

VSTOPS Indicator Package

Indicator and PaintBar Study for TradeStation

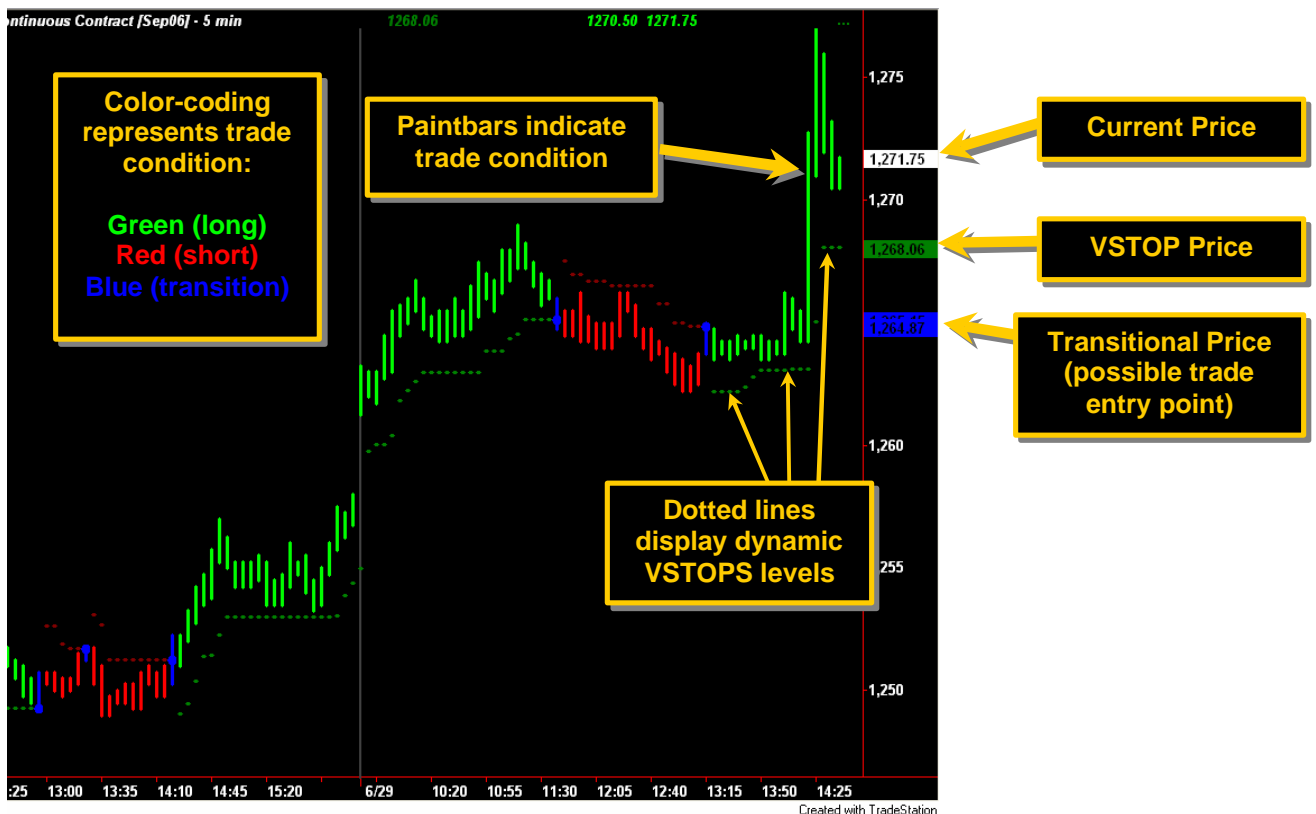
Release Notes

Thank you for purchasing the PowerZone Trading VSTOPS indicator package for TradeStation 8.3. The following notes are intended to act as a guideline to assist you in using this indicator effectively. Please note that this indicator was developed to help traders analyze the markets and is not intended to provide trading advice or definitive trading signals. In addition, traders should consult their broker or financial advisor before engaging in any intraday trading activity. Please read the disclaimer at the end of this document.

All PowerZone Trading custom indicators are programmed to be fast, reliable, and perform in volatile markets. If you are having difficulties using this indicator, please contact us so that we may help you get the most out of this custom package. It is our hope that this indicator will help you spot unique opportunities in the markets and become a more profitable trader.

Good trading,
Lee Leibfarth
www.powerzonetrading.com

VSTOPS Indicator and Paintbar Study



PZT VSTOPS and PZT VSTOPS PB

PZT VSTOPS 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 levels. VSTOPS use an extremely fast filter to determine market volatility, and step up stop levels to help traders protect profits.

The *VSTOPS Indicator* displays a dotted line representing the current stop level and is displayed below the current price for long conditions and above the current price for short conditions. As price continues into a trend, the indicator will recalculate these stops, moving them closer to the direction of the current price. The exact VSTOPS level can be viewed on the price axis or by clicking on the current bar.

This indicator uses a color-coding system to quickly identify the conditions of the market and can be customized by the user. By default, green represents long conditions, red represents short conditions and blue represents a transition (between long and short). As price transitions between conditions, a blue dot will appear at the point where price penetrated the stop level. In many cases, this represents the end of a price move.

The *VSTOPS 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 will be used in the calculation. Larger values use more data but will react more slowly to the market (even with longer lookbacks, this is still a very fast indicator). Conversely, settings too small will become rather jittery. The *StandardDV* will alter the distance of the VSTOPS 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.

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

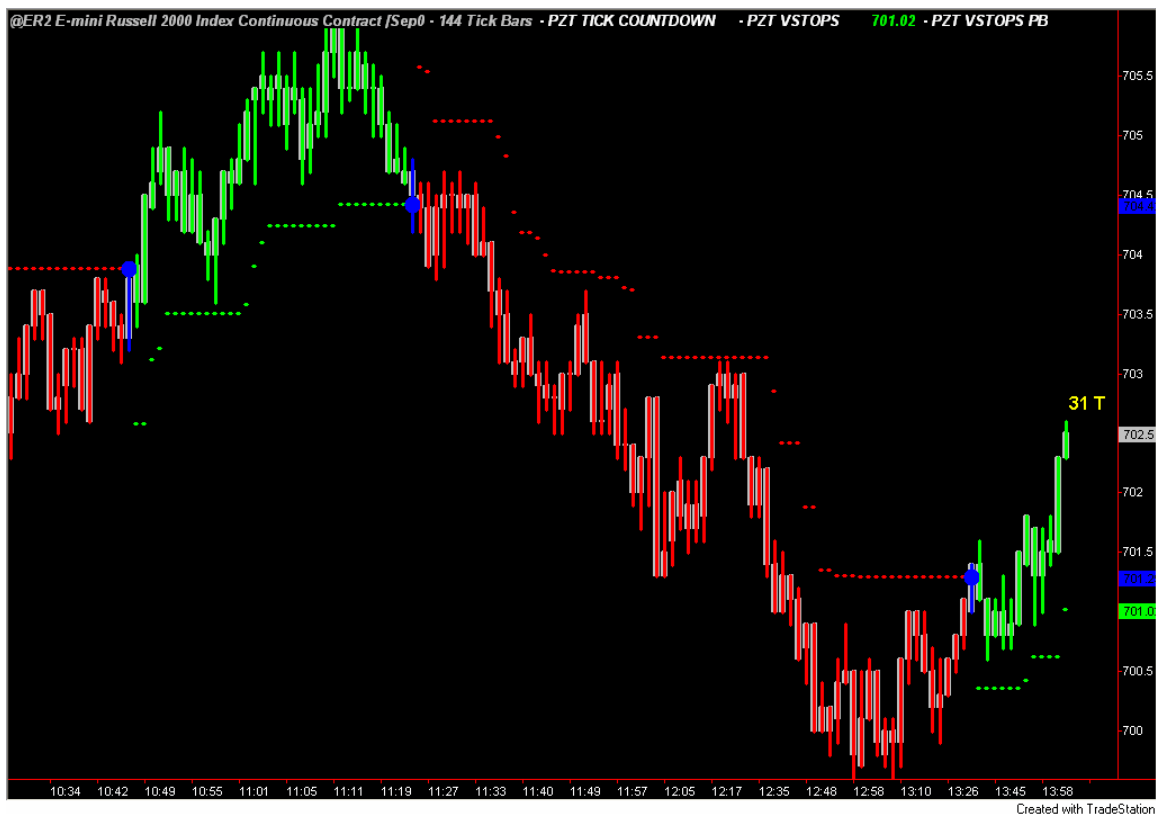
| Name | Value | Description |
|-------------|--------|---|
| Period | 21 | <i>Statistical lookback period</i> |
| StandardDV | 3 | <i>Number of standard deviations to draw VSTOPS</i> |
| LongColor | red | <i>Indicator color for Long condition</i> |
| ShortColor | green | <i>Indicator color for Short condition</i> |
| ChangeColor | yellow | <i>Indicator color for Transitional condition</i> |

Installation Notes

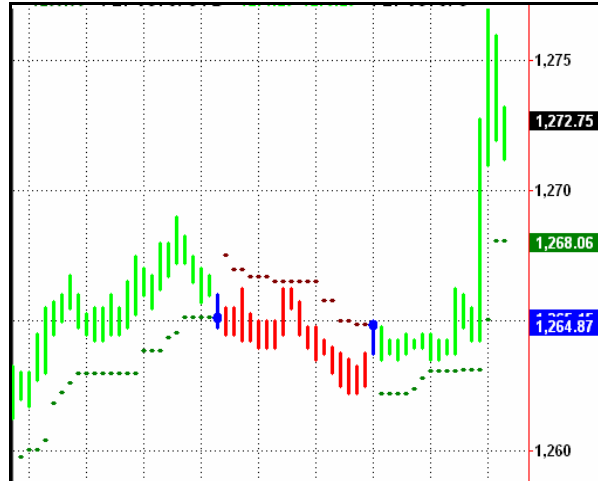
Please begin installation of the PowerZone Trading VSTOPS Indicator package by completing the following steps:

1. Download the most current version of TradeStation 8.3.
2. Unzip the attached folder somewhere on your computer or desktop.
3. Click on the ELD file named **PZT VSTOPS**. This should auto execute and load all of the indicators and functions directly to TradeStation.
4. Copy the release notes to a convenient location for quick reference.
5. Customize the indicator inputs and settings to meet your specific trading needs.

Chart Examples



This intraday chart of the E-mini Russell 2000 futures contract chart shows the VSTOPS indicator and paintbar study applied to it. While the color represents the current condition of the market (long or short), the dotted red and green lines represent the dynamic VSTOPS levels.



This daily chart of the E-Mini S&P 500 futures clearly shows the current price, VSTOPS price and the trade transition point along the price axis.

Disclaimer

All information contained in the PowerZone Trading website, indicators, instructional sessions and literature is for educational purposes only. PowerZone Trading makes no guarantee that you will become a successful trader, even with the best education, tools and guidance. PowerZone Trading does not make any trading recommendations, and nothing should be construed as such. You are responsible for any and all trading activities in which you engage, including any resulting losses. You should consult your broker or financial advisor before placing any trade. PowerZone Trading assumes no responsibility for your trading and investment activities or results.

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