

Power Plays I



Basics

The Power Plays library introduces a couple of new oscillators to the Trade Navigator family, the RMO oscillator and the Pretty Good Oscillator (PGO). The RMO Oscillator (Rahul Mohindar Oscillator) was developed by Rahul Mohindar of VIRATECH (please see below for more information). The PGO oscillator was featured in the October 2003 issue of Active Trader magazine, and we have found that it can be very useful when used properly. Not only does this library bring into the light some new indicators, but it also contains some very good strategies that will help you put the indicators to use.

What you get with the Power Plays Library

5 New Indicators

- *RMO*
- *rmoSwingTrd One*
- *rmoSwingTrd Two*
- *rmoSwingTrd Three*
- *PGO*

6 New Highlight Bars

- *RMO Bull_Trend*
- *RMO Buy*
- *RMO Bear_Trend*
- *RMO Sell*
- *PGO Buy Watch*
- *PGO Sell Watch*

2 New Templates

- *Power Plays: RMO Trading*
- *Power Plays: PGO Trading*

2 New Strategies

- *Power Plays: RMO*
- *Power Plays: PGO*

Indicator Details

RMO

Interpretation:

The RMO is an oscillator which identifies whether the market is in a bull or bear trend. When the RMO Oscillator is above the 0 line, it indicates probable strength. When the RMO Oscillator is below the 0 line, it indicates probable weakness of the trend and puts more weight on short signals.

Parameters:

RMO (**Expression**, **MAbars**, **RMObars**)

Expression – This is the data that will be used to calculate the RMO Oscillator. The default is the Close price, but pretty much anything can be used.

MAbars – This is the number of bars used in the first moving average of the calculation. The default is 2.

RMObars – This is the number of bars used for the second moving average of the calculation. This moving average is an exponential average, and defaults to 81 bars.

PGO

Interpretation:

The PGO (Pretty Good Oscillator) is an oscillator which represents the distance (expressed in X number average true ranges) the current close is from its X bar moving average. An example would be, if the PGO oscillator has a value of 1.5 that means that the current close is 1.5 average day's range greater than the X bar moving average.

Parameters:

PGO (**Xbars**)

Xbars – Xbars is the number of bars used in the simple moving average that is used to calculate the PGO oscillator.

Strategy Details

Power Plays: RMO

The Power Plays: RMO strategy initiates long positions when all the stars are aligned so to speak. When the market is in a “bull trend” as shown by the RMO Bull_Trend highlight bars and we get an RMO Buy signal, the strategy enters 2 contracts long “X” number of ticks above the high of the RMO Buy signal bar.

For exits this strategy uses 3 types, Stop Loss, Breakeven Stops, and Trailing Stops. It will exit all contracts when the Stop Loss amount is hit, or the market has moved in our favor and comes back down to hit the Breakeven stop. Now for the 2 Trailing Stops, the strategy will exit 1 contract using a specified trailing stop amount, and exit the last one at another specified trailing stop amount.

Power Plays: PGO

The Power Plays: PGO strategy initiates long positions when the PGO oscillator goes into oversold areas, and takes short positions when the oscillator goes into overbought areas.

The exits used in this particular strategy are really very simple. It will sell to cover long positions when the oscillator drops below 0, and buy to cover short positions when the oscillator goes above 0. That’s it. A very simple, but very effective and profitable strategy.