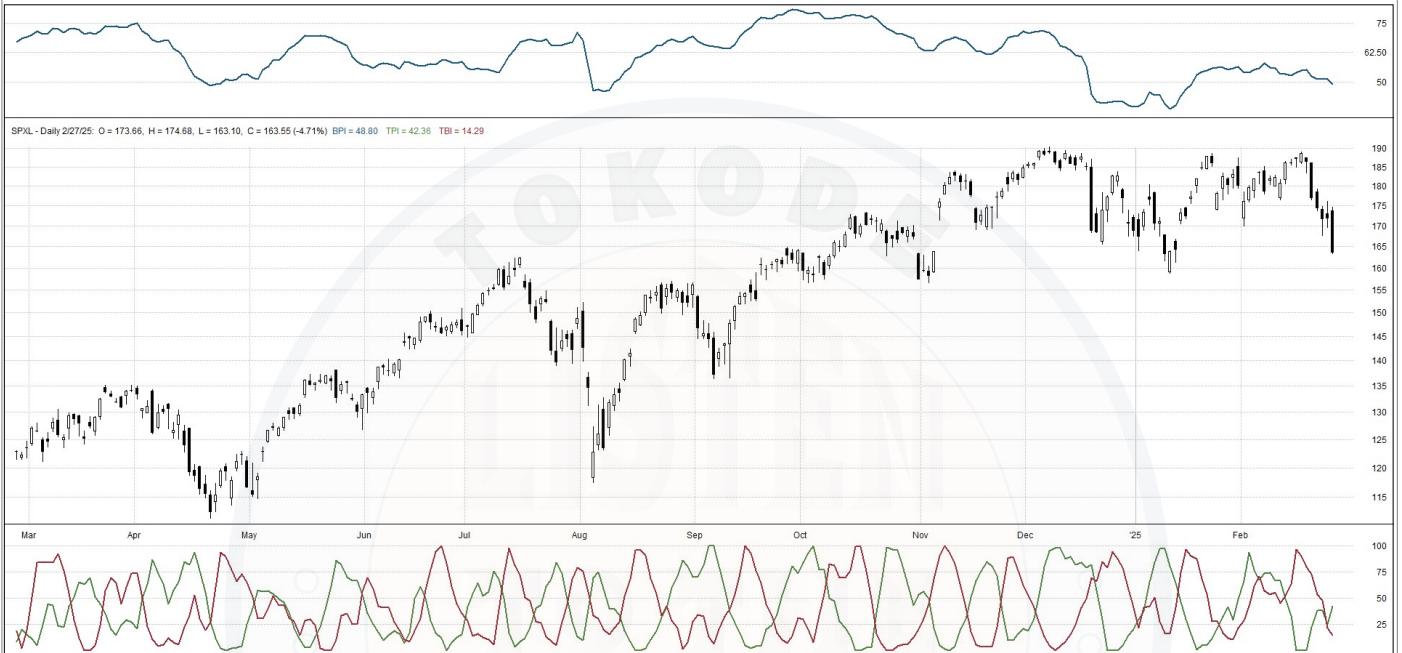


INDICATOR

Tokode Market Study (TMS) consist of four indicators to assess "Market Conditions" at any given time in the stock market. The Tokode Pullback Index (TPI), evaluates downside exhaustion during a pull-back or correction while the Tokode Breakout Index (TBI) evaluates upside participation after a market pullback or correction. Tokode Regime Index (TRI) evaluates market regimes to determine if it is one of rising or falling prices. The Bullish Percent Index (BPI) measures the percentage of stocks within the index (S&P 500) exhibiting a bullish setup. These four indicators are studied to determine market conditions.



The Tokode Pullback Index (TPI) and Tokode Breakout Index (TBI) are plotted together below the price in the chart above. The Bullish Percent Index (BPI) is plotted above price.



The Tokode Pullback Index (TPI) is plotted above price in the chart above. The Tokode Regime Index (TRI) is plotted in the bottom pane.

INDICATOR - Tokode Market Study (TMS)

Algorithmic

Entry and Exit can be based on "Oversold" and "Overbought" market conditions. TPI is the most suitable oscillator for determining these levels. Default threshold for both are:

- 95 for oversold
- 0 for overbought

Entry and exit at these default thresholds for TPI, with a basic stretch as is commonplace for mean reversion, reveals the edge in TPI signals. Although, the win rate and payoff ratio are unusual for mean reversion, the results are reproducible in other levered ETFs. BPI and TRI could be used as filters on any TPI setups.



Discretionary

Several combinations of setups are available when TPI is combined with BPI, TRI or other non-TMS indicators or patterns. Risk management is an important aspect of discretionary trading hence, with a variety of appropriate risk controls, further edges can be realised with the general principles of:

- TPI for entry signals
 - ⇒ Above 90 for oversold, long signals
 - ⇒ At 100 for extremely oversold, long signals
- TBI for pyramid signals
 - ⇒ Above 70 for breakout, after TPI long signals
- BPI as a filter for TPI signals
 - ⇒ Below 45 to confirm oversold, TPI long signals
 - ⇒ Below 70 to prevent false, TPI long signals
 - ⇒ Above 65 to confirm pyramid, TBI long signals
- TRI as a filter for TPI signals
 - ⇒ Below 3 for market bottom, after/when TPI is oversold
- TRI for exit signals
 - ⇒ Cross below 8 for start of falling prices regime
 - ⇒ Equal to 13 while TPI is 0, after market bottom