

IV-FV Indicator

This is an Indicator you can apply on every symbol where **Implied Volatility** is available, and it shows the accuracy of this estimates about the **Future Volatility**. Green histogram shows that Implied Volatility has **overestimated** the Volatility that this symbol experienced in the next future; red, means an **underestimation**. IWM (Russell 2000 ETF), for example, shows a structural overestimation that you can exploit with strategies that sell options (credit spread) whereas SHLD (Sears Holding) shows an opposite situation, where implied volatility often underestimates future volatility, and you can exploit this situation buying options (or with some Vega positive strategies). When trading options is not simply a matter of Timing (**WHEN** buying low implied volatility or sell high implied volatility) but also of **WHERE** to do that, on which market.

This is how the **Workspace** provided should appear.

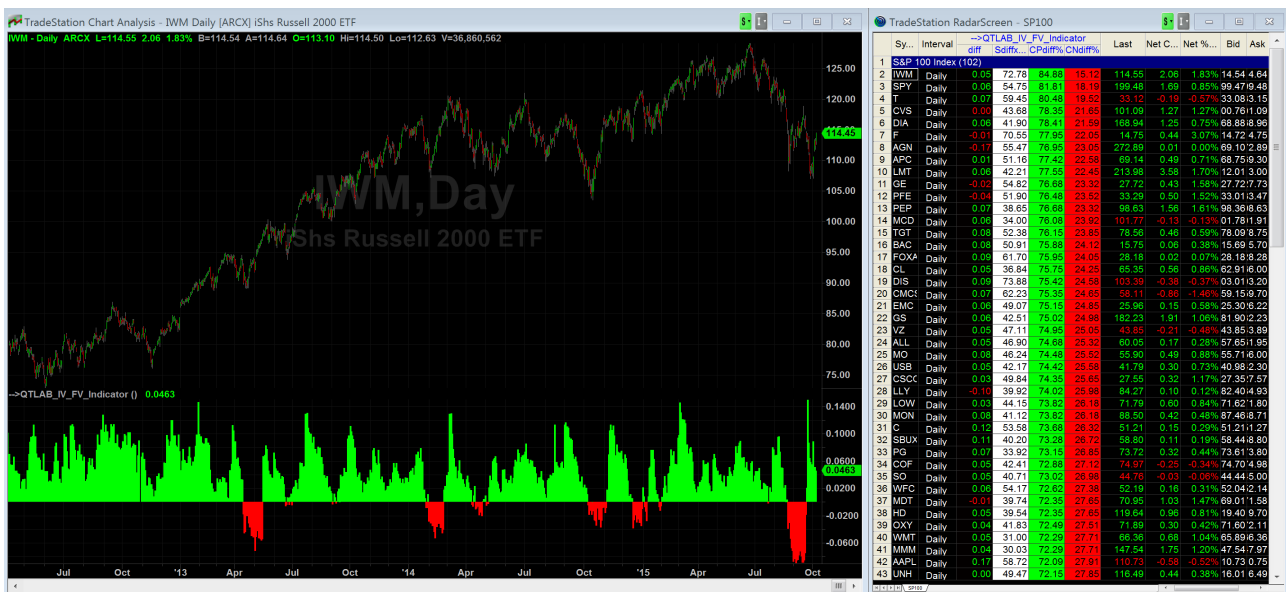
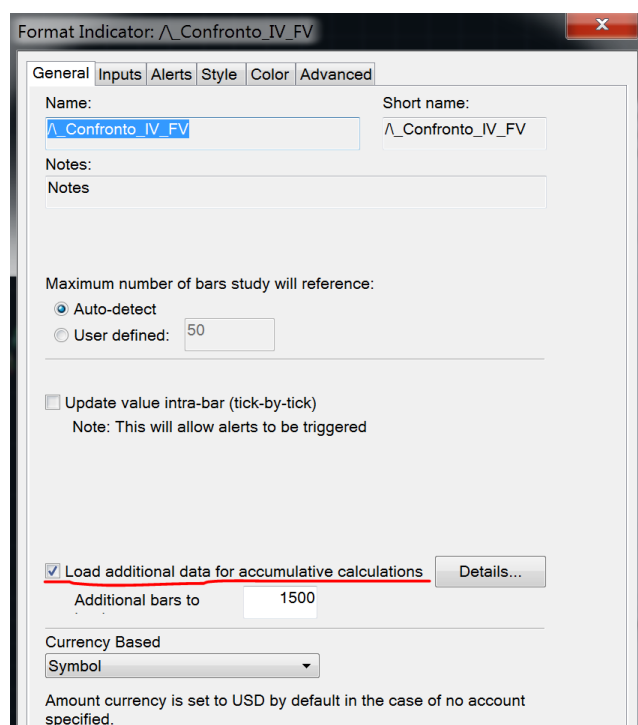


Chart on the left and Radarscreen on the right (with the same Indicator), where you can see some statistics about:

- Percentage of a green day
- Percentage of a red day
- Difference in points between green and red histograms (to show also the magnitude of this under/over estimation – remember to multiply per 100 this value)

On chart, the indicator takes into account the historical data you decide to set in Format Symbol window. On radarscreen it depends on how many historical bars you decide to consider.



The screenshot shows the 'Format Indicator' dialog box for the indicator '^_Confronto_IV_FV'. The dialog has several tabs: General, Inputs, Alerts, Style, Color, and Advanced. The 'General' tab is active. It contains the following fields and options:

- Name: ^_Confronto_IV_FV
- Short name: ^_Confronto_IV_FV
- Notes: (empty)
- Maximum number of bars study will reference:
 - Auto-detect
 - User defined: 50
- Update value intra-bar (tick-by-tick)
 - Note: This will allow alerts to be triggered
- Load additional data for accumulative calculations
 - Additional bars to: 1500
 - Details... button
- Currency Based: Symbol
- Amount currency is set to USD by default in the case of no account specified.



...feel free to write us to get some more information about this trading system.

TRADING RISK DISCLOSURE

PAST TRADING RESULTS ARE NOT INDICATIVE OF FUTURE RESULTS. PAST PRICE PATTERNS MAY NOT REPEAT IN PRECISELY THE SAME WAY AND SUBSEQUENTLY TRADING SYSTEMS MAY NOT ACHIEVE PROFITS/LOSSES SIMILAR TO PAST ACTUAL OR HYPOTHETICAL RESULTS. THERE ARE JUST TOO MANY VARIABLES IN THE MARKETS TO ACCURATELY FORECAST FUTURE RESULTS FOR ANY SYSTEM OR TRADER.

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING CONDITIONS. IN ADDITION THE ABILITY TO WITH STAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE MANY OTHER FACTORS RELATED TO THE FINANCIAL MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS, ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

THE RISK OF LOSS IN TRADING FUTURES, OPTIONS, COMMODITIES, AND STOCKS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING: IF YOU PURCHASE OR SELL A FUTURE, OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAYBE CALLED UPON YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE. IF YOU DO NOT PROVIDE THE REQUIRED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOU ACCOUNT. THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A "STOP LOSS" OR "STOP LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN FUTURES AND OPTIONS MARKETS CAN WORK AGAINST YOU, AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS. THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISK AND OTHER SIGNIFICANT ASPECTS OF THE FINANCIAL MARKETS.