Review of VantagePoint 8.6 Release

by Sunny J. Harris

I love to try out new software. Especially trading software. I like to open the box and start pushing all the buttons to see what happens. If the software designers are really good, the program will be intuitive and not even need documentation (aside from the Help files, which I use in an emergency). The new version of VantagePoint qualifies. It's easy, pretty and it works.
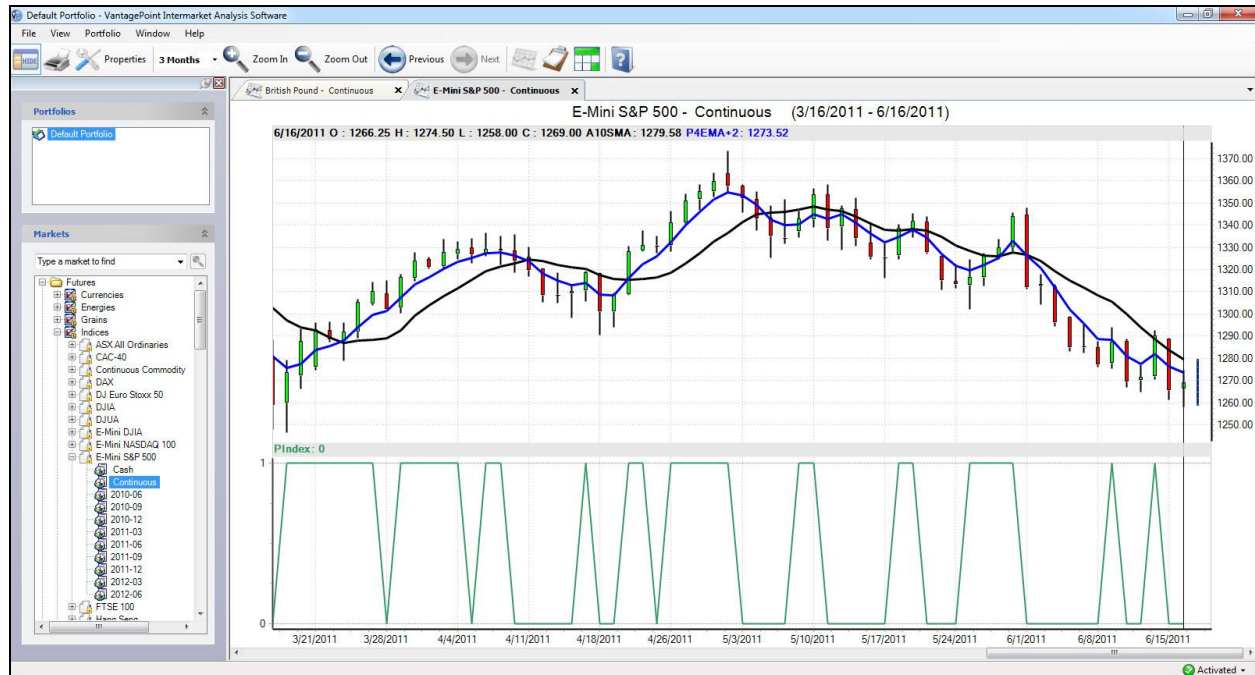

Figure 1—The Opening Screen

Figure 1 shows the software as it opens, displaying the symbol for the eMini S&P. I got there easily by navigating through the menu on the left of the screen. Under Futures, I went straight to the eMini. I double-clicked the symbol, and the chart popped right up.

In a huge departure from other technical analysis software, **VantagePoint** plots tomorrow's prices! Look to the "hard right edge" of the chart in Figure 1. There is a bar that is not colored, and for which there is no candle body. That is the prediction for tomorrow. Because this software is unique in its focus, I am going to continue this review tomorrow, at the end of the day, when I can see what actually happened. Then I will copy that chart for you and compare what happened to what was predicted.

If indeed this software works as advertised, then we may have found the Holy Grail. Most analysis software operates the same way: they plot price current and historical. And, they calculate and plot indicators based on those prices. That's about as far as they go. But, **VantagePoint** is different. All of us are trying to analyze the same data to see whether we can figure out where the next few ticks are going

to go, so we can profit by either buying or selling. If **VantagePoint** can do better than 50-50 in telling us where tomorrow's bars will be, then trading can enter a whole new level of sophistication.

Just over a year ago I was engaged as a consultant, and reviewed **VantagePoint** software according to a set benchmark. I was to determine whether the price prediction fell within a 3 day moving average of price, to evaluate its accuracy. My tests showed **VantagePoint** to be accurate just about 80% of the time. Now, for this review, I am evaluating it by a different set of criteria. This time I am simply going to overlay tomorrow's chart on top of today's prediction and see whether the prediction was accurate. If it is, then traders have access to an invaluable tool. Having tomorrow's price today could prove enormously profitable.

Background

With each new release, **VantagePoint** retrains and updates their neural networks to teach it the recent past for thousands of symbols—not just US Stocks, but foreign stocks as well. And, they also have futures, forex and ETFs in their list of symbols. You can get a prediction for just about anything you are looking for.

First released in 1991, **VantagePoint** has been improved and refined over the years, and the latest 8.6 version is the finest product Marketing Technologies has released to date. Not only have the neural networks been retrained, an ongoing process with each new version that keeps the software updated with current market conditions, but version 8.6 also offers a number of new stocks and exchange-traded funds (ETFs) to expand its global coverage.

VantagePoint originated from the mind of a true software pioneer, Lou Mendelsohn, who was the first person in the trading world to introduce both strategy back-testing and intermarket analysis in commercially available trading software for the personal computer.

Mendelsohn also brought trading software into the 21st century with his pioneering work applying artificial intelligence to the task of intermarket analysis and trend forecasting. His use of "neural network pattern recognition" in trend forecasting for the financial markets laid the base for the next generation of trend forecasting software. VantagePoint works much like voice-recognition software. It reads past data and makes decisions based on its training. The more it is trained, the better it gets.

Product Overview

VantagePoint is not an automated trading system producing buy/sell signals, entry/exit points, or risk-management rules. Instead, **VantagePoint** is purportedly an automated, accurate, trend forecasting tool that relies on leading indicators rather than lagging indicators. By design, it removes much of the work inherent in finding and confirming potentially profitable trades.

Using the neural network process for intermarket analysis designed by Mendelsohn, **VantagePoint** first identifies the markets that have the most influence on a target market. Then, VantagePoint computers sift through the data to find the best combinations of moving averages for short-term, medium-term

and long-term crossover and momentum studies as well as other predictive indicators to provide forecasts of prices several days ahead.

The first piece of trading advice you get as a young traders is "the trend is your friend." A second piece is almost as important: Spot when a trend is beginning and when it has run its course. Having a tool that can identify and forecast trends reliably and consistently – particularly when it spots impending changes in trend direction that are about to occur within a day or two – makes successful trading an attainable goal using the clues provided by the VantagePoint indicators.

VantagePoint can provide these leading indicators for more than 1,300 markets in all of the major trading areas: futures/commodities, forex, exchange-traded funds (ETFs) and stocks.

The futures/commodities category covers all of the major financial and commodity markets and includes contract months going back several years for historical study to contracts for more than two years in the future. The forex category includes the eight major currency pairs and 13 important cross pairs. The stocks category has been expanded in version 8.6 to now include 12 major sectors each for stock markets in the United States, Canada, Australia, India and the UK. The list includes all of the major stocks from each country.

One of the most welcome additions in version 8.6 is the increased number of ETFs in seven categories: commodity, currency, international, short and ultra-short, Canada, UK and U.S. funds. If you have been eying the profit opportunities in the booming gold or oil or soybean markets but are skittish about trading the volatile futures or options contracts, there's an ETF for that, for which VantagePoint 8.6 now provides short-term price forecasts.

To analyze all of these markets from an intermarket perspective and then provide myriad predictive indicators for trend forecasting requires a lot of "horsepower." It is an impossible task for the human eye and human brain. **VantagePoint 8.6** delivers the necessary power efficiently. Like its predecessors, version 8.6 is fast, efficient, powerful, and easy-to-use.

Although it might seem daunting to "sift" through and analyze all of these global markets, the IntelliScan® feature in VantagePoint can identify potential trades quickly using criteria chosen from more than 70 filters. Then it uses predictive indicators to identify trend direction, trend strength, market momentum, potential trend changes, along with next day highs and lows and possible points for trade entry and exit. And it can do all that in less than 10 seconds. (This information is also available in daily and historical data tables, which can be exported into Excel for further analysis).

Tomorrow's Results

It is now "tomorrow" and I'm looking at the same market as in Figure 1. The new chart, from the close of today, is shown in Figure 2, below. Yesterday's predicted values for today were:

Value

High	1279.69
Low	1258.65

The actual closed out values for today are:

	Value
High	1277.25
Low	1258.50

That's pretty darn accurate predicting! What could you do if you knew tomorrow's prices today?
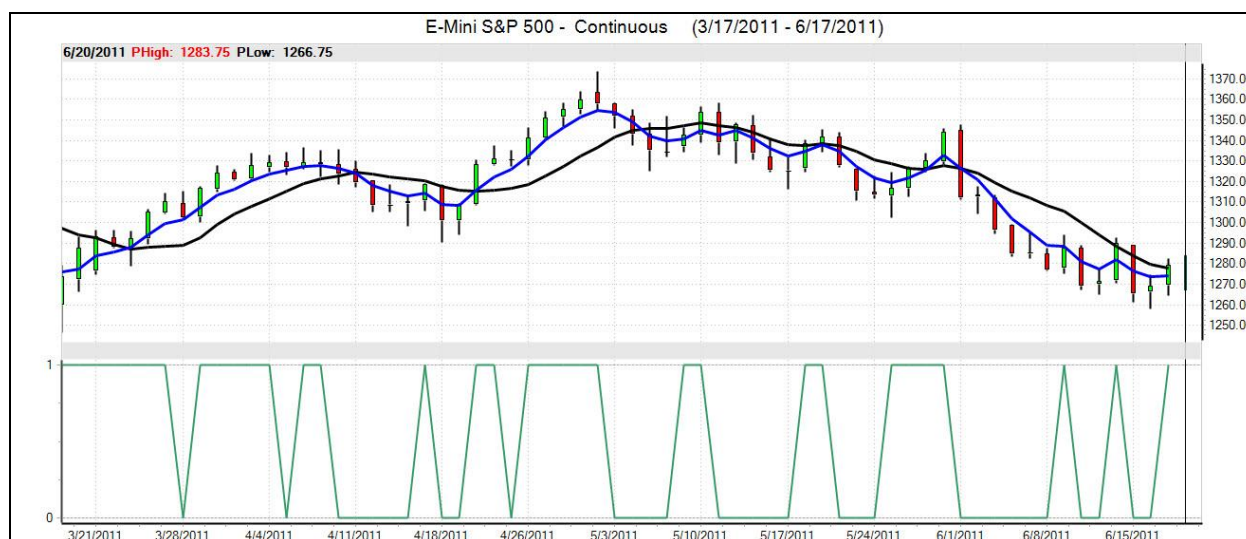

Figure 2—The Next Day

On the Other Hand

In any fair review, one must also look at the shortfalls of the product. With **VantagePoint**, there aren't many. Everything I tried worked as I would expect it to. Everything in the software was intuitive and easy to use. There was only feature that I would suggest they improve and that was the printing feature. When I printed the listing of the data, I found it a bit mis-formatted. I figured it might just be the printer driver, so I tried it on several other printers, but it was universal. In Figure 3 you can see that the dates under the first column heading are cut off. And, at the right edge, the column doesn't fully print; it too gets cut off. As long as I'm being picky, notice the headings that begin with the label "Predicted" and you'll see that each of those headings wraps improperly.

Granted, these minor errors do not affect the accuracy of the predictions in any way. These are minor errors. But, for a product that has been out as long as this one, I expect near-perfection.

VantagePoint Intermarket Analysis Software E-Mini S&P 500 - Continuous
4/15/2011 - 6/16/2011

Date	Open	High	Low	Close	Predicted Neural Index	Predicted Next Day High	Predicted Next Day Low	Actual 5-Day SMA Close	Actual 10-Day SMA Close	Actua 15-Da SMA Close
2011/06/1	1266.2	1274.5	1258.0	1269.0	0	1279.69	1258.65	1273.05	1279.58	129
2011/06/1	1288.7	1289.0	1261.2	1265.5	0	1277.03	1256.69	1276.75	1283.92	129
2011/06/1	1272.0	1292.5	1270.5	1290.0	1	1294.29	1283.70	1279.05	1288.58	130
2011/06/1	1270.0	1277.2	1265.0	1271.5	0	1280.68	1263.00	1278.00	1293.97	130
2011/06/1	1287.7	1288.7	1267.0	1269.2	0	1279.14	1259.68	1280.70	1299.83	130
2011/06/0	1277.7	1294.0	1275.2	1287.5	1	1295.68	1278.70	1286.10	1305.55	131
2011/06/0	1285.0	1287.7	1276.2	1277.0	0	1288.66	1269.67	1291.10	1308.45	131

Figure 3—The Printout

Conclusion

VantagePoint is intuitive, easy to use, and offers traders unique leading technical indicators with a long record of proven accuracy. Using intermarket analysis and an intelligent neural-network process to find hidden patterns and relationships between markets, these indicators provide short-term trend forecasts and anticipate trend changes. This process provides a unique perspective on markets that uses foresight instead of hindsight offered by most other commercially available analytical software packages.

Along with the quality of the software, Market Technologies also provides quality educational materials in various media formats, which makes learning how to maximize **VantagePoint** for your trading style a snap. You can also tap into the minds of successful **VantagePoint** traders who are willing to share their perspectives and strategies with you.

I intend to continue using VantagePoint and comparing the predicted values to the actual market values for some time to come. If you want to keep up with their predictions on the eMini, come visit me at my website (www.moneymentor.com) and you too can see what VantagePoint predicts for tomorrow.