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 200 West Palmetto Park Road, Boca Raton, FL 33432, USA
 (800)327-0175, (305)392-8663, Telex 522107

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MONDAY, FEBRUARY 2, 1987

Boca Raton, Florida

\$5.00

WHAT'S NEW ---

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THE NEXT SYSTEM GENERATION

QUICKMONEY

(A Preview)

Read about QUICKMONEY, the system of the future, on page 1.

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GEORGE WASHINGTON'S BIRTHDAY DATA SALE--
 Savings on normal and perpetual historical data on diskette. Save up to 20%. Take advantage of this price break to increase your data bank. See the enclosed flyer for details. Offer expires March 10, 1987.

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Introductory Sale on CSI's IBM AT® clone. Apple customers pay \$2095 and other customers \$2195. Sale ends March 10th.

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Histogram option now on new QUICKSTUDY. Also benefit from better CSI-STOP and improved PDI for only \$25.

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New data series available on Call/Put volume ratio, a premier leading indicator for most commodities.

Page 3

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New policy to re-collect part or all of your daily portfolio as history.

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Commodity and stock addition, deletions and changes

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Network phone number changes

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® -- QUICKSTUDY, QUICKMONEY, PDI, and CSI-STOP are registered trademarks and service marks of Commodity Systems, Inc.

® IBM AT is a registered trademark of International Business Machines, Inc.

We are working on a new trading system, incorporating the fascinating promise of PDI™. It will capture the safety of intermarket arbitrage, and will draw from the simplicity which you may have discovered with our QUICKSTUDY® Technical Analysis System. This new system, to be known as QUICKMONEY®, will have its own unique graphic display in several different forms and will have an automated gradient climbing algorithm which will assist in localized optimization procedures.

QUICKMONEY will combine the advantages of many ideas known to produce significant benefit and will improve upon them. Through the combination of intermarket arbitraging methods with PDI and an improved CSI-STOP™ calculation, the user will have the distinct advantage of knowing which commodity or stock of a given competitive pair is likely to be the most advantageous to trade. CSI's broad scope of data coverage, innovative methods of preparing continuous data, and our use of index number theory combine to measure the relative value of economically substitutable product pairs.

In addition, advantages we have discovered from adaptive analysis methods and probability theory have made PDI more precise than before. Approximations are replaced with theoretically exact calculations, new indicator inputs (such as call/put volume ratios) have been added to help detect future price direction, and numerous profit strategies are incorporated that assist the synchronization of trading to follow the moving price tide.

This system is destined to greatly outperform any other we know about because, although users may never enter both sides

of a straddle recommendation, the presence of a ranked pair of opportunities in several pairs of related products will help separate the better single trade opportunities.

A team of bright, talented programmers, proficient in graphics, programming, and system design, have been combined with our extensive base of expertise in numerical analysis and statistical theory to produce the new product. Its design will truly convert your PC into a mini-econometric laboratory that will take into account more aspects of market behavior at one moment than ever before.

The major shortcoming of PDI has been its speed of operation. The complexity of QUICKMONEY is even greater because of the arbitraging mode of operation, but efficiencies in program design, added flexibility in graphic display, and efficiencies in gradient optimization combine to make this product greatly superior to any ever developed.

CSI will offer this product to users at a price which will effectively permit PDI users to receive a \$200 allowance toward the purchase of QUICKMONEY software. We expect a release date some time after the end of March or April 1987.

QUICKSTUDY WILL HAVE THREE DISPLAYS

ENHANCED PDI DISPLAY

A greatly improved PDI display over one year or longer period is provided. It will show a bar chart, a PDI Index, stop and objective points, cumulative equity, deseasonalized volume, percentage of new traders in the market, transformed call/put volume ratios, buy and sell signals, and a double magnified window of the last ten days. This display will separately appear for, say, wheat and corn, if these are the economically substitutable commodities you have chosen. Only one will appear if you decide that the combined effects for wheat and corn are unnecessary for your decision-making.

AN INTERMARKET STRADDLE OSCILLATOR CHART

This display will show an oscillator of a corn minus wheat index, for example, based on the relationship of corn to wheat over several years. In addition, this chart

will show a PDI Index of the oscillator and a cumulative equity curve based on straddle trades in corn and wheat and buy/sell indicators. The base index is derived from six years of history on corn and wheat and measures the percent difference between the index of the two commodities. The resulting oscillator provides an additional level of filtering to screen exceptional trades where the index difference is abnormally great.

DUAL COMPETITIVE PRODUCTS CHART TO EXPOSE JOINT OR SEPARATE OPPORTUNITIES IN EITHER MARKET AT THE SAME TIME.

This chart shows a full height display of, for example, corn to the left of wheat with a bar chart, PDI Index, equity progression and buy and/or sell arrows.

In addition QUICKMONEY will be programmed to retain the best set of parameter inputs for each given commodity when any given study is exercised. A table of 50 solutions are planned for the users convenience.

The optimization algorithm will be confined to the intelligent search for feasible solutions as opposed to the brute force evaluation of all possible combinations. This procedure, which can be described as a gradient optimization algorithm, will reside a step above the actual QUICKMONEY logic. Such a method will search only a small subset of possibilities when developing a workable solution.

We look forward to supplying this planned software product to our users.

REVISION TO PRESENT PDI or QUICKSTUDY

The following describes minor improvements made to the QUICKSTUDY disk. For an update fee of \$25, qualified customers may purchase the newest version of QUICKSTUDY which has the following improvements:

Two CSI software products were further enhanced on January 20, 1987. These improvements affect PDI version III, the CSI-STOP study and QUICKPLOT. Although minor in scope, the changes add considerable capability.

PDI IMPROVEMENTS

In the case of PDI, a new prompt asks whether the adaptive weights, which are assigned to the predictability of price, volume, and open interest, should be based on a cumulation or a short term accounting of their effects. The version of PDI which is currently in the hands of users is based on cumulative effects. In other words, as price, volume or open interest have a positive predictive effect on price, the extent of the effects are accumulated on a day to day basis. To some degree, this approach makes PDI learn progressively more over time and may explain why some users find that PDI does a better job of predicting tomorrow than it did six months ago, for example.

An alternative approach, which is now an option of this newer release, shortens PDI's cumulative memory for the adaptive effects of price, volume and open interest to three times the half cycle period. We have found this new option to improve the effectiveness of PDI in some cases. The user is asked:

"DO YOU WANT A SHORT OR A LONG MEMORY FOR PRICE/VOL/O.I. EFFECTS? (S)"

OTHER CHANGES

In addition to the above, when any exercise of PDI is accomplished, the output screen display holds the last date on file for the time series processed and a more complete summary of the input prompts. Under conditions where the chosen fit factor and/or the risk proportion are small, the buy or sell stop on the day following a new position could (on a very infrequent basis) result in the closing of the new position. Although it could be argued that this procedure may be the most appropriate move to make, PDI III has been changed to greatly reduce the likelihood of an immediate stop out.

MACD Histogram and other Histogram Study Options

Also added to QUICKSTUDY is a histogram option that can be applied to most studies. This capability has been added in answer to numerous customer requests.

CSI-STOP

The graphic display of CSI-STOP has been greatly improved, giving the user the most appropriate:

BUY STOP
SELL STOP
CLOSE BASIS STOP
PROJECTED HIGH
PROJECTED LOW, and
PROJECTED CLOSE.

The study curves drawn now show the Buy Stop, Sell Stop and Projected Close superimposed over the bar chart. When using this newer version of CSI-STOP for setting stop entry points in the market, a very low fit factor of less than .1 is recommended. If your use of CSI-STOP is for the purpose of projecting tomorrow's high, low and close, a larger fit factor is required. This change moves CSI-STOP up on the list of ranked studies and makes CSI-STOP more powerful as a stand alone trading tool.

OPTION
CALL/PUT VOLUME RATIO

The call/put volume ratio and call/put open interest ratio, delivery month code 62, will be available sometime this month for all commodity options which we maintain on our data base, with the exception of the Philadelphia currencies. If you are interested in adding this item to your portfolio, please contact our Customer Service Department. Because the information is scaled, it is only usable by descaling the volume and open interest fields. The new QUICKMONEY program will use this information and we plan to add a new study to QUICKSTUDY to graphically present the data.

PDI EQUITY DISPLAY EXPLAINED

After a given exercise of the PDI III study is complete and the graphic display is presented, the user can type the "P" key to get numerical information. By then pressing any key, the second page of the display will show the realized equity readings that progressed over time. The realized equity readings may be shown in some cases one day earlier than they, in fact, occurred and the final day of the file will hold the sum of both the realized

and the unrealized equity. This point is made to clarify what is presented in the manual concerning the equity printout.

**SPECIAL POLICY TO RE-COLLECT
DAILY FILES AS HISTORY**

CSI provides both an error report and our electronic "MIS" file to users who wish to remain current with any errors which may be uncovered by CSI or by customers on an ongoing basis. Only a few errors are recorded each month, and it is even more unlikely that the specific contract or commodity affected may be a part of a given user's portfolio. However, for those users who do not bother to make the changes we report, we now offer the opportunity to draw down any part of a portfolio as history by phone after 6:00 PM local time at a substantial discount. An order for no more than two months of historical data which is a part of your current portfolio will be processed at a price of \$1.00 per contract. Such an order will be filled for a minimum price of \$20. The contracts collected must be a part of your current portfolio.

THE QUICKPC-AT MODEL HAS ARRIVED!

Financial Micro-Data Inc. announces their QUICKPC-AT system at the remarkably low price of \$ 2295.00. This is AT speed-approximately 5 times faster than a standard PC. The system comes with 512K memory, one floppy drive, one 20 MB drive, composite monitor & color card, built in clock calendar and AT style keyboard. This AT uses the smaller sized AT motherboard and is in an XT style case. If desired you may order an AT style case with key lock at an additional charge. This system may be upgraded with a high speed 30 MB hard drive (40 MS access time), a 1.2 MB floppy drive, and an extra 512K of memory.

Please see the enclosed order form for details. Also included with this newsletter is a coupon for \$100 off the price of a QUICKPC-AT or the XT-SYSTEM SPECIAL (\$1795). This coupon expires March 10, 1987.

FOR CURRENT CSI APPLE CUSTOMERS:

IS YOUR APPLE ROTTEN TO THE CORE? If your Apple has seen better days, now is the time

to make the big move to a QUICKPC! With the enclosed coupon, all current CSI Apple customers may take \$200 off the price of QUICKPC-AT or the \$1795 XT-System Special. This offer is valid through March 10, 1987. Call CSI Marketing for more details.

**CLEARANCE PRICES
ON SLIGHTLY USED or CLOSE-OUT PARTS
FROM FINANCIAL MICRO DATA INC.**

- 3 - 300/1200 BAUD INTERNAL MODEMS \$165.00 ea.
- 1 - SAMWOOD TTL MONITOR (GREEN) & MONOCHROME CARD (FOR TEXT APPLICATION ONLY) \$199.00 ea.
- 2 - QUADCHROME RGB COLOR MONITORS \$250.00 ea.
- 2 - PANASONIC 1080 PRINTERS; 100 CPS DRAFT & NEAR LETTER QUALITY MODE \$199.00 ea.
- 1 - MAGNAVOX RGB COLOR MONITOR & CABLES W/ 640X200 RESOLUTION \$250.00 ea.
- 5 - 5 MB HARD DRIVES-BARE DRIVE WITH CONTROLLER CARD \$100.00 ea. \$200.00 ea.

All of the above come with a 60 day warranty from Financial Micro-Data Inc. Shipping extra. Call CSI Marketing at (800)327-0175 for details.

AUTO CHART-WRITE

If you use CSI's QUICKPLOT/QUICKSTUDY software to print several charts per day, this task is accomplished easily using the utility software program AUTO CHART-WRITE developed by a customer of CSI, Roland C. Benner. We have used the program here at CSI and have found it to be very useful and simple to operate.

This software allows you to print up to 40 charts at once in an unattended mode. The program prints the charts which you have 'BSAVED' to the disk with QUICKPLOT. You need to draw and 'BSAVE' each chart desired. You may then introduce AUTO CHART-WRITE and print each of the chart you have saved at one time without having to sit at your computer waiting for one chart to finish so you can press 'Shift PrtSc' for the next.

Mr. Benner's latest version of AUTO CHART-WRITE also allows you to review on your computer screen the charts you have 'BSAVED' before initiating the printing process. There are instructions on disk in a 'README' file which explain the operations of the program.

If you wish to purchase Mr. Benner's program, it is available for \$40.00 at the following address:

Roland C. Benner
20401 116th Avenue
Maple Ridge, British Columbia V2X 1Y4
Canada

or you may call Mr. Benner directly at 604-465-5361.

ADVERTISEMENTS ENCLOSED

Omega Research, Inc. is our participating advertiser this month. We accept advertisements to accompany our News Journal to defer our postage cost. We do not recommend nor endorse any products of any advertiser.

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ADDITIONS TO THE COMMODITY DATA BANK

COMMODITY NUMBER: 66
COMMODITY NAME: AUSTRALIAN DOLLAR
SYMBOL: AD
EXCHANGE: CME/IMM
UNIT OF MEASURE: A\$/US\$
CONTRACT SIZE: A. \$100,000
DELIVERY MONTHS: 3, 6, 9, 12
CONVERSION FACTOR: 2
FIRST DAY ON FILE: 870113

CHANGES TO THE COMMODITY DATA BANK

Commodity #48 London Zinc Standard delivery

month code 48 Zinc cash expired as of 861231. Delivery month code 46 open field no longer available (Zinc cash settle).

ADDITIONS TO THE STOCK DATA BANK

5809	HSN	Home Shopping Network	870116
5218	CMN	Callahan Mining Corp.	870119
5588	CKP	Circle K Corp.	870120
5376	CF	Collins Food Int'l Corp.	870126
5810	SVT	Servotronics	870126
5957	SOVR	Sovereign Corp.	870126
5958	SEQP	Supreme Equip & Sys	870126
5617	DNP	Duff & Phelps	870121
5618	SFB	Standard Federal Bank	870121
5462	RBK	Reebok Int'l LTD	870127
5403	SWF	Southwest Forest Ind.	870127
5443	PIE	Piedmont Aviation Inc.	870127
5387	NCI	Warner Communications	830901

CHANGES TO THE STOCK DATA BANK

5145	CI	Cigna's start date should be 820401.
5084	NHE	Ntl Medical Enterprise symbol should be NME.
5216	RJR	Reynolds (RJ) Ind. changed its name to RJR Nab.
5700	APL	APL Corp. delisted on 861229.
5376	OVT	Overnite Transport delisted on 861231.
5403	WAL	Western Airlines suspended trading on the Pacific Exchange.
5443	BJ	Blair (John) suspended on 861224.
5462	FTR	Fruehauf suspended preferred A&B.
5462	CRO	Chromalloy American merged with Sun Chemical Corp. SNL.
5645	Y	Allegheny Corp. is now wi Y.i.
5696	ANX	Anixter Brothers is now Itel Corp. trading on the NASDAQ Exchange.
5753	WPC	Restructure of WEC Wisconsin Energy Corp.
5350	TW	Liquidating into TW Services TW.I.
5578	RDS	Revco D.S. Inc. acquired by Anac Merger Corp. which is a private corporation.
5578	RDS	Revco D.S. Inc. acquired by Anac Merger Corp. which is a private corporation.
5129	XOC	Phix National over the counter index.
5417	OCX	S&P OTC 250 Index