

**PRODUCT REVIEW**

# MarketGauge

## In RealTick

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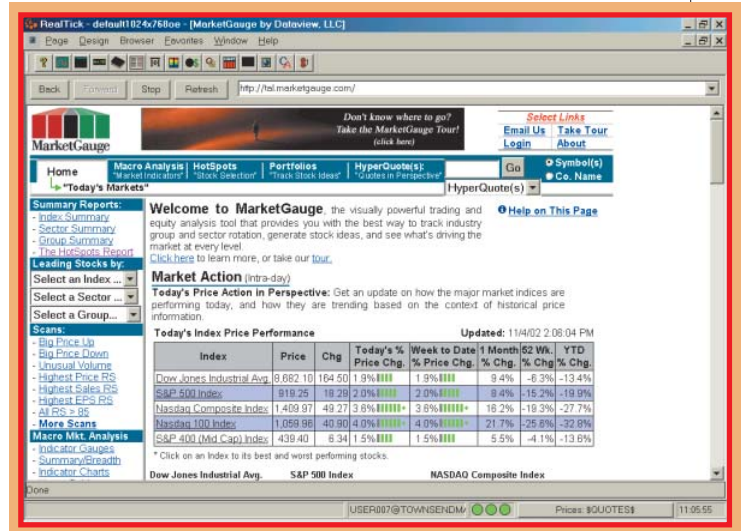
**Product:** Market analysis software

**Requirements:** Windows 95 or higher, Internet connection, RealTick version 7.5 or higher (for RealTick)

**Price:** Free to RealTick subscribers; \$25/month, \$250/year for Macro Analysis; \$50/month, \$500/year for Full MarketGauge package (both available on MarketGauge.com).

*by David Penn*

**IF** there is one distinct trend in trading/market analysis software, that trend may be toward the increasing use of color- and shape-coded symbols to denote quantitative information such as price or volume. In some ways, this trend is as old as bar charts (or candlesticks, if you include the trading history of Japan, which goes back to the 18th century). In other ways, however, there is something very new, very “information-age” about the drive of software developers to compress more and more information and market data into fewer signals that are also easier to recognize and act upon.



**HOMEPAGE:** MarketGauge's homepage takes in the market at a glance.

MarketGauge is as much on the front lines of this trend as any other trading/market analysis software I've come across. Whether you are a fundamentally oriented trader or a master market technician, MarketGauge so deftly translates both fundamental and technical market data into symbology that it becomes difficult in some instances to see where technical analysis ends and fundamental analysis begins. And that is a good thing for traders and investors more interested in making money in the markets than making a name for themselves as uber-technicians or kings of cash-flow analysis.

MarketGauge is a third-party product that is available free of charge to subscribers of Townsend Analytics' RealTick data display and trading platform. Part of RealTick's suite of "intelligence tools," MarketGauge provides a top-down analysis of the stock market, focusing on sector/industry strength and weakness based on a variety of fundamental and technical criteria. MarketGauge in RealTick is especially powerful as it provides users with a single desktop solution that integrates analytical tools, quotes, customized charting, Level II windows, news, and other data. MarketGauge is also available on a standalone basis in one of two packages — Macro Analysis and Full MarketGauge — with data that is delayed 20 minutes. The primary difference between the two packages is the

thorough intraday stock analysis provided by the full package.

### GAUGING THE MARKET

One of the best examples of MarketGauge's unique data compression analytics is its volume gauge. The volume gauge does the basic volume analysis that most traders currently must do in their heads. It represents a stock's current volume relative to its average volume, adjusted for the time of day. This means that if a stock has traded half of its average daily volume by 10:30, the volume gauge will visually illustrate that the stock is trading at 350% greater than average volume. The volume gauge, combined with a gauge for price action, makes it easy to spot the convergence of unusual price and volume.

MarketGauge is particularly geared toward a top-down level of market analysis. By "top-down," I refer to the method of examining the behavior of the general market first, then "drilling down" into individual industries and sectors to see which ones are in gear with the movement of the overall market. Of course, this type of analysis also lends itself to spotting those industries and sectors that are moving contrary to the market.

To perform this sort of analysis, MarketGauge features a "Today's Markets" component that lists major indexes such as the Dow Jones industrials, Standard & Poor's 500, and Nasdaq,

along with information about closing price and price change for the current day, week, month, 52-week period, and year-to-date. The best- and worst-performing stocks in any of these indexes can be determined simply by clicking on the name of the index. This component also features a list of industry groups experiencing the biggest change in market capitalization — also over daily, weekly, one-month, 52-week, and year-to-date time frames. The use of color-coded bars in addition to the numerical information makes it easy to recognize at a glance which industries are outperforming and which are lagging.

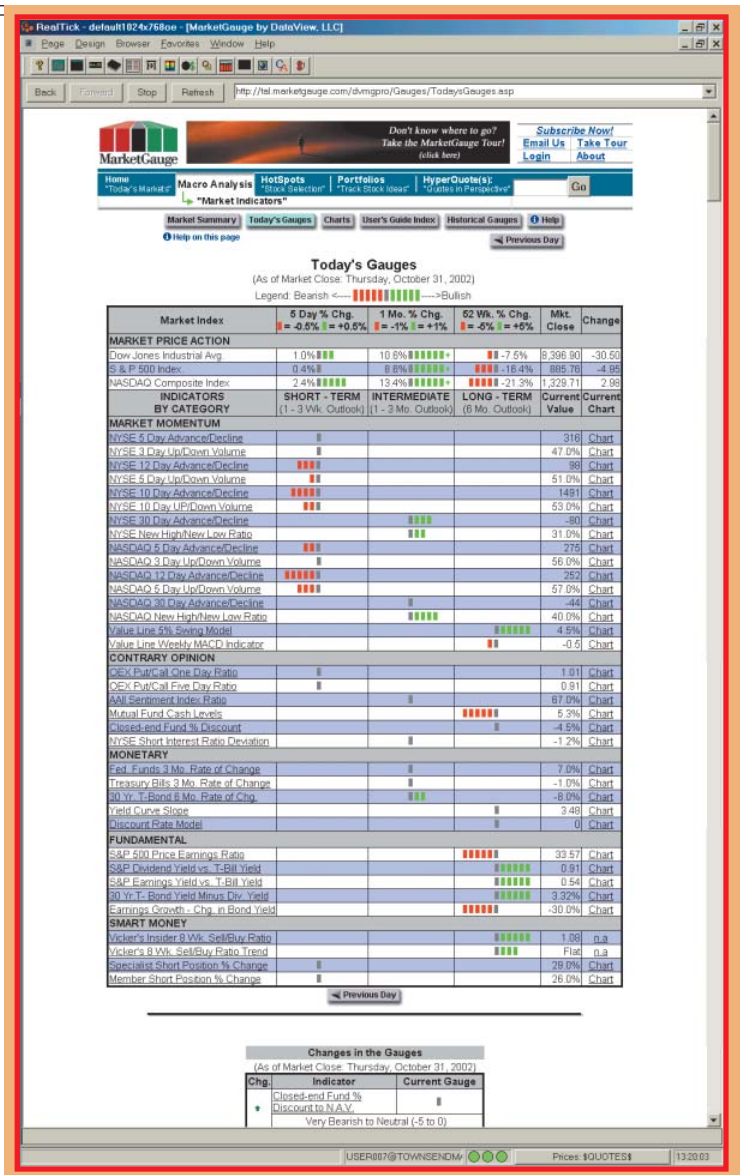
The Macro Market Analysis consists of a volume analysis, which is helpful in determining which index is experiencing accumulation or distribution — as well as relating how many days' accumulation or distribution has been taking place. Today's Gauges (Figure 1) is a table below the Macro Market Analysis that lists a variety of short- (one to three weeks), intermediate- (one to three months), and long-term (more than six months) indicators for the New York Stock Exchange (NYSE) and Nasdaq.

But the real analytic treasure trove lies beyond the hyperlink beneath the Today's Gauges table, a hyperlink that connects to an eye-popping list of 37 different technical gauges ranging from market momentum indicators such as NYSE five-day up/down volume and the Value Line weekly moving average convergence/divergence (MACD) indicator to contrary opinion indicators (including put/call ratios, mutual fund cash levels, and the American Association of Individual Investors [AII] sentiment index ratio). Charts of all 37 indicators are also available, and each is presented with the same color-coded bar system used throughout the application to make recognition a snap.

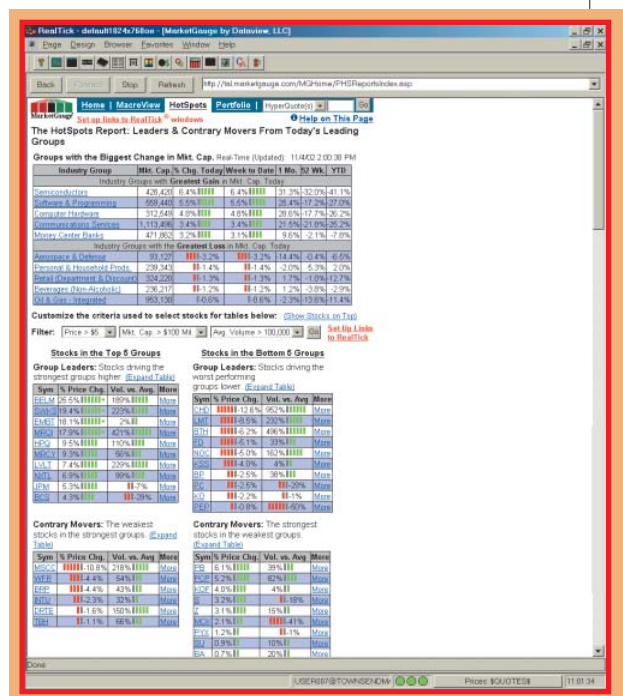
But as cool as the Macro Market Analysis sections are, many traders and investors want to zoom directly to MarketGauge's HotSpots module (Figure 2). HotSpots and the HotSpots Report show data on the market leaders and contrary movers based on the leading industry groups of the day. The top industry groups with the greatest gain in market capitalization and those with the greatest loss in market cap are presented, again over daily, weekly, one-month, 52-week, and year-to-date time frames.

In addition, the HotSpots Report shows those stocks most responsible for the movement in the various industry groups. Those stocks that are leading upwardly bound industry groups and those stocks that are driving downwardly headed industry groups are presented, with the same helpful color-coded bars indicating the degree of bullishness or bearishness over the same group of time frames. Especially worthwhile is the pair of lists of "contrary movers" — that is, the weakest stocks in the strongest groups and the strongest stocks in the weakest groups. And lest you feel trapped within the criteria MarketGauge developers have established, MarketGauge allows the user to filter selected stocks by price (from less than \$5 to

**FIGURE 1:** Today's Gauge features 37 different fundamental and technical indicators.



**FIGURE 2:** The HotSpots Report lets traders and investors know where the action is — and is not.



**MarketGauge provides capabilities that until recently were the exclusive domain of professional traders.**

greater than \$50), market capitalization, and average daily volume.

As you might imagine, MarketGauge also features a portfolio tracker/watch list. The portfolio tracker includes not just price and price change information, but also volume comparisons (today's volume versus average volume), market capitalization, and price/earnings ratios. Beneath the portfolio listing is a set of thumbnail charts that can be switched between intraday and daily looks. How might a stock have ended up in your portfolio or watchlist?

One of the ways might have been through an interesting feature called HyperQuote (Figure 3), which provides valuable contextual information about a given stock. By entering a stock symbol into the HyperQuote module, the trader is presented with comparative data about the stock's sector and industry group performance. That is in addition to the standard quote data of bid and offer, bid and offer size, opening price, 52-week high and low, the number of shares outstanding, the exchange in which the stock is traded, and the trading conditions (bullish/bearish). Beneath the table that provides the quote information is a list of similar stocks for comparison.

### MARKETING THE GAUGES

Other, smaller features should not go unmentioned, if only because they underscore the breadth of what MarketGauge has to offer. These features include summary reports for 11 different indexes, 12 different market sectors, and more than 100 different industry groups. Each of the entries is a hyperlink that leads to a list of the five best- and worst-performing stocks in the category, along with thumbnail charts on both an intraday and daily basis. Traders and investors can also

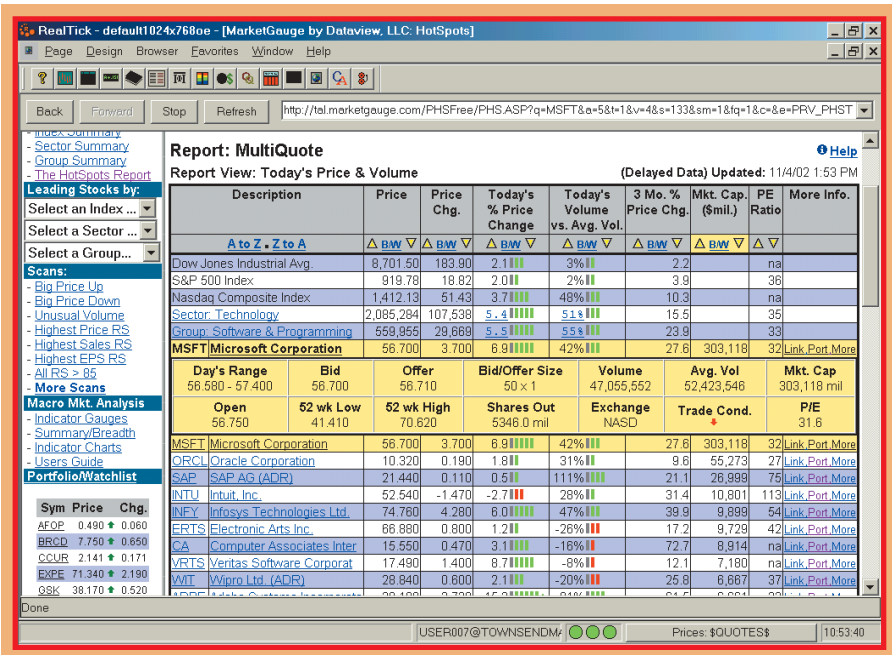


FIGURE 3: A "hyperquote" look at Microsoft.

scan for stocks based on additional criteria such as "big price up," "highest price relative strength," and "unusual volume."

While MarketGauge is available as an individual product, the recent partnership with Townsend Analytics' RealTick platform has produced an application that is almost overwhelming in terms of the market data that can be analyzed. A particularly potent combination using RealTick involves MarketGauge and another application that has joined the RealTick family — Hottrend RealTime Radar and Hottrend Smart Alerts — for a "top-down" plus "bottom-up" idea-generation and stock selection strategy. You can generate trading ideas by finding individual stocks that are moving on Hottrend, and quickly find additional hot trading opportunities within each stock's sector by using MarketGauge.

Not only that, MarketGauge seems especially useful for those active and daytraders for whom screen space is a valuable and dwindling commodity. MarketGauge fits seamlessly within the RealTick platform; there are even hyperlinks in most MarketGauge modules to help the trader better integrate a

given MarketGauge window within a given RealTick window.

MarketGauge provides traders with capabilities and access to data that until recently were the exclusive domain of professional traders. And the fact that MarketGauge offers interested traders a highly informative tour/demo as well as a free two-week trial means there really isn't a stock trader who wouldn't benefit from surfing over to MarketGauge.com or RealTick.com and trying out this comprehensive software. It's true that there is an increasing number of excellent stock screening and market analysis websites and software packages on the market; it is equally true that MarketGauge takes a back seat to none.

David Penn is a Staff Writer for *STOCKS & COMMODITIES*.

