

eSignal 10.5

Part 2

eSIGNAL

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Product: Real-time market data and analytical platform for traders and investors.

Requirements (recommended):

Windows 2000/XP/Vista; 2GHz or faster, 17-inch or larger dual monitors (1024 x 768 resolution); 2GB RAM; 40 MB available disk space, DSL or cable modem, Internet Explorer 6.0.

Price: eSignal (Premier), \$125 a month, \$95 annual prepaid rate.

eSignal (Premier Plus), \$195 a month, \$160 annual prepaid rate; 30-day trial available for both.

by *Jayanthi Gopalakrishnan*

In the first part of this review I covered the basic features of eSignal 10.5. Those features are just the tip of the iceberg.

The core, the strength, of eSignal 10.5 lies in its powerful programming capabilities. Creating unique trading systems is what sets one trader apart from others. Unfortunately, many traders tend to be intimidated by the idea of creating their own systems, but it doesn't have to be difficult. While it is true that learning how to write code in a language with which you are not familiar may sound like a challenge, you'll find out that it doesn't have to be.

CREATING FORMULAS

eSignal does use a complex JavaScript programming language known as the eSignal Formula Script (EFS). However, they have gone to great lengths to make it easy for you to get started. To begin

with, they have included several built-in formulas that you can easily implement into your charts. You will find that the built-in studies are the same as those you find in the Add Study menu, but the built-in studies are saved in .efs format, which means you can edit them and make them more complex if you wish. All formulas are saved in the formulas folder in the eSignal directory.

There are basically two ways you can create your own formulas; one is through the formula wizard and the other is through the formula editor. The wizard is probably a good starting point for those who are less advanced coders. You can create a new formula using the wizard window by following the steps. These include inputting the studies, variables, expression sets, expression conditions, actions, and return datapoints. After creating a formula you can save it as an .efs and implement it into your advanced chart to see the results. There are some examples available in the help menu as well as in the online manual.

If you want to create a formula

from scratch, then it is best to use the formula editor. Use of the EFS tutorials to familiarize yourself with how to write the code. There is a very active user forum so if you have any questions, whether beginning or an advanced level, you can always ask other users your question and it is sure to get answered. There are also several eSignal formulas for users to try out in the EFS Library or various other sites. In fact, you can find formulas published in *STOCKS & COMMODITIES* from our Traders' Tips section.

BACKTESTING

Once you have created your study and run it through the syntax and everything looks ready to go, your next step is to backtest the strategy. Make sure you save the file in the formulas folder of the eSignal directory. Backtesting is a relatively simple process, as long as you are sure the logic that you created with your formula is going to give you realistic results. There is no way to check if the logic is correct. To get started on backtesting, you have to bring up an advanced chart on your screen and then select the backtesting option either from the toolbar or from right-clicking on the chart. You will see a window similar in Figure 1. Select

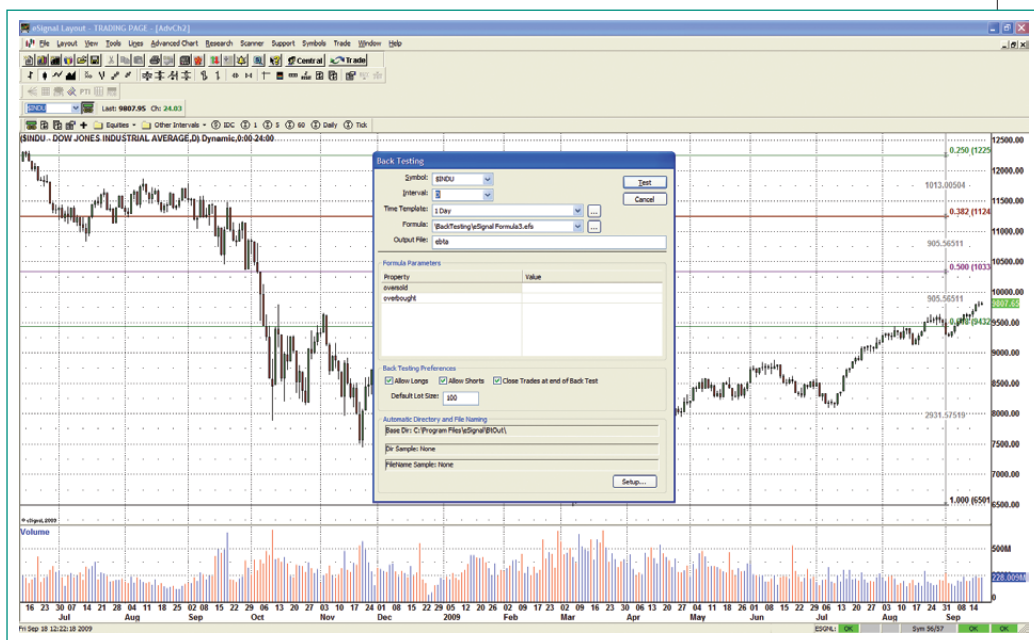


FIGURE 1: BACKTESTING. Backtesting is accessed from the Advanced Chart. You just have to specify your inserts and then hit the Test button.

your various inputs and then click on the test button. Once the backtesting is performed, you will see the Strategy Analyzer window (Figure 2), which contains the results of your trading system. This window has six tabs across the top.

The Strategy Analysis tab, which is the one displayed in Figure 2, shows you the overview of the performance of your strategy. Here you will find your net profits, returns, average monthly returns, maximum drawdown, and other values that help you determine the overall performance. These are categorized by all your trades, long and short. You will also find performance ratios and time analysis.

The Trade Analysis tab gives you an analysis of your total trades. This includes the outliers, runup/drawdown, and a trade series analysis of your winning and losing trade series.

The Trades tab displays the results of each trade in a multi-column tabular format. The Period Analysis tab displays your daily, monthly, and annual trading summary.

One tab I found particularly useful is the Graphs tab, which gives you a visual representation of the performance of your trading system. You can see an example in Figure 3. You have several options when it comes to viewing the graphs. You can view equity graphs or trade graphs and within these two categories are several subcategories.

As you can see, backtesting your trading system in eSignal gives you the opportunity to thoroughly analyze your trading system beyond just looking at its overall profit/loss. You can look at various other values to determine if the system performs to your satisfaction and comfort level. For example, can you handle the drawdowns? Will you be able to meet the size of your account? Are there too many consecutive losing trades?

A COMPLETE TRADING PLATFORM

eSignal is a sophisticated platform that meets the needs of all traders from beginning to advanced. There are other features that I haven't even touched on yet, but a glance at the software's

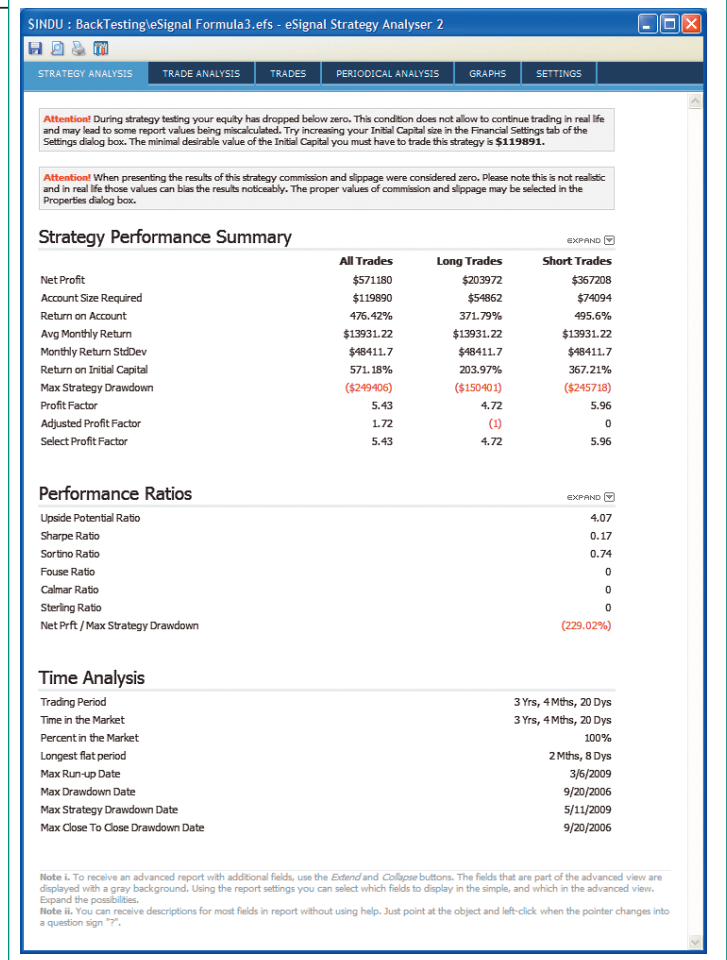


FIGURE 2: STRATEGY ANALYSIS. Here you see an overview of the performance of your trading system.

tutorials will give you an idea of the extensive list of features this product has. eSignal's data is relatively reliable, the software has extensive customer support, and they are always keeping up with technological advances.

Overall, I have been very impressed with the features offered by eSignal. There were times when the datafeed froze, but that was very rare. From a relative standpoint, the product is very solid.

Jayanthi Gopalakrishnan is Editor for STOCKS & COMMODITIES.

SUGGESTED READING

Gopalakrishnan, Jayanthi [2009]. "eSignal 10.5, Part 1," product review, *Technical Analysis of STOCKS & COMMODITIES*, Volume 27: October.



FIGURE 3: GRAPHS. You have several options when it comes to viewing the performance of your system using graphs. The list is displayed along the left side of the chart.