

# WYCKOFF ANALYTICS

[BEST OF WYCKOFF 2019 conference](#)

September 2

HOWARD LASK

Host, speaker



**Howard Lask** has been involved with the financial markets since 2009. In 2012, Howard was drawn to the Wyckoff Method and became a student of Roman Bogomazov, attending the Advanced Wyckoff Course in 2013. Howard has been a contributor to Wyckoff Analytics classes, has developed several Wyckoff-oriented indicators and created the Relative Strength Heatmap. Howard adopts the Wyckoff Method to trade Equities, Futures and Cryptocurrencies in addition to his day job as strategic IT advisor.

## [FILTERING TECHNIQUES FOR THE WYCKOFF METHOD](#)

During the breakout sessions, Howard will be focusing on the top-down filtering techniques he applies to sectors and industry groups in order to identify stocks with both emerging strength and Wyckoff structure. Howard will discuss the Relative Strength Heatmap and associated tools in detail, including the calculation and methodology behind their construction. Finally, these sessions will illustrate application of the tools with examples of specific outperforming industry groups and leading stocks.

# Best of Wyckoff 2019

Top-Down Filtering:  
Developing and Understanding  
Filters for Wyckoff Traders

HOWARD LASK – SEPTEMBER 2<sup>ND</sup> 2019

CONTACT: [HOWARD@LASK.NET](mailto:HOWARD@LASK.NET)

# Topics



Breakout 1: Introduction to the tools



Breakout 2: Intention – goals and principles. Universe



Breakout 3: Method – tools, construction



Breakout 4: Process – workflow and selection



Breakout 5: Current market – top stocks

# 1. Introduction



**WYCKOFF ANALYTICS**

HOME WYCKOFF METHODS CLASSES SPECIAL EVENTS ON-DEMAND BEST OF WYCKOFF BLOGS RESOURCES **TOOLS** PAGE

INSIGHTS  
HEATMAP  
RESEARCH


## Wyckoff Method Trading and Education



At Wyckoff Analytics we offer you an exciting educational path to increase your trading profits through a series of interactive webinars based on insights of legendary trader and educator, Richard D. Wyckoff. Many successful professional traders use the Wyckoff Method to read price bar intentions of large institutions ("the smart money"), and thus to anticipate (and profit from) future price movement.

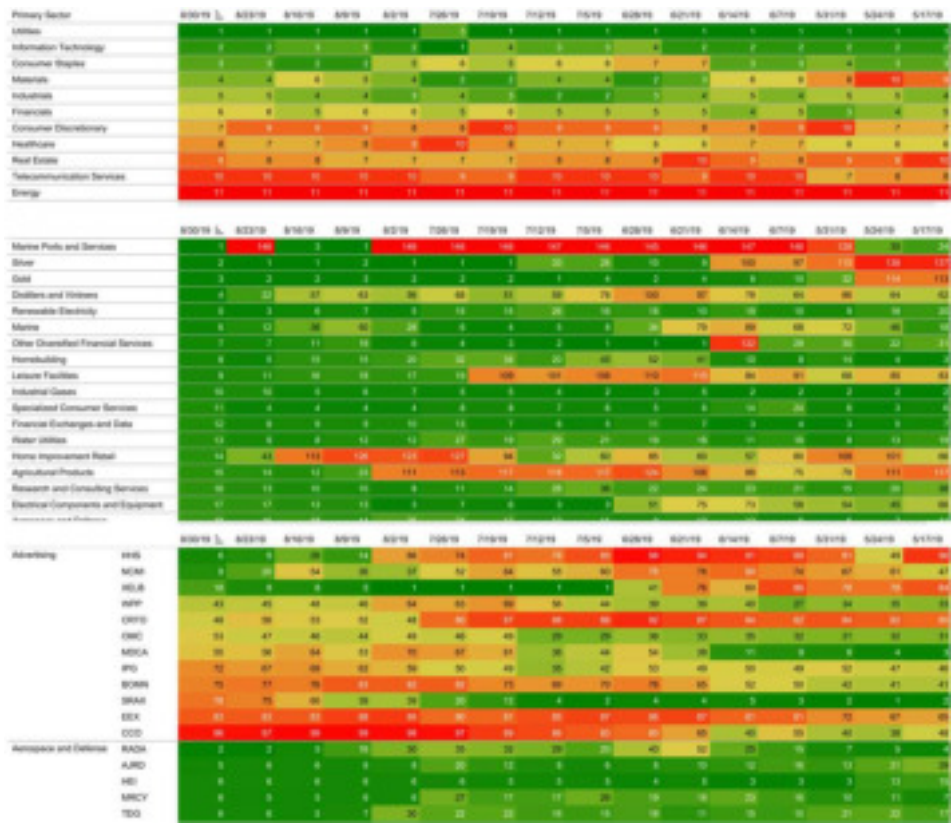
The Wyckoff Method works well on all time frames in which institutional traders and other large-scale professionals operate, including intra-day (weeks), and longer-term investing (months to years). Our students and alumni apply the Wyckoff Method to trade stocks, options, ETFs, commodity contracts, E-minis, currencies and crypto-currencies - in short, they have found that this approach to recognizing the hallmarks and directional trading works in all freely traded markets.

Trading Education and Mastery



wyckoff123

- Tools available for students from Wyckoff Analytics website
- Updated and published weekly after Friday close



Heatmap displays relative strength trend by sector/industry group/stocks



Research enables comparison of a stock against industry group peers

# 2. Intentions and Universe

GOALS

PRINCIPLES

STOCK UNIVERSE



# 2. Intentions and Universe

GOALS

PRINCIPLES

STOCK UNIVERSE

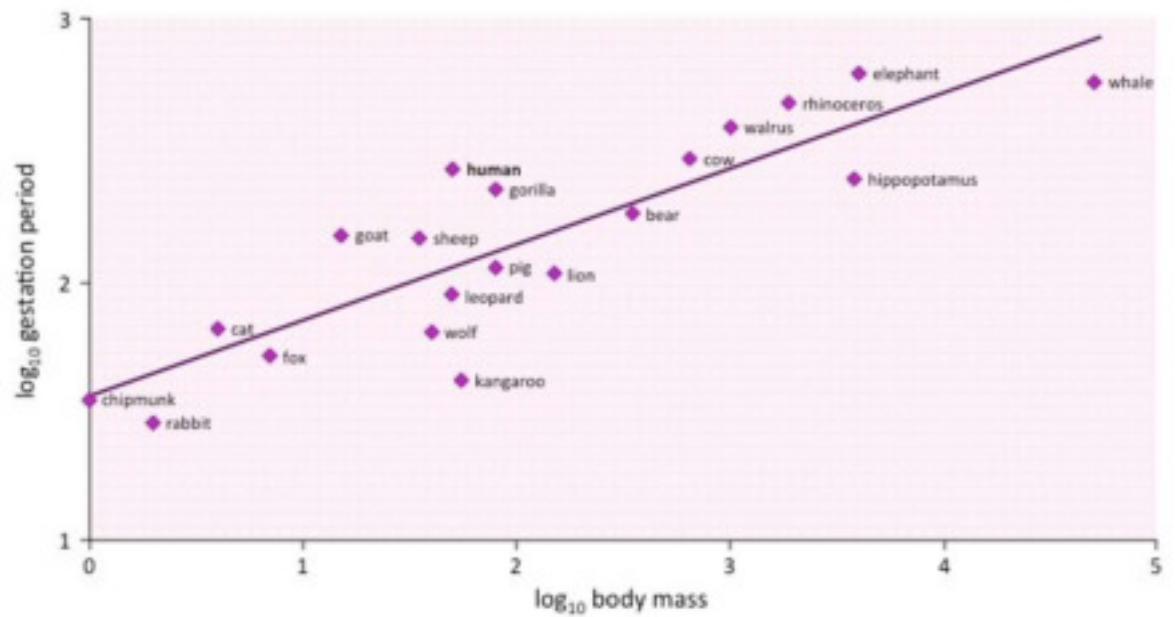
Goal

Intention is to identify position trades in leading stocks with a holding period in excess of 3 months



# Principles

1. Cause and effect – longer trends will 'gestate' within longer ranges



# Principles

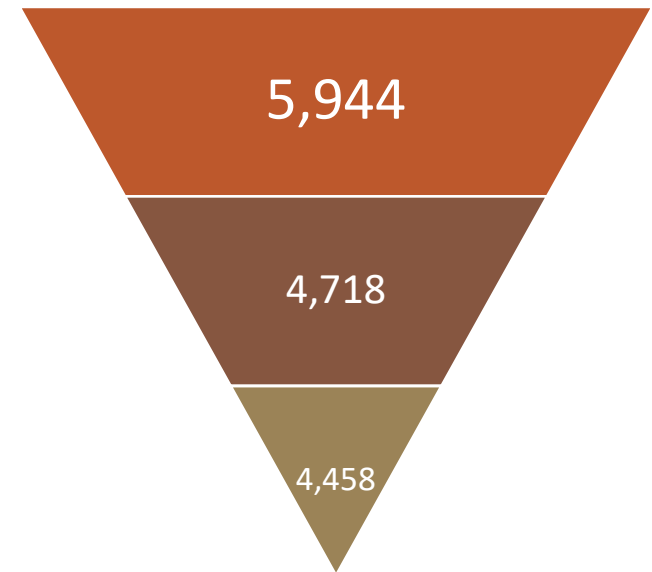
2. Relative strength persists.  
Winning stocks tend to keep winning





# Universe

1. Quoted on US Exchanges
2. Market Cap > \$100m
3. No ETFs or ETNs



# Classification

Global Industry Classification System (GICS)

A common global classification standard used by thousands of market participants

Standardized industry definitions are applied to companies globally

Annual reviews are conducted by MSCI and S&P Dow Jones Indices to ensure that the structure remains fully representative of today's global markets



Energy

Oil and Gas Storage and Transportation

Oil and Gas Refining and Marketing

Integrated Oil and Gas

Coal and Consumable Fuels

Oil and Gas Equipment and Services

Oil and Gas Exploration and Production

Oil and Gas Drilling

# 3. Method

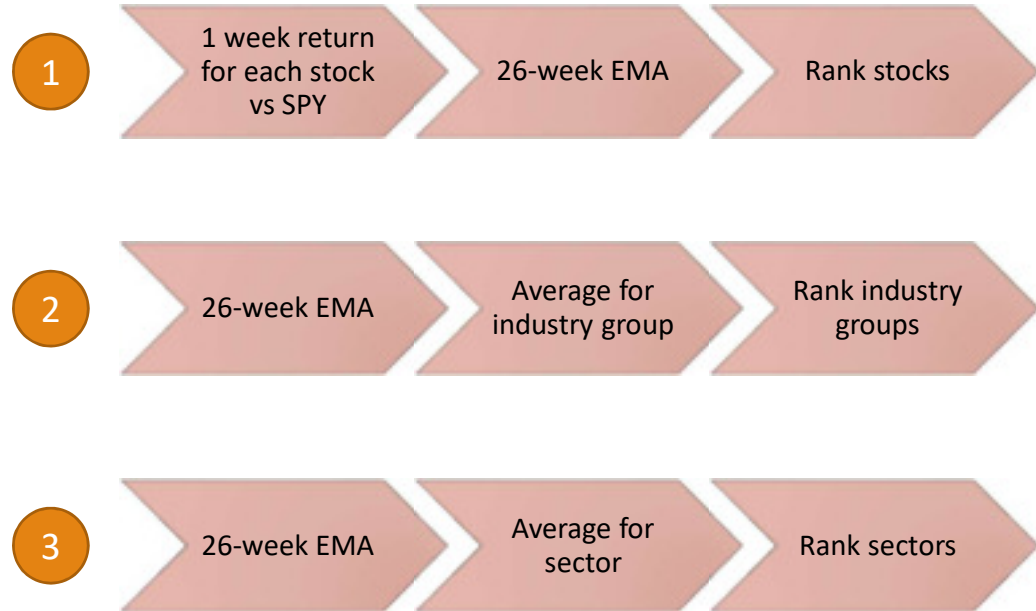
CALCULATION  
AGGREGATION  
RANKING



# 3. Method

CALCULATION  
AGGREGATION  
RANKING

# Calculation workflow



# Calculation of raw statistic

Average Relative Strength calculation vs SPY

**Step 1:** Determine 1 week % performance for SPY

$$1 \text{ week \% (SPY)} = 100 * \left( \frac{\text{close this week}}{\text{close last week}} - 1 \right)$$

**Step 2:** Determine 1 week % performance for each stock in universe

$$1 \text{ week \% (stock)} = 100 * \left( \frac{\text{close this week}}{\text{close last week}} - 1 \right)$$

**Step 3:** Calculate 1 week Relative Strength for each stock

$$1 \text{ week RS} = 1 \text{ week \% (stock)} - 1 \text{ week \% (SPY)}$$

**Step 4:** Calculate Average Relative Strength over 26 weeks

$$\text{Average RS} = \text{EMA}(1 \text{ week RS}, 26 \text{ weeks})$$

# Calculation of raw statistic

Example:

Close	8/16	8/23
HP	39.41	37.06
SPY	288.85	284.85

**Step 1:** Determine 1 week % performance for SPY

$$1 \text{ week \% (SPY)} = 100 * \left( \frac{284.85}{288.85} - 1 \right) = -1.38\%$$

**Step 2:** Determine 1 week % performance for each stock in universe

$$1 \text{ week \% (HP)} = 100 * \left( \frac{37.06}{39.41} - 1 \right) = -5.96\%$$

**Step 3:** Calculate 1 week Relative Strength for each stock

$$1 \text{ week RS} = (-5.96\%) - (-1.38\%) = -4.58\%$$

**Step 4:** Calculate Average Relative Strength over 26 weeks

$$\text{Average RS} = \text{EMA}(1 \text{ week RS}, 26 \text{ weeks}) = -2.16\%$$

# Calculation

Average Relative Strength  
calculation vs SPY

Q: Why 26 weeks?

A: Looking for steadily improving trends in RS therefore Average RS should not be too sensitive. Arrived at 26 weeks through trial and error

Q: Why EMA?

A: EMA used vs SMA so that results are more sensitive to recent strength

# Classification

Global Industry Classification System (GICS)

A common global classification standard used by thousands of market participants

Standardized industry definitions are applied to companies globally

Annual reviews are conducted by MSCI and S&P Dow Jones Indices to ensure that the structure remains fully representative of today's global markets



Energy

Oil and Gas Storage and Transportation  
Oil and Gas Refining and Marketing  
Integrated Oil and Gas  
Coal and Consumable Fuels  
Oil and Gas Equipment and Services  
Oil and Gas Exploration and Production  
Oil and Gas Drilling

# Aggregation

Ave RS for Industry groups and Sectors is the average of the Ave RS of components

