Starting with OmniTrader

© Malcolm Moore
05-Apr-2002

(2002, 2004, 2009)

Purchasing OmniTrader

In 1997, a couple of days after placing the order, a package came to the door. This was it! Our door to opening the secrets of technical analysis, and a door to really check on what the writers said in the papers. But wait – this was no small box with a CD! This was a package that included videotape, which was really a computer-based training with a smile.

Having been caught before in opening a software package and going in head first and finding that I can't make it work was not a new experience. This time I took the advice put the video into the VCR and watched some of the presentation.

Now this was good, as it was not full of typical American Hype, but it actually took me through how the program works and how to load and manage data (and that did not go astray). I actually watched the tape a second time after it was set up as then I really had some questions on the finer points of operations.

To get OmniTrader working I had to send an email to the USA and wait for a reply with a special code, and of course that was a weekend so of course hours seemed like days and days seemed like months – but eventually it came, the code was entered and it came to life! Being comfortable with computers, I set up OmniTrader in about 5 minutes, and then set up the historical ASX data in about 30 minutes.

Now OmniTrader is an American package made for the USA, and yes they do have a secondary database interface for non-USA market participants! More about that later!

This is a high powered package and it works like this: Firstly you load your 'Focus List" with the stocks that you want to OmniTrader analyse. Then you go to your 'To Do' icon and set the program to update the focus list with the current prices, test all the symbols on the focus list and update and generate signals – then hit the OK button and watch it work!

After about 5 minutes it has a signal and 'bars' (days or weeks depending) that the signal has been that way. From there it places then in a priority order ready for you to step through the screens with the Up/Down Page keys. This is simple! This is fast! This can be very misleading if you don't know what you are doing!

How OmniTrader Works

The way that OmniTrader works is that it has in it a plethora of indicators (maths routines that analyse share prices, volumes, trends, supports etc and then back-tests these indicator systems for each security, and automatically adjusts the parameters for each indicator to optimise the return.

It then rates each indicator system against each other for that particular security for maximum return and places these in hierarchical order with weightings based on their return factors.

With this in place it then does an overall rating and puts the signals from those indicator systems below the graph, and the total rating figure into the focus list. This process is very sophisticated (read: complicated). It is not a "Black Box" (where you have no choice in assisting with the decision-making) but it is a "'Dark Grey Box" (where the personal intervention by you is somewhat limited).

How OmniTrader Looks

The graphics of this application are not wonderful – but they don't need to be! After all this is an application that relies on various indicators saying 'yes' or 'no'. To give an understanding of the typical screen look below:

The Focus List is on the left hand side – all in order of preference. The graph of the highlighted stock is shown centre right and the indicators to support are shown below the graph. Note there is a vote line, which is an accumulation priority of the indicators! You don't need to be a genius to get this running, but as you get deeper into the internal workings it is not an easy slog!

Up the top under the menu bar is a tool bar and in there is a 'Trading Model' choice. This is an extremely interesting drop down menu as it provides you the user with a choice of different trading models – each with different entry and exit rules – just like you would do in normal life – only mechanical! The good thing about this is that you can set the analysis to work in a fashion that mimics your own trading philosophy, and this is a whiz.

The stocks Trading Model choices read like a Chinese menu: Long Term, Medium Term, Short Term with options of Aggressive, Trending. Reversal, Open, making a choice of none trading styles – and you could make your own too! It even comes with a few custom models so that you can get the picture on how to make your own Trading Model – just like you. More on this subject a little later.

Loading Historical Data

The first step in getting OmniTrader to work is to load the stocks that you want to analyse into a Focus List, but before you do that you have to have the data. Doing this was relatively straightforward, though it was not an instant load – in my case.

First I took the ASX historical CD provided by Paritech[1], started it up and copied the data from the CD – using Windows Explorer onto a subdirectory that I created called **C:\shares** and although that was not a highly inventive subdirectory name it worked just fine!

When I purchased OmniTrader in 1997, I did so through a seminar in North Sydney, put on by Paritech, a Melbourne based company. At that time they were a rather small business just starting out with selling the Australian Stock Exchange[2] (ASX) historical data and a range of technical tools to technically analyse this data. Now for the fun part of this exercise!

As this data on the CD was at least a week old, I had to make a connection through Internet and make the data download from Paritech. The CD had a self loading program in it, and it worked and I literally followed the prompts till it said put in your user name and password, and I froze!

Yep, I hadn't read the associated documentation at that point and in that documentation there was a user name for me and my password – which of course did not work till I had called Paritech and got the OK from them and they cleared it from their end. It is amazing how a half hour of delay can feel like an eternity! *I wanted that data now!*

Paritech's Data Download program had a very nice wizard in it that stepped you through the connection process from Internet to the place where you wanted the data to go. That information was not obvious to me so another phone call later and that problem was solved. In hindsight it was relatively simple, but it was not simple then!

Leaping over the MetaStock Data Format

Before I could automatically put the missing data into the database, I had to find out when the last data existed. Using Windows Explorer to find some of the data proved extremely difficult as the data is in "MetaStock" format.

Now MetaStock format is not text – the data is in a referred database where each letter of the alphabet has a master index and each stock symbol starting with that letter has an associated number, and – you guessed it – each number has an encrypted data file attached – so seeing the data is next to impossible for the novice! There must be another way.

Yes there was – and it was staring me in the face. Launch OmniTrader, load in a couple of well-known securities into the focus list and find the last days data and go from there! Easy if you know how, so I figured that having the most recent data was not that important – for now!

---

[1] http://www.paritech.com.au/
[2] http://www.asx.com.au/

Loading the Focus List

After several years of working with many brilliant computer geeks in Telstra, and being compassionate with their odd hours – and defending them from the executive administration types who were stuck in an 8.30 am to 4.36 pm timeframe, I became to realise that the evening was slipping away and my data problem was not resolved. This was going to be another very long night! (Or should I say another lost night on a computer through to the morning.)

I launched OmniTrader and it came up! We were cooking with no recipe! The symbol data looked foreign to me, and the screen said 'No Data' so I figured that the data that was loaded was not linked with the symbols in the focus list shown there. Like all programs the usual first call of help was the Menu Bar and on that the immediate left (not right) – File!

So I started by creating a new File – (the new Focus List). Having hit the "New" button, a small pane gave me a chance to give it a name, description and the choice of what profile mode (End-Of-Day) and Profile Type (Stocks), and 'Create'! Blank Charting Screen and blank Focus List – not a good sign. How do I load the symbols?

In the Focus List Tool Bar area there are eight tools and one looks like a pencil (Edit), and yes, we have a new main screen to load the symbols into the Focus List! The first problem hit in immediately. In the USA the data Source is the EASY one and elsewhere the source is the USER one, so I had to opt for the USER source! It became very obvious that the USER data source and the management of this was never going to be a picnic!

A little bit of re-directing in the drive and directories and the Shares folder came up, and the AU-ASX sub-directory, then the A......Z sub-directories. Clicking on one of those letters brought up the ASX shares as per that starting letter.

If you click on each of the column headings (Symbol, Name, Start, End) then that column will sort alphabetically – that is really cool! By clicking on End (date) then going to the bottom and highlighting the last stock, then dragging the scroll bar up to the highest share with the last date, hold the shift key and then left-click – whalla – all those stocks are highlighted – just like in Excel or Access! Now click on Add and they transfer a copy of the highlighted stocks into the Focus List

Bug in the Focus List
You would think it would be easy to repeat the same for the rest of the alphabet – but no! There is a bug in the program in that if you choose a subdirectory with less stocks in it than any before that you have highlighted and/or moved, the that directory screen greys out! What a bummer – and Nirvana have no plans to fix it – I know – I have asked more than once!

The solution is to "OK" the present screen and close OmniTrader, then launch OmniTrader again and proceed to add more to the Focus List again – till it happens again, and again, and again!

A good workaround is to go through each letter and note the number of stocks (shown near the bottom of the Directory screen) and put this into Excel. Sort the Excel list and then you have the Directories to include from, in increasing numerical order!

No Automated Focus List
Now you have a Focus List! What a pain! It usually takes about an hour to produce this list, and it changes every week as new companies come on the market, old ones change their name or get joined with others and the rest simply fade away!

My approach is to exclude all the Warrants etc – those with six letters in them and concentrate on shares, update it once every month or so and otherwise avoid it!

The second big problem with the editing to manage the Focus List was that it is all manual, and other programs (so I found out later) have a much better way of managing this very important issue – they use criterion filters – which are very elegant in comparison.

I have communicated with Nirvana and they do not seem to have any plans to create an automatic loading Focus List – so as long as they keep their heads in the sand there will be no progress here and other data analysis programs are getting better all the time.

Aligned with this problem is the fact that with OmniTrader is that there is no filter to automatically load a Focus List with. While this might not seem to initially be a problem, it is! A filter can cut the securities that you might want to look at from say 1600 down to 90, and of those 90 about 10 will be excellent to consider further.

This is a major setback even though OmniTrader can prioritise the securities so that the 'new ones' and 'rising stars' will consist of about 200 to 400 there is a lot of chaff in there that needs to be removed – and this is very time consuming and it is very easy to lose the plot (discipline) and start chasing unlikely securities.

The issue here is that other data analysis and graphing packages do provide a filter of sorts, making it very easy to filter in say, 400 securities and then work on them for the next week or so.

OmniTrader[3] is really a Microsoft™ Access Database manager, so all the databases are in Access, and it wouldn't take an Access guru long to make up an Access macro that would work on the EOD database of choice, look for some simple (existing trade) criteria and construct a focus list that would slot into OmniTrader. This simple act would cut an hour plus weekend work down to a five-minute virtually automated process!

The 200 Millennium Bug

The third big problem came in December 1999 when Nirvana (OmniTrader's parent company) seemed to latently realise that OmniTrader was not 2000 compatible, and they had to do a complete rewrite of the program and re-issue this on the eve of 1999, which meant that OmniTrader was effectively out of commission till-mid January 2000 and OmniTrader 2000 was loaded and working, systems and all. Nil marks for engineering planning here!

All the work done on setting up the trading systems (see later) was effectively lost – but me being me had documented everything, so it was a case of several evenings (early mornings) rebuilding the system. Not a happy chappie!

Having closed the Directory window the screen looks fairly blank. With the Trading model set on STOCKS, Medium Term Aggressive The 'To Do' button is the next item of interest. Simply Update the Prices, Test the System, Update the Focus List and Generate Statistics, All Symbols; and away we go!

Five minutes later the Focus List is filled out with arrows and numbers. This is where it gets interesting! By double clicking on the 'Sig' heading, the column sorts itself out in order.

Now by holding down the Ctrl key and clicking once, then again on the 'Bars' heading, the number of periods since the signal appeared comes up on the list – linked with the "Sig" markings! By clicking once on the 'Adv' (Advice) heading that column also lines up with the other two! Now there is a Focus List in order of merit – or so it seems.

It is now a simple matter to double-click on any Symbol (not the heading) and the associated graph will come up along with the indicators, and the voting line. Interesting!

Where OmniTrader Fails

I used OmniTrader for the first couple of years and had some excellent results but I could not make it really work for me the way that I wanted it to work! It was not until I realised that there were some fundamental flaws in my recipe / strategy (and that I was continually losing for some months and not others) that I realised that my strategy needed some serious reconstituting before proceeding!

OmniTrader is an excellent product in the right hands. In this case it was like a racing car with a lout driving and crashing the gears, and very few people outside the

---

[3] http://www.nirvanasystems.com/oti/software/omnitrader/support.asp

USA seemed to know much about how to drive it. Having searched the Internet and tried several chat rooms, I started to realise that a minority of people used OmniTrader but I could see the potential of this product.

Regularly Running OmniTrader

To run OmniTrader on an everyday basis, it was a simple case of downloading the ASX End of Day (EOD) data through Paritech's Data DownLoader. This got my ASX database up to date all the time. The data is in MetaStock format and is used by almost every data-trading package on the planet. Now that the data was up to date, then launch OmniTrader and click the 'To-Do' button, and in about 10 minutes all the analysis is done for the 1,800 or so stocks being analysed.

Now that the securities/stocks have been analysed the real magic happens: The program sorts the securities in order with some sort of a rating system. How lazy/good is that!

Now the fun begins. Simply by tapping on the Page Down/Up buttons the program sequentially steps through the securities, along with the ratings – all in order!

How can we go wrong? Let me count the ways!

It took a little bit of nous to realise that these are indeed fallible and that just because the green filled triangle is there, and the stock is diving, is not a reason to consider buying into that security without some form of backup. On the contrary when the inverted red filled triangle comes up it is a good sign to accept that the future is not good, and it is time to move on. In other words the rules for getting in and getting out are different!

After studying the various trading personalities that this application has, it became obvious that many of the trading indicators had a lot to be desired, and the road of inquisition had only started (little did I know how little I knew).

Learning the Basics of Technical Indicators

It was time to go back to the books and find out a little more about Technical Analysis, and fortunately the OmniTrader package came from Paritech with an excellent reference "Technical Analysis from A to Z" by Stephen B Achelis (McGraw Hill) ISBN 1-55738-816-4 and I skipped though this 24 mm thick book "in no time".

Literally in a few days, I had read this book through, and it being a textbook was exactly what I like reading, and this was light reading – for me. My head was spinning with all these new indicators that have primarily been developed in the last 30 or so years.

What I did notice was that most of these indicators used end of day (EOD) data and in these cases the Close price and occasionally the (daily) Volume were the prime candidates of the analysis. Interesting!

On the other side, several Indicators used what I would call "astrologic analysis" and I simply dismissed these without even going there. My reasoning was that as I have already spent some 30 plus years using graphs in other areas of mathematics, and I could immediately see flaws in their thinking – so why waste my time with questionable approaches?

Comprehending the OmniTrader Indicators

Back into OmniTrader, I began to realise a few interesting things. The Indicators in the application are usually set as optimised for each security and for each trading system. This made OmniTrader very powerful, if this could be reigned in. After some weeks in torment I was able to make some of the Indicators really work well and some others really foul up. Clearly I did not understand how some of these Indicators were set up in OmniTrader.

OmniTrader had the potential to be a brilliant package if only I could comprehend how to really understand the intricacies of how it worked. Right then, there was nobody in Australia that I could call on and have a long friendly discussion with about it – so this was going to be a long solo travel.

On the other side of life, I had a portfolio that appeared stagnant, and it was high time that I started to find out as much as I could about these companies, what they do and why, who runs them and from where, and what do they have that supports their share prices? I had to go on another journey of learning, and now was almost too late to start! I needed another Mentor!

The excellent thing about OmniTrader is that the Focus List, as primitive to load as it is, can be set to self-prioritise. Now it must be understood that OmniTrader is a "Grey Box"; that is, OmniTrader is primarily a decision maker but the user has the ability to control the indicators and other items that set the decision-making.

The program has within it an analysis area that takes a note of the power if the signals, and days since the last signal, and it can sort these. The picture below shows an example of the Focus List on the left had side, the graph of the highlighted

security on the right hand side and the voting indicators in the bottom right under the graph.

Another excellent feature about OmniTrader is the ability for graphs to be flicked over by the Page Up/down keys. This makes flipping over securities a blessing of simplicity, and as the graphs are not stored in memory, thousands of graphs can be flipped through as thought it is one graph and the attributes only changed! This feature is not to be underestimated and this feature makes OmniTrader a very desirable technical trading application.

Simple Conclusions

Some people can perceive a visual with numbers but most can see a visual picture created from numbers, and that is where this program shines (somewhat)! Every trading day is shown – whether the stock trades or not. That implicitly places a linear timescale on the graphs and that closely aligns with reality.
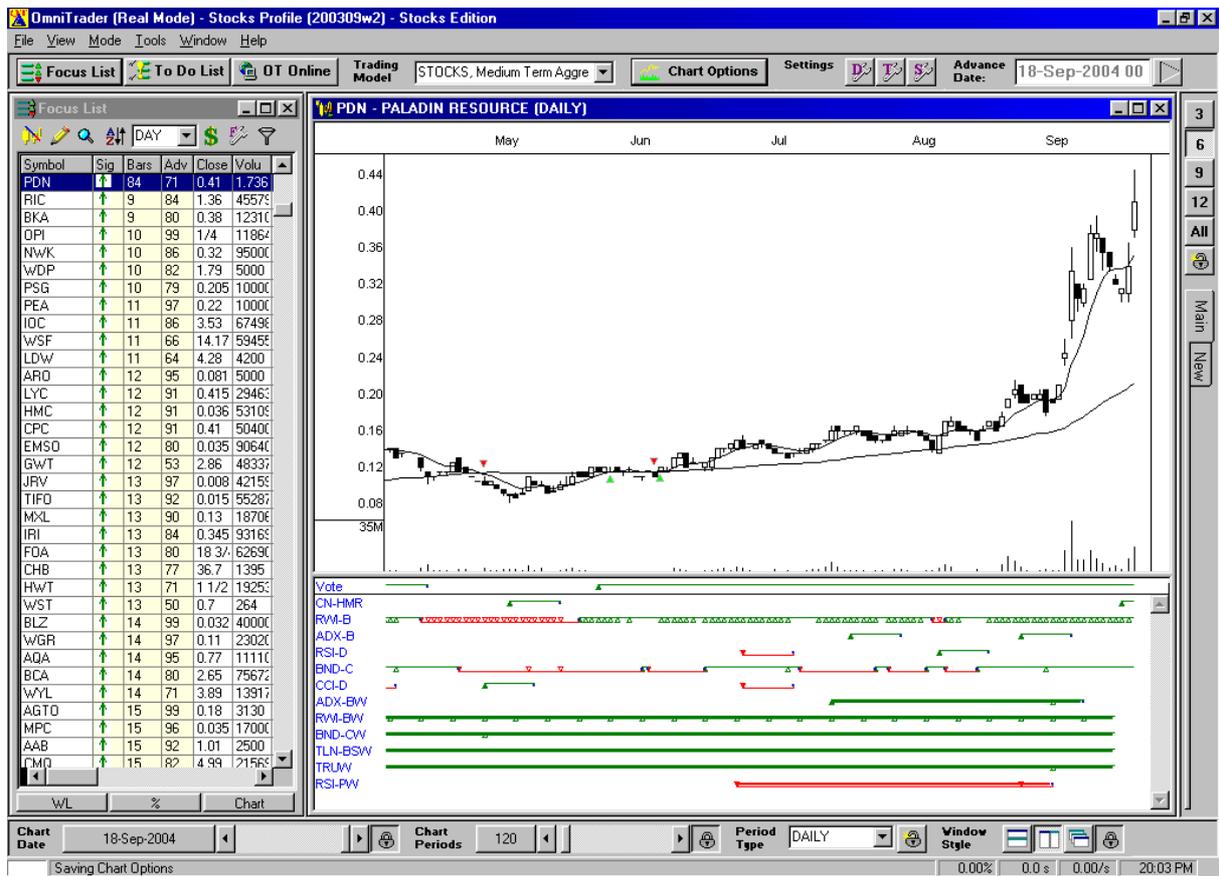
Take these words and remember them well as there are other graphing packages that only show the traded days, and the time axis can be very confusing, as the timescale can get very warped – mostly giving an unrealistically active stock.

Unfortunately, the pricing side is in need of a reality check as it is very often broken up in eighths, and the focus list will also have partial fractional prices. Look at the focus list above and look at the last "full green triangle" line, and the price should read $1.75, but no!

This is USA based so it is $1 ¾ and that makes me wince. Yes I have had a word about that to Nirvana and the answer was on the lines of – 'when the USA stock market moves over to true decimals, then we will be the first to change too!' We all know that means, "We do what the US market wants – so go away!"

This program really is a good decision maker program, so the graphing is not that important – but it is important! The real power of the program comes from the number of systems that are being competitively tried against each other to give a consensus answer.

Its like having a bunch of well known analysts all having a say, and those that have got it right in this area before have the more powerful says – so the chances of getting it right are greatly increased! Here is a picture of the program in full flight and in the bottom right window are a bunch of the best performing daily based indicators and under that the best of the weekly based indicators:

You can see that in this case about 12 indicators are used and that the vote line said to get in at about 12 cents – and hold on! Interesting!

After some years of using this program with mixed reactions, I decided that it was too complex and by cutting out the high number of indicators (which are basically moving averages on moving averages), much better results were obtained with a very few well performing indicators, as the confusion was also largely eliminated.

To better understand what is going on here, some later chapters that get into the workings of various indicators, and go that little bit further have most of the answers – and yes – these chapters fill in the coordinates on the road map and it is like finding the 'Holy Grail'!

Copyright © Malcolm Moore, 2002, 2004, 2009
Comments and Corrections are welcome