

SOFTWARE REVIEW

Three traders at different levels of experience test out **IQ-Trader**.

Trader One

The new IQ-Trader platform, released by Patsystems, is a very versatile trading tool available in three versions – Standard, Advanced and Premier. The software is currently only for trading derivatives. It is not available for equities or foreign exchange.

The IQ-Trader platform is not browser based – the software must be downloaded and installed. This could present problems for traders with dial-up connections, as downloads are rather large. Connection to the broker is via a virtual private network connection, which increases security. Historical data also need to be downloaded, but once you are connected to the platform data come live from the broker.

The really smart thing about this software is the ability to place trades directly from the chart. The charts can be set up to show market depth as horizontal bars on the right side, and a simple mouse click on the appropriate price level brings up an order box. Once placed, an order can be amended or deleted using a single click from the chart screen. Charts come with a choice of the more popular technical studies and charting tools, and colour-coded indicators assist by identifying breakout, support and resistance levels.

Profit targets and stops can be set up simultaneously with the order, or they can be automated for a set number of points, percentage gain, or even ATR multiples.

Open positions and running profit/loss are listed just below the chart, as are current orders. They can be hidden for a larger chart size.

All three IQ-Trader versions allow for paper trading to enable a system to be tested thoroughly, and the Advanced and Premier versions have backtesting and optimisation as options, as well as the ability to have trading signals generated from indicators, and automated trading. The optimisation function allows a strategy to be tweaked, to gain maximum performance from an indicator.

This is a really clever piece of software. It does take a little time to set up properly and become familiar with, but it is time well spent. ■

Colin Simpson is an active investor and has been trading shares for two years.

Trader Two

Patsystems software is used globally by both institutions and retail investors. I expected the quality of the product to be high since it is used by institutions and it lived up to my expectations. IQ-Trader provides not only trading signals through the charting software attached to it,

but also direct market access to trade your view via direct interface with a broker. Through this interface, the system provides online, multi-exchange, real-time access to futures and options with live charting. It enables you to trade an intra-day view as well as a longer-term view, with the system providing entry and exit signals. The system gives independent traders the same information as it gives institutional traders, enabling them to enter and exit trades efficiently. It has been built by those who trade for a living and has all the practical functionality a trader requires. For example, it is easy to click on a code, pull up a chart and trade a view by right-clicking.

IQ-Trader enables you to record paper trades using the signals, so that you can test your theories on paper before putting real money on them.

The software took about 25 minutes to download through a dial-up connection once I had all the necessary details. It was extremely easy to link to delayed data feed from a supplier (in this case eSignal), which took only ten minutes to arrange.

The delayed data was important as it provided the ability to test theories and check signals programmed into the software. There is also a secure network created behind the scenes to ensure trading information is transferred securely.

The system provided access to an online help facility and support, which could be accessed at any time, but I had no need to call on it.

I would recommend IQ-Trader to those who require a platform that can accurately trade small and large volume moves in multiple markets with speed and efficiency. ■



Lisa Jarvis is an investment advisor at ABN Amro Morgans Ltd, providing advice on equities and options. Lisa privately trades equities, futures and options.

Trader Three

IQ-Trader is more than just an automated order entry interface. It is a global trading platform with extensive order types and strategies.

If the thought of having your trades executed by a piece of software is too scary, you might take comfort in the knowledge that IQ-Trader is used by some of the world's leading brokers and financial institutions. It can interface with popular trading programs and data providers and is made by the same people who provide trade matching and settlement systems for derivatives and commodity exchanges.

It is ultimately your broker's decision which markets they make available for your direct access. For the review I had access to some of the most popular markets on CME, eCBOT, LIFFE, SFE and

Eurex. The package includes live charting, analytical studies, system development, backtesting, optimisation, manual and auto execution, drag and drop trading, position and P&L display, money management tools, cross-product and cross-market spreading, all with a simple interface. There are few toolbar buttons, which keeps the interface clean. Most of the functions are hidden in the right-click menus.

With IQ-Trader you can trade directly from the chart, placing your orders and stops with a simple click while watching the price and market depth with visual representations moving in real time. You can see exactly where your order is and when it is triggered. If you have confidence in your method, for example trading with certain indicators, trend lines or levels then IQ-Trader can generate trades or trading signals when the market touches these levels or fulfils your criteria. This takes a lot of pressure off the trader, who does not have to recognise patterns. I also liked the concept of TradeGuard, where you can set up multiple types of stops in order not to exceed your predetermined loss levels. It even has an 'emergency exit all positions and cancel open orders' function.

Although IQ-Trader is targeted primarily at professional futures traders, private traders looking to diversify their strategy could buy a proven mechanical system and implement it with IQ-Trader. However, it does mean leaving a computer on in a secure environment to generate orders.

To be useful, automated trading systems must deal with many potential problems – user error, software conflicts, unreliable computers and internet connections – and then produce fast, correct orders. The designers of IQ-Trader have thoughtfully addressed many of these concerns. ■

Peter Dujmovich is a professional private options trader focussing on commodities and stock indices.

Patsystems Response

IQ-Trader adds to Patsystems' existing suite of professional trading tools. It offers the breadth of functionality that both professional traders and day traders expect from our products. At the same time, its comprehensive and user-friendly interface allows the user to trade with speed, accuracy and confidence.

Direct market access from a charting application is a powerful tool to aid traders in their activities, but this is just the starting point. Whilst the charting tools provide the trader with all the indicators that are needed to find entry and exit points, the automation of exit strategies will be of value to anyone who wishes to remove the emotional noise associated with trading activities. Most importantly this provides the ability to properly control the risk associated with trading in the markets.

The optimisation functionality of the advanced level should be used with understanding. Used wisely, it will increase the profitability of any trading strategy. The taboo search method used by the optimisation engine is quite possibly the fastest optimisation engine in the marketplace.

The spreading functionality of the premier level is certainly unmatched in the marketplace. It is currently used

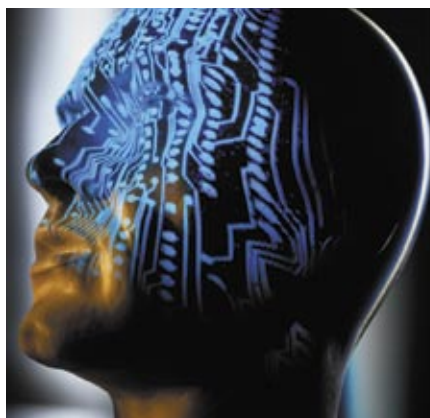
by relative value traders of some of the top financial institutions, aiding them to execute their strategies on markets across the world. What is really unique here is that not only is it possible to automatically execute spread orders between exchanges, but also to apply a trading system to these orders, and to execute the same entry and exit strategies to a spread trade as to a single outright commodity.

We are very grateful to the reviewers for taking the time to assess our new trading software. If you are interested in giving IQ-Trader a test run, please get in touch. You will find contact details on our website at www.patsystems.com, as well as an IQ-Trader quick tour. Alternatively, call our Sydney office now on 02 9293 2523. ■

patsystems
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