

VSTOPS 2.0

Indicator and Barcolor Utility

for TradeStation



User Guide

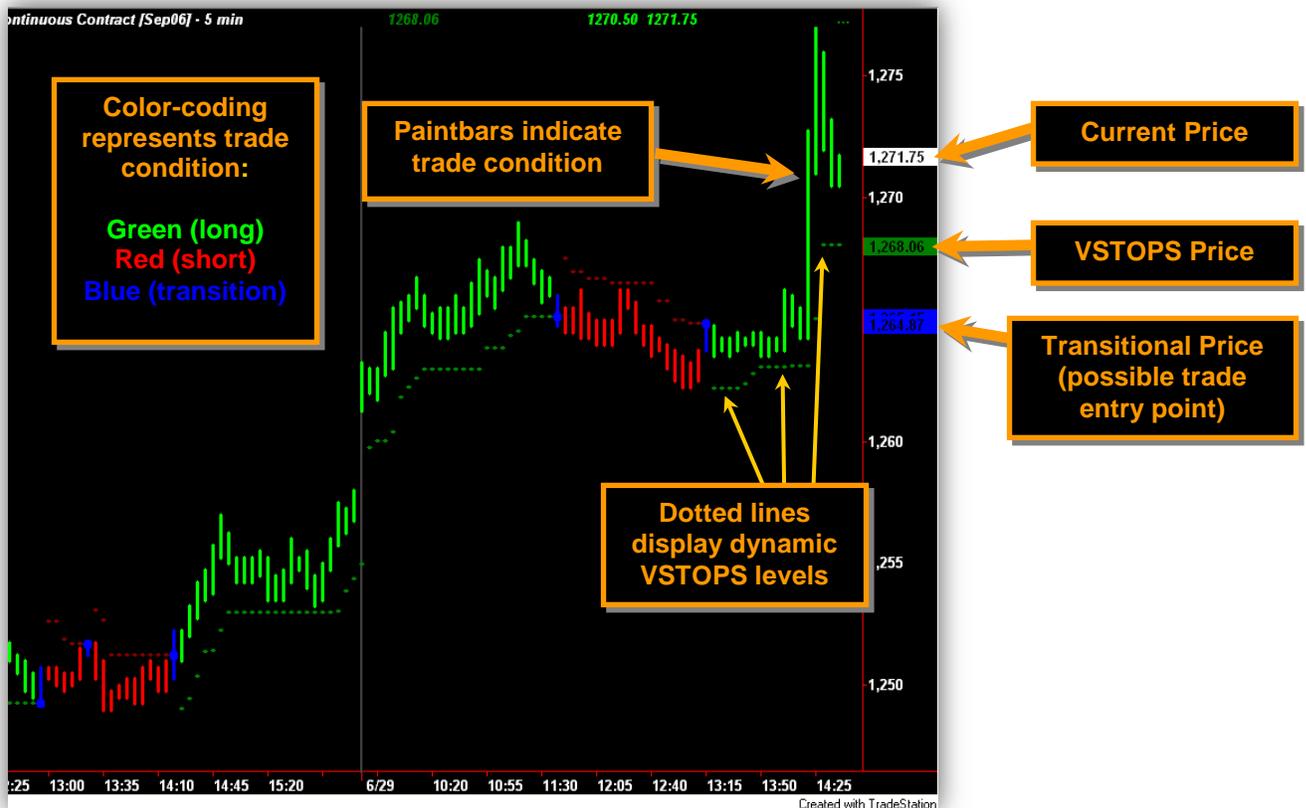
V2 VSTOPS 2.0

Indicator and Barcolor Utility for TradeStation

PowerZone Trading **VSTOPS 2.0** indicator provides an innovative method of calculating stop levels based on market activity. This package includes both an indicator and a paintbar study that work together to give traders an objective method of determining a trading condition, as well as providing definitive stop prices. **VSTOPS 2.0** uses an extremely fast filter to determine market volatility and step-up stop levels to help traders protect profits.

The **VSTOPS 2.0** trading software package is an updated and enhanced release of our original VSTOPS package. You can now sync **VSTOPS 2.0** exactly to tick values, allowing you to place your trades with pinpoint accuracy. In addition, **VSTOPS 2.0** has been redesigned to have a smoother response to market spikes, eliminating the potential for false signals and improving the predictability of the signals.

The **VSTOPS 2.0 Indicator** displays a dotted line representing the current stop level, which appears below the current price for long conditions and above the current price for short conditions. As price continues into a trend, the indicator recalculates these stops, moving them closer to the direction of the current price. The exact **VSTOPS 2.0** level can be viewed on the price axis or by selecting the “show data box” icon and clicking on the current bar.



The **VSTOPS 2.0 PaintBar Study** uses identical logic to the indicator. This study will color code the bars to match the indicator condition but will not display the level of the VSTOPS itself. It is important to exactly match the inputs of the indicator and the paintbar study. While the paintbar study can be a useful trading tool, some traders prefer only to use the indicator and rely on standard bar or candlestick charts.

The user may adjust the settings of this indicator to fit a particular market or chart interval. The two settings that affect the performance of this indicator are the *Period* and the *StandardDV*. The *Period* represents the amount of historical data that is used in the calculation. Larger values use more data but react more slowly to the market (even with longer Periods, this is still a very fast indicator). Conversely, settings that are too small will become rather jittery. The *StandardDV* alters the distance of the **VSTOPS 2.0** from the price. The *StandardDV* input is adjustable in small increments; i.e. 3.5, 3.6, 3.7 etc to allow for fine tuning.

RoundToTick (true/false) allows traders to adjust the VSTOPS price to align with an exact tick. This can be helpful when trading futures symbols such as the E-minis.

Settings

The input variables for **VSTOPS 2.0** indicator and paintbar study are as follows:

Name	Value	Description
Period	21	<i>Statistical lookback period</i>
StandardDV	3	<i>Number of standard deviations to draw VSTOPS</i>
LongColor	red	<i>Indicator color for Long condition</i>
ShortColor	green	<i>Indicator color for Short condition</i>
ChangeColor	blue	<i>Indicator color for Transitional condition</i>
RoundToTick	true	<i>True = rounds VSTOPS to nearest tick, False = uses fractions</i>

Tuning Tips

The StandardDV setting has the greatest effect on the indicator. This often needs to be tuned to the timeframe (charting interval) and trading symbol or instrument; otherwise, the stops may become overly reactive and bounce you out of positions too easily.

One method of tuning this indicator is to vary the StandardDV based on risk amount (or stop loss) for any given trade. To accomplish this, calculate the distance between the first VSTOPS level (after a blue dot) and relate this to a dollar amount. This initial level can be adjusted to reflect your personal risk tolerance. This method involves visually analyzing historical charts and requires a bit of intuition about the markets you are trading.

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Fast and Reliable – Designed for trading live intraday markets, tick by tick
- 
Reactive - Step-up stop levels help you protect your profits
- 
Fast - Extremely fast filter determines volatility to keep you ahead of the trend
- 
Precise - Pinpoint exact trade entries, exits & reversals
- 
Customizable – Adjust to fit your trading style, markets & chart intervals

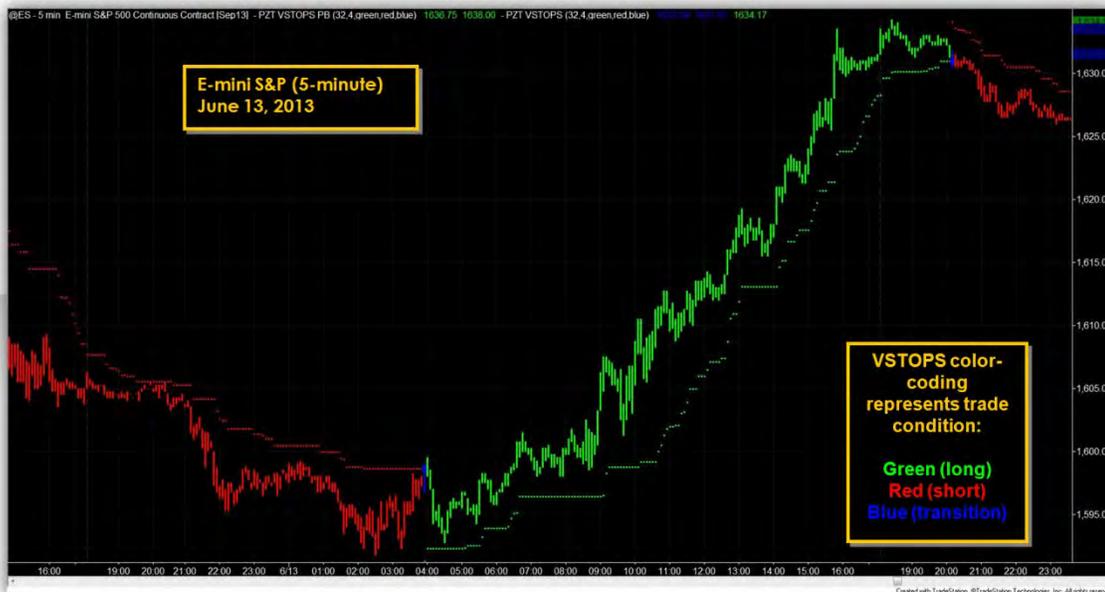
ATR and VSTOPS Comparison



ATR Transition Point

VSTOPS Transition Point

VSTOPS Adaptive Filter tracks price more closely





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