



MARKETS NEVER SLEEP®

PROBABILISTIC STOPS for MT4

Set up & Configuration Guide



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DESCRIPTION

TC.Probabilistic.Stops is an easy to install, multilingual customizable Indicator designed to help traders make profitable decisions 24/5!

An obvious reason for wanting probabilistic stops is to bring greater consistency to the chances of being stopped out; by finding a best-compromise price to allow for normal fluctuations but trigger the stop if the underlying price moves against the trade. Statistical pedigree of probabilistic stops allows their usage to be extended to at least two applications: (i) assessing trading risk before entering a trade and (ii) in combination with support and resistance data to generate probability-related entry signals.

Unlike standard time series with a single data point at each time step, market time series usually arrive in the form of bars of open, high, low and close prices. For the purpose of calculating price movements likely to trigger stops, high and low price extremities from a signal line need to be taken into account. You must be familiar with the average (mean, μ) of a series of data points and their dispersion around that mean (standard deviation, s). A Gaussian distribution describes random noise and is based solely on a mean and standard deviation. For the present purposes the salient property is that the probability of noise deviating from the mean can be related to the number of standard deviations.

The rationale for stop orders is to protect a trade from excessive losses. The fact that there is a trade means that there are external reasons for believing prices will move in a certain direction. Stops need to be wide enough not to be triggered by routine price fluctuations but close enough to be triggered if the underlying price signal (i.e. local mean) behaves contrary to expectations. Given this requirement, a stop should reflect the reasonable limit of price fluctuations from wherever the local mean (μ) is currently.

This means that if a suitable local mean and standard deviation can be found, the

probability of the stop being triggered by noise fluctuations alone can be related to the product of a "width" parameter (w) and a local standard deviation, built or hung from a local mean; i.e. $\mu \pm w s$ with the sign depending on whether it is a buy (+) or sell (-) stop.

The width parameter (w) may vary depending on the instrument and strictly should be found by trial and error for each instrument. In practice, a value of 2 seems to work quite well for most, which is consistent with a value often used for Gaussian-based confidence limits.

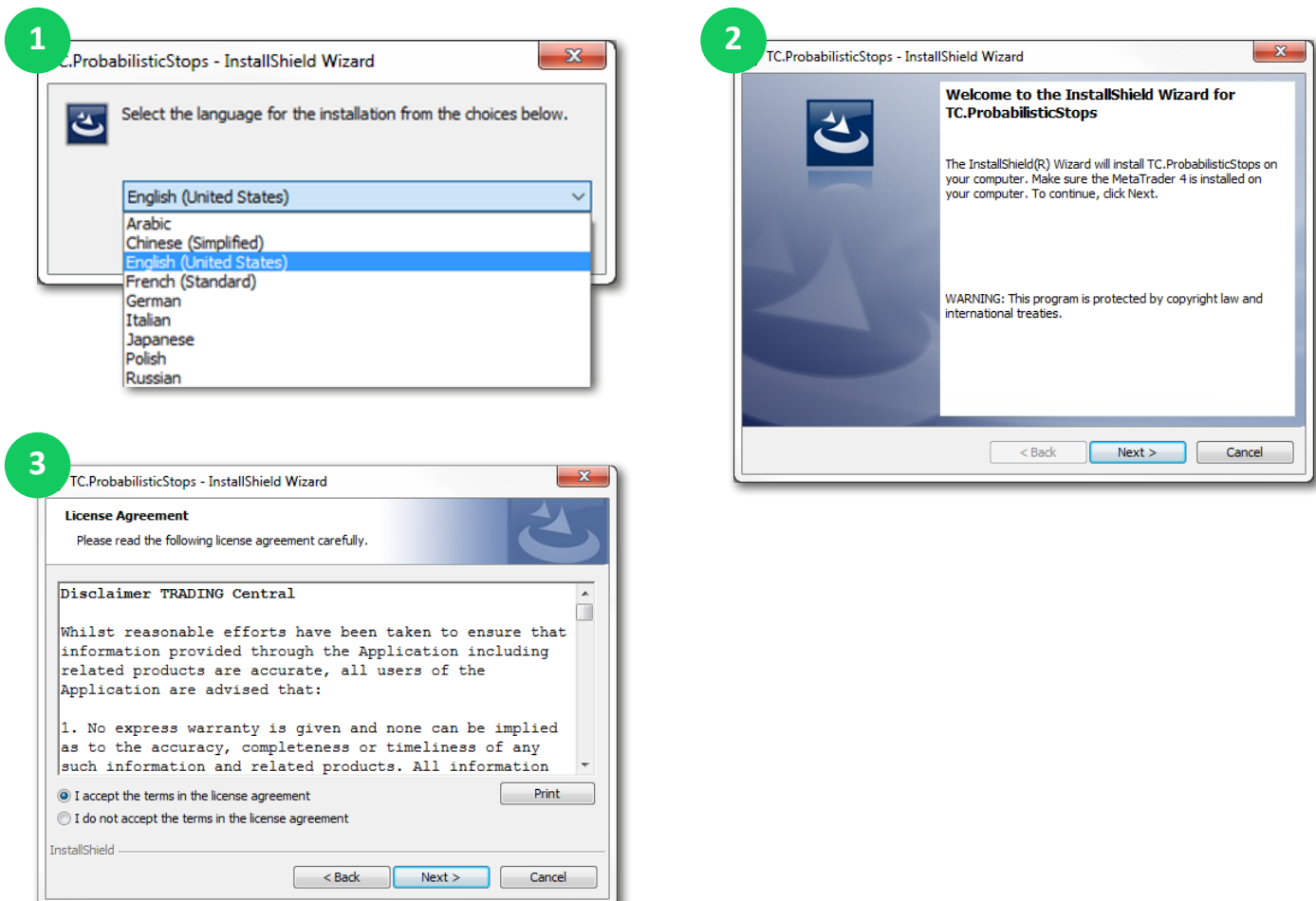
In the input parameter box you can chose the length and width of the probabilistic stops you want to set-up.

SUBSCRIBING TO THE TRADING CENTRAL LIVE FEED

The TRADING CENTRAL Indicator automatically delivers live data to licensed broker. If the Indicator does not work on your MT4, your broker is probably not licensed by TRADING CENTRAL. In this case please contact your broker and request a license.

INSTALLATION PROCESS

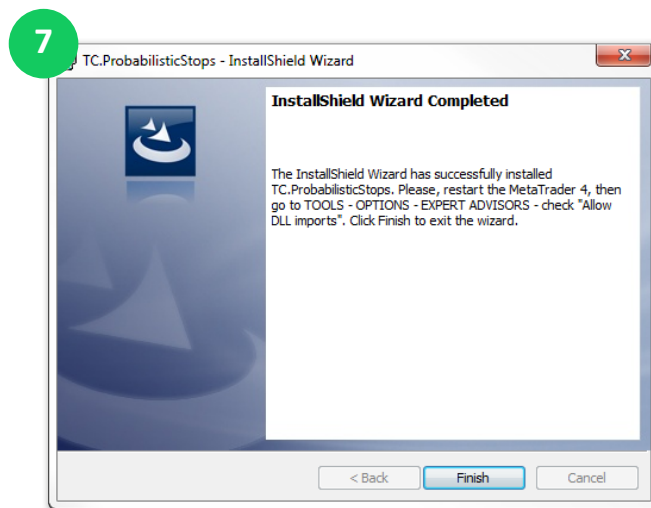
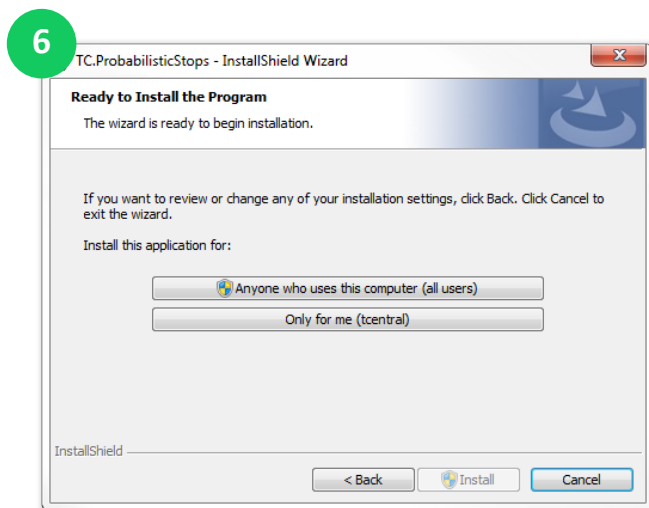
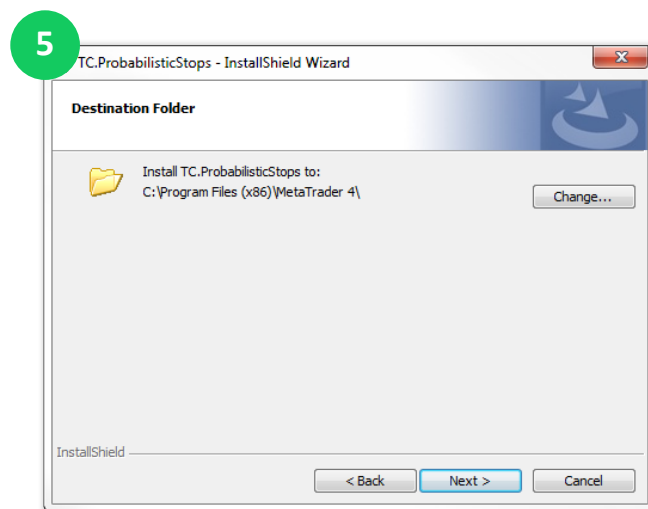
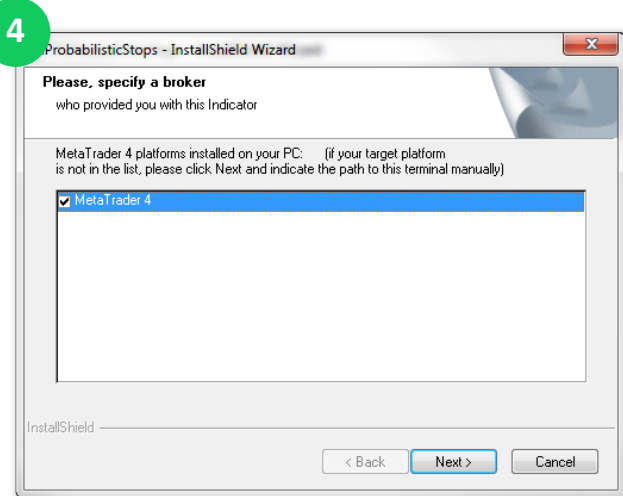
The latest version of our Indicator can be downloaded from: https://feed.tradingcentral.com/ws_indicators.aspx/DownloadInstaller?application=8&platform=1
You need just to follow some simple steps proposed by the installer:



INSTALLATION PROCESS

Caution

If you have several MetaTrader platforms installed, you need to choose the platform corresponding to the broker, who provided you with this Indicator.
If you can't find your platform (4), please indicate the proper path to the MetaTrader folder you use (5).



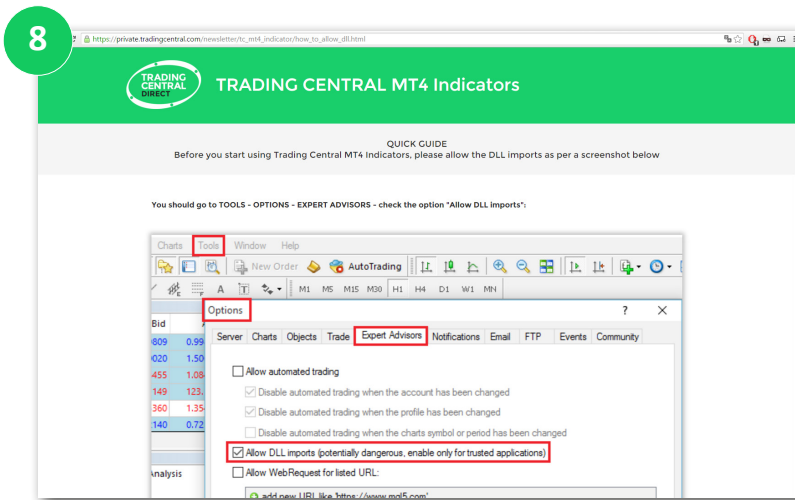
INSTALLATION PROCESS

Now restart your MetaTrader.

Enable DLL

Once the installation is completed, there is an automatic page opened in the browser (8), showing how to activate DLL imports options once for all indicators. If you accidentally closed this window, please follow the link :

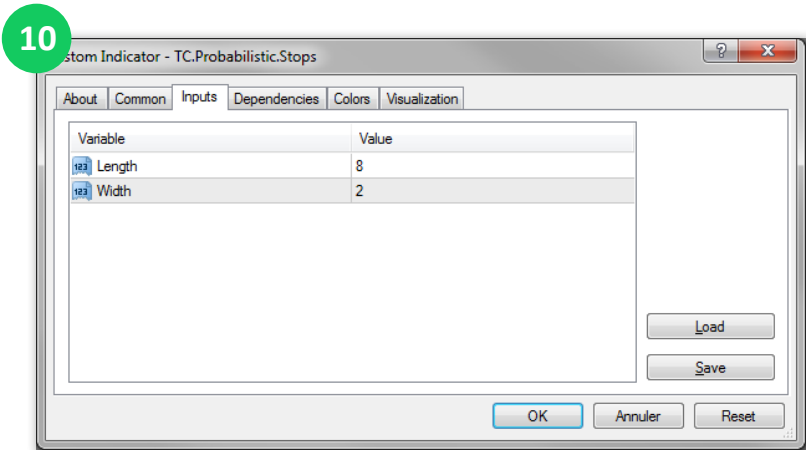
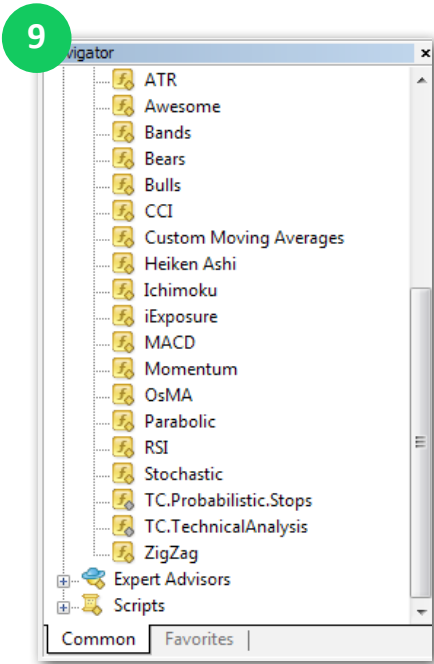
https://private.tradingcentral.com/newsletter/tc_mt4_indicator/how_to_allow_dll.html



INDICATOR'S USE AND SET UP

Go to Navigator > Custom Indicators and look for TC.Probabilistic.Stops
Drag and drop the Indicator to a chart (9).

In the window that appeared when your drag and drop the Indicator to a chart select the Inputs tab (10). Here, you can set any parameters you wish to personalize the TC.Probabilistic.Stops.



FEATURES AND PARAMETERS

Features	Default settings	Customizable (parameter name)
Length	Length: 8	<p>✓ (Length)</p> <p>Integer data, different lengths imply different levels of smoothing and delay.</p> <p>Finding reasonable stop levels can be problematic in cases where a suitable support and resistance line is not available. Our approach to stops leverages:</p> <ul style="list-style-type: none"> - A fast filtered line (not a moving average) to provide a price datum upon which to build a stop -A means of measuring the price fluctuations around the filtered line -A "width" to let traders input a multiple of price fluctuations to hang a stop from <p>This approach provides a better result than traditional volatility adjusted stops because it uses a filtered line as a basis for the stop level rather than the last price which may be anomalous. It also requires a shorter run-in and so requires less history to provide a stop level.</p>
Width	Width:2	<p>✓ (Width)</p> <p>The width parameter (w) may vary depending on the instrument and strictly should be found by trial and error for each instrument. In practice, a value of 2 seems to work quite well for most, which is consistent with a value often used for Gaussian-based confidence limits.</p>

UPGRADE PROCESS

When a new version of the Indicator is available, a user gets a notification inside their MetaTrader and the loading starts automatically after clicking the OK button.

The previous version is no longer valid.

