

## How to interpret TRI-SIGNAL Signals {1,2,3} – A Quick Reference

### Signal Descriptions

Signal 1 and Signal 3 are used for reliable prediction with accuracy **greater than 85% for future 1 to 3 trade-day stock price behavior.** Signal 2 can be thought of as either representing the result of a well-executed marketing plan (temporary higher level of demand that abates in short order with no lasting correlation) or statistical noise (persistent but inconsistent correlation.)

**Signal 1 and Signal 3 are jointly predictive for stock selection and timing of increase/decrease.** Signal 1 and Signal 3 are each independently predictive when used as sole predictor. Predictive accuracy is increased by using both Signal 1 and Signal 3 for predictive rule construction.

### Signal 1 – Stock Series Event Signal has Occurred

Signal 1 is a stock price series event signal that represents a probable change in behavior from the most current price series data. Signal 1 signal strength ranges from 0 to 1.1. Signal 1 signal strength greater than or equal to 0.6 is considered significant in that a stock price event has occurred and analysis is warranted to determine trade action. The higher the Signal 1 signal strength the greater the significance.

Signal 1 strength greater than or equal to 0.6 indicates when a stock price series is likely to change behavior as compared to most recent behavior. For example, a stock price series that was moving horizontally is predicted to move up or more down in future 1 to 3 trade-days. Other examples include a stock price series that was moving down and is now predicted to start moving up or moving horizontally. Lastly, a stock price series that was moving up and now is predicted to move down or move horizontally.

Signal 3 analysis (level and recent trend) is required to determine the predicted future price direction behavior.

### Signal 3 – Stock Series Direction Signal

Signal 3 is a stock price direction change signal that represents a probable change in behavior from the most current price series behavior. Signal 3 signal strength ranges from 0 to 1.12 and changes are measured relative to the average 121 trade-day value. Signal 3 average is typically found to be in the set {0.9, 0.95, 0.97} depending on the particular stock or sector. Signal 3 stock price direction change is measured by comparing the most recent value to the average or using the most recent signal 3 trend.

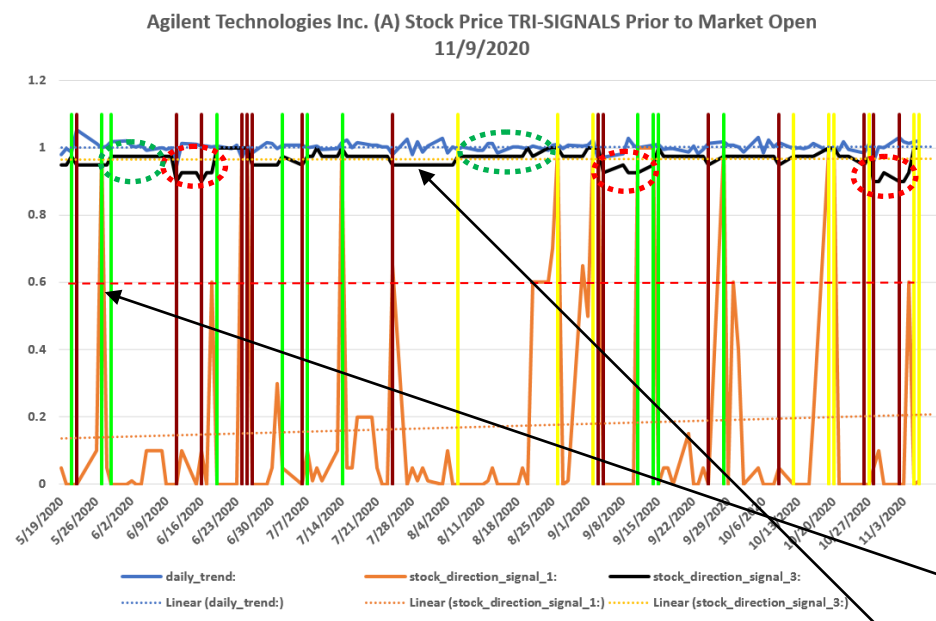
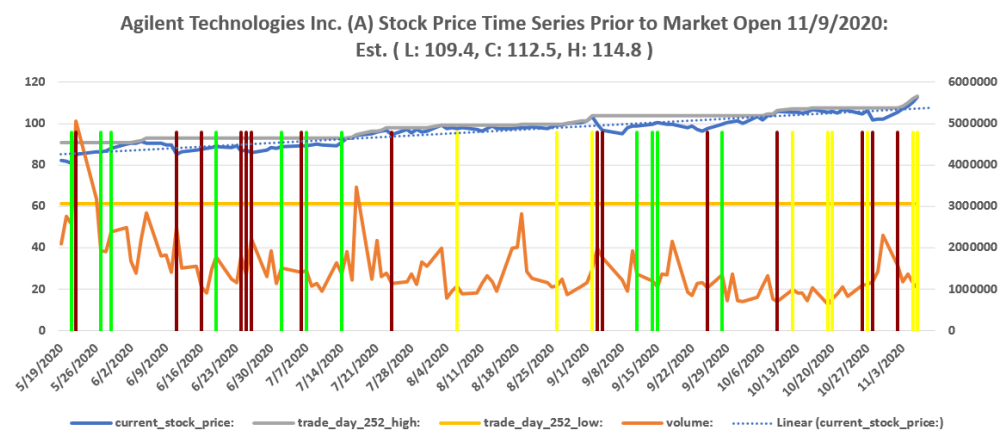
Signal 3 greater than the 121 trade-day average or most recent signal 3 trend increasing and “near the average” signifies probable stock price increase in future 1 to 3 trade-days. Signal 3 less than the 121 trade-day average or most recent signal 3 trend decreasing and “near the average” signifies probable stock price decrease in future 1 to 3 trade-days.

### Predictive Rule Construction

Using Excel, filtering of 4,000+ equities for Signal 1 and Signal 3 for joint predictive rule construction proceeds with selection of stocks with Signal 1 greater than or equal to 0.6 (all stocks with “stock event”) and Signal 3 greater than or equal to 0.97 (stocks with predicted future 1 to 3 trade-day price appreciation.) There is an automated routine that produces predictive rule application as a report as well in graphical form.

**Users are free to tweak provided template predictive rules or develop customized predictive rules.**

# We illustrate automated Optimal TRI-SIGNAL Buy/Sell Predictive Rules using Agilent Technologies (A) stock price series.



Date	Date	Close Pric	Short-run Buy/Sell	Long-run Buy/Sell	Signal 1	Signal 3
11/9/2020	11/9/2020					
11/6/2020	11/6/2020	112.54	No Action	No Action		
11/5/2020	11/5/2020	110.34	No Action			
11/2/2020	11/2/2020	105.24	Sell			
10/28/2020	10/28/2020	101.66	Sell			
10/27/2020	10/27/2020	106.04	No Action			
10/26/2020	10/26/2020	104.63	Sell			
10/20/2020	10/20/2020	105.61	No Action	Buy		
10/19/2020	10/19/2020	105.49	No Action	Buy		
10/12/2020	10/12/2020	105.43	No Action			
10/9/2020	10/9/2020	105.76	Sell			
9/28/2020	9/28/2020	99.51	Buy	Buy	1	0.975
9/25/2020	9/25/2020	97.69	Sell			
9/15/2020	9/15/2020	100.37	Buy			
9/14/2020	9/14/2020	99.42	Buy	Buy	1	0.95
9/11/2020	9/11/2020	98.6	Buy	Buy	1	0.925
9/4/2020	9/4/2020	96.84	Sell	Buy		
9/3/2020	9/3/2020	99.64	Sell	Buy		
9/2/2020	9/2/2020	103.42	No Action	Buy		
8/26/2020	8/26/2020	99.33	No Action	Buy		
8/6/2020	8/6/2020	97.45	No Action			
7/24/2020	7/24/2020	94.81	Sell	Buy		
7/14/2020	7/14/2020	90.69	Buy	Buy	1	1
7/7/2020	7/7/2020	89.21	Buy	Buy	0.1	0.975
7/6/2020	7/6/2020	89.31	Sell			
7/2/2020	7/2/2020	88.68	Buy			
6/26/2020	6/26/2020	85.9	Sell			
6/25/2020	6/25/2020	87.26	Sell	Buy		
6/24/2020	6/24/2020	86.56	Sell	Buy		
6/19/2020	6/19/2020	88.73	Buy			
6/16/2020	6/16/2020	87.44	Sell	Buy		
6/11/2020	6/11/2020	85.03	Sell	Buy		
5/29/2020	5/29/2020	88.14	Buy			
5/27/2020	5/27/2020	86.18	Buy	Buy	1	0.95
5/22/2020	5/22/2020	84.98	Sell			
5/21/2020	5/21/2020	80.75	Buy			

**Joint Signal 1 and Signal 3** has 6 trade dates of predicted next 1 to 3 trade day price increase. Accuracy is measured using 121 past history correlation which is 100% for Agilent thru Nov.

**Signal 1** has 13 trade dates with strength greater than or equal to 0.6.

**Signal 3** has 3 epochs with signal value greater than average indicating price increase in next 1 to 3 trade-days. (green dotted ellipse)

**Signal 3** has 3 epochs with signal value less than average indicating price decrease in next 1 to 3 trade-days. (red dotted ellipse)

URL Information Links:  
<https://www.barrons.com/quote/stock/A>  
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**Legend:**  
 Vertical green lines are short-run buy dates.  
 Vertical red lines are short-run sell dates.  
 Vertical yellow lines indicate monitor.