

Analysis of the Delight EA V4 between May 19 and May 23, 2008
(Antomi, www.forexfactory.com)

**Analysis of the Expert Advisor Delight V4
(trader101)
between May 19 and May 23, 2008**

by

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Introduction:

This EA was created by Trader101 (forexfactory) and he was so kind to make it available for other forexfactory members.

Since several weeks it is in a test run, first with astonishing good results, unfortunately in the last 2 weeks with an unexpected draw down.

A draw down is very normal and has to be expected always. The question is of course how big it is, how to handle it and is the system able to recover and also how fast it will recover.

During the first weeks everybody was very enthusiastic but this draw down helped us to come down to earth, sometimes a painful process but also a healthy one.

Actually it is good that we experience this draw down during the test run (demo-account) and not in a live-account.

We still have another week to test and with a little luck it will recover.

Based on these data a proper money management can be build.

I'm writing this report because it is important for me to understand the behavior of the EA and in the case it is successful I have to decide for the best timing, money management, pairs and broker.

So, this is not a detailed or final report of the results of the Delight EA V.4, but reveals some insides that I found during the mentioned week, trading this EA with different brokers (MIG, Alpari).

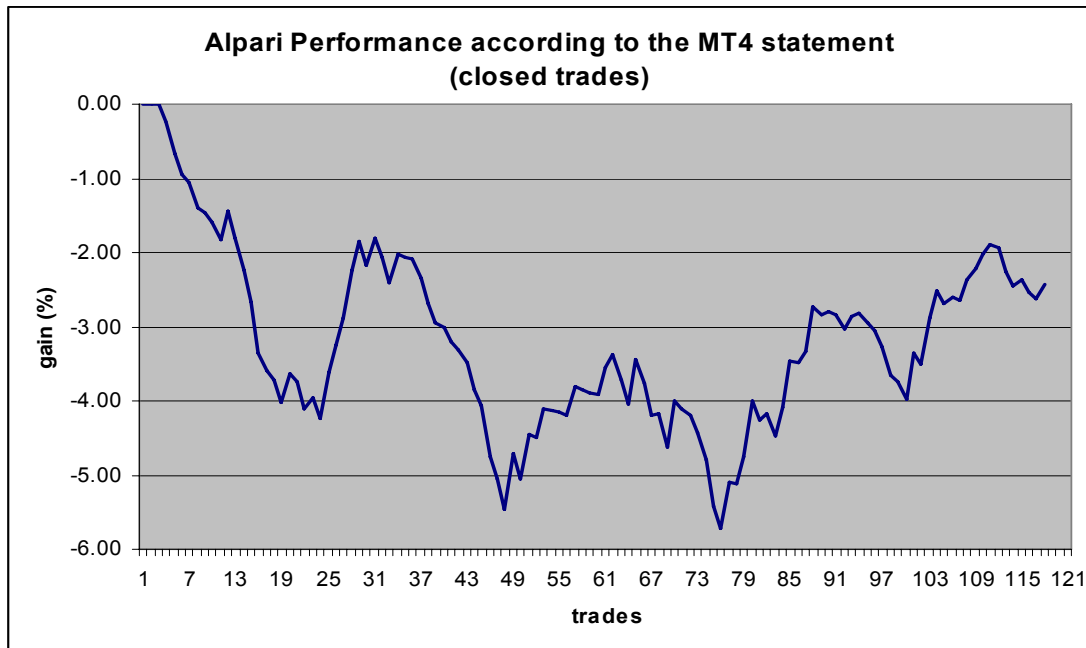
The results are always given in percentage. I used demo-accounts, starting with 10.000 € and trading 0.1 standard lots. All mentioned times are GMT +2h.

All date were gathered with the help of an indicator writing each minute the equity of the account in a text file. By this it was not only possible to analyze the draw downs after closed trades but also during open trades.

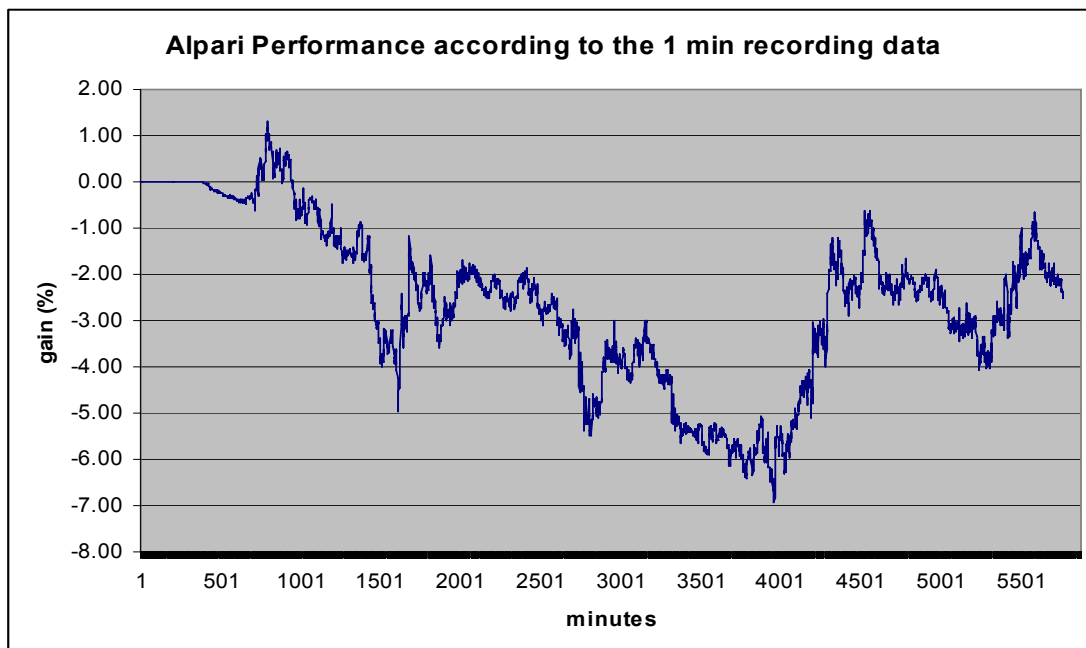
This gives a much more detailed picture of the behavior of a trading system than the standard statement of Metatrader.

In the following Graphs (1+2) one account is compared using the standard Metatrader statement and the more sophisticated data record per minute.

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Graph 1: Alpari Performance according to the MT4 statement



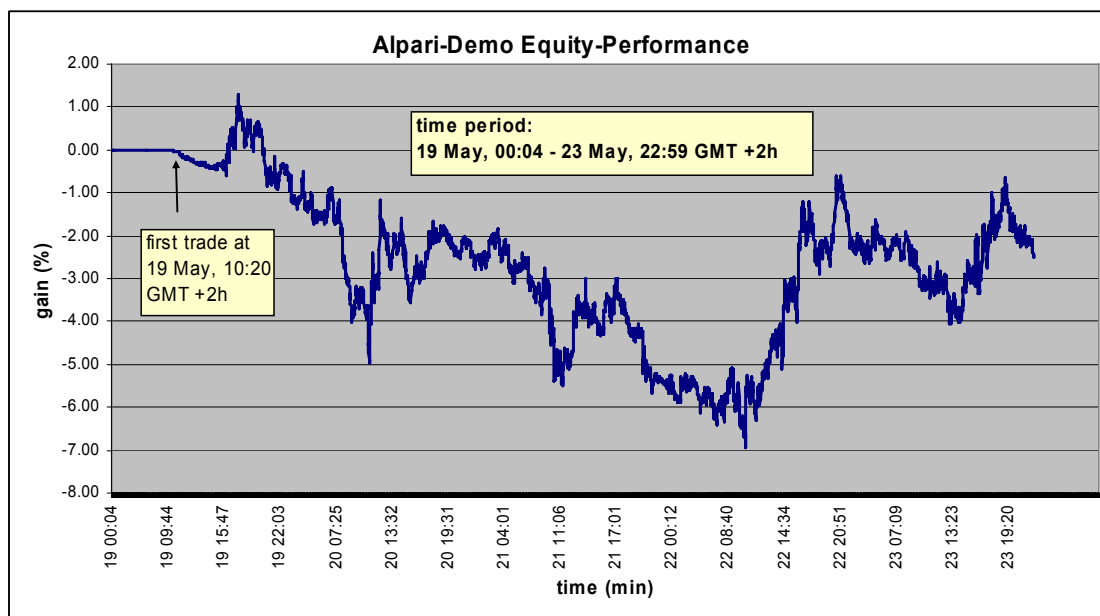
Graph 2: Alpari Performance according to the 1 min recording data

As you see Graph 2 gives a much more detailed picture of the real behavior of the EA and variation of the performance.

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Findings:

Although the EA started at the same time for both brokers (MIG, Alpari) the actual trading (buy/sell of pairs) started much later at different times. This is highlighted in the left yellow box in the graphs.



Graph 3: Alpari-Demo Equity-Performance with first trade at 10:20

The first trade in the Alpari-Demo account started at 10:20. The first 10+ hours after starting the EA nothing happened.

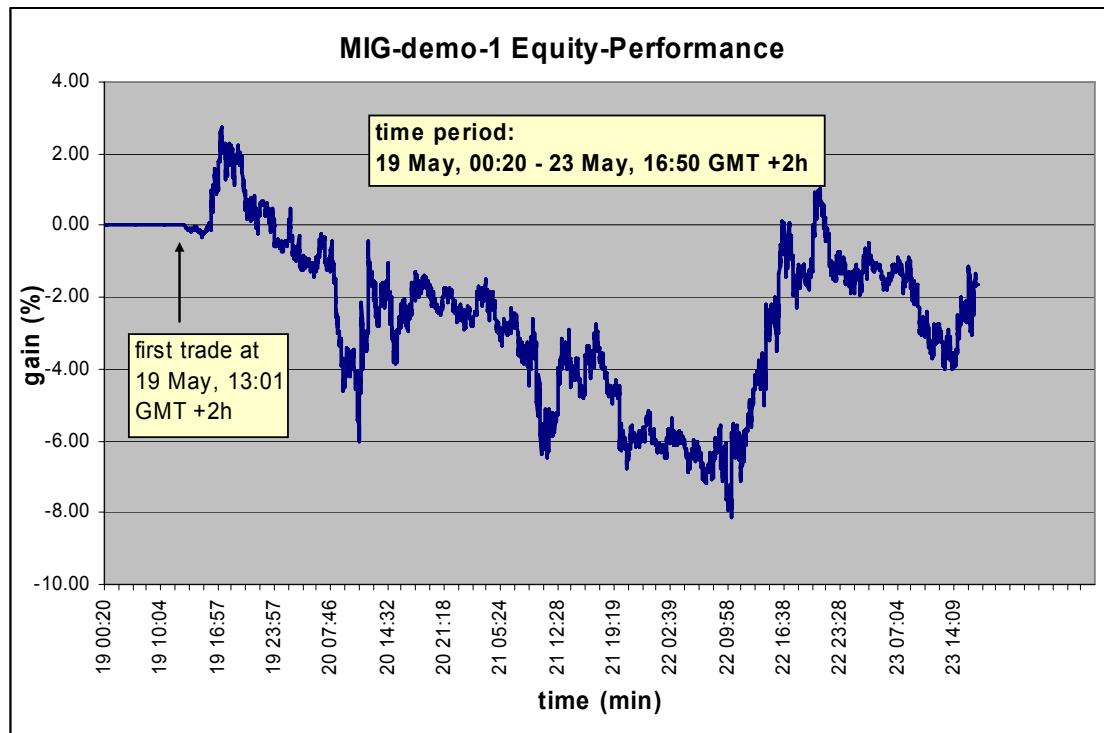
The first trade in the MIG-Demo account started even later at 13:01, about 13 h after the EA was started, see Graph 4.

It is not clear how this huge difference can happen. Probably it is due to the different data-feeds.

In a different test (not part of this analysis) an EA in a live account was compared with a demo-account from MIG. This test first showed that the trades started in the real account much earlier than in the demo-account and gave also a different performance. The only explanation for this is that MIG uses different data-feeds.

This was astonishing because one should think that a demo-account is used to test strategies and after satisfying results the user is going live. At least with MIG the results might be totally different because of the difference in the data-feed. Not necessarily worse but at least the test results of the demo account are not as usable as expected.

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Graph 4: MIG-Demo Equity-Performance with first trade at 13:01

The comparison of the two brokers (MIG + Alpari) concerning the overall performance (equity curve) gave slightly different results.

The MIG-Demo varied between +2.7 % and -8 %, the Alpari-Demo varied between +1.1 % and -6.8 %.

MIG-Demo has a higher deviation than Alpari-Demo.

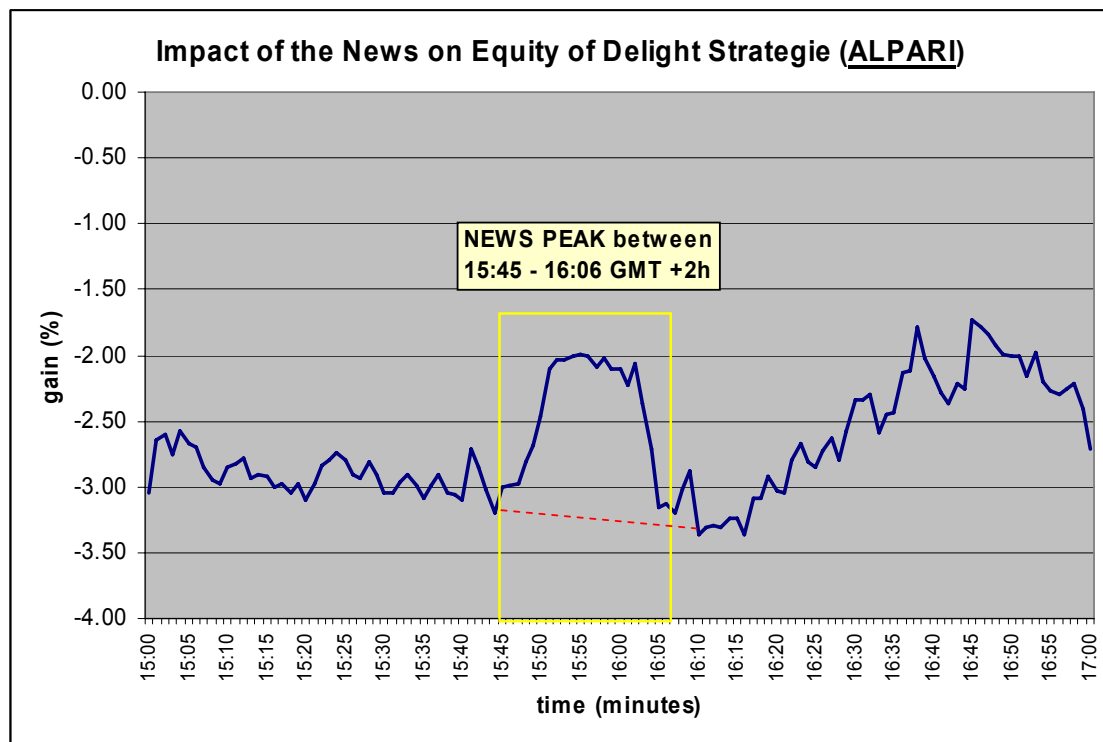
But it should be mentioned that it is not correct to conclude that this is a general case. It strongly depends on the data-feed and trades. Some times one broker is better, other times worse.

In order to come to a general conclusion the equity curve should be recorded for a much longer period and with exactly the same trades, not with an EA.

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Impact on NEWS

The impact of one NEWS (23 May, USD Existing Homes Sales) was analyzed for Alpari and Mig.



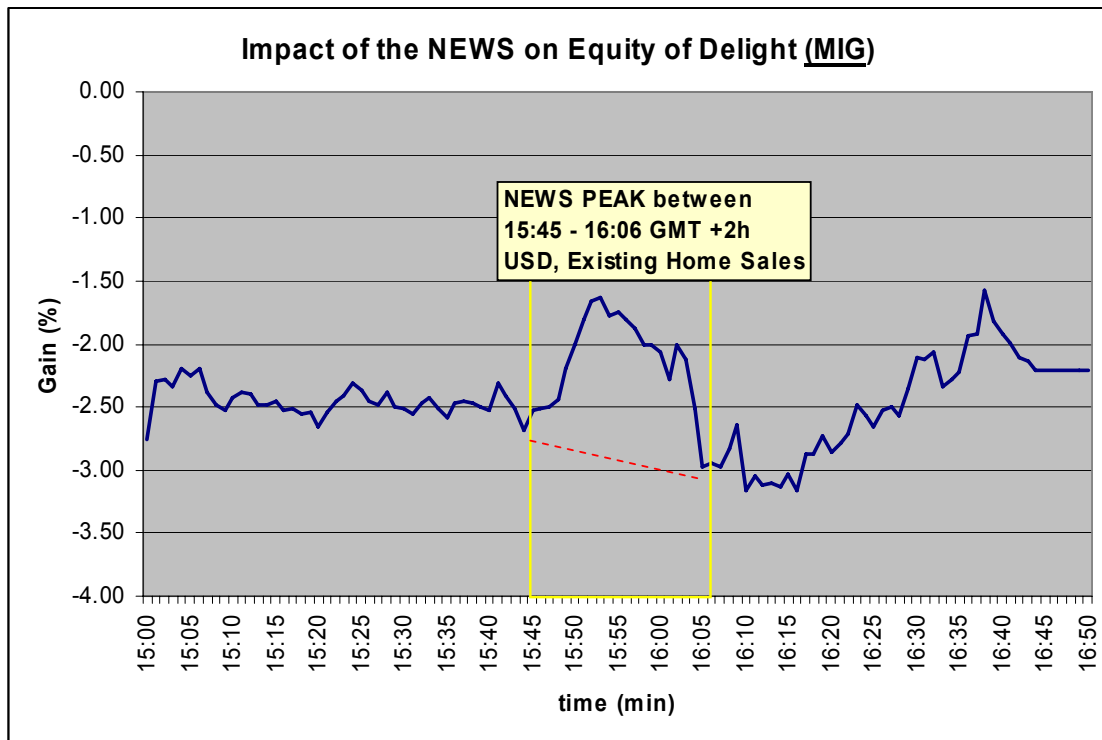
Graph 5: Impact of NEWS on the Equity-curve (Alpari)

About 3 min before the NEWS came out (15:57) the equity curve started to increase (just 2 min into the yellow rectangle). At 16:05 everything was back to normal, meaning that the effect was absorbed and the equity curve was back to the range before the NEWS came out.

Without the NEWS the curve would probably play around the red dotted line.

MIG showed in general the same picture although slightly different, probably because of different open trades during that time and again due to different data-feeds (see Graph 6).

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Graph 6: Impact of NEWS on the Equity-curve (MIG)

In both cases (MIG and Alpari) the equity deviation during the NEWS event was identical (about 1 %).

This particular NEWS was easily absorbed by the market. Of course a different NEWS event could be totally different. Anyhow it is important to mention that the impact on the equity curve was only about 1%.

This is the effect of this EA, trading many currency-pairs (kind of hedging) and reducing effectively the risk of short time events.

Conclusion:

To analyze the performance of a strategy it is important to record all equity date and not only the data provided by MT4. (standard statements).

With this method it is possible to compare the data-feed of the brokers and more important also to analyze (for this EA) the best moment to start the EA.

In this analysis the EA was started Sunday night just before the market starts and closed at Friday afternoon, shortly before the market closes. Another possibility would be to start the EA just 1 h

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before London opens and closing it about midnight each day. A deeper analysis would show the best timing.

This method shows also very impressive the impact of NEWS. Analyzing the NEWS over a long time should give important hints how to trade them.

Unfortunately the EA lost again another 2.5 %. Positive is that the draw down of about 7% (only this week) recovered and went back to only -2.5%.

Thursday, 22 May 10:29 was the worst draw down. From here it went north. Hopefully this trend keeps on going.

It is still too early to make a final statement how well the Delight EA performance's. At least we have one more week and maybe Trader101 will extend the trial version again which would be preferable.

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