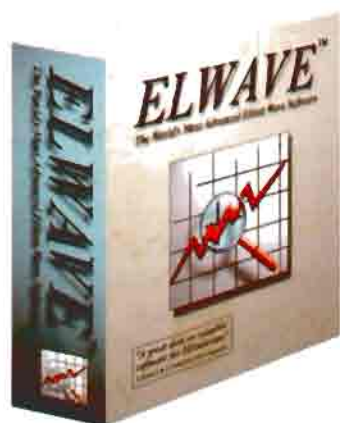




Prognosis

software development



For many years, *ELWAVE* from Prognosis Software Development has been at the forefront of Elliott Wave software, as evidenced by the variety of languages in which this product is available: English, Dutch, Italian, German and Chinese. With the introduction of version 7.0 Prognosis is seeking to raise the bar again. So let us take a look at what this new version has to offer.

One of the things that has not changed very much compared to previous versions is the (excellent) way the software displays charts and its analysis results. Charting is still easy and robust with features such as on-the-fly changing of compression and automatic vertical scaling with adjustable margins for the top and bottom to allow proper display of projected targets. Perhaps one of the weakest points of Elwave is the somewhat limited number of indicators on offer, although the most commonly used are all available, such as Simple and Exponential Moving Averages, RSI, Rate of Change, MACD, Stochastic, Parabolic, Bollinger Bands, Keltner Channels, and a few others. But then again, Elwave was not intended to be just another charting software, since where it really shines is the automated chart analysis according to the Elliott Wave Theory it offers (more on this later).

A few things have changed however and they are both subtle and key to the improved ease of use that this release has to offer.

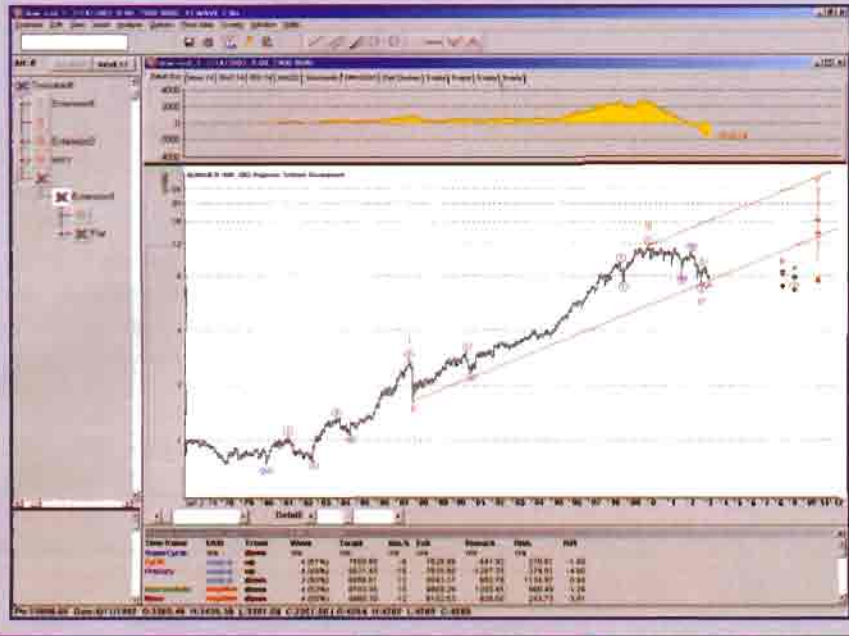
For example, to load a chart for a specific stock you can simply start typing the symbol and press <Enter>; that's right, you don't even need to use the mouse as the new Symbol Toolbar will automatically take focus once you start typing and show you a list of matching symbols to choose from (for selected data formats only). Press <Enter> and the chart will (re-)open. Another new feature is the fact that you can instruct the software to automatically analyse any blank charts that you open and save and restore the analysis results for previously analysed charts automatically. This eliminates a lot of the hassle when dealing with multiple charts and makes daily operation of the software so much easier since you don't have to remember what was saved where.

Automatic Elliott Wave analysis

Once a chart is loaded the software asks if you want it to analyse the chart. You can easily configure the software to do

F1) Charting

Elwave's charting tool doesn't leave much room for improvement. Besides the results of the automated Elliott Wave analysis you see on the bottom of the chart a long term, medium term and a short term outlook of the share.



this automatically without asking. Previous versions of the software were already well known for their high quality, automatic Elliott Wave analysis which uses a complete model of Elliott Wave Theory, in conjunction with a rigorous validation of analysis results, to come to the best set of possible wave counts. Other software uses relatively simple momentum models that fail to capture some of the essential elements of Elliott Wave theory, such as the fractal-like properties. The result of the automatic analysis is a labeled chart complete with automatically generated trend channels, targets and exit levels (Figure 1).

With this new release Prognosis have been able to once again raise the quality of the automatic analysis by incorporating a completely new feature which they call 'Wave calibration'. Basically, this means that waves and patterns found are not just identified by their relative proportions, but also by their absolute magnitude. What this means for you is that, apart from improving the analysis itself, the multi-timeframe signals produced by the software are more easily identified as either long term or short term signals (i.e. more distinct and easier to apply in practice).

These signals are displayed in what is called the 'Summary Inspector' and are in addition to what is already displayed on the chart itself. The information from the Summary Inspector, displayed in Figure 2, is what makes this software so easy to use: most of the interpretative work required usually involved with Elliott Wave analysis is now done by the software, effectively taking out the subjectivity of the methodology and transforming it into a strict, consistent trading method.

In addition to what has been described so far, there is another unique feature: Target Clusters. In essence, Target Clusters are like a Fibonacci based projection of targets/resistance zones based on the analysis, essentially providing a visual representation of the results displayed by the Summary Inspector. Target Zones are visible in Figure 1 as a yellow path which depicts the most likely direction of the trend and a red area that shows where resistance will be met. As the patterns found by the software get more determined, the Target Zones will narrow to indicate with increasing precision where a reversal is most likely to take place according

to Elliott Wave Theory. The important thing to notice about both the Summary Inspector and the Target Zones is that they are based on all valid wave counts as found by the software and not just on one preferred wave count. If you know anything about Elliott Wave Theory, you will understand the value of this feature.

Scanning

It should be no surprise that the information displayed by the Trading Inspector forms the basis of another feature of the software: scanning! By filling out a template that specifies criteria such as trend, reward, risk or even wave for the more Elliott-minded amongst us, you can automatically search for all charts

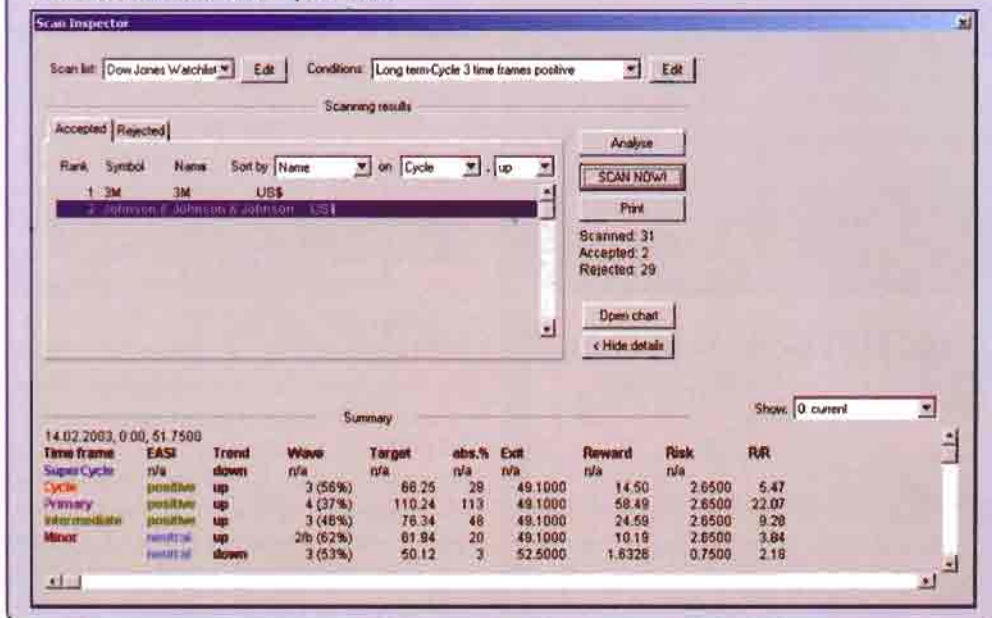
F2) Summary

The summary shows a long term, medium term and short term outlook (Cycle, Primary, Intermediate). Especially important here are the certain profit targets, stop losses and the risk/reward ratios (C/R).

Time frame	EASI	Trend	Wave	Target	abs.%	Exit	Reward	Risk	R/R
Super Cycle	n/a	down	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cycle	result of	up	4 (67%)	7460.89	-6	7628.99	-447.92	279.81	-1.80
Primary	result of	up	4 (46%)	6621.45	-16	7626.89	-1267.35	279.81	-4.60
Intermediate	result of	down	3 (50%)	6956.01	12	9043.37	952.79	1134.57	0.84
Minor	negative	down	4 (52%)	6703.35	15	8869.28	1205.45	960.49	1.26
Minor	negative	down	4 (50%)	6980.30	12	8152.53	928.50	243.73	3.81

B3) Scan-Inspector

The Scan-Inspector allows you to scan for certain criteria. You can either use the predefined search criteria or define your own.



that meet these criteria. After selecting a conditions template, pressing the SCAN NOW button produces a sorted list as shown in Figure 3. There is also a proprietary EASI indicator that provides clear positive, neutral or negative signals.

Several example setups are pre-defined in the software but by allowing you to customise these conditions to your needs they can be tailored to the way you trade. Doing so is a simple matter of entering a specific minimum or maximum value for any number of fields normally displayed by the Summary Inspector or in some cases (eg. trend up/down), selecting a value from a list.

Because Elwave is largely focused on applying Elliott Wave Theory to trading, the criteria available for scanning are also based on Elliott Wave theory. Prognosis has announced that an updated version of Elwave scheduled for release later this year will also allow scanning and monitoring on indicator based criteria.

If you are a position trader, you will appreciate the ability offered by the Scanning module to schedule the automatic analysis of every chart in a list overnight and to have a printed set of analysed charts ready in the morning.

Data feeds / Compatibility

To be of any use, your trading software should be compatible with the datafeed you use. Elwave is compatible with many different data formats, such as MetaStock, TC2000, ASCII and many more.

We have also tested Elwave 7.0 with the QuoteSpeed datafeed from Tenfore which is seamlessly supported by the software. This seamless support turns out to mean primarily two things:

no maintenance and no effort. The software takes care of retrieving the historical data for any symbol you type or select and keeps charts up-to-date in realtime automatically. Since there is no local collecting and saving of data going on, there is never any chance of losing data or gaps in your charts. Similar support is available for IRD (RealTick), which like Tenfore, offers both US and European exchanges and has also been announced for Quote.com.

Support

Even with the best software, you may sometimes need some help in setting things up or clarifying something that is not immediately obvious from the manual. In this instance it's good to know that Prognosis offers full support by phone and email. Response time by email is guaranteed to be

within 24 hours during business days (but is much faster in many cases).

Future developments

As already mentioned, support for Quote.com and many other feeds, is scheduled for release later this year. However there are several developments going on concurrently, including an 'Expert' module scheduled for Q1 2003 that will provide an explanation of the analysis results in plain English. The Scanning Professional module will be significantly updated this summer with the ability to do not just scanning, but also real time market monitoring with automated alerts sent to your cell phone or other applications. Other features scheduled for this year include custom indicators and an ongoing effort to further improve and simplify the user interface (even though the software itself is actually already very easy to use).

Conclusion

With this new release Prognosis proves again that they have truly mastered Elliott Wave theory and have found a way to make it available to all traders in a form that is easy to use. Prices start at Euro 80 for the Basic version which includes a free trial for all the other optional modules plus a 200 page printed manual and support. The Scanning Standard Edition, which includes pretty much all of the softwares functionality, is Euro 1260. With seamless support for several datafeeds, ease of use and arguably one of the best automated Elliott Wave analysis around this makes Elwave an offer that will be impossible to resist for many traders.