

## QUICK-SCANS



### FLOOR TRADER'S TOOLS 8.0

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#### Recommended requirements:

Microsoft Windows 98 or higher;  
Pentium 4; 1.7 GB, 384 MB RAM; 6  
GB available hard disk space.

Works with TradeStation 6.0 or  
higher.

**Price:** \$799 US with accompanying  
video.

The night before a two-day seminar put on by Roy Kelly, I had the opportunity to meet some of the traders with whom I'd spoken in some HotComm online trading chatrooms. We were all excited about hearing what Kelly had to say, and as usual, when a bunch of traders get together, it wasn't long before the conversation turned to the topic of trading.

One trader whom I'll call Mitch began to speak. He had proven his skill in the trenches and consistently pulled a respectable number of points out of the Standard & Poor's 500 eminis daily. He made a nice living doing what he loved.

We discussed how much we had spent on trading programs, seminars, books, and conventions. Mitch admitted that in all, he had probably spent in excess of \$100,000 in more than 20 years, but most of the stuff sat unused in a corner of his basement. However, he added, Roy Kelly's indicators were among the tools he continued to use. It made most of us, especially those in the group newer to the art of trading, feel better about having spent the time and money to be there.

The seminar began bright and early the next morning. Roy Kelly is a soft-spoken guy, but when he speaks, traders listen. In the first 30 minutes, he gave us some background. He got his start in the stock business after entrusting \$30,000 to a fast-talking options broker in the late 1970s. Three weeks after opening his account, his broker called to ask for another \$750 to cover margin losses. Gone was the \$30,000 he'd invested.

Rather than look for someone else to invest for him, Kelly decided to do it

himself. Over the next 10 years he scaled the steep learning curve, one step at a time. That included mastering EasyLanguage so he could build his own tools and indicators.

Kelly's two greatest mentors were traders Larry Williams and Joe DiNapoli. He bought every trading-related book, seminar, and tool he came across in the late 1970s and early to mid-1980s, spending thousands of dollars. Three of the biggest lessons he learned from his mentors were: 1) the importance of money management skills; 2) a dedication to the business of trading; and 3) the importance of honesty. By the early 1980s he was consistently making money trading.

Unhappy with the trading systems available, he developed some of his own.

### INDICATORS

Many of the participants at the seminar already owned at least one of his indicator packages and had come to hear him explain them in detail. Kelly obliged, complete with market examples.

The FT Kelly's Cycle Identifier is one of the most powerful in the package, especially when used in conjunction with the Cycle Turn Point and Cycle Forecaster indicators. I also found the Filtered Waves (trend channels) and the Trident indicators very useful.

The Cycle Identifier recognizes tops and bottoms using a mathematical cycle recognition process (rather than being based on an oscillator). According to the literature, the indicator identifies 75% to 88% of cycle tops and bottoms. However, the indicator does take some getting used to, as the signal has a habit of disappearing whenever the trend resumes, so it is imperative to wait for confirmation from other indicators before acting on it.

Further, the indicator is a real help in deciding when to enter and exit trades. Even signals that eventually disappear serve a purpose in warning of a potential

change in direction, allowing the trader to protect profits. If the trend regains momentum, the trade can simply be re-entered. The Cycle ID indicator plots both major and minor cycles.

Cycle Turn Points and Cycle Major Turn Points were also very useful, the former warning of potential minor trend changes and the latter of major changes. A trader ignores signals generated by both the Cycle ID and Cycle Turn Points at his or her peril.

Filtered Waves confirm trend channels and are a useful indicator for swing or channel trading in the direction of the trend. The user may set the trend sensitivity depending on the preferred type of trading — lower percent changes for shorter trends and higher for longer trends. FT Trendline Down and Trendline Up automatically plot the most recent trendlines. A break warns of a potential change in direction.

RK Trident is more for confirming existing trades. It establishes price balance points, profit targets, exit and entry prices. It comes complete with expert commentary to help confirm that entry and exit points were correct.

The Floor Trader Tools 8.0 includes 15 indicators (complete list is on the website).

### PUTTING IT ALL TOGETHER

Many third-party indicator packages are available for TradeStation, some by traders and many by those whose strengths lie in computer programming. Roy Kelly is a trader first and an indicator designer second. His indicators are the result of countless hours of trading in the trenches to discover which tools work and which don't. It is comforting to know the tools you are buying have been tried and tested in the trading arena by someone who continues to use them every day to make a living. When you get Kelly's indicators, you are getting them from a trader who puts his money where his mouth is every single day and has the trading record to prove how well they work!

—Matt Blackman

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