The
DYNAMIC PROFIT *Module*
Automatic Profit and Loss Targets

OmniTrader Signal

Activate Dynamic Targets
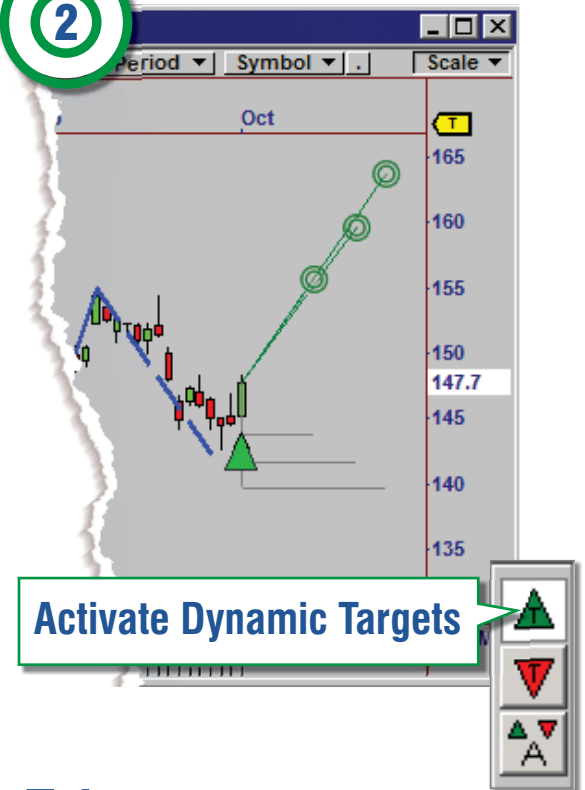
Maximize the Profit of Every Trade You Take

Using the new optimization features in OmniTrader 2011, both the accuracy and profitability of our Entry Signals have been dramatically improved. This led us to ask the question: "Is there a *dynamic* way to manage Exits as well?" Indeed there is!

Stocks and futures move in *cycles*. That is, they form successive highs and lows as a result of the ebb and flow between supply and demand. What if we could accurately predict the next high or low before it occurs? Wouldn't Exits that adapt to the chart be better than fixed Exits?

The first step was to identify the cycles, and to do that we examine the turns in the chart or pivots. By measuring the size of the moves and the time between turns, we were able to predict the next cycle high or low.

Having accurate cycle projections has enabled us to create the **Dynamic Profit Module**. When activated, it plots the next most likely cycle high or low on the chart. This helps us know the best time to enter a trade on a new Signal. It also enables us to determine the best point to take profits!

The module uses the next projected high or low to generate three Profit Targets (Conservative, Moderate, and Aggressive). The user can place their Fixed Profit Stop at the appropriate level. It's easy to see where the Stop Loss should be placed to maintain a desired Reward:Risk ratio.
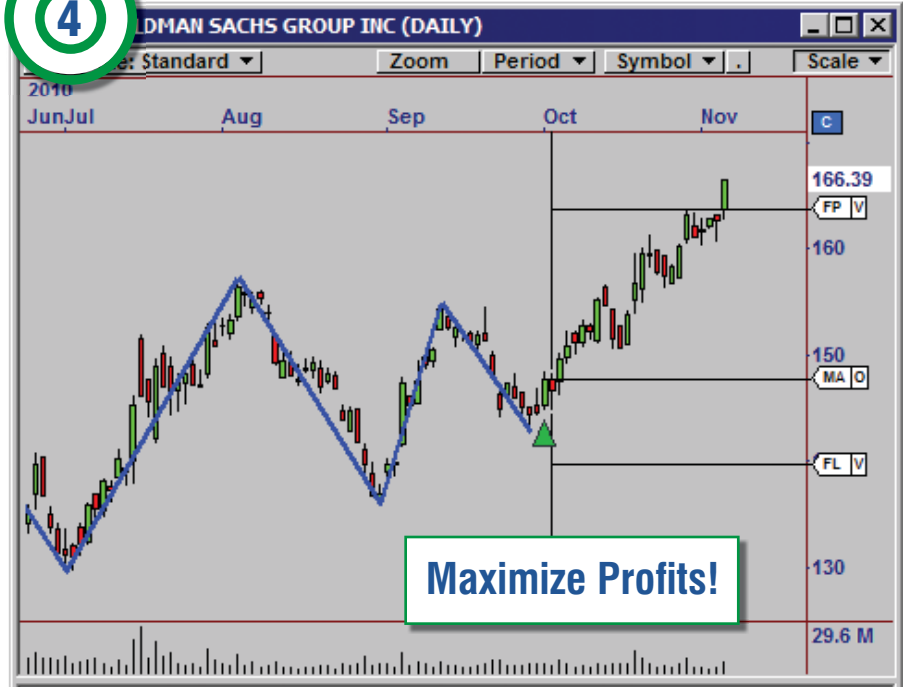
In the *The Power to Trade with Confidence* Seminar (see page 10), we show you how to select the best Target, but the Moderate (middle) Target is generally the best selection. It's also the one we used in the automated Strategy tests described on the next page.

Improve Profits by up to 300%!

③ Set Profit and Loss Stops to Match Target Levels

④ Maximize Profits!
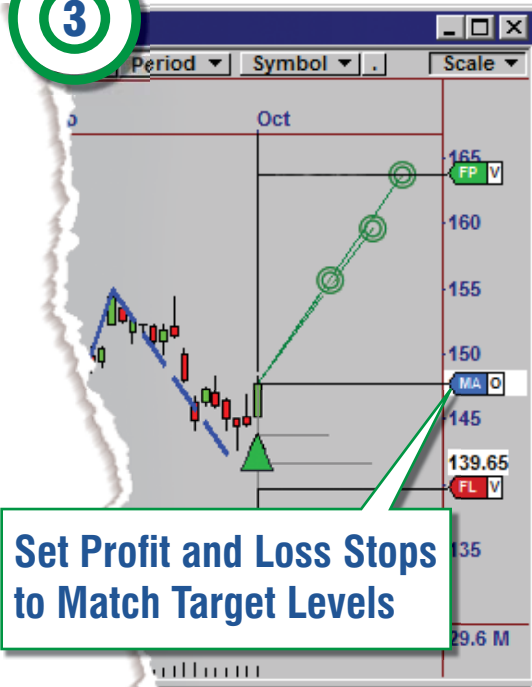
Automatic Profits!

Once we completed the Dynamic Profit Targets tool, we wanted to find out how well they would work as **Automatic Exits in Strategies**.

To test the Dynamic Profit Module in Strategies, we created 8 simple Strategies, substituting a Dynamic Profit Stop in the Trade Plan for the fixed Profit Stop in each one.

The results of this testing were incredible—an average 168% improvement in Profit per Trade using Dynamic Exits. The results of this testing are in the table to the right.

This makes the Dynamic Profit Module a very **hot commodity** for automated Strategies! Remember, these are simple one-system Strategies with no Filters or Confirmers. Imagine what these dynamic exits can do for your Strategies!

Dynamic Exits Strategy Test

System	Profit/Trade Fixed Exits	Profit/Trade Dynamic Exits	Increase
BOL-C	$7	$9	+28%
VTY-B	-$6	$8	+233%
STO-C	$12	$44	+266%
MAC-M	$12	$29	+142%
MV2-C	$23	$16	-30%
SAR-C	**$8**	**$35**	**+338%**
DMI-C	$10	$37	+270%
DONCH	$4	$8	+100%
Average			**+168%**

Nearly every system improved using Dynamic Exits, ending up with an average of 168% improvement in profitability (Profit per Trade numbers are for trades of 100 shares). Hit Rate also improved by an impressive 24%.

The NEW Eighths Tool

The Ultimate Trailing Profit Stop

With Dynamic Profit Module, we can finally unleash the power of the Eighths Tool. The Eighths Tool is similar to a traditional Trailing Profit Stop, except it has "steps" against which Stops are adjusted behind a profitable move.

Normally, the Eighths Tool is used by stretching it across a prior range in the chart (recent high and low.) The Eighths Tool automatically adjusts to the projected target, making it easy to adjust a trade visually using the levels.

Another benefit of this tool is that automated Strategies can use the new Eighths Tool, automatically adjusted to the projected range at each Signal!

The NEW Eighths Tool automatically projects an Eights Tool from the Signal to the right. This provides the best possible Trailing Profit Stop, as shown in this example.

Additional Capabilities of the DYNAMIC PROFIT Module

The Dynamic Profit Module projects Targets based on Cycle Analysis. In addition to Profit Targets and the New Eighths Tool, there are additional ways the Dynamic Profit Module can be used.

Cycle Projections allow you to see how close price is to a projected major turning point. Multiple Target Methods are available, including Fibonacci Targets, Tirone Levels, and even Custom Levels.

It can also project beyond the current price range using what are called Fibonacci Extensions—very useful in certain situations.

Additional usages of the Dynamic Profit Module are explained in a special section of *The Power to Trade with Confidence* seminar (see page 10).

The Dynamic Profit Module is able to project the next cycle low or high. This helps us decide whether or not to place a trade.