Rahul Mohindar’s
Automated Trend Modules

RMO ATM

For MetaStock 10.1 (and higher)

User’s Manual
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Getting Started

Installing and RMO ATM add-on

1. Insert the Program CD into your drive. The setup starts automatically. If the auto-run feature of Windows isn't enabled on your system, click the Start button and choose the Run command. Type "D:\SETUP.EXE" in the Open box and click the OK button.
   (Note that "D" represents the letter assigned to your CD-ROM drive. If your drive is assigned a different letter, use it instead of "D").
2. Carefully follow the on-screen instructions.

To start using the RMO ATM add-on:

1. Run MetaStock.
2. Insert Indicators or apply the ATM templates
RMO : ATM Add-on Overview

RMO ATM is a creation of Rahul Mohindar of VIRATECH (http://www.viratechindia.com). In addition to his being an active trader and a renowned trainer, Mr. Mohindar is a respected panelist on both CNBC and CNN India; his findings have often been carried in leading financial daily’s reports.

After the very well received RMO model (which was launched with MetaStock 10 in 2006), there were several requests from users, for more tools and insights of Rahul’s work. This new add-on is a great way to get you updated with his findings and also to take your analysis to the next level.

The RMO ATM add-on aims at making analysis even more simple and methodical. It comes pre built with clear, crisp and well integrated buy and sell strategies that have been capable of surviving some of the most extreme market situations.

The signals that you see are refined and synchronized to the extent that trend clarity and direction detection is no more a tedious task. The plug-in sets you up with a straight and simple approach – an approach that makes you focus on trading and not just analysis.

Its built on foundations of both - Breakout and Counter­trend type of trades, which means you get the dual benefit of a lag where needed and the responsiveness of a leading indicator “In the event of sudden reversals” - virtually identifying key tops and bottoms.
Over and above breakout models based on a variety of well coordinated strategies, tremendous relevance and weightage has been given to aspects such as volume, volatility and consistency of the two. To put it all together there are some great features like automated analysis with commentary as well as pre built scans to find the right opportunities at any point of time.

This add-on is another great example of how a lucid approach gets you closer to precision. So whether you’re a beginner or a professional, or trade Stocks or Forex, Futures or Options, you can undoubtedly benefit from these trade models.
This new plug-in comes to you bundled with the following:

**6 Indicators**
- ATM RMO II +
- ATM RMO II -
- ATM Breakout Catcher
- ATM Counter Trend Indicator
- ATM Zone Detector
- ATM Zone Fill

**4 Templates**
- ATM RMO II
- ATM RMO I & II Dual View
- ATM Counter Trend Indicator
- ATM Breakout Catcher

**3 Experts**
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- ATM Counter Trend Indicator BUY
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- ATM Breakout Catcher BUY
- ATM Breakout Catcher SELL
- ATM RMO II +
- ATM RMO II -
- ATM RMO II = 0

**2 BONUS Explorers for the existing RMO Model**
- ATM RMO Integrated BUY
- ATM RMO Integrated SELL
Important Notes:

♦ While these set of tools, indicators and experts can be used across any timeframe and asset class (be it for Stocks, Commodities, or Forex), they work only with Open/High/Low/Close (OHLC) bar charts. Volume data is also required to ensure functionality for several studies.

♦ This add-on works only with MetaStock 10.1 or higher. These new strategies not just complement the existing RMO but also give you a totally different vista point, as it comes with a host of brand new indicators and strategies giving you multiple trading opportunities.
The ATM : Breakout Catcher indicator solves the trend puzzle straight out. For ease of interpretation we recommend plotting it in histogram style.

Notice in the illustration above that the indicator oscillates between -1 and +1. You can detect trend changes accurately without much of a lag effect using this indicator.

+1 indicates Strength and this makes you trade on the long side. As the trend develops and gets stronger and stable the indicator stays above +1 and usually creates a series of positive histogram ticks. Every positive uptick should not necessarily be interpreted as a buying opportunity.
The indicator at 0 would indicate that the stock has retraced in terms of price / time from its existing trend. The 0 value hence signifies that the stock has entered Neutral mode and does not imply a fresh trade. However aggressive traders may like to use this Neutral mode innovatively to put on trades with a smaller risk and expect a greater reward.

-1 indicates weakness and implies trading on the short side. As the trend gets weaker and prices continues to decline you will often notice that the indicator stays consistently at -1 creating a series of negative histogram ticks. Once again, every negative tick should not necessarily be interpreted as a shorting opportunity.

The RMO Breakout Catcher model has an associated Expert, Template and Explorers to help you interpret and detect trading opportunities. These have been detailed upon in the Trading Strategies segment.

There are some guidelines we recommend you keep in mind while trading the ATM Breakout Catcher Model, the key ones being the ATM Zone Detector (ZD) and the ATM Zone Fill (ZF)
**ATM Zone Detector (ZD) and ATM Zone Fill (ZF)**

Once of the greatest fears of an active trader is the fear of getting stuck in a trade which ends up negative due to sideways or subdued price and volume action.

It is of significant importance that we detect and trade signals that are backed with both price and volume action. ATM Zone Detector (ATM ZD) and ATM Zone Fill (ATM ZF) do exactly this and mark out the Zone we are trading in.

We recommend you first plot ATM Zone Fill (ZF) in histogram style and then overlay the ATM Zone Detector (ZD) on top of it (Merge with scale if prompted). An easy way to view this is to apply the ATM Breakout Catcher template.

Following this illustration will help understand the ATM ZD and ATM ZF indicators
The ATM ZD and ZF clearly classifies a chart into 3 defined zones.

**Dormant Zone**: When both ATM ZD & ATM ZF indicators show a value 0. We should avoid taking fresh breakout type trades in this zone.

**Active Zone**: When at least the ATM ZD shows a positive value (ATM ZF may not). Breakout signals should yield positive results in such cases.
**Hyperactive Zone:** A zone where both, ATM ZD and ATM ZF are positive. This shows that the chart is backed with both good volumes and above average price volatility. A fresh trade / signal in this zone can be considered well confirmed and has a good potential in terms of delivering a profitable move.
**ATM Counter Trend Indicator (CTI)**

The ATM CTI is used to detect sudden trend reversal. It’s helpful as it usually gives an early signal at an extreme point. This indicator starts calculating as soon as high volatility or volume steps in.

Once the indicator goes to a value of +2 it indicates we’ve broken out of a key price volume area on the long side. Likewise a value of -2 would suggest a down move.

A template titled “ATM Counter Trend Indicator” has been provided so that you can better use the entire study. Here’s a screen shot:
It is important to understand how we trade the ATM CTI as we need not follow each and every arrow / signal, there will often be signals that we may need to filter and ignore. This has been discussed in detail the Trading Strategies segment.
ATM RMO II + and ATM RMO II -

The ATM RMO II identifies with tremendous clarity the current established trend. The great thing about the ATM RMO II indicators is the fact that they can be used strategically to fit your trading style.

First plot the RMO + (blue) and in the same window plot the RMO – (red), the illustration below shows you the desired display.

You can apply the RMO II template that has been provided. This template displays the ATM RMO II indicators and even displays a Y-axis trend ribbon where both the RMO I and ATM RMO II are syncing in the same direction.
If the ATM RMO II + shows a positive value it points to an uptrend, whereas a negative value on ATM RMO II – points to a downtrend.
An overview of the RMO Trade Model  
(Released 2006 with MetaStock 10)

The RMO Trade Model consists of 4 modules which are explained below:

**The RMO**

This module detects the *primary* trend and was developed to smoothen out multiple market swings.

If the RMO is positive (above zero) one concludes that the long term / primary trend is UP. In this case, we ideally look for blue Buy arrows with Blue bars to put on long trades.

If the RMO is negative (below zero) the indications are that the long term / primary trend is DOWN. In this situation, we look for Red Sell arrows with Red bars to put on short trades.

**SwingTrd (Indicators & Expert)**

This module detects multiple swings within a trend.

The indicators, SwingTrd 2 and SwingTrd 3 are plotted in the same window. When they intersect (cross), it can result in a potential trend change as that is where strength is building or dropping for the stock. This can be easily detected by the RMO Expert which places red (Sell) or blue (Buy) arrows on the price chart at these points.
**Sentiment Detector**

This RMO expert colors the OHLC chart bars *red* (bearish) or *blue* (bullish) indicating the prevailing sentiment.

When the SwingTrd 2 indicator goes above or below 0, it signals the first indication of trend change or breakout; this can be easily viewed with red and blue bars with the RMO Expert that has been provided. A more confirmed interpretation is to expect strength when the high of a blue breakout bar is crossed and weakness when the low of a first red down breakout bar is broken.
Exit Swing Indicator (ESI)

This module is used only when registering a profitable trade; it can help us detect a trailing stop loss and also works well as an exit mechanism.

Only after you have entered a trade and are profitably into an established trend, should you use the ESI. Consider exiting longs below the low when the EXIT Swing Indicator leaves the over-bought region (ESI goes below 75). Likewise consider exiting a short trade above the high of the bar when the ESI exits the oversold region (ESI goes above 25 level). Refer to the illustration below.
TRADING STRATEGIES

Below are two possible setups for using the RMO as a trading indicator. Although both setups are designed for indicating buys, they could easily be reversed to indicate sells.

“Trade with the Trend” Setup

SwingTrd: BUY Arrow (Blue)
Sentiment: BLUE Bars
RMO: Positive (Above 0)

This setup is a strong buy trade as the primary trend is up (positive RMO), coupled with a buy arrow and blue colored bar(s) which clearly indicate bullish sentiment.

As we are trading in the direction of Primary Trend (RMO), this setup is even more accurate & reliable.

“Aggressive BUY Breakout” Setup

SwingTrd: BUY Arrow (Blue)
Sentiment: BLUE Bars
RMO: Negative (Below 0)

With this setup you are essentially expecting that the market sentiment will turn positive when you see the bars change to a blue color and the SwingTrd buy arrow shows up. However, as the primary trend (RMO) is still negative, you might want to consider trading in smaller amounts, a covered strategy, or just buy “call” options.
Notes:
• You can trade on any one indicator too; for example, you could just be using the RMO or only using Bar Colors.

• Whenever taking a Trade, place a STOP at the nearest support or at least a few points below the level marked by the SwingTrd buy arrow.

• The RMO Explorers can scan and further help you detect instruments that have fresh opportunities, whether with a new Blue/Red bar or a SwingTrd Buy/Sell signal.
RMO ATM Expert Advisors : Overview

ATM Breakout Catcher Expert Advisor

The ATM Breakout Catcher expert performs 4 invaluable tasks

♦ Shades the price bars Red, Blue and Beige
♦ Marks vertical lines
♦ Shows a highlight on the Y-axis
♦ Gives you automated Commentary

Red bars indicate weakness; Blue bars suggest Strength while Beige indicates a pullback into Neutral mode.

This shading / bar colors is derived from the ATM Breakout Catcher indicator

To enhance visual comfort and precision it would mark a vertical line on the bar that signals a breakout along with a Strong / Weak highlight on the X-axis. To further assist in interpretation you can also view the in built commentary.

It's recommended you view this expert along with relevant indicators included in the ATM Breakout Catcher template which is shown below
**ATM Counter Trend Expert Advisor**

This expert marks Buy or Sell signals in the form of arrows, which are based on the ATM Counter Trend Indicator. As described in the Trading Strategies segment every signal may not necessarily be actionable – it is best acted on a first breakout concept and preferably on a counter trend basis.

To view this study we recommend you apply the ATM Counter Trend template or attach the ATM Counter Trend expert.
ATM RMO II Expert Advisor

The ATM RMO II expert is a very valuable component of the plug-in. It gives you a three fold advantage as described below:

1) Firstly, it marks a trend ribbon on the y axis of the chart. The ++ green ribbon represents ATM RMO II+ is positive and the – red ribbon represents that the ATM RMO II - is negative.

2) The expert also shades the bars green or orange and this shading is done after it integrates ATM RMO II with RMO I. This means that a bar is colored green when both RMO I and ATM RMO II+ are in positive territory, similarly if RMO I and ATM RMO II - are negative it would shade it orange.

3) Last but not least, the commentary of the ATM RMO II expert does a comprehensive chart check and is possibly the quickest way to get a quad-viewpoint! It comments on the ATM Breakout Catcher Model, ATM Zone Detector, ATM RMO II and RMO I. It also shows you key statistics like the Closing Price, Change, Volume and current 200 period moving average values.
It is recommended you view this expert along with relevant indicators by applying the templates entitled

i) ATM RMO II

ii) ATM RMO I & II Dual View

ATM RMO II Template: As illustrated below, this template displays the ATM ZD and ATM ZF in the first window, and the ATM RMO II + and ATM RMO II – in the next. The bars are shaded green when both RMO I and ATM RMO II both are positive and shaded orange when both are negative. The trend highlight on the X axis shows us the trend based on the ATM RMO II + and ATM RMO II –

RMO I & II Dual View Template: Here too, this template displays the ATM ZD and ZF in the first window, and the ATM RMO II + and ATM RMO II – in the next. However, the
bars here are shaded blue and red based on the SwingTrd2 indicator and a trend highlight on the x-axis represents the primary trend as per the RMO.
RMO ATM : Explorers

ATM Breakout Catcher BUY & SELL

This shortlists stocks which are potential for an up breakout by identifying where the ATM Breakout Catcher indicator has just gone positive (vice versa for Sell).

To further refine the Buy / Sell explorer results, you could check for the stocks showing a value of 1 on the ATM ZD (to sort click on the heading ATM ZD when your explorer results show). If the RMO ZD is 1, the trade is considered more potential as it’s signaled in an active zone.

ATM Counter Trend Indicator BUY & SELL

This scan shortlists those stocks where a Buy or Sell arrow has occurred on the latest bar. The explorer identifies this by checking the ATM CTI indicator.

ATM RMO II + and ATM RMO II – Explorations

These explorers show you symbols where the ATM RMO II+ has turned positive or the ATM RMO II - negative (as on the current bar).

Filter results by sorting stocks where ATM Zone Detector is positive. You could also sort on the basis of RMO I value.

ATM RMO II = 0 Exploration

This lists out the stocks where the ATM RMO II+ and ATM RMO II - have retraced to zero. It is here that Option
strategies can be considered as in a few forthcoming bars a major breakout could emerge

**RMO Integrated BUY / SELL Setup**

This indeed has been a much awaited scan, the name says it all - the exploration detects fresh trading opportunities where all 3 criteria (Arrow, Bar Color, RMO – refer to setup "Trade with the Trend" of RMO model) have synchronized in the same direction. The good part is that even these results can be further sorted based on a positive ATM ZD value. This could safeguard a trader from taking unnecessary trades in the dormant zones.
Trading Strategies with the RMO ATM

RMO Breakout Catcher

When we see the indicator going positive, it indicates the possibility of an up breakout. At this stage, the expert shades the breakout bar blue and a green vertical line also gets plotted. We go long, preferably a few ticks above the high of the breakout bar. (Vice versa for Sell).

Greater weightage should be given to first breakouts – this means if you get a buy signal after a triggered sell or a downtrend it should be considered more significant; however if we get a buy signal in an already triggered uptrend this would only suggest a continuation of the existing trend. The illustration below would possibly explain it better.
It’s also important to check that the signal is backed with fair price volume action. This can be successfully done by using the ATM ZD and ZF Indicator. If the ATM ZD is positive it indicates good price-volume activity, If the lime colored ZH histogram (appears within ATM ZD) is also positive it indicates hyperactivity, increasing the probability of a successful trade and a forthcoming strong trend.

_Listed below are key pointers in a Buy setup:_

- ATM Breakout Catcher goes positive and shows a Blue Bar & Vertical Line
- ATM Zone Detector is Positive
- Buy above the high of the breakout bar

_Notes_

- If the ATM Zone Fill is also positive it adds further significance to the trade
- If the ATM Zone Detector = 0 at the time of signal, it is safer to ignore the trade as there is a possibility of getting caught in a sideways / dormant zone.
Place a Stop loss at a key support level (this level must at least be lower than the low of the Blue bar), typically we could refer to a low point in the last 3-5 bars or wait for a sell to stop us out.

Exit partly at a financial goal and finally when a sell setup triggers.

**Listed below are key pointers in a Sell setup:**

- ATM Breakout Catcher goes negative and shows a Red Bar & Vertical Line
- ATM Zone Detector is Positive
- Sell below the low of the breakout bar

**Notes**

- If the ATM Zone Fill is also positive it adds further significance to the trade
- If the ATM Zone Detector = 0 at the time of signal, it is safer to ignore the trade as there is a possibility of a sideways / dormant zone.
- Place a Stop loss at a key resistance level (this level must at least be higher than the high of the Red bar), typically we could refer to a high point in the last 3-5 bars or wait for a buy to stop us out.
- Exit partly at a financial goal and finally when a buy setup triggers.

If the ATM Zone detector has been at 0 for a couple of bars, it is indicative of a zone where an accumulation or distribution has possibly been building up. Once the ATM ZD & ZH go positive after this dormant patch a forceful and significant trend is likely to set in – the direction of which could be identified by the ATM BC and ATM RMO II indicators.
**ATM Counter Trend Strategies**

Whilst the other setups detect trend breakouts and try and set us into a major move, the RMO CTI is designed to provide you counter trend setups so that you can identify key reversal points.

This is a good setup when trying to trade counter trend in an attempt to pick a top / bottom. It’s very easy to use and comes in handy on almost any timeframe you’re trading including intra day timeframes as low as 3min and 5min. The expert signals a buy or sell arrow when a price volume cluster is potentially breaking out.

There’s a little filtration required to enhance your trading accuracy. This is listed below…

Whilst we will get a number of arrows when using the ATM CTI expert, we should ideally consider the buy signals which are preceded by a downtrend and sell signals that are preceded by an uptrend. Like earlier buys are best done above the high of the signal / arrow bar (or sold below the low of a sell signal).

The ATM CTI is a leading indicator, it would not be out of place to say that when it signals a buy arrow majority of trending indicators would not be supportive, oscillators too may appear towards oversold regions. This should not be of much concern.

A buy arrow after an already triggered buy arrow is only showing follow up and further breakout – we need not act on the 2nd buy arrow onwards as you are already long into the trade.
♦ Place a Stop loss at a key support level (this level must at least be lower than the low of the bar prior to a buy arrow).
♦ Another good way to derive the Stop is by using the Fibonacci Retracement tool on the bar where you get an arrow. If a buy arrow click on Fib Retracement and click once on the Low and then once on the High, we could place our stops past the 161.8% level (vice versa for Sell)
♦ Frame up an exit strategy based on money management or wait for a sell setup to trigger to exit a long trade
ATM RMO II + & ATM RMO II – Strategies

Whilst the RMO I was more focused in detecting the direction of the primary trend, the ATM RMO II truly cuts out the lag effect facilitating an earlier entry. This is very helpful to active traders and investors who are willing to take a call prior to a shift in primary trend.

The ATM RMO II indicators can also be strategically used for trading Options, which not only can protect your risk but also work as a money multiplier in terms of profits.

When the ATM RMO II+ goes positive (from a sell zone or 0 level) one could initiate long trades above the high of the bar. The RMO and Zone Detector being positive can provide an excellent confirmation. For a sell signal wait for the ATM RMO II – to go to a level of -1, and then short below the low of the bar.
Once the ATM RMO II+ pulls back to 0, consider taking a long Options strategy as the stock has paused / cooled off from higher levels. Since the stock has been correcting down one is likely to get Call Options at a fairly attractive level turning the risk reward odds much in your favor. You can even work to well known options strategies like Bull Call Spreads or Strangles based on your risk reward profile.

Post the ATM RMO II + pull back, you’ll notice that typically the stock bounces up to new highs after making a temporary bottom. This bounce up to newer highs typically takes 5 to 20 bars in terms of time.

Likewise if the ATM RMO II – pulls back from negative zone to the 0 level it’s a point where Put Options can be purchased / Bearish Options Strategies can be implemented.