

Trading Software for Charting,
Technical Analysis, Backtesting and Multi-Broker Trading

MultiCharts

In the modern age of electronic trading, every person who wants to become a trader needs appropriate tools to collect market data, analyse that data and place orders. A new trader has a difficult choice – there are literally hundreds of trading schools, third-party indicators and trading platforms on the market. This article will focus on MultiCharts, a well-established trading platform, but one which remains relatively unknown to mainstream traders.

Overview

Each trading platform is different and is able to perform different tasks in terms of analysis and trading. MultiCharts is for those traders that like freedom in everything – you can choose amongst many supported data feeds, change pretty much any aspect of charting, tweak precision and modes for backtesting and optimisation, and choose any one of ten supported brokers. If you prefer a “one-stop-shop” style platform, where you only click a few buttons to get started – chances are you will not like MultiCharts. However, taking the time to learn and set it up is rewarding, since it gives you virtually endless possibilities to try out new things, once you have

put in the hours to familiarise yourself with it.

When choosing a platform, you should always define a few key features that you definitely need, and see if the platform you are looking at has them. MultiCharts has many features, and you should probably admit to yourself before starting that you will not use many of them. This will prevent you from becoming overwhelmed. MultiCharts has a long list of features, but only the key ones are mentioned here. You can check the official website for more information.

Key Features Charting

Charting is one of the strong points of this trading platform,

F1) Charting



This chart shows a continuous Crude Oil futures contract in two different time frames, with indicators based on each data series. There is an automated trading strategy applied in the chart and manual trading capabilities are enabled.

Source: www.multicharts.com

F2) PowerLanguage Editor

```

1  Key Reversal LX | Custom Strategy LE | Historical Entry | Mov Avg 2 Lines | Mov Avg 3 Lines |
2  inputs:
3  Price( Close ),
4  FastLength( 4 ),
5  MedLength( 9 ),
6  SlowLength( 18 ),
7  Displace( 0 ) ;
8
9  variables:
10 var0( 0 ),
11 var1( 0 ),
12 var2( 0 ) ;
13
14 var0 = AverageFC( Price, FastLength ) ;
15 var1 = AverageFC( Price, MedLength ) ;
16 var2 = AverageFC( Price, SlowLength ) ;
17
18 condition1 = Displace >= 0 or CurrentBar > AbsValue( Displace ) ;
19 if condition1 then
20   begin
21     Plot1[Displace]( var0, "FastAvg" ) ;
22     Plot2[Displace]( var1, "MedAvg" ) ;
23     Plot3[Displace]( var2, "SlowAvg" ) ;
24   end ;
25
26 if Displace <= 0 then
27   begin
28     Condition1 = Price > var0 and var0 > var1 and var1 > var2 ;
29     if Condition1 and Condition1[1] = false then
30       Alert( "Bullish alert" ) ;
31   else
32     begin
33       Condition2 = Price < var0 and var0 < var1 and var1 < var2 ;
34       if Condition2 and Condition2[1] = false then
35         Alert( "Bearish alert" ) ;
36     end ;
37   end ;
38 end ;

```

This editor allows you to edit and create your own indicators and strategies in PowerLanguage (essentially the same as EasyLanguage). Here you can see a 3 Line Moving Average indicator script.

Source: www.multicharts.com

assumptions to make the simulation – this is the key difference between good quality and poor quality backtesting. The fewer assumptions there are, and more realistic backtesting is – the better it is for the trader.

Backtesting in MultiCharts can be done on a chart-by-chart basis (individual) or on a list of symbols in the specialised Portfolio Backtester. The Portfolio Backtester employs extended money management rules to evaluate the effect of your trading strategy on your entire portfolio, in a group and on a symbol-by-symbol basis.

Brute-force and Genetic Optimisation

Optimisation is an important tool for traders that look for optimal combinations of their strategy inputs. There are two common methods of doing this – brute-force and genetic algorithms. Each has its own advantages and disadvantages. Brute-force tries every possible combination and gives you the best result, while genetic tests only a sample but tries to find the nearly-optimal results in a fraction of the time brute-force takes. MultiCharts is a multi-threaded application, so new computers with multiple cores will perform optimisation significantly faster than older single-CPU machines. You can optimise for any parameter, such

as Max Net Profit, or Min Number of Trades, or even write your own custom suitability functions.

Free Version

There are two versions of MultiCharts – the paid MultiCharts regular, and the free MultiCharts Discretionary Trader. The main difference between the paid and free versions is that users cannot write their own EasyLanguage scripts, or import third-party EasyLanguage indicators and strategies in the free version, and there is no Portfolio Backtester. Otherwise, the versions are the same, and MultiCharts DT is capable of placing trades. For people that do not need custom indicators or strategies, this product is well worth checking out – it is free!

Pricing/Upgrade

As mentioned, there is a free version of the software, MultiCharts Discretionary Trade. The lifetime license for the regular software is \$1,497, but three, six, or twelve month leases of the program are also available. Upgrades to future releases of the software are free.

Recommended Tech Specs

- CPU: Pentium 3 GHz or Dual Core
- RAM: 1 GB of RAM
- Hard Drive: 1 GB of available hard-disk space

- Multiple Monitors
- Operating System: Windows XP, Vista, 7

Conclusion

Overall, this is a very good and mature platform for those willing to put in the time, though it remains relatively unknown to mainstream traders. It offers a good mix of features, excellent support, rock-solid stability, but is somewhat lacking in documentation. The learning curve will take some hours to break, and the setup will take some getting used to, but for traders that are serious about what they do, this can be a great addition to the trading arsenal. This platform has been gaining popularity recently, which is indicated by its having won the “Best Professional Trading Platform” among other awards from the Trade2Win trader community.

There are many trading platforms out there, and every platform has die-hard fans and opposition. The truth is, you should always see for yourself, and maybe you will discover something that will be very helpful to your journey as a trader. The free version is definitely worth checking out.



F5) MultiCharts Discretionary Trader



An example of a workspace in the free MCDT program. It allows you to place trades through chart trading and the DOM, and use entry/exit automation.

Source: www.multicharts.com