TRADEWORKS: THE REVOLUTIONARY GAME CHANGER FOR TRADERS

By Ryan Guppy

The market has changed and it has changed in a way that hurts retail investors. From 2000 to 2008 we had a golden period where both institutional and retail traders where on a pretty level playing field. We were able to compete side by side and reap the returns. Then in 2008 we had the GFC and this fundamentally changed the markets. We have spoken often about the increase in volatility and the need to change trading strategies but this goes a little further.

With advances in technology and innovation the realm of Expert Advisors (EA), or basically automated trading has finally come within reach of the normal person. No longer is it strictly in the realm of the code monkey's or those who can afford to hire a programmer. We choose to use [Tradeworks](#) to quickly and easily create EAs. It is a game changer for traders.

In this article we will go through how easy it is for someone with no programming skill but an idea to create, test and experiment with automated trading.

Firstly and most importantly this is for any market that you can trade through MT4. Many people have an aversion to MT4 because it is clunky and sometimes difficult to use. Tradeworks enables you to create a trading strategy without ever having to touch MT4. You only need an MT4 account with a service like AxiTrader. To be able to put this process into perspective we need to first look at how difficult and expensive the usual process of creating an EA is.

First you have an idea that you think is pretty good. You then have to spend at least a week manually going through all the charts you intend to trade using the system. It will be better suited to some than others and you need to find out which. Additionally you need to do this over a reasonable time period to ensure that your system is not a one week wonder. So after a week or two you feel that you have something.

You then search the internet for a programmer to create your EA and this of course costs you money, usually $500 to $2,000 and takes at least a week. We are now at almost a month since you first thought of your idea.

Then comes the testing, running the system on a demo account and ensuring that the coding is working correctly. Only to find that it does not work as well as you thought, the draw down is terrible and you wouldn't dare put any real money on the line.

But you have a slight variation that you are sure will solve the problems and so you go back to the programmer, giving him some more money to repeat the process. You are now months since you first thought of your idea and down hundreds, if not thousands of dollars. Does this sound familiar to any readers?

So now we come to Tradeworks, the revolution for retail traders wanting to not have to manually trade to simply see if an idea is worth pursuing. This is a builder's box and it's the Algo programming breakthrough we have all been waiting for.

We start off with the template strategies provided by Tradeworks. These are strategies provided by Tradeworks or other users. They can make a great base for building a new system. Alternatively you can create your own strategy from scratch by pressing the red button at the top of the screen.

When you load into the strategy editor you are presented with the dashboard. You can name your strategy, in this case 'example strategy'. Here you can see the three components that will make up your build. The indicators, the entry signals and the money management sections.

First we need to decide what indicators we want to use. We select the 'indicators' tab and this takes us to the add indicator field.

Here we can select from a wide range of indicators as well as some custom indicators created by users.

We then name the indicator and select what timeframe we want the indicator to run on. On this occasion we are using an RSI on a 15 minute chart and are using the standard RSI settings.

Type	Relative Strength Index
Name	RSI M15
Symbol	Strategy Symbol

Time Frame	M1	M5	M15	M30	H1	H4	D1	W1	MN

Indicator Settings

Apply to

CLOSE ▾

Period

14

We will then add two moving averages. We will add a 60 period and 8 period moving average as a trend filter. So we select moving average from the indicator list but we want it to run on a 1 hour timeframe rather than a 15 minute timeframe. So we select H1. We then select the type of moving average from the list, in this case exponential.

Type	MovingAverage

Name   60EMA H1

Symbol	strategy.symbol

Time Frame

M1	M5	M15	M30	H1	H4	D1	W1	MN

Indicator Settings   MA method

EXPONENTIAL ▾

SIMPLE
EXPONENTIAL
SMOOTHED
LINEAR_WEIGHTED

Ap

Period

60

Type	Moving Average

Name   8EMA H1

Symbol	Strategy Symbol

Time Frame

M1	M5	M15	M30	H1	H4	D1	W1	MN

Indicator Settings   MA method

EXPONENTIAL ▾

Apply to

CLOSE ▾

Period

8

After we have saved our indicators in we need to define our entries. We move over to the entry tab and are presented with the entry formula builder dashboard.

We are making our short or bearish signal first. We select an indicator from the indicator drop down. These reference the indicators we have saved in our indicator list in the previous section so make sure you name them accurately.

We then choose what we want to do with this indicator. As we have selected our fast moving average we want it to be less than the slow moving average, so we selected 'less than'.

Short Entry

We then go back to the indicator list and select the 60 period moving average, creating the 8ema<60ema condition.

But that is not the only condition, we also want to include the RSI into the entry condition. So we press the 'join' button which gives us the join options. In this case we want everything to match at the same time so we select 'and'.

It's then back to the indicator drop down to select the RSI. We plan to enter when the RSI crosses from above over bought (above 80) as price falls. So from the dropdown menu we select 'crosses from above to below'.

We need to set at what level we thinks over bought is, so we press the 'amount' button and are able to input 80. This means that when the 8ema is below the 60ema and the RSI crosses from above 80 to below 80 we will get an entry signal and a trade will be taken.

Short Entry

Type | Bear Signal

() ▾ | INDICATOR ▾ | BAR | SYMBOL | AMOUNT | LOGIC | JOIN

When

| PREVIOUS | 8EMA H1 | less than | PREVIOUS | 60EMA H1 | AND |
| PREVIOUS | RSI M15 | crosses from above to below | 80 | Delete | |

Then

Immediately trade

▶ ADVANCED SETTINGS

We do the same thing with the long signal by making a new entry condition and simply flicking the trade type over to bull signal.

Long Entry

OK   CANCEL

Type | Bull Signal

We then input the conditions in the same way selecting 8ema above 60ema and the RSI crossing from below 20.

Long Entry

Type | Bull Signal

() ▾ | INDICATOR ▾ | BAR | SYMBOL | AMOUNT | LOGIC | JOIN

When

| PREVIOUS | 8EMA H1 | greater than | PREVIOUS | 60EMA H1 | AND |
| PREVIOUS | RSI M15 | crosses from below to above | 20 | Delete | |

Then

Immediately trade

▶ ADVANCED SETTINGS

We now go to the one of the most important sections of the build. The money management. We select the money management tab to bring up the selections. There are a wide range of things we can select from take profit points, trailing stops and customer exits. Custom exits work the same way as entry signals and are built using the same method.
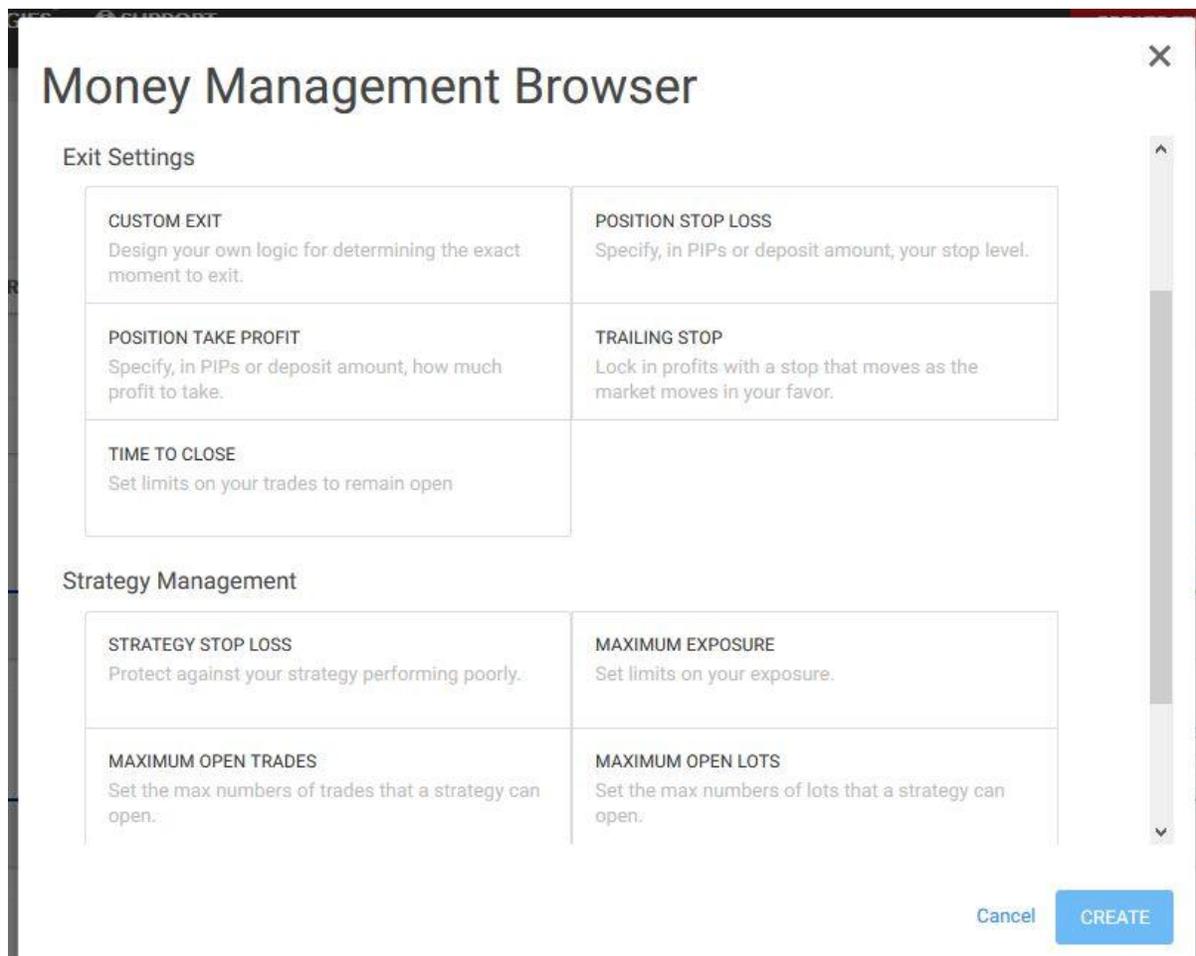
You must have a trade size rule, this will tell the EA who many lots you wish to trade. You can trade down to 0.01 lots ($1 a pip).

The next thing you must have is a multiple entry signal rule. This will determine how the algo reacts when a trading signal is generated once the strategy is already in position. For example, if you are using a flip strategy and want to close your existing position and initiate new position in opposite direction or, you want to allow the algo to take extra trades in same direction or to simply close everything when a reverse signal is triggered.

My Multiple Entry Signal Rule

Additional Entry Signal in same direction

| IGNORE | OPEN ADDITIONAL POSITION |

Example: You already have a long position and get an additional bull Entry Signal. What do you want to do?

Opposite direction Entry Signal

| IGNORE | CLOSE EXISTING POSITION | CLOSE AND REVERSE | HEDGE |

Example: You already have a long position and get a bear Entry Signal. What do you want to do?

For this strategy we are looking for a simple stop and take profit system. So we put in a hard stop of -20 pips. This strategy ignores any additional entry signals generated once the position has been opened.

My Position Stop Loss Rule

Individual Position Stop Loss:

Amount

20 PIPs ☑ Set Stop Loss at broker side. Only Stop Loss set in PIPs can be set on broker side.

And a take profit of 40 pips.

My Position Take Profit Rule

Individual Position Take Profit:

Amount

40 PIPs ☑ Set Take Profit at broker side. Only Take Profit set in PIPs can be set on broker side.

There are many other options including a strategy stop loss where you can set Tradeworks to turn off your EA when you are sleeping if a certain amount of capital is lost. This is a great tool for protecting yourself.

Strategy Management

STRATEGY STOP LOSS Protect against your strategy performing poorly.	MAXIMUM EXPOSURE Set limits on your exposure.
MAXIMUM OPEN TRADES Set the max numbers of trades that a strategy can open.	MAXIMUM OPEN LOTS Set the max numbers of lots that a strategy can open.
MULTIPLE ENTRY SIGNAL ✔ Already Added Determine whether to trade up, ignore, or reverse direction.	

Once we have put everything we need in the money management our strategy looks like this. Indicators, entries and management.

INDICATORS	ENTRY SIGNALS ❶	MONEY MANAGEMENT ❶
60EMA H1 Moving Average DELETE	Long Entry BULL DELETE DISABLE	My Position Take Profit Rule POSITION TAKE PROFIT DELETE
RSI M15 Relative Strength Index DELETE	Short Entry BEAR DELETE DISABLE	My Position Stop Loss Rule POSITION STOP LOSS DELETE
8EMA H1 Moving Average DELETE		My Trade Size Rule TRADE SIZE DELETE
		My Multiple Entry Signal Rule MULTIPLE ENTRY SIGNAL DELETE

We then move onto the backtest function. With a single click we can bring up the backtest dashboard. Depending on your level of Tradeworks subscription we can backtest up to a year's worth of data. We select the dates, the time frame, our beginning equity a roughly what our spread for the pair is.

We can then backtest and are given a full report with equity curve. This particular strategy did not work very well, and this brings us to the most important aspect of the Tradeworks system. I can now go back and edit all of my conditions. Perhaps I need to have the moving averages on a 15 min charts the same as the RSI. Maybe my RSI levels are too wide, maybe I need to move them down to a 70/30 or even a 60/40. Maybe I need to change the values of the moving averages to make them faster or slower. Maybe I need to add bar conditions or additional indicators. All these things take 10 seconds to implement and you can then backtest it again and again until you find something that looks like it will work. Rather than weeks or months and all for a set monthly subscription.

Then when we have a system that we have tested and which we know will work well so we go to our strategy page. With a flick of a button we can turn it on and it will start running on MT4 and execute via AxiTrader.

It's that simple.
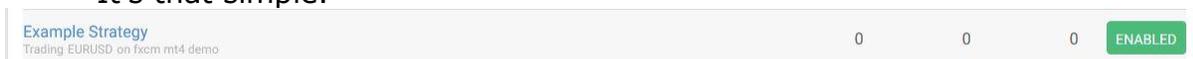
Tradeworks is a game changer for retail traders. It allows us to build and test ideas instantly and more importantly allows us to easily edit and change and mould our ideas. We are able to test 20 variations on an idea in minutes, whereas before it would take weeks of scrolling through charts with spreadsheets open.

Guppytraders uses Tradeworks   to test and build trading strategies for our own use and we wanted to share this with readers.