

# xsDetect Description Document

## Version 1.02

12/05/07

Stock technical analysis<sup>i</sup> is the study of indicators that can be used to determine entry and exit points for almost any tradable product (stocks, ETFs, indexes, options or currencies).

One of the entry / exit indicators involves the 10 and 20 exponential moving averages (EMA). The chart below shows a set of 10/20 EMA lines plotted on a stock.

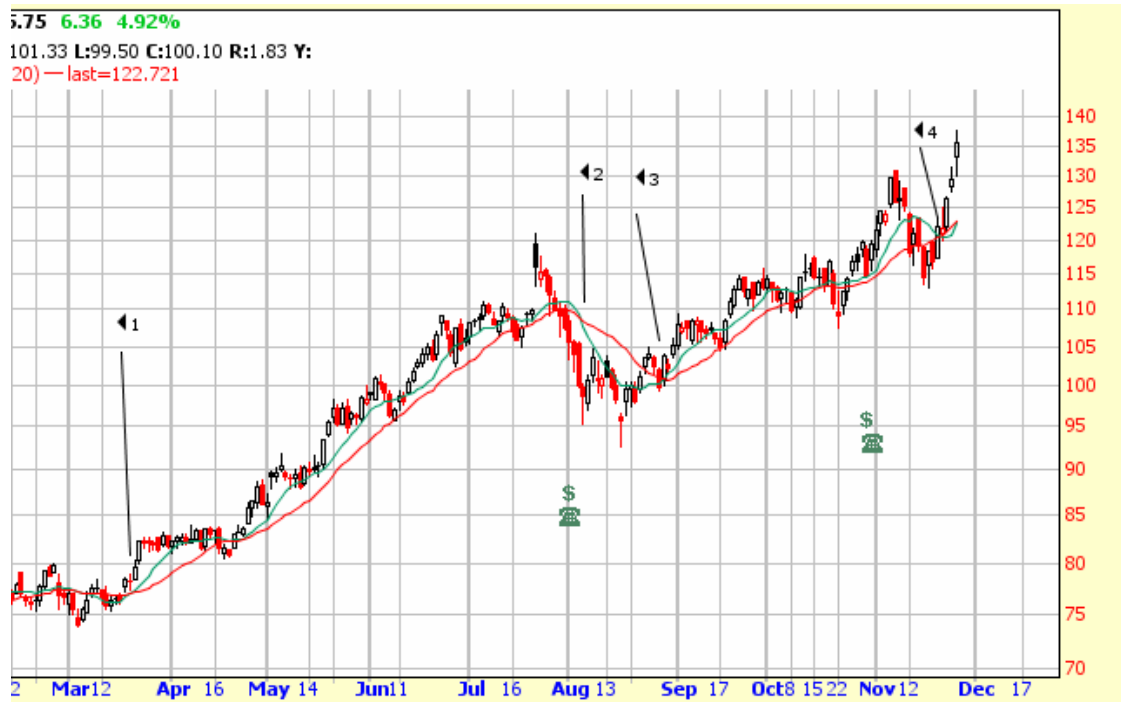


Figure 1, 10/20 EMA Plots

Figure 1 shows the entry point (1) when the 10 day EMA crosses above the 20 day EMA. The exit is at point 2, where the 10 day EMA crosses below the 20 day EMA. The next entry point is at point 3 where the 10 day crosses above the 20 day EMA and the exit point 4 is when the 10 day crosses below the 20 day.

The xsDetect indicator performs a mathematical version of the 10/20 EMA on over 700 stocks, indexes and ETFs every day following the closing of the market. The results of the results for each of the stock are posted on the xsProfits<sup>ii</sup> website at the following link:

<http://www.coxintl.com/trader/outfile.htm>

On any given day, a certain number of stock will have their 10 day EMA cross over their 20 day EMA in the bullish direction and other stocks will have the 10 day EMA cross below the 20 day EMA in the bearish direction.

<sup>i</sup> Technical Analysis: [http://stockcharts.com/school/doku.php?id=chart\\_school](http://stockcharts.com/school/doku.php?id=chart_school)

<sup>ii</sup> xsProfits website: <http://xsProfits.com>

The xsDetect tool reports on a daily basis, which stocks showed bullish signals and which stocks showed bearish signals.

As you can see in the figure to the right, fifteen stocks showed bullish signals and 9 showed bearish signs.

Clicking on the blue highlighted links (StockTA or Yahoo) will link to sites that will display the stock plots.

Knowledge of which stock showed bullish or bearish signals may be signal you to buy or sell a position.

Note that at the top of the figure, it is indicating that only 19% of the stocks are trading above their individual 10/20 EMA. The value of 19% is a low value. As series of bullish days may indicate that that market is turning from a down trending bearish market to a bullish market. Likewise if the market has 80% of the stocks trading above their individual 10/20 EMA, then several days of bearish indicators may signal a down trending market.

Figure 3 is the VIX indicator. It's sampled at the end of each trading day and displayed as a gauge. The VIX has become a benchmark for stock market volatility. One rule of thumb is when the VIX is high, then it's a good time to buy stock and when it's low, it's better to be selling stock. Of course it's more complicated, click on the following link for more info about the VIX: <http://www.cboe.com/micro/vix>

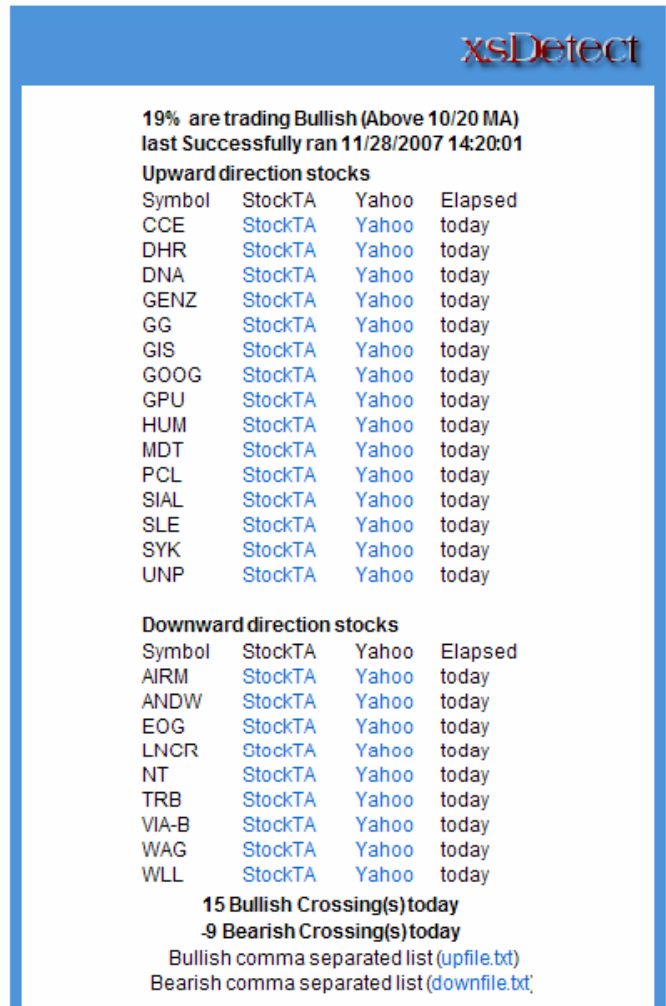


Figure 2, xsDetect Bullish / Bearish Report



Figure 3, VIX indicator

The data collected by xsDetect over time is display in the following graph.

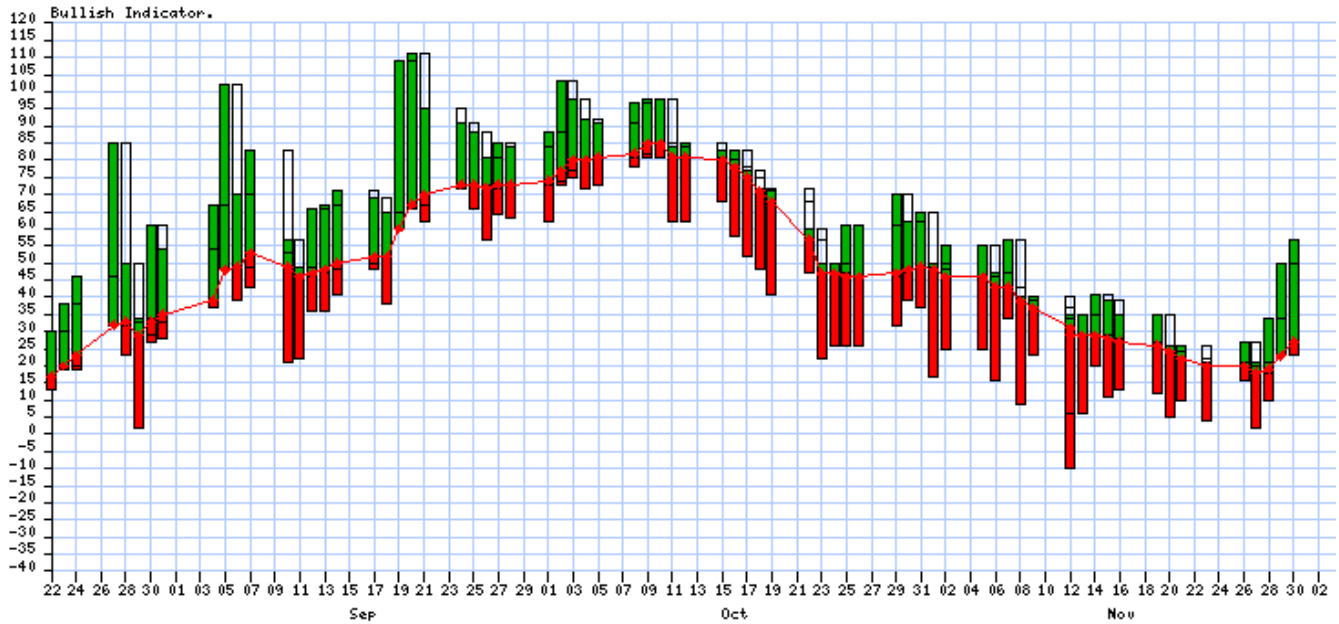


Figure 4, xsDetect data plots

The above plot contains 3 components, the Bullish indicator, the number of stocks moving bullish and the number of stocks moving bearish.

Using figure 2 for reference, 19% of the stocks are trading above the 10/20 day EMA, this is indicated by the trending red line. The green bars represent the number of stocks that showed bullish signs on a particular day. The red bars represents the number of stocks that showed bearish signs for a particular day.

A quick look reveals that a large ratio of bullish to bearish indicates a bull market and the reverse is true a bearish market.

The xsDetect uses the SPY ETF as a reference indicator. The xsDetect tends to filter out the market transients of the SPY, more clearly showing the market trend as show below.

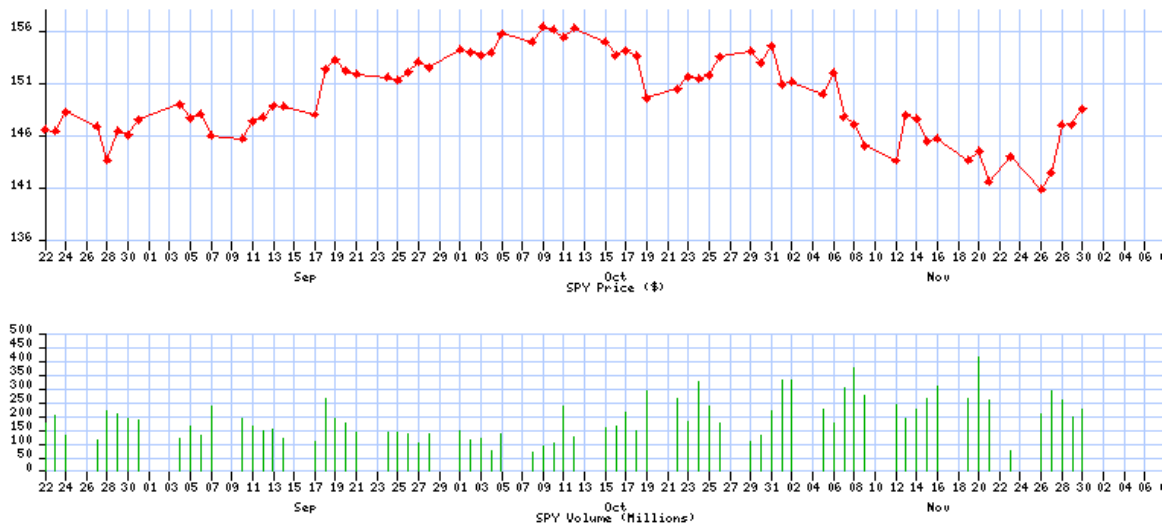



Figure 5, Plot of SPY Price and Volume

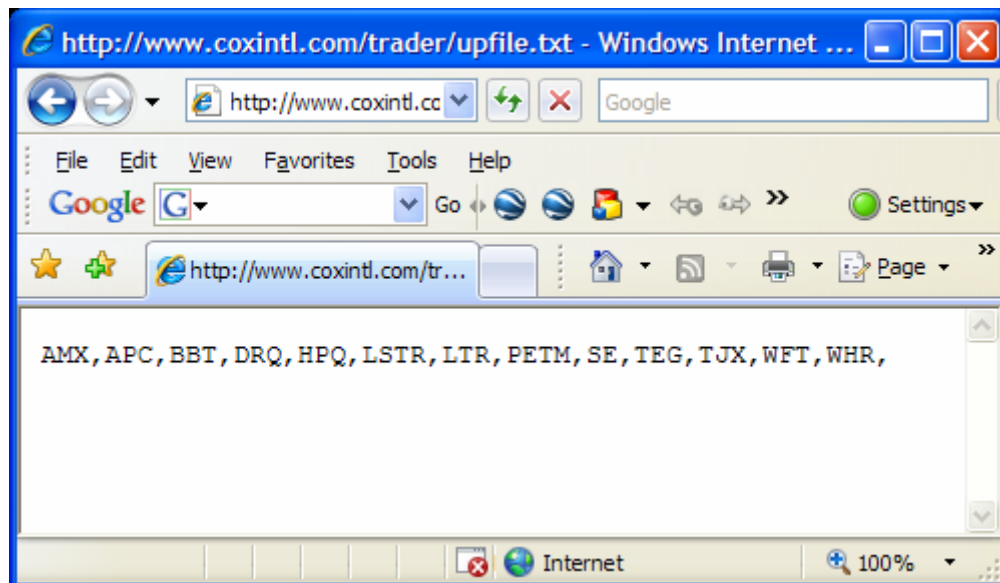
The list of bullish or bearish stocks can be imported into investools for further analysis. Located above the VIX indicator, but below the list of stocks are links the commas separated list of stocks, both bullish and bearish as shown in the figure below:

DNA	<a href="#">StockTA</a>	<a href="#">Yahoo</a>	today
HMA	<a href="#">StockTA</a>	<a href="#">Yahoo</a>	today
HOLX	<a href="#">StockTA</a>	<a href="#">Yahoo</a>	today
JEF	<a href="#">StockTA</a>	<a href="#">Yahoo</a>	today
LVLT	<a href="#">StockTA</a>	<a href="#">Yahoo</a>	today
PFG	<a href="#">StockTA</a>	<a href="#">Yahoo</a>	today

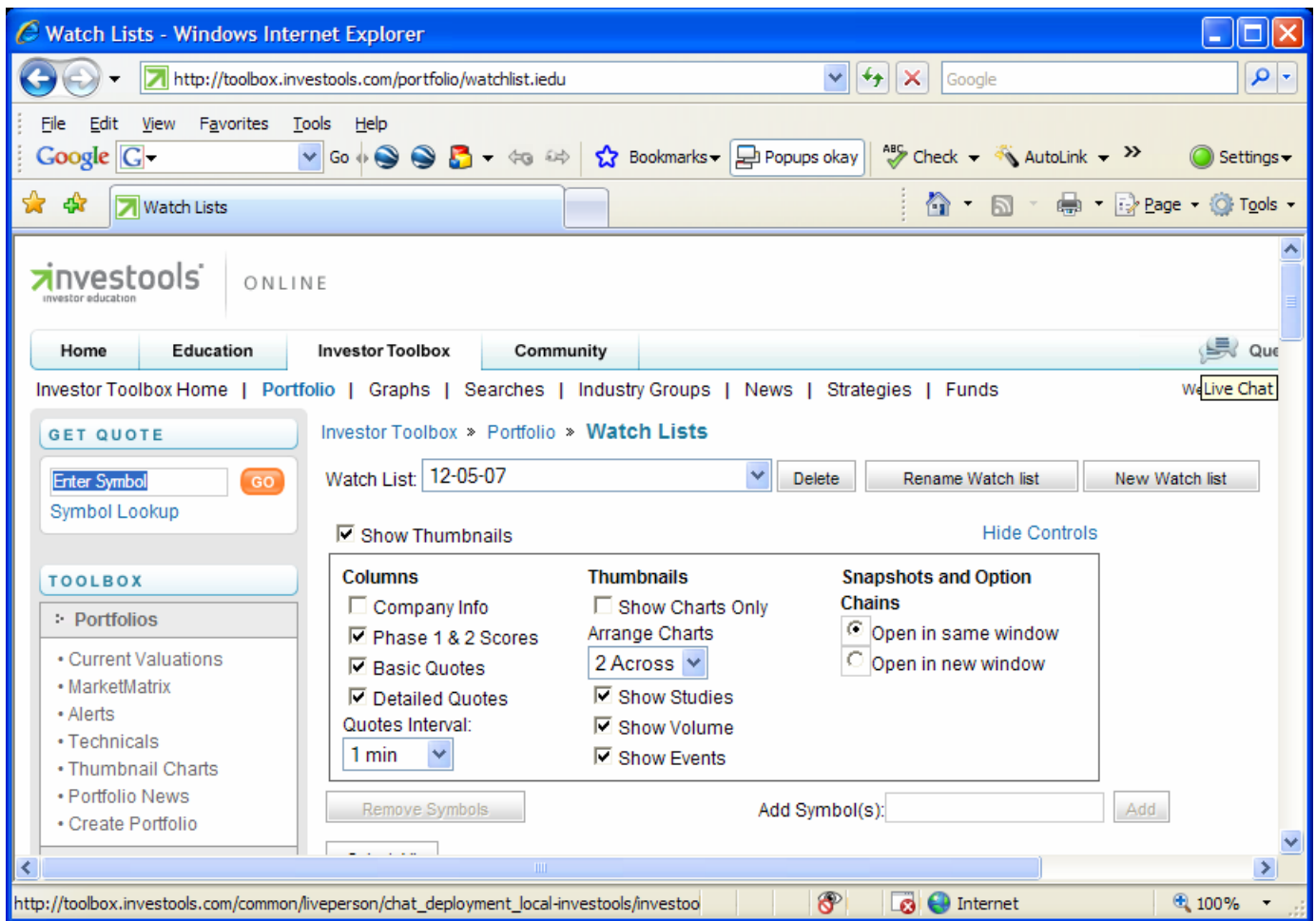
**13 Bullish Crossing(s) today**  
**-8 Bearish Crossing(s) today**  
Bullish comma separated list ([upfile.txt](#))  
Bearish comma separated list ([downfile.txt](#))

**VIX Indicator**  
Current VIX Value = **23.79**  
4 year historical Low 9.84  4 year historical High 31.76

Clicking on the link marked “upfile.txt” results in the following browser window:



To paste the results into Investools; select the list of stocks, hit Cntl-C and open the Investools (Investors Toolbox > Portfolio > Manage Watch List



Create a new name for the Watch List and paste the copied file names in the box marked “Add Symbol(s)”: and click “add”.



Investools produces the complete set of phase 1 and 2 Scores as well as thumbnail charts for each of the in the list.

xsDetect was developed less than a year ago, but has proven to very valuable in market evaluation. The results are distributed via e-mail on a daily basis.

If you are not currently receiving a copy of xsDetect, send a request to:

[brian@coxintl.com](mailto:brian@coxintl.com)

For more trading information, visit the following website:

<http://xsProfits.com>