

IndicesBuilder V2.1

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User manual

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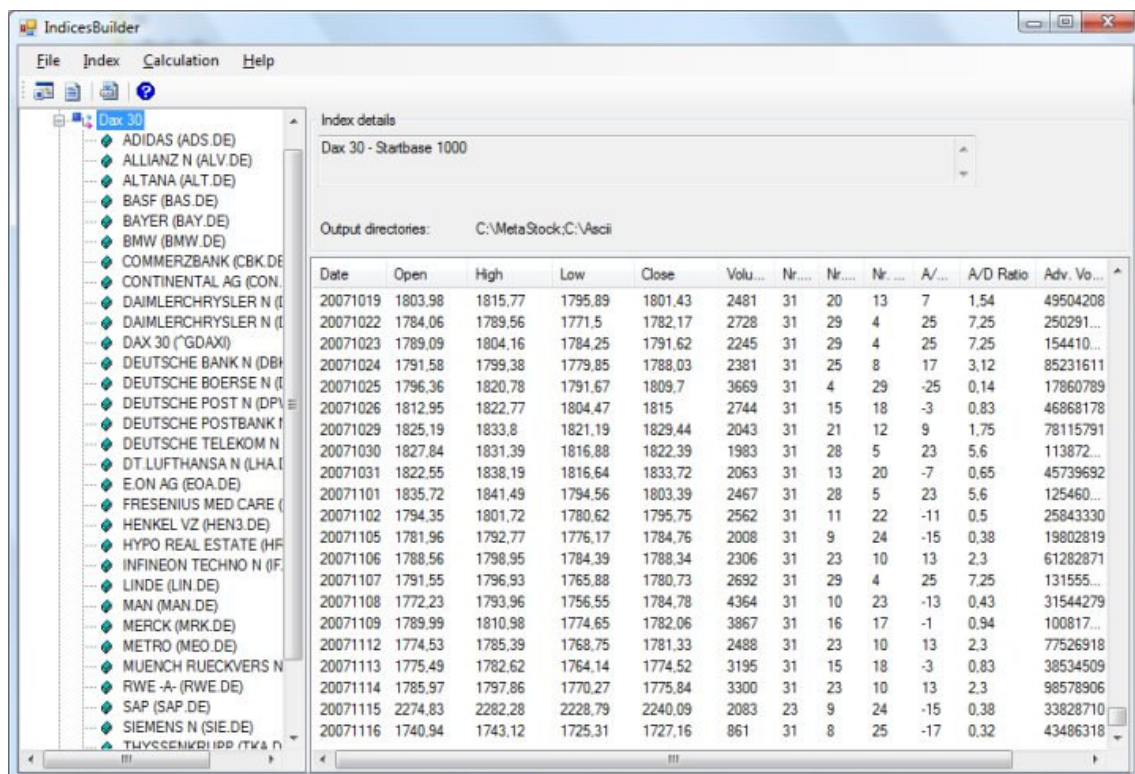
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Welcome

IndicesBuilder allows you to design custom indices using your MetaStock files. The index reflects the average open, high, low, close and volume and allows you to view a chart of it and run tests on it in MetaStock. Moreover, the program creates market breath indicators like Advance/Decline Ratio, Advance/Decline Spread etc.

So it is very easy for you to partition the stock market into sub groups and track each group movement via the analysis of each group's custom made index. There is no limit on the number of stocks that can be added to the index. Furthermore, it is also possible to add stocks to an index that are located in different directories.

It is possible to store the price records of the index in MetaStock format and/or in form of Ascii files.



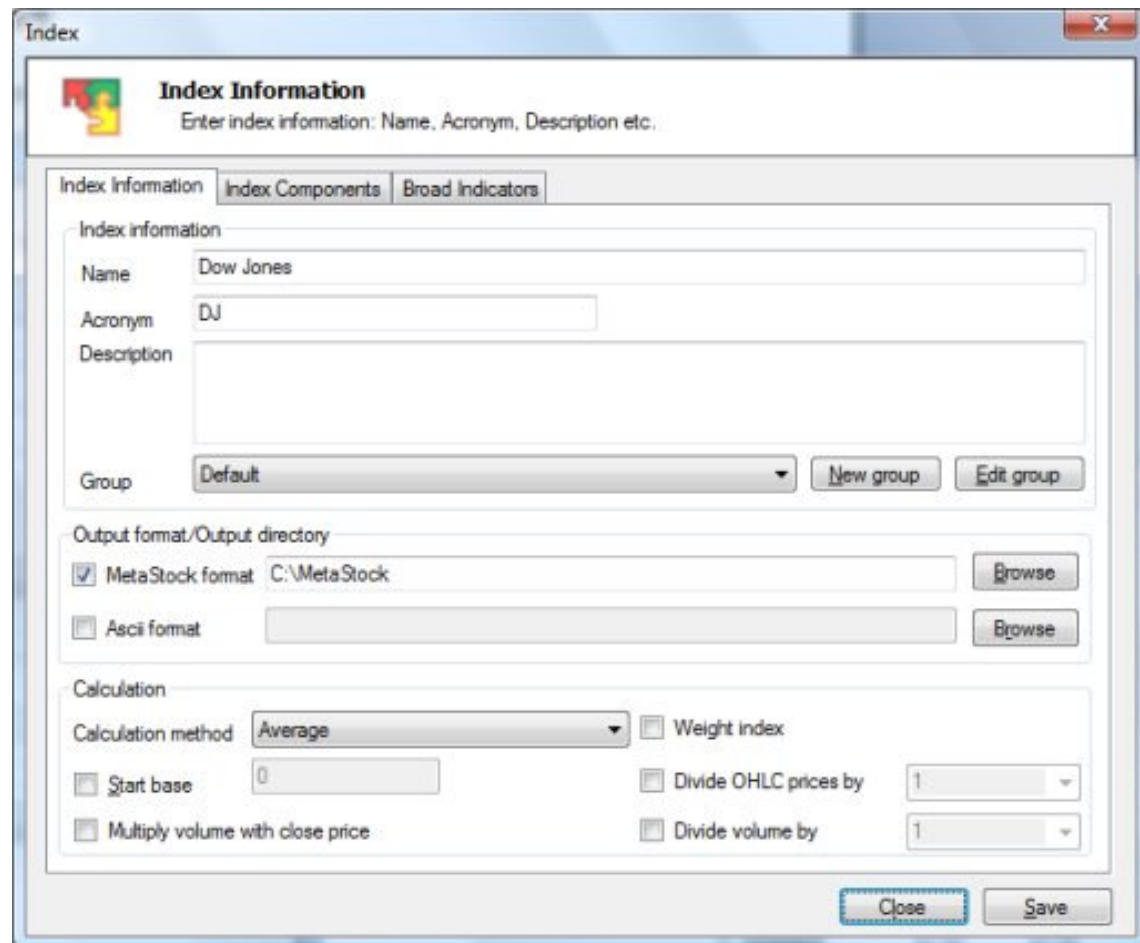
Date	Open	High	Low	Close	Volu...	Nr...	Nr...	Nr...	A/...	A/D Ratio	Adv. Vo...
20071019	1803.98	1815.77	1795.89	1801.43	2481	31	20	13	7	1.54	49504208
20071022	1784.06	1789.56	1771.5	1782.17	2728	31	29	4	25	7.25	250291...
20071023	1789.09	1804.16	1784.25	1791.62	2245	31	29	4	25	7.25	154410...
20071024	1791.58	1799.38	1779.85	1788.03	2381	31	25	8	17	3.12	85231611
20071025	1796.36	1820.78	1791.67	1809.7	3669	31	4	29	-25	0.14	17860789
20071026	1812.95	1822.77	1804.47	1815	2744	31	15	18	-3	0.83	46868178
20071029	1825.19	1833.8	1821.19	1829.44	2043	31	21	12	9	1.75	78115791
20071030	1827.84	1831.39	1816.88	1822.39	1983	31	28	5	23	5.6	113872...
20071031	1822.55	1838.19	1816.64	1833.72	2063	31	13	20	-7	0.65	45739692
20071101	1835.72	1841.49	1794.56	1803.39	2467	31	28	5	23	5.6	125460...
20071102	1794.35	1801.72	1780.62	1795.75	2562	31	11	22	-11	0.5	25843330
20071105	1781.96	1792.77	1776.17	1784.76	2008	31	9	24	-15	0.38	19802819
20071106	1788.56	1798.95	1784.39	1788.34	2306	31	23	10	13	2.3	61282871
20071107	1791.55	1796.93	1765.88	1780.73	2692	31	29	4	25	7.25	131555...
20071108	1772.23	1793.96	1756.55	1784.78	4364	31	10	23	-13	0.43	31544279
20071109	1789.99	1810.98	1774.65	1782.06	3867	31	16	17	-1	0.94	100817...
20071112	1774.53	1785.39	1768.75	1781.33	2488	31	23	10	13	2.3	77526918
20071113	1775.49	1782.62	1764.14	1774.52	3195	31	15	18	-3	0.83	38534509
20071114	1785.97	1797.86	1770.27	1775.84	3300	31	23	10	13	2.3	98578906
20071115	2274.83	2282.28	2228.79	2240.09	2083	23	9	24	-15	0.38	33828710
20071116	1740.94	1743.12	1725.31	1727.16	861	31	8	25	-17	0.32	43486318

(Main window of IndicesBuilder)

Getting Started

Designing a Custom Index

To create a new index, click on the "Index->New" menu. Following dialog will appear:



("Add Index" dialog)

Index information

Enter a name (maximum 45 characters) and an acronym (maximum 14 characters). Optionally you can add a description.

For a better view in the main window it is also possible to assign an index to a group. Select the group name in the combo box where you want to index to be assigned. To add a new group, click on the "New group" button. To change the name of a group, click on the "Edit group" button.

Output format/Output directory

The price records of the index can be stored in MetaStock and/or Ascii file format. Tick off the "MetaStock format" checkbox to store the data in Metastock format and the "Ascii format" checkbox to store the data in form of Ascii files. Afterwards, enter a directory in the text field where the price records should be stored. Alternatively, you can also click on the "Browse" button. Then a dialog will appear where you can select a data directory. Before you can store data in an Ascii file it is necessary that specify the output format of the Ascii file in the "File->Ascii Format" dialog.

Calculation

Average/Weighted Average

Following formula will be used if you select "Average":

$$\bar{x}_a = \frac{1}{n} (x_1 + x_2 + \dots + x_n)$$

Following formula will be used if you select "Weighted Average":

1st day of the index:

Close - stocks current close / prior close = ratio
summation of all ratios / # of stocks in group * groups prior

After 1st day:

summation of all ratios / # stocks in group * groups prior close

High, low and open: (example for high)
current high / current close = ratio
summation of all ratios / # of stocks in group * current close

Weight index

You can specify a weight of each security that is representing the index. Select the security and click on the "Edit weight" button to edit the weight. Click on the "Set default weight" to use the same weight for all securities.

Start Base

This option allows you to rebase the index. You can enter any start base you want. Following example displays the close values where the Start Base option is on (left column) and the Start Base option is off. (right column)

Start Base Option On (1000)	Start Base Option Off
01/02/1990, 1000.00	01/02/1990, 7.4209
01/03/1990, 968.252	01/03/1990, 7.1853
01/04/1990, 1015.87	01/04/1990, 7.5387
01/05/1990, 1079.36	01/05/1990, 8.0098
01/08/1990, 1055.56	01/08/1990, 7.8332

Multiply volume with close price

Tick off this option if you want that the volume will be multiplied with the close price.

Divide OHLC prices by

Tick off this option to divide the open, high, low and close price by 10, 100, 1000, 10000 or 100000.

Divide volume by

Tick off this option to divide the volume by 10, 100, 1000, 10000 or 100000.

Market Breadth: Advance/Decline Indicators

Thirty stocks make up the Dow Jones Industrial Average. If the Dow moves up 20 points, there's no way to tell from that number if the increase is the result of only one stock going way up or many stocks each going up a small amount. The advance/decline data for the Dow can answer this question. If five stocks advance and 10 stocks decline (while

15 remain unchanged), then only a few stocks are responsible for carrying the market higher. Therefore, the rally is not broad-based. Following Advance/Decline Indicators will be calculated by the program automatically and displayed in the main window:

- **Number of Advancers/Decliners**
It is a very simple measure of how many stocks are taking part in a rally or sell-off. This is the very meaning of market breadth, which answers the question, "how broad is the rally?"
- **Advance/Decline Spread**
A variation on the A/D line is the A/D spread. Just as its name implies, the A/D spread charts the difference between the number of advancing stocks and declining stocks in a given market on a given day. Unlike the A/D line, the spread is not a cumulative chart, so each day is calculated separately. The formula for the A/D spread looks like this:

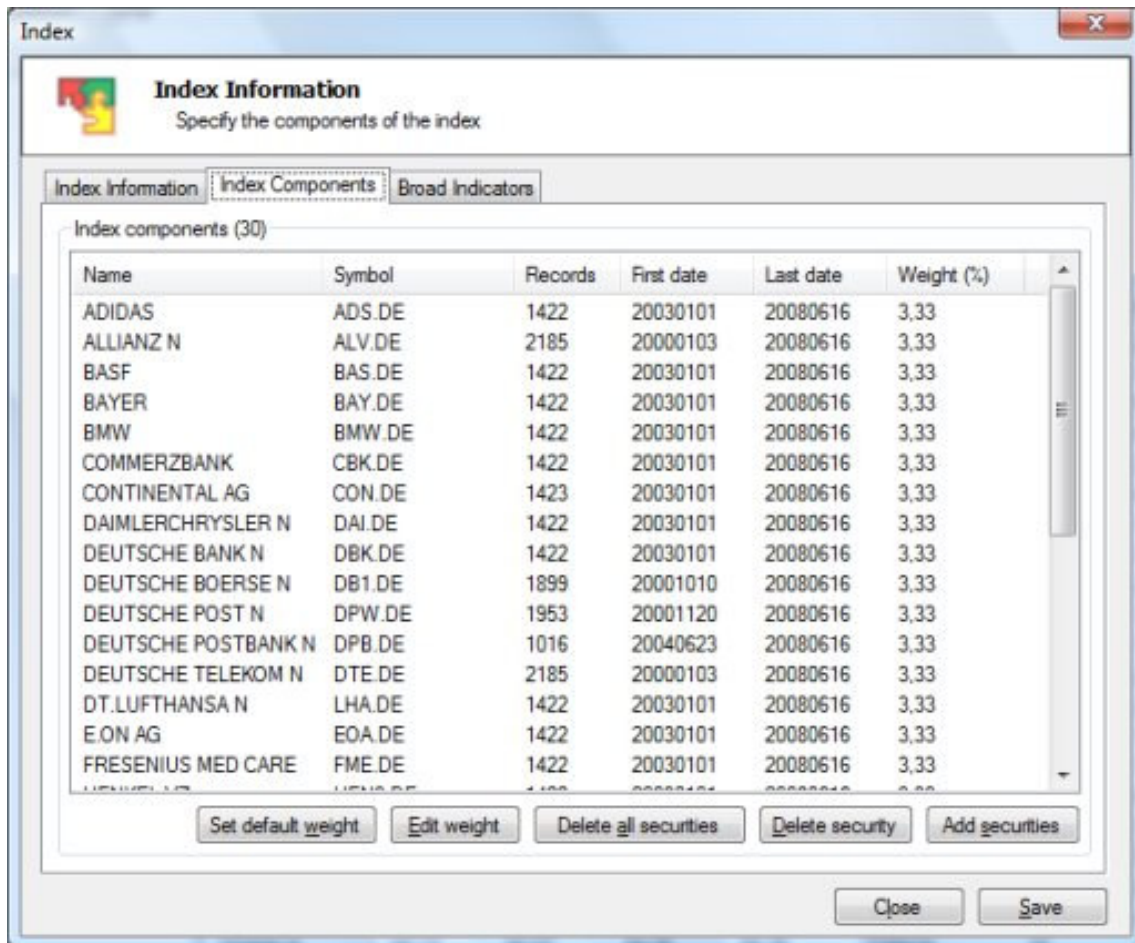
$$\text{A/D Spread} = \# \text{ of Advancing Stocks} - \# \text{ of Declining Stocks}$$

- **Advance/Decline Ratio**
Another variation on the A/D line is the advance/decline ratio, which divides the advancers by the decliners. Here is the formula:

$$\text{A/D Ratio} = \# \text{ of Advancing Stocks} / \# \text{ of Declining Stocks}$$

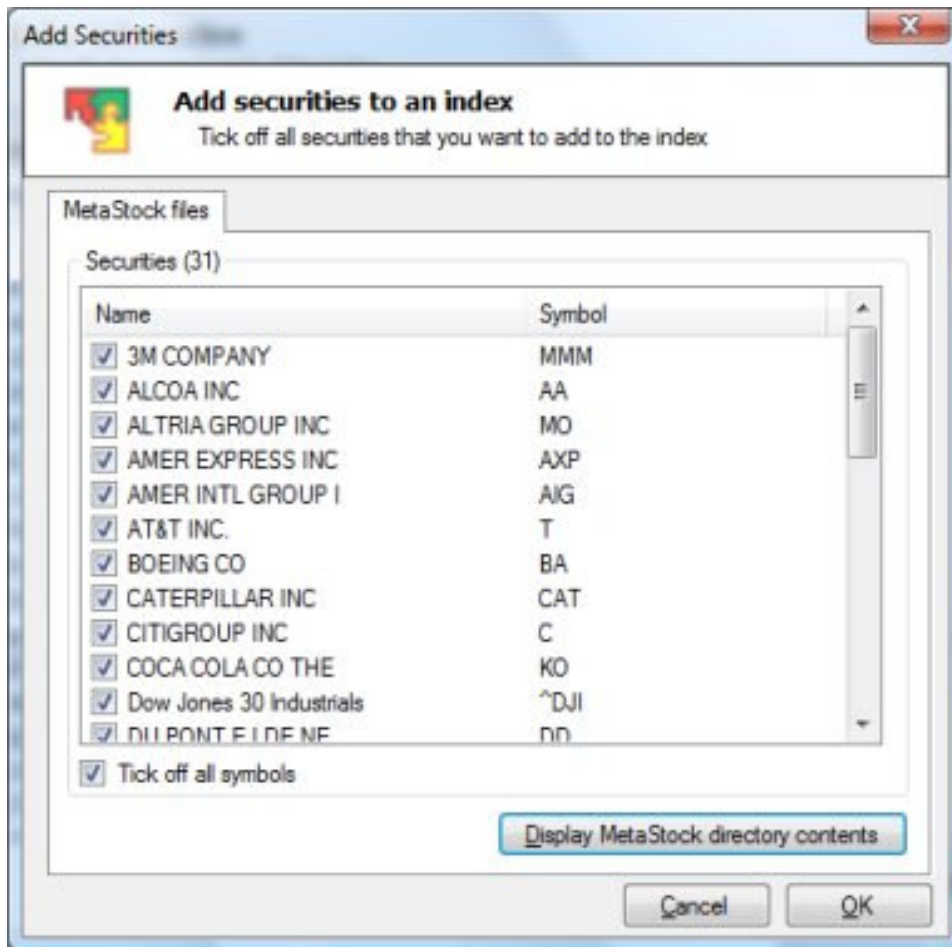
Index Components tab

Click on the "Index Components" tab to define the components of the index.



("Index Components" dialog)

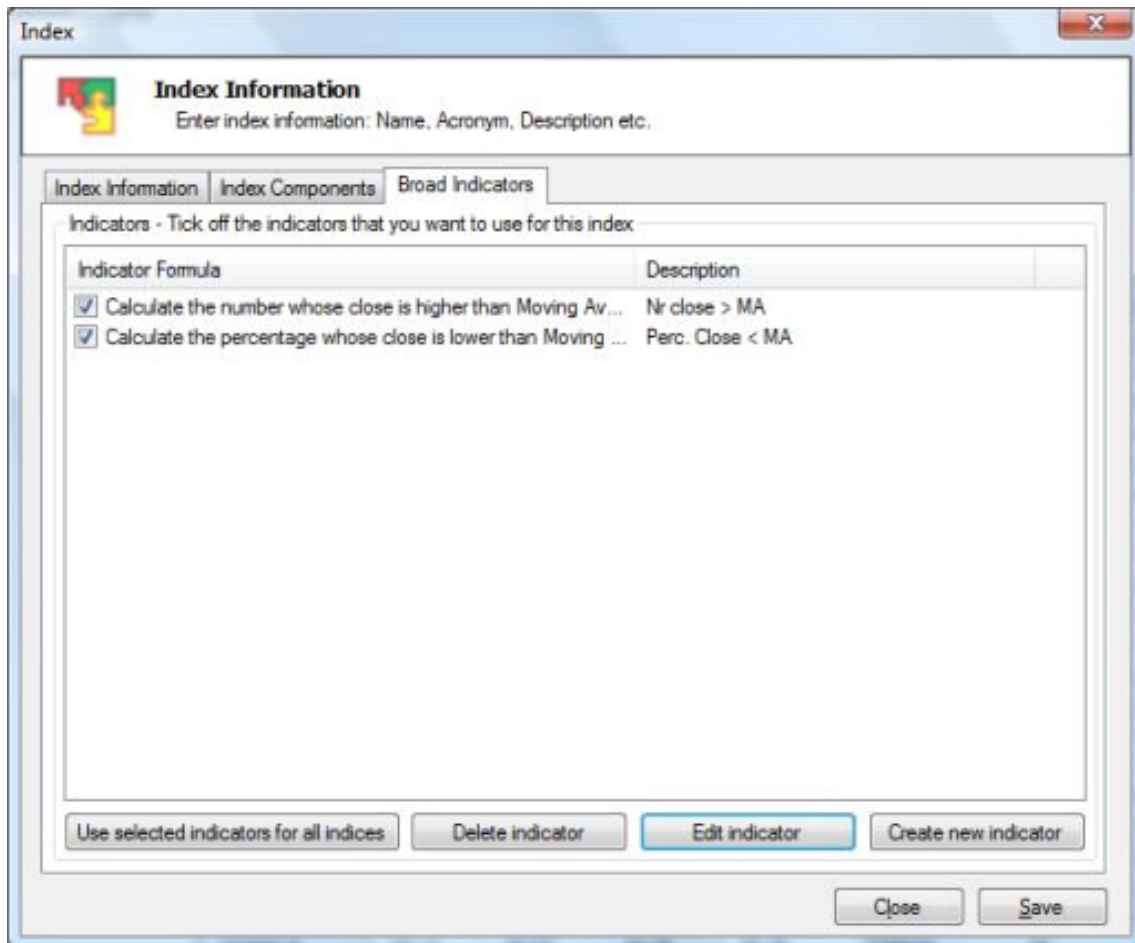
To add components to an index click on the "Add securities" button. A dialog will appear where you can select a MetaStock directory. After you have done that following dialog will appear:



("Add Securities" dialog)

Tick off the securities you want to add to the index. Click on the "OK" button to close the dialog. The selected securities will appear in the "Index Components" window now.

Broad Indicators tab



("Broad Indicators" dialog)

In the "Broad Indicator" tab page you can collect your stocks into any number of individual groups for broad market analysis. To create an indicator, click on the "Create new indicator" button.

Calculating the Index

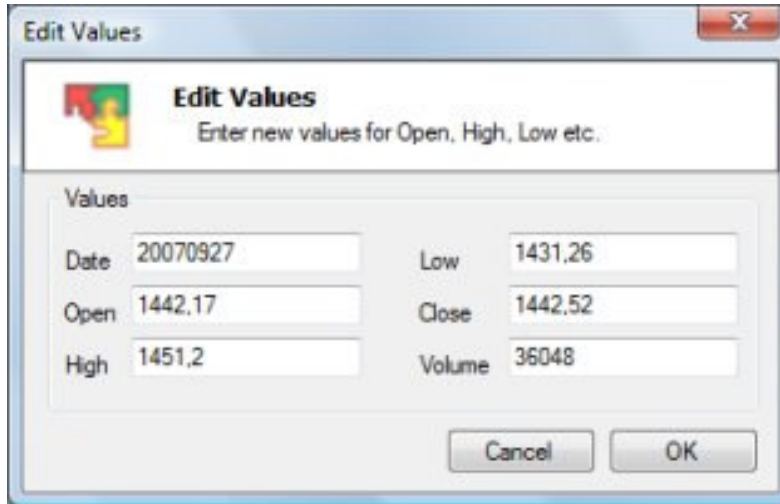
Select the index you want to calculate.

Click on the "Calculate->Recalculate Index" menu item to calculate all records of the index. Some price data history goes back much further than others. The index goes back as far as possible – so if you started in 1990 there might only be 3 of 15 stocks in the index that go back so far, but then in 1999 10 are available and 2003 all 15. The index goes back as far as the stock with the longest price data history is and is as inclusive as possible as stocks have history that comes available for arithmetic averaging. Use this function if you want to calculate the index the first time or if the components of the index have changed. (The old index will be overwritten)

Click on the "Calculate->Calculate Index" menu item to calculate the new days only. Use this function to update your index day by day.

Editing Values

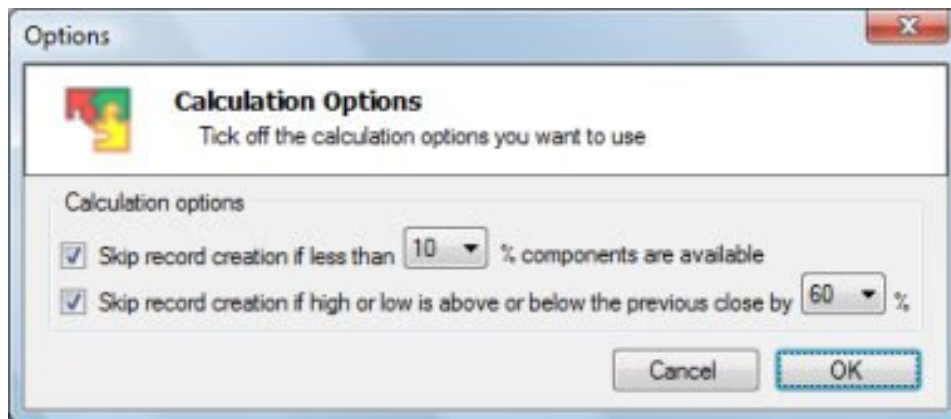
You can edit the values of the index in the main window. All you have to do is to double-click on a price record. Afterwards, following dialog will appear:



("Edit Values" dialog)

Options Dialog

To open the "Option" dialog you have to click on the Calculation->Options menu entry. Following dialog will appear:



("Options" dialog)

Skip record creation if less than x% components are available

Your data provider should not return values for Christmas, New Year or weekends. Fact is that it is not always possible to get clean data from the data provider. With the "Skip record creation ..." option you can skip record creation if less than X% components are available.

Skip record creation if high or low is above or below the previous close by x%

Tick off this option to prevent some very bad index data if one component has a very erroneous and obvious error.

Registration and Price Information

Product price: 59.95 Euro

This copy of IndicesBuilder is available for a 14 days evaluation period. If you decide to continue using the program, you need to register the program by using one of the methods described below. By registering the software, you are able to continue using it legally, and are supporting our efforts to continually develop innovative products to best serve your needs. If you order via credit card you receive the fully registered version of IndicesBuilder within 5 minutes.

Click on the link below to make your order on a secure web site. You can pay via credit card, wire transfer, cash or check.

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After you purchased a license, you will receive your personal license file. You have to copy this file into the directory where the IndicesBuilder.exe file is located. In most cases this file is located in the C:\Program Files\IndicesBuilder directory.

Benefits of Registering:

- No restrictions on the number of starts.
- Free technical support provided by email. Questions usually answered same day.

Contact

We provide support via email. You can email your questions, comments or bug reports to info@trading-tools.com. Normally all emails are answered throughout the 24-hour day.

Please keep the following tips in mind:

Software Problems: It is easier to solve a software problem if you send us details that are as specific as possible when inquiring about software problems. Also tell us the operating system you are using.

Web: <http://www.trading-tools.com>

Disclaimer of Warranty

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