end of the tickbar is completed which I thought ES could not do. 2) Can this code be converted into a BUY/SELL strategy with nothing else added as I am trying to establish entry points ONLY to this? When I go to the TS forum, many of

the guys are helpful, but they are adding extra variables and all I want is to capture the BUY & SELL signals for now. Any help in this would be appreciated.

I also feel I will have to read your book through several times before anything sticks solid, but I have enjoyed the simplistic and well written manner in which you have presented so far in the book. Also, any of the disks of date that go along with your newest book, how do I go about receiving them?

Sincerely,

John

## Outgoing

**Subject:** RE: I appreciate your time in talking with me on your newest book!

**Date:** Wed, 27 Apr 2011 13:33:19 -0700

If you're such a novice programmer, how did you program this code so well?

Sunny

## Incoming

**Subject:** RE: I appreciate your time in talking with me on your newest book!

**Date** Wed 4/27/2011 7:33 PM

I could only wish to be the programmer who coded this. I get ideas from others in the TS forum and other places trying to mix and match lines of code. I also find some valuable TS coding ideas just by placing "Google" searches. I have just gotten home from an overnight trip and will continue to read more of your book. My search with this code is I have two questions. 1) Why on this tickbar chart does this plot form the definitive paintbar without completing the longer ranged (such as 5000 ticks ) on the closed tickbar? I seem to always see a paintbar formed before the end of the tickbar is completed which I thought ES could not do. 2) Can this code be converted into a BUY/SELL strategy with nothing else added as I am trying to establish entry points ONLY to this?

Other than that, I see a beautiful sunset here in Utah and I hope to keep in touch with you on my progress with your book so far and "easy to follow" instruction. I would love to hear from you on my two questions and hope I have presented my communication clearly in the issues I have with this indicator code.

Sincerely,

John Parker

## Outgoing

**Subject:** RE: I appreciate your time in talking with me on your newest book!

**Date:** Thu 4/28/2011 11:44 AM

OK, I've spent some time with the code you sent me.

Firstly, I've cleaned it up so it looks like code and is readable. Now it looks like this:  
(continue reading below the code).

```
// Cleaned up code for John Parker:
```

```
inputs:  
    buyColor(green),  
    sellColor(red),  
    width(3);
```

```

variables:
    highBarsAgo(1),
    possibleHighBarsAgo(1),
    possibleHigh(-2),
    hightoBeat(-1),
    barsSincePaint(1),
    lowBarsAgo(1),
    possibleLowBarsAgo(1),
    possibleLow(10000001),
    lowtoBeat(10000000),
    triggerPriceSell(-1),
    triggerPriceBuy(1000000),
    trend(1),
    _UP(1),
    _DOWN(-1),
    _ON(1),
    _OFF(-1);

if trend = _UP
then begin
if swingHighBar( 1, H, 2, barsSincePaint+2 ) > -1 then begin
    possibleHighBarsAgo = swingHighBar( 1, H, 2, barsSincePaint+2 );
    possibleHigh = H[ possibleHighBarsAgo ];
end;

if possibleHigh >= hightoBeat
then begin
    highBarsAgo = possibleHighBarsAgo;
    hightoBeat = possibleHigh;
    triggerPriceSell = L[HighBarsAgo - 1];
end;

if C < triggerPriceSell and
highest(high,highBarsAgo) < hightoBeat
then begin
PLOT[ highBarsAgo ]( H [ highBarsAgo ], L [ highBarsAgo ], "" , sellColor);
alert("Scalper Sell");
trend = _DOWN;
barsSincePaint = highBarsAgo-1;
hightoBeat = -1;
lowtoBeat = 10000000;
triggerPriceBuy = 10000000;
triggerPriceSell = -1;
highBarsAgo = 1;
possibleHigh = -2;
end;
end;

// *****
//***** Find and plot the lowest swing low *****
// *****

if trend = _DOWN
then begin
    if swingLowBar(1,L,2,barsSincePaint+2) > -1 then begin
        possibleLowBarsAgo = swingLowBar(1,L,2,barsSincePaint+2);
        possibleLow = L[possibleLowBarsAgo];
    end;

if possibleLow <= lowtoBeat
then begin
    lowBarsAgo = possibleLowBarsAgo;
    lowtoBeat = possibleLow;

```

```

triggerPriceBuy = H[LowBarsAgo - 1];
end;

if C > triggerPriceBuy and
lowest(L,lowBarsAgo) > lowtoBeat
then begin
PLOT[ lowBarsAgo ]( H[lowBarsAgo], L[lowBarsAgo], "" , buyColor);
alert("Scalper Buy");
trend = _UP;
barsSincePaint = lowBarsAgo-1;
possibleLow = 10000001;
lowtoBeat = 10000000;
hightoBeat = -1;
triggerPriceBuy = 10000000;
triggerPriceSell = -1;
lowBarsAgo = 1;
end;
end;

barsSincePaint = barsSincePaint+1;

if trend = _UP then highBarsAgo = highBarsAgo + 1;
if trend = _DOWN then lowBarsAgo = lowBarsAgo + 1;

setPlotWidth(1,width);

```

Having done this, and put the PaintBar on a chart, here's what it looks like:



Of course, it's picking the ideal turning points to trade by making the PaintBar only after several bars, when the trend has been established. You can't buy or sell in the past.

And, you are wondering how to take this PaintBar and trade with it, since it magically picks all the perfect trading points.

The answer is, you can't.

In plotting and painting, you can draw on a bar “ago”. So, for instance, if the code finds the final pivot and now sees that the market is moving in the other direction, it can count how many bars ago that happened and go back and color (or paint) the bar ago that it happened on.

Of course, you can’t trade that way.

You have to trade into the future, not into the past.

Wouldn’t that be lovely if we could?

The best you can do is get close to the ideal points and then enter your trade, which will be some number of bars later than the turning point. Hopefully, you will be trading in a long enough time frame that even if you are late, you still have room to make money as the market continues to move in that direction.

One of the mistakes many people make is to trade in such a short time frame that by the time they enter the trade, the move in that direction is over. They are left forever chasing the market.

It is especially important for novice traders to begin with longer time frames, like weekly, daily or at the shortest, 60 minutes.

I hope that helps.

Feel free to ask more questions.

Sunny

**Incoming**

**Date:** 4/28/2011

Hi Sunny,

Thanks for your attention to the efforts of someone who you do not know personally. I will definitely look into purchasing some of your other books through Amazon.

I appreciate your examination of the code I sent to you. I will be able to better understand the code because of the simplistic way you breakdown the lines of code. I think more than anything else I have read from the first time reading of your book, is to go slowly and verify each line so I can learn from my mistakes.

**Incoming**

**Date:** 4/29/2011

Hi Sunny,

Thanks again for your personal involvement to my questions. I have found you to be delightful to interact with and hope to keep in touch often.

I am using the longer tickbar basis of intervals 5000 and higher and still see something in this code that clicks to me. I realize that the bar after the paintbar is LATE, and the actual signal does not happen until somewhere in the later cycle of the 2nd bar AFTER the paintbar has formed. I was under the impression none of the studies produced signals until a tickbar has fully closed, but with his code that is not the case. I also

have been in touch with Ron Black on his Clear Channel method in conjunction with this code you helped me with. I am hoping between all of this and reading your book over extensively several times, I will be able to code what I am looking at shortly.

**Tradestation Made Easy!** is worth the time and money to invest in.

Sincerely,  
John  
P.S. I hope I can keep in touch!

## Outgoing

**Date:** 4/29/2011 9:12 am

John:

I'm happy to help, and happy to keep in touch.

I'm keeping a diary of free help and comments that I'm calling "Letters from the Ether".

Your communications are all in there.

I hope I may have your permission to publish these chats.

Thanks,



## Matteo Zucchini

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Matteo is from Italy. I love Matteo's translations, so I'm leaving in all the [sic] spellings without correction. It gives me joy to "hear" someone tackle tough TradeStation questions and a difficult foreign language at the same time. Way to go Matteo!

## Incoming

**Date:** Mon 4/25/2011 7:50 AM

Dear Sunny,

I find your webinar very helpfull for me trading strategy

I am not sure about hoow calculate the PC or PF that should be greater of 1.2 to trade a system.

Could you repeat the formula or do you have already a easylanguage indicator for it?

What are other important report indicator that you ccreated and that are not in tradestation report that i shoild pay attention? Could you explaime some of them please.

I am searching a you book full of report indicator that tell me if i can go in real trading by a system, is it there?

Regards  
Matteo

## Outgoing

**Date:** Mon 4/28/2011 7:00 PM



Matteo:

The calculation you are referring to you is what I call my CPC Indicator. I calculate it as follows:

$CPC\ Index = PF * R * \%P,$

where

PF = Profit Factor

R = Ratio Avg. Win to Avg. Loss

%P = Percentage Profitable

These numbers are all available in the TradeStation or MultiCharts Performance Reports.

This is the only statistic I use that is not in the Performance Report.

Everything else I have is in the form of Indicators, PaintBars, Functions and Strategies, for use with Charting and RadarScreen.

Regarding your question about whether there is a book that examines and reports on all indicators, you might want to take a look at Bulkowski's "Encyclopedia of Chart Patterns" which examines all the important chart patterns and their efficacy. The definitive work on Technical Indicators is "The Encyclopedia of Technical Market Indicators" by Robert Colby, whose work is impeccable.

At some point in the future, several years off yet, I'm going to write a book which analyzes a great many of the indicators in all the popular software packages, testing them across many different time frames and many different symbols. It will be similar to my "Grading the Gurus," but will be examining Indicators instead of gurus. Its current working title is "Trading 201: Systems Exposed."

Keep in touch,



## Stu Rubinstein

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### Incoming

**Date:** 4/26/2011

Sunny, you are a terrific writer! I mean it!

## Terry

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### Incoming

**Date:** 12/19/2015

Please send prediction for NUGT.

### Outgoing

**Date:** Mon 12/21/2015

The NUGT symbol is not in the VantagePoint database, so I cannot give you a prediction. However, I took a look at it in TradeStation. It looks to me like this symbol has more room on the downside, for a long time to come.

### Incoming

**Date:** 1/4/2016

From your website, you have quite a few products. But first, a quick background about my experience...

I am a newbie trader, have a few weeks experience trading leveraged ETFs, not doing that great but somehow managed to drag my trading account into positive territory after a long spell of being underwater after buying & holding some 1X ETFs last year.

From the comments on your site, I wonder if your SunnyBands product is right for me?

### Outgoing

**Date:** 1/4/2016

SunnyBands works only in TradeStation and Multicharts. Which of these do you have? I can create a trial for you after you let me know which product you use, and what the Customer Number is.

### Incoming

**Date:** 1/4/2016

One more question, Sunny...

If my goal is to make a minimum of \$200 net a day or \$1k a week trading leveraged ETFs, realistically, how much trading capital should I have in my account?

### Outgoing

**Date:** 1/4/2016

You should trade with twice the equity necessary for purchasing your intended symbol.

So, if you want to buy \$10,000 worth of a futures contract, you should have \$20,000 in your account.

Since leverage doesn't matter in stocks and ETFs, you just need the amount of capital you wish to trade.

Since good professional traders make about 30-40% per year, if you have \$10,000 in your account, you can possibly make \$3,000 per year. To make more, you need more capital.

If you want to make \$200 per day, that's approximately 210 trading days per year, or \$42,000.

To make \$42,000 per year at 30% per year, you would need to invest approximately \$140,000.

Hope that helps.

Sunny

### Incoming

**Date:** 1/4/2016

Unrelated question, I am currently using Etrade, not only they charge ~\$20 per round-turn trade, I also have to wait 3-4 business days after I liquidate a position before I can use that capital to trade again, do you have a better online broker/s to recommend?

## Outgoing

Date: 1/4/2016

TradeStation software includes its own brokerage, which lets you trade immediately on new equity without the delay of brokers like E\*Trade.

## Sandra Han

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### Incoming

Dear Sunny,

I'm writing to you about 3 things.

(1) About your upcoming book, "Grading the Gurus - Trading Systems Exposed!" I recently started following a guru called Larry White. He doesn't call himself a guru, in fact, IMO, he is one really honest guy because he shows ALL his losses too and he chalks many small ones each month but still, in 2015, he is up over 400%. Larry trades mostly leveraged ETFs (90%) and the rest, options. I'm not sure he wants to be interviewed. You reach him at [info@elliottwavetrader.net](mailto:info@elliottwavetrader.net)

(2) Could you please give me a prediction on DUST?

(3) I have a relative holding a lot - a few hundred thousand USD in Ringgit Malaysia (RM), the Malaysian currency. He plans to convert his RM into Singapore (S\$) and US dollars ASAP, any advice, like, the direction of the RM and S\$?

Thanks.

Best,

Sandra H.

### Outgoing

Hi, Sandra:

Thanks for the inquiry.

1. As for your #1 question, I'm afraid I cannot evaluate an Elliott Wave system in TradeStation, so I am unable to test the historical performance of this guru. He sounds amazing: 400% per year is unheard of on a year over year basis.
2. The symbol DUST is not in the VantagePoint list of symbols, so I'm afraid I cannot give you a prediction from VantagePoint. However, apart from that prediction, there is a horizontal line at 11.15, below the current price. That's where I think this symbol is going in the near future.
3. Currencies tend to trend over long periods of time. The US Dollar is currently strong and since currencies trend, the dollar will probably stay strong for some time.

Hope that helps,

Sunny

## Francesco C.

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### Incoming

Which of your books and/or seminar explain in much more depth how to correctly backtest and avoid curve fitting?

### Outgoing

Francesco:

I believe that I cover that subject fairly thoroughly in my "Trading 102—Getting Down to Business." If that treatment is not thorough enough for you, then you can purchase an hour of my consulting time and I will log on to your computer and we will go over the process in depth.

Testing without curve-fitting is a very important concept, one that many people fail to properly execute. It is key to your success as a trader.

In short, gather a large set of historical data that can be easily broken into thirds. For instance, if you have 9 years of data, you can break it into 3 sections of 3 years each. Then, test and develop your trading concepts over the middle third of the data. Export the data from TradeStation into an Excel spreadsheet. Sort the columns by highest Net Profit. Highlight (I use yellow) the best 20% of the data. Then, re-sort back into data ordered by the input values. From there, find groups of results that have "Islands and Alligators," that is sections with large areas of yellow. Those are the safe areas. Now that you have completed that process, check the results using the same groups of inputs, on the first and last third of the original data. If the outcomes don't work well over the first and last third, go back to the drawing board, developing more ideas over the middle third.

Hope that helps. If you need more help, call me at (760) 908-3070.

Sunny