

VOLATILITY RESPONSE MODEL (VRM)

DESCRIPTION OF VRM PREDICTION FORMATS

1 Introduction

This document describes the format used to present the predictions of the Volatility Response Model (VRM) for one day and one week into the future for the following FX Spot exchange rate pairs:

- EUR-CAD, EUR-CHF, EUR-GBP, EUR-JPY, EUR-USD
- GBP-CAD, GBP-JPY, GBP-USD
- USD-CAD, USD-CHF, USD-JPY
- AUD-USD, AUD-NZD, USD-NZD

Each FX pair has 3 associated files. For the GBP-USD pair these would be:

- gbpusd.PNG
- GBP-USD-DAILY.CSV
- GBP-USD-WEEKLY.CSV

Please read the pages of our website vrmtx.com to understand how the VRM predictions are obtained.

2 Chart Format

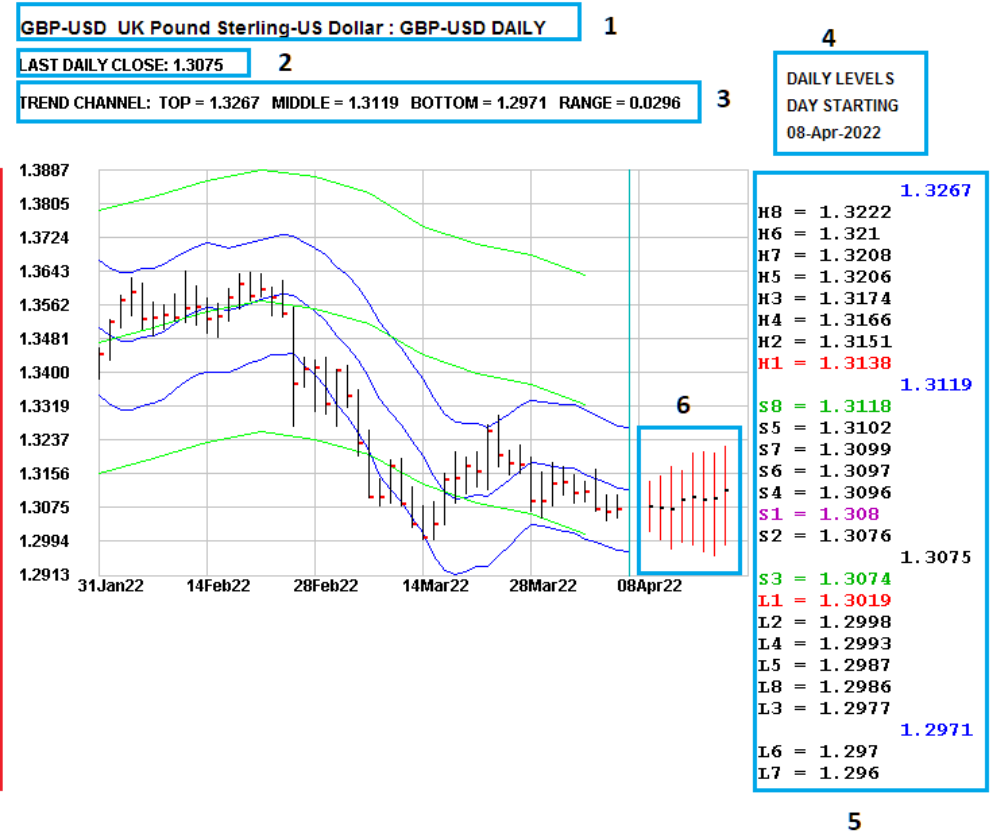
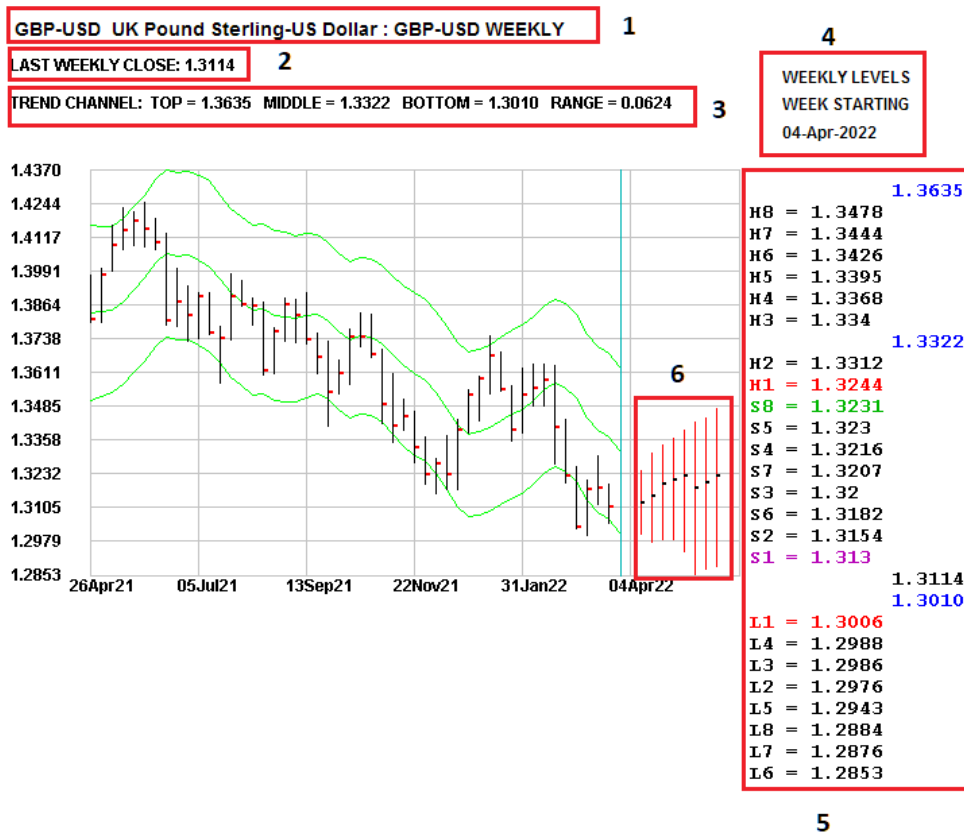
The chart on the next page is the standard format used to present the VRM predictions for one FX pair. For the example below this chart resides in the file `gbpusd.PNG`.

The chart has two sections. Weekly predictions to the left are highlighted in red. Daily predictions to the right are highlighted in blue. For both timescales, highlighted areas are labelled from 1 to 6.

The 6 highlighted areas in numerical order are described as follows:

1. Gives the name of the FX pair, weekly to the left and daily to the right. In this case it is GBP-USD.
2. Provides the last weekly close to the left and last daily close to the right.
3. Gives the top, middle, bottom and range of the Long Term Trend Channel (LTTC) to the left and the top, middle, bottom and range of the Short Term Trend Channel (STTC) to the right. The chart to the left shows the LTTC plotted in green for the last 50 weeks together with weekly high, low, close candlesticks. The chart to the right shows the STTC plotted in blue for the last 50 days together with daily high, low, close candlesticks. The LTTC is also plotted on this daily chart. Notice how the STTC rebounds off the LTTC on 17th March.

4. This declares the start date of the week for weekly predictions to the left. And the start date of the day for daily predictions to the right.
5. For both weekly and daily timescales, the VRM algorithm calculates the high, low and sentiment levels out to 8 times intervals into the future. These are labelled from H1, L1, S1 through to H8, L8, S8. Twenty four levels in all. Of the eight sentiment levels, only the highest, lowest and S1 are important.
 - The column of numbers labelled for the week (left) list the H1, L1, S1 through H8, L8, S8 in descending order.
 - The column of numbers labelled for the day (right) list the H1, L1, S1 through H8, L8, S8 in descending order.
 - The top, middle and bottom of the LTTC and the last weekly close are embedded to the right of this list also in descending order.
 - The top, middle and bottom of the STTC and the last daily close are embedded to the right of this list also in descending order.
 - The highest and lowest S levels are coloured green. The S1 sentiment level is coloured purple. The lowest H level and the highest L level are coloured red. The top, middle and bottom of the trend channels are coloured blue. Plot these levels on a chart to start with and add more levels when the FX pair breaks out of this range.
6. Finally the eight H1, L1, S1 through H8, L8, S8 are plotted to scale next to the weekly chart to the left and daily chart to the right.



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2 CSV File Format

For each FX pair a weekly and a daily CSV file are provided. For our GBP-USD example above the two files are named:

GBP-USD-DAILY.CSV Lists the daily predictions and results for the last 99 days and the predictions for the next day in the future.

GBP-USD-WEEKLY.CSV Lists the weekly predictions and results for the last 99 weeks and the predictions for the next week in the future.

They can be imported into a spreadsheet and charting system for analysis. Each spreadsheet has one row for each time interval.

The first row of the CSV file gives the name of the FX pair and the timescale.

The second row of the CSV gives a list of the columns of data in the CSV file. These are:

- Date, High, Low, Close, Trend Channel Top, Trend Channel Bottom, Trend Channel Middle and then 24 pairs of columns listing the VRM levels.
- Each pair of columns give the H, L or S label and the value.
- H, L and S levels are listed in descending order.

The last row entry in the daily CSV file gives today's predictions.

The last row entry in the weekly CSV file gives this week's predictions.

The CSV files give past predictions for the VRM and the actual high, low and close of the period for back testing trading strategies.

As the current day and week have not finished, the high, low and close entries of the last row are set blank for these dates.

Looking at the last row entry in the daily and weekly CSV files you will see all these levels listed on the chart PNG file described at #5 in the previous section of this document.