

PRODUCT REVIEW

HotScans



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Product: Pattern recognition software
for daytrading support

Requirements: Microsoft Internet
Explorer 5, or Netscape 4.73

Price: \$24.95/month trial;
subscriptions range from \$49.95 to
\$74.95 per month

searched for a daytrading tool. This led to the development of HotScans, a product that is designed to support daytrading.

HotScans finds bullish or bearish intraday price and volume patterns as they are developing, using as many as three different intraday time frames. You can, of course, look for volume moves or price moves only. If you had a wish list of requirements for finding momentum stocks, HotScans would be the system that makes just about all of your wishes come true.

DEFINING CRITERIA

First, you would want to cover a large portion of the market. The entire New York Stock Exchange (NYSE) and Nasdaq are scanned every minute to see what equities fit your search criteria. You can scan both markets or just one. Second, you might want to find the price and volume leaders in the last five minutes, or the last 10 or 15 minutes. Your choices for your scan period are

the last five, 10, 15, 20, 30, 60, 90 minutes, or since the open.

You might also want to know how the list of leading stocks you are looking at, which might be movers in the last five minutes, performed in the 30 minutes prior to your five-minute scan period. Your choices for selecting a previous period are five minutes, 10, 15, 20, 30, 60, 90 minutes, or since the open. The result (Figure 1) is typical of the MarketGauge style, which is easy on the eye and communicates very effectively.

Your scans can be refreshed automatically. You can set the frequency of scan update to be every one, two, three, five, or 10 minutes (or never). You can change the title to be more descriptive of what you are looking for. You can also create a separate pop-out window that you can move and size to fit your screen management requirements, enabling you to monitor multiple scans at the same time.

by Dennis D. Peterson

Active traders and swing traders: Help is here. This website package is for you. Keith Schneider, president of DataView and a former floor trader, decided he wanted to start trading again, and

Sym	Price	Price Chg	5 Min. Chg.	Last 5 Min % Price Chg.	Last 5 Min Vol. vs. Avg.	Prev. Chg.	Previous Per. % Price Chg.	Previous Per. Vol. vs. Avg.
DJI	8,337.60	80.00	0.00	0.0%	319%	-2.20	0.0%	15%
COMPX	1,425.50	30.78	2.36	0.2%	310%	0.56	0.0%	35%
AMR	5.00	0.77	0.09	1.8%	604%	0.10	2.1%	93%
NFLX	21.96	1.39	0.37	1.7%	1,113%	0.18	0.8%	165%
AT	47.01	0.77	0.77	1.7%	5,192%	0.00	0.0%	-100%
ISSX	11.81	0.78	0.16	1.4%	2,432%	0.17	1.5%	222%
IDTI	9.14	0.64	0.10	1.1%	598%	-0.03	-0.3%	302%
THOR	11.97	0.37	0.13	1.1%	30%	0.04	0.3%	-34%
ING	15.75	0.75	0.17	1.1%	287%	0.07	0.5%	-63%
ACAI	7.53	0.72	0.08	1.1%	581%	0.01	0.1%	154%
ANDV	6.70	0.50	0.07	1.1%	429%	0.06	0.9%	-26%
HC	7.69	0.40	0.08	1.1%	216%	0.04	0.5%	8%

FIGURE 1: HOTSCANS TABLE FOR TWO PERIODS. The symbols are ordered by biggest price percentage change for the built-in strategy called "Rallying now." The second set of columns shows how the same stocks have done in the 30 minutes prior to your five-minute scan period. For example, AMR has moved up 1.8% (\$.09) in the last five minutes on 604% greater than average volume. In the 30 minutes prior to this, it moved up 2.1% on 93% greater than average volume. The average volume gauges represent a comparison of the volume for the defined period versus its 30-day average for the defined period.

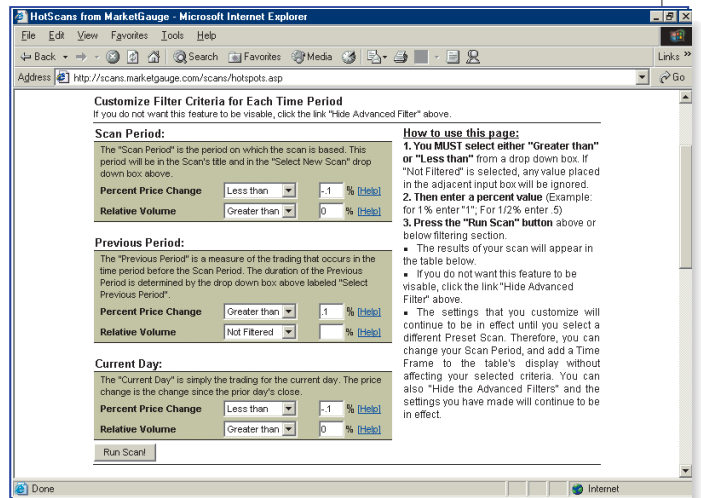


FIGURE 2: ADVANCED FILTER SETTINGS. You can choose to filter on either percentage price change or relative volume. "Less than," "greater than," and "not filtered" can be selected along with the percentage amount. The selection shown is from a prebuilt list of strategies and is for the case of "Falling now intraday reversal down." For this selection, the filter is set as follows: the current period or scan period percentage price change is less than -0.1% on greater than average volume for the scan period. For the previous period, the percentage price change is set to greater than 0.1% without regard to volume, and the current day price is less than -0.1% down from yesterday's close on greater than average volume.

ADVANCED FILTERING

Now that we've got the preliminary requirements out of the way, let's get to the fun stuff. Advanced filters give you a way to find, for example, gaps, trending stocks, and intraday reversals. The AdvancedFilter dialog screen (Figure 2) shows that there are actually three different perspectives used: *current period* or scan period, *previous period*, and *current day*. Current day allows you to filter since the close of the previous day. Using yesterday's close and today's open is the means by which you can find stocks that have gapped on the open. Each of the three perspectives allows you to filter on percentage price change and relative volume.

A very nice feature is that the 30-day average volume is calculated for each minute of the day in every time period. The average is then adjusted via a market model of the expected percentage of volume for the particular time of day. HotScans give you an instant visual analysis of the actual volume compared to the volume you would expect for the stock based on the time of day. (See Figure 3.)

MG SELECT

Your final requirement may be one where you want to apply your strategies only to a group of movers. HotScans define movers as those stocks that have liquidity based on average daily volume in combination with price movement. Movers are defined as stocks with a large daily range relative to their price and, on average, the majority of the stock's intraday range must occur after the first half hour of the day.

According to DataView, the MG Select criteria identify about 200 stocks that are liquid and volatile all day. The default report for MG Select is a summary report (Figure 4) that identifies the price leaders rallying and falling, and the volume leaders for the last five minutes. Like every HotScans report, you can change the scan period to see the last 10, 15, 20 minutes, and so forth.

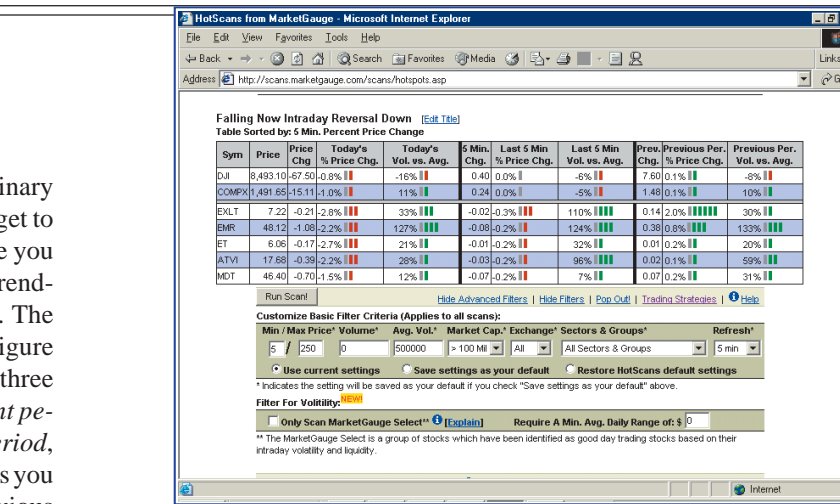


FIGURE 3: FALLING NOW INTRADAY REVERSAL DOWN AND BASIC FILTER. Besides being able to define scans based on three different periods, you can choose via the basic filter to see only stocks in a particular price range, volume, average volume, market capitalization, exchange, sector and group, or average daily range. At the right is the pull-down to set the refresh rate.

SUPPORT

The help files are excellent in explaining all your options. There are frequently asked questions such as, "Why do I sometimes seem to arrive late?" — meaning late to the trade. There is a chat group set up through Yahoo! that at times has more than a dozen people active. The site links to free archived newsletters with question and answer sessions. There are 16 prestored strategies for you to choose from, and when

you choose them you can of course display the Advanced Filtering choices. The interfaces are visually pleasing and contain the kind of menu options that are neither too few nor overwhelming.

SUMMARY

A new functionality that will enable you to define patterns and strategies based on the day's opening range should be released soon. Expanded filtering will allow you to define price, volume, range, and time criteria for the day's opening period, and a unique visual display in the HotScans table will enable you to monitor each stock's entire day of trading activity relative to its opening range.

HotScans was created by professional active and swing traders. You *have* to like this approach if you daytrade or swing trade. HotScans makes it effortless to find the day's stocks with unusual price and volume action, and stocks with patterns you define. Double-checking some of the results against charts often shows just the visual movement you want to trade. Avoiding head-fakes is sometimes tough, but this tool with its unique analysis of volume and MG select stocks should help.

For a \$24.95 trial, why not see how it works?

Dennis Peterson is a Staff Writer for STOCKS & COMMODITIES.

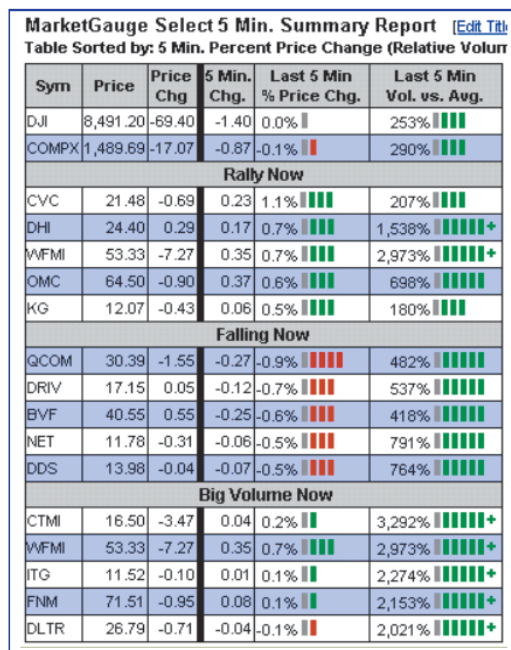


FIGURE 4: PRICE AND VOLUME ACTION ON MG SELECT STOCKS. You can restrict your universe of stocks to those that are "movers" and see which of these movers are either rallying, falling, or have the most volume relative to their average by using MG Select.