Brainy's Articles on
BullCharts
TradeSim — installation and execution

Article No:
BC-13-100
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Introduction

The process of back-testing is critically important for any share trader in the development of their trading strategy — and before they actually start trading using their strategy.

A popular tool for performing back testing is the TradeSim software product from CompuVision Australia Pty. Ltd. (www.compuvision.com.au). The TradeSim plug-in is very closely integrated with BullCharts so that BullCharts users can easily perform powerful back testing and trade simulation scenarios.

This article in Brainy's series on BullCharts (number BC-13-100), "*TradeSim installation and execution*", does two things:

- It provides an overview of how TradeSim is used, so that you can get a feel for the product before you download a trial version.

- It provides some initial material to help the BullCharts user with installing the TradeSim plug-in module software, and getting it up and running.

Readers should also refer to the TradeSim/CompuVision "*Quick Start Guide for BullCharts Users*" (available from their web site — see the web site link in Article BC-13-000). For a discussion about back testing and paper trading, refer to Brainy's Share Trading article ST-3100, "*Trading practise — back testing and paper trading*".

Setup and installation overview

The following steps provide a brief overview of the steps to set up and install TradeSim:

1. BullCharts needs to be **installed** and **operational** (but not actually running).

2. Exit BullCharts if it is running.

3. Install TradeSim (see separate notes for details). The TradeSim installation process will detect BullCharts and it will want to install the required BullCharts plug-in module.

4. If you have MetaStock installed, the TradeSim installer will detect it and want to install the required MetaStock plug-in module. If you don't want this to happen, it can be bypassed.

The TradeSim Trade Database

One of the key items used with TradeSim is the *Trade Database*. It is basically a table of hypothetical trades, including the following data items for each trade:

Required data items:
- Symbol (stock code)
- Long or Short
- Entry Date
- Exit Date
- Initial Stop
- Entry Price
- Exit Price

Optional data items:
- Low entry price
- High entry price
- Low exit price
- High exit price
- Traded Volume
- Trade rank
- Point value
- Initial margin

The Trade Database table of values is automatically generated in the BullCharts software, and then used as input into the TradeSim software.

More information about installation,
operation and scans on pages 2 to 4.../

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Operation overview

This section provides an overview of the steps to perform a TradeSim trade simulation, and introduces some of the relevant terminology. More details are included on subsequent pages below.

1. Firstly, prepare a written trading strategy. That is: your entry and exit criteria; start date and end date for the time window you wish to study; and your watchlist entries (either a list of stocks, or a selected market index).

2. Start BullCharts.

3. To become familiar with the product and the process, you could try running one of the supplied *TradeSim scans* — they are denoted in the BullCharts Scan Manager with the special TradeSim scan-type symbol (as shown at right).

4. Create a special BullCharts scan — a *TradeSim Scan*. This will enable you to enter your own *trading strategy* criteria. You can copy a sample scan already provided with BullCharts, or create a new one (using the toolbar button in the BullScan Manager as shown in the screen shot in Figure 1 at right).
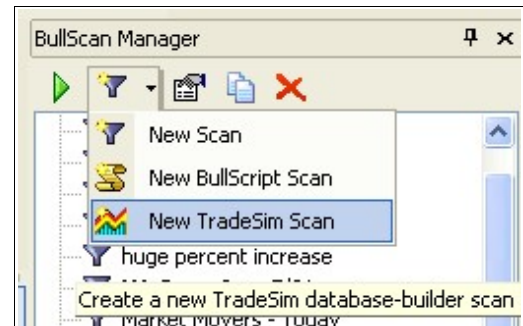

Figure 1: Toolbar button to Create a new TradeSim Scan.

5. Having entered all criteria, you should "Apply and Run" the scan.

6. The scan will automatically create a TradeSim "*Trade database*" which will contain a list of stocks where your entry criteria were satisfied for a trade purchase, and those where the exit criteria were satisfied for a sale.

7. Start TradeSim, and open an existing *Trade database* (the one that was created in a TradeSim Scan in BullCharts).

8. Several "sub-windows" are opened up within TradeSim. Note:

    o   You can review the list of trades in the "*Trade Database Manager*" window.

    o   You can review summary details of the Trade Database in the "*Message Log*" window.

    o   You can change trade parameters in the "*Trade Parameters*" window.

    o   If the open window panes get a little cumbersome, cluttered or untidy, you can "cascade" the windows using the TradeSim drop-down menu item: *Window>Cascade*.

9. Click on the "*Start Simulation*" button in TradeSim to start a simulation. Once it is completed, note the following regarding three more window panes that will open:

    o   The "*Trade Log*" window summarises all trades (including both open and closed trades).

    o   The "*Charts (Closed Trades)*" window and chart which show the equity increase/decrease over time.

    o   The "*Trade Simulation report*" window which provides a summary of the trades.

The BullCharts TradeSim Scans

To specify your trading strategy, and nominate your time frame and watchlist, you create a BullCharts *TradeSim Scan*. It is much like a regular BullCharts scan, but with some key differences as described here. The notes and screen shots below use the TradeSim Scan *"TradeSim Sample Scan"* which is supplied with the standard BullCharts software and can be found in the *BullCharts Scan Manager*.

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The BullCharts *Scan Properties* window (see Figure 2 below) shows the first difference from a regular scan — the second tab "2. Trade Systems". Otherwise, most of the rest of the Scan definition is no different to the regular one. In this screen notice that there is one entry listed in the "*TradeSim Trade Systems*:" section called "*Sample MACD System*" (in the lower half of the screen).

If we edit the "*Sample MACD System*" item (either double-click on it, or click once and click on the "Edit..." button), the **Trade System Editor** window opens as in the screenshot in Figure 3 below.

Notice the tabs on this screen:

- Entry;
- Exit;
- Stops;
- General.

These tabs and the options available are used to specify the details of your trading strategy.

When you edit the "Criteria" entry listed on this screen ("*MACD (12,26,9) crosses...*"), you will notice that it is the same as the standard BullScan *Criteria Properties* dialogue (as in Figure 4 below).
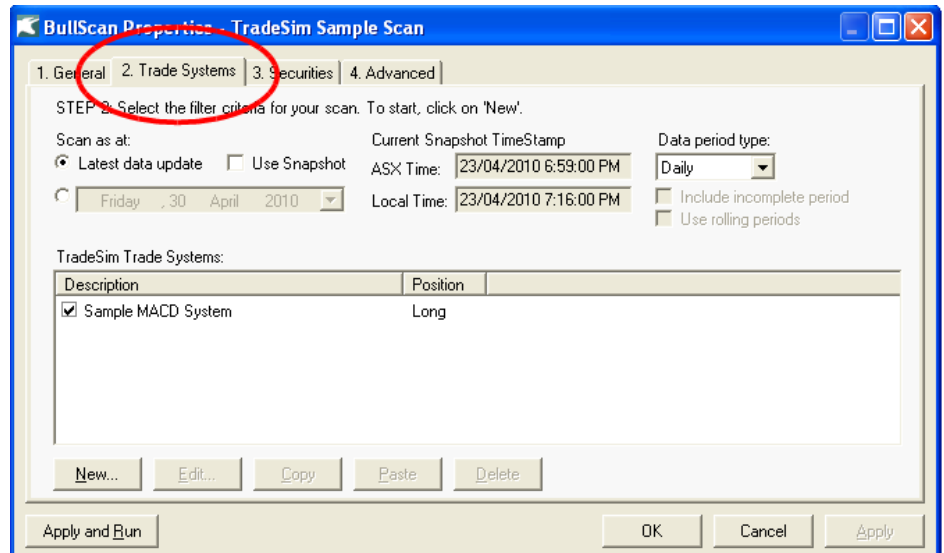

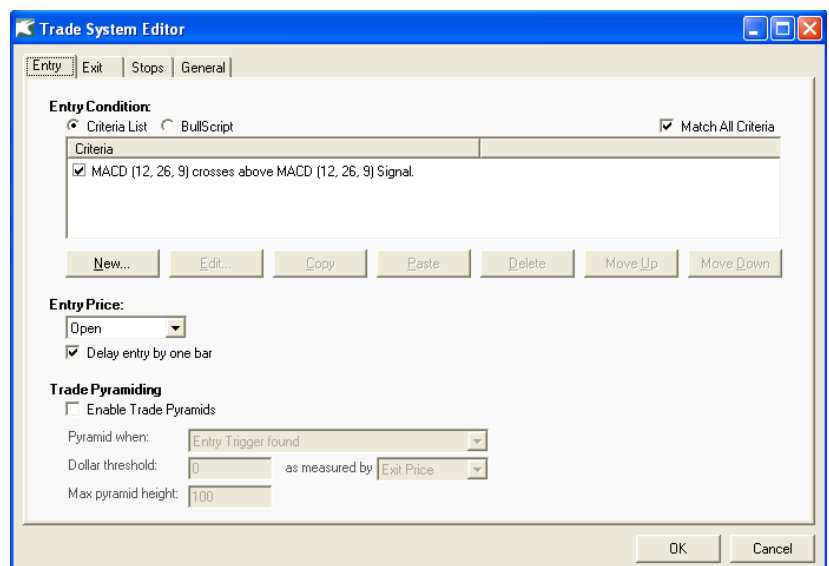*Figure 2: BullScan (TradeSim scan) Properties for the supplied sample scan.*
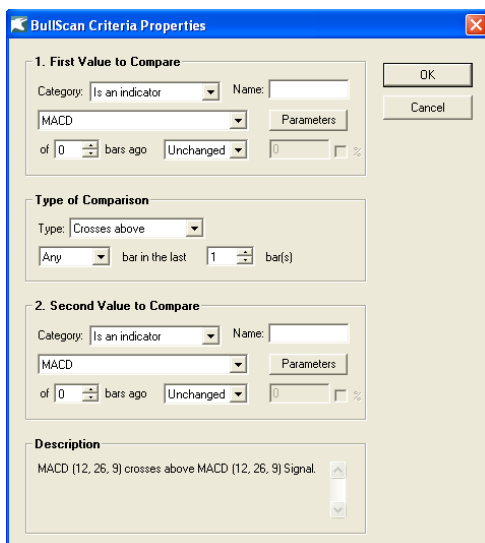

Figure 3: The Trade System Editor window.

The fields in the top half of the screen on the Entry tab (in Figure 3 above) and on the Exit tab are somewhat similar to each other.

Figure 4: The BullScan Criteria Properties.

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The Stops tab (in Figure 3 above) displays the screen in Figure 5 at right. Use the options on this screen to specify your "*Initial Stop*", and the "*Profit Stop*". There are a couple of options for specifying these.
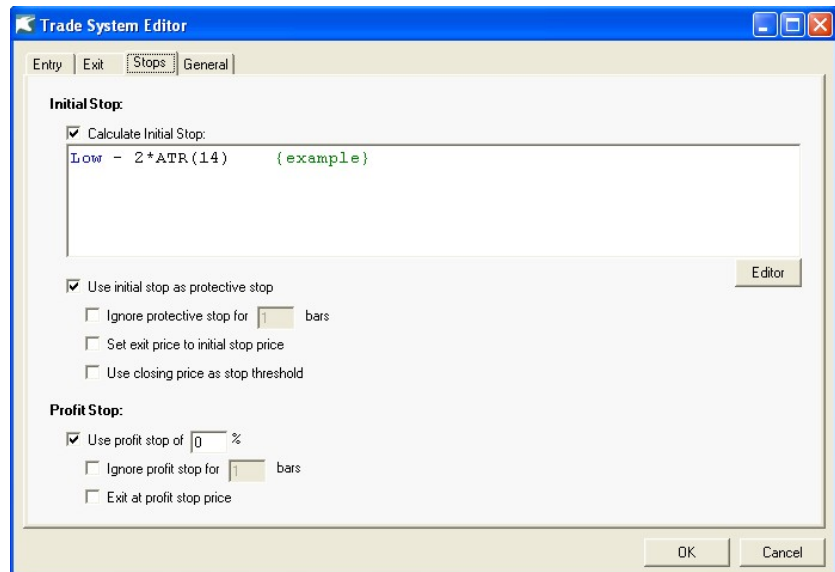

Figure 5: The Stops tab screen.

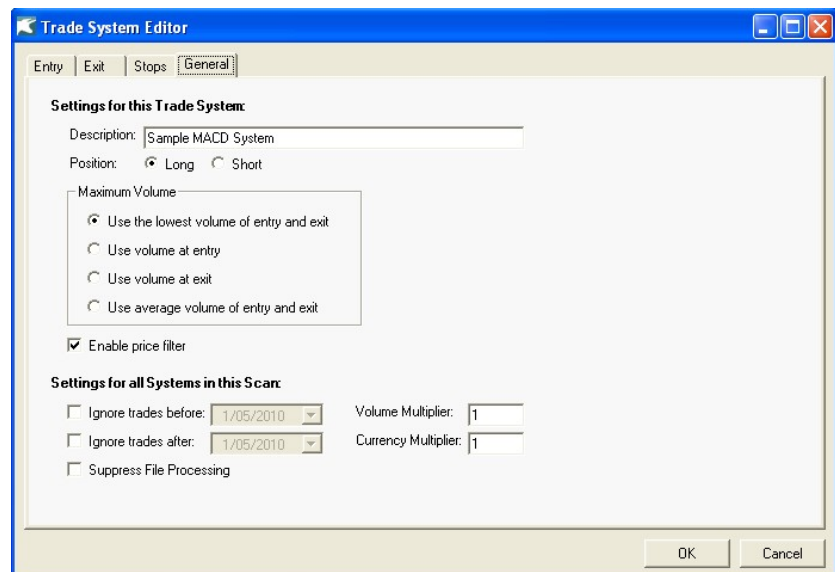The General tab (in Figure 3 above) displays the screen in Figure 6 at right.

Summary

This article in Brainy's series on BullCharts (number BC-13-100) provides some initial material to help the BullCharts user with installing the TradeSim plug-in module software, and getting it up and running.

Figure 6: The General tab screen.

Readers should seek out additional material to assist with using TradeSim (eg. the various TradeSim User Guides).

For more information on Share Trading, or
Technical Analysis, or BullCharts software,
look for more of Brainy's articles, or the other resources, in
Brainy's Share Market Toolbox: www.robertbrain.com