



***Leaders & Lagers Indicator  
User Manual***

## **Software User Agreement & Product Disclaimer**

**IMPORTANT: PLEASE READ THIS AGREEMENT CAREFULLY BEFORE CONTINUING WITH THE INSTALLATION PROCESS OF THE SOFTWARE ("THE SOFTWARE"). BY INSTALLING THE SOFTWARE, YOU AGREE TO BE BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, DO NOT INSTALL THE SOFTWARE.**

1. **License.** If you have purchased a license to the Software, Golden Zone Trading grants you a non-exclusive right and license to use the Software and the related documentation (the "Documentation") as set forth in this Agreement. You may use the Software on a single computer. You may also use the Software on a second (portable or home) computer so long as only one copy is used at a time. You may make a single copy of the Software for backup and archival purposes only provided that any copy must contain all proprietary notices included in the original. You may use the Documentation to assist in your use of the Software. If you download the Software without physical delivery of Documentation, you may review the Documentation online, but you may not make further copies of the Documentation. You own the media on which the Software is recorded, but not the Software itself or any copy of it. This license is not a sale of the original or any copy of the Software.
2. **Copying, Transferring or Modifying Software.** The Software contains copyrighted material, trade secrets and other proprietary intellectual property. You may not permit concurrent use of the Software unless each user has an applicable license. You may not permit other individuals to use the Software except under the terms listed above. For the purposes of protecting Golden Zone Trading trade secrets, you may not decompile, disassemble, reverse-engineer or otherwise display the Software in human-readable form. You may not modify, translate, rent, lease, distribute or lend the Software, and you may not sell to others the right to use the Software on your computer. You may not remove any proprietary notices or labels on the Software. You may not copy, transfer, transmit, sublicense or assign this license or the Software except as expressly permitted in this Agreement.
3. **Term.** If you have purchased a license to the Software, this Agreement and license are effective from the time you accept the terms of this Agreement until this Agreement is terminated. You may terminate this Agreement at any time by destroying all copies of the Software. This Agreement will terminate immediately and without further notice if you fail to comply with any provision of this Agreement. All obligations of confidentiality and restrictions on use, and all other provisions that may reasonably be interpreted to survive termination of this Agreement, will survive termination of this Agreement for any reason. Upon termination, you agree to destroy all copies of the Software. If you have obtained an evaluation copy of the Software, and have not purchased a license to the Software, this Agreement and license are effective for a period of thirty (30) days from the date of installation of the Software.

4. **Warranty Disclaimers.** THE SOFTWARE AND THE DOCUMENTATION ARE PROVIDED "AS IS" AND WITHOUT WARRANTIES OF ANY KIND, EXPRESS, STATUTORY OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE SOFTWARE AND THE DOCUMENTATION IS WITH YOU. SHOULD THE SOFTWARE OR THE DOCUMENTATION PROVE DEFECTIVE, YOU (AND NOT GOLDEN ZONE TRADING)

ASSUME THE ENTIRE COST OF ALL NECESSARY SERVICING OR REPAIR. GOLDEN ZONE TRADING DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE WILL MEET YOUR REQUIREMENTS OR OPERATE IN THE COMBINATION THAT YOU MAY SELECT FOR USE, THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE, OR THAT DEFECTS IN THE SOFTWARE WILL BE CORRECTED. NO ORAL OR WRITTEN STATEMENT BY GOLDEN ZONE TRADING OR BY A REPRESENTATIVE OF GOLDEN ZONE TRADING SHALL CREATE A WARRANTY OR INCREASE THE SCOPE OF THIS WARRANTY. Notwithstanding the above, you may have certain warranty rights which vary from state to state and which cannot be disclaimed by contract. Any warranties that by law survive the foregoing disclaimers shall terminate ninety (90) days from the date you received the Software as shown by your receipt. Some states do not allow limitations on how long an implied warranty lasts, so the foregoing limitation may not apply to you if prohibited by law.

5. **Limitation of Liability.** YOUR SOLE REMEDIES AND GOLDEN ZONE TRADING' ENTIRE LIABILITY ARE SET FORTH ABOVE. IN NO EVENT WILL GOLDEN ZONE TRADING BE LIABLE FOR DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM THE USE OF THE SOFTWARE, THE INABILITY TO USE THE SOFTWARE, OR ANY DEFECT IN THE SOFTWARE, INCLUDING ANY LOST PROFITS, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. IN NO EVENT WILL GOLDEN ZONE TRADING' TOTAL LIABILITY TO YOU FOR ALL DAMAGES, LOSSES, AND CAUSES OF ACTION (WHETHER IN CONTRACT, TORT, INCLUDING NEGLIGENCE, OR OTHERWISE) EXCEED THE AMOUNT YOU PAID FOR THIS PRODUCT. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF RELIEF, INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU. You agree that Golden Zone Trading will not be liable for defense or indemnity with respect to any claim against you by any third party arising from your possession or use of the Software or the Documentation.
6. **Export Control Laws.** You agree to comply with all laws, rules and regulations applicable to the export of the Software or the Documentation. Specifically, you shall not export, re-export or transship the Software or the Documentation, or the direct product thereof, in violation of any United States laws and regulations which may from time to time be applicable. None of the Software or underlying information or technology may be downloaded or otherwise exported or re-exported (i) into any country to which the U.S. has embargoed goods; or (ii) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals or the U.S. Commerce Department's Table of Denial Order. By downloading or using the Software, you are agreeing to the foregoing and you are representing and warranting that you are not located in, under the control of, or a national or resident of any such country or on any such list.

7. Government Restricted Rights. The Software has been developed at private expense and is "commercial computer software" or "restricted computer software" within the meaning of the FARs, the DFARs, and any other similar regulations relating to government acquisition of computer software. Nothing contained herein will be deemed to grant any government agency any license or other rights greater than are mandated by statute or regulation for commercial computer software developed entirely at private expense.

8. Entire Agreement. This Agreement is the complete agreement between Golden Zone Trading and you and supersedes all prior agreements, oral or written, with respect to the subject matter hereof. If you have any questions concerning this Agreement, you may write to Golden Zone Trading, Customer Service, [info@goldenzonetradng.com](mailto:info@goldenzonetradng.com).

**U.S. Government Required Disclaimer** - Forex, futures, stock, and options trading is not appropriate for everyone. There is a substantial risk of loss associated with trading these markets. Losses can and will occur. No system or methodology has ever been developed that can guarantee profits or ensure freedom from losses. No representation or implication is being made that using this methodology or system or the information in this letter will generate profits or ensure freedom from losses.

**CFTC RULE 4.41** - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

GOVERNMENT REGULATIONS REQUIRE DISCLOSURE OF THE FACT THAT WHILE THESE METHODS MAY HAVE WORKED IN THE PAST, PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. WHILE THERE IS A POTENTIAL FOR PROFITS THERE IS ALSO A RISK OF LOSS. A LOSS INCURRED IN CONNECTION WITH TRADING FUTURES, STOCKS, FOREX, OPTIONS OR ANY KIND OF OTHER TRADING PRODUCTS CAN BE SIGNIFICANT. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION SINCE ALL SPECULATIVE TRADING IS INHERENTLY RISKY AND SHOULD ONLY BE UNDERTAKEN BY INDIVIDUALS WITH ADEQUATE RISK CAPITAL.

### **Leaders & Lagers Concepts Explained:**

The GZT\_Leaders\_Lagers indicator is used as a market breadth tool. It is comprised of a % change requirement that measures the strength of the applied markets based on (+/-) % change off either of the following:

- **Session Template**
- **Chart Start**
- **Specific Date**

The indicator is used to see which market is strongest (**LEADING**) and which market is weakest (**LAGGING**) when looking at correlated & non-correlated markets. The tool is best applied to either of the following groups of markets:

- **Equity indexes**
- **Currencies**

When applying the tool to monitor (equity index markets) we measure the following pegged against the **S&P500**.

- **Dow Jones**
- **Nasdaq**
- **Russell**

When applying the tool to monitor (currency markets) we measure the following pegged against the **US Dollar**.

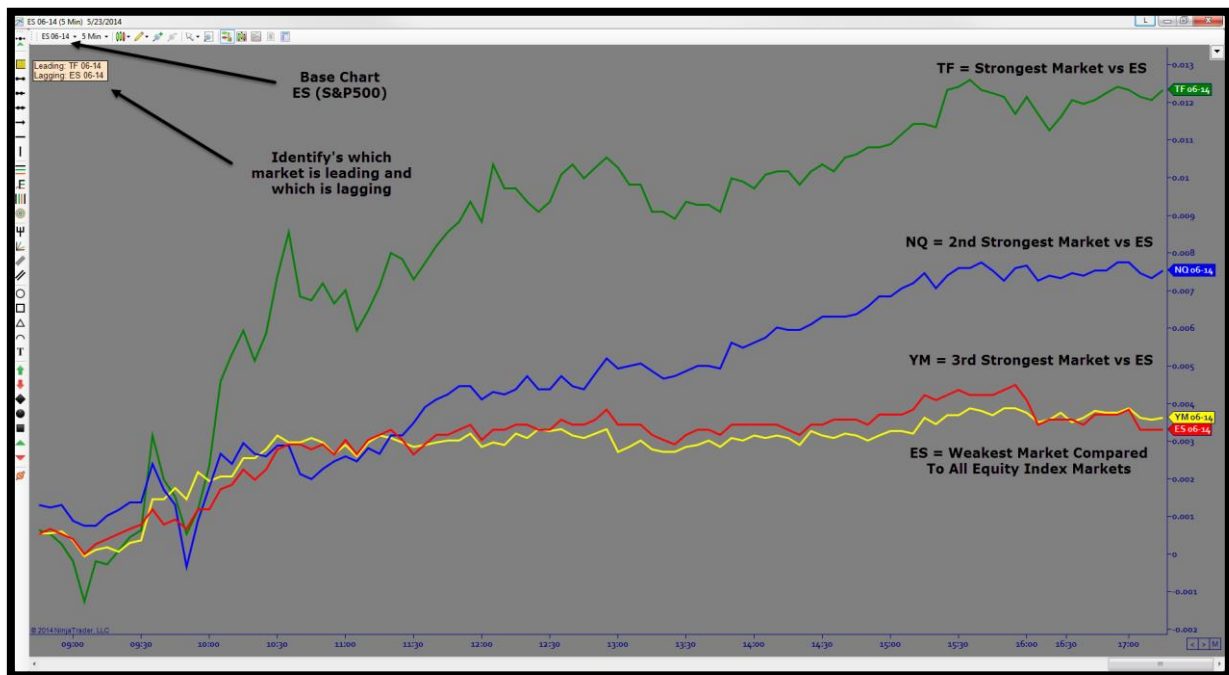
- **Aussie Dollar**
- **British Pound**
- **Canadian Dollar**
- **Swiss Franc**
- **Euro**

The indicator can be used on all of the following markets:

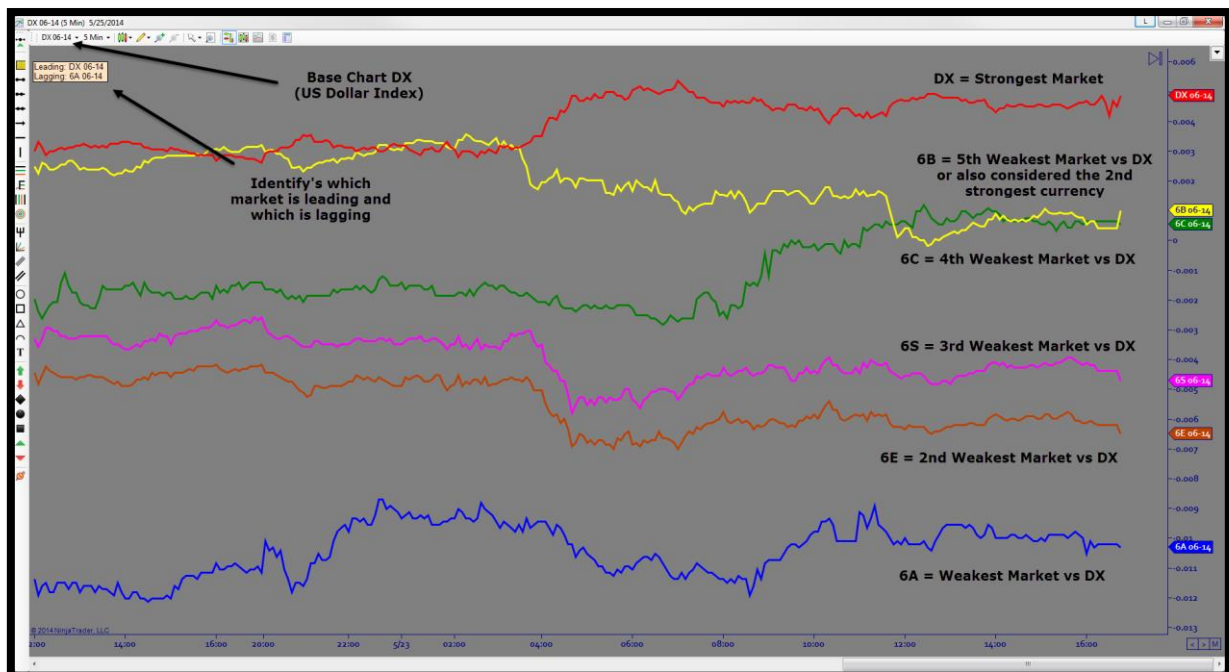
- **Equities**
- **Futures**
- **Forex**

For the GZT Mastery Trader Program we use the GZT\_Leaders\_Lagers indicator to monitor both stock index futures and currency futures markets as our training program is solely focused on futures trading. The indicator can be used with more markets and instruments that were not listed above however, if you require additional information when applying it to equities or forex pairs please email [support@goldenzonettrading.com](mailto:support@goldenzonettrading.com)

## Measuring Market Breadth of Stock Market Indexes (Futures)



## Measuring Market Breadth of Currencies (Futures)



### Leaders & Lagers Base Concepts:

Concept	Definition
<b>Leader</b>	- The strongest market
<b>Lagger</b>	- The weakest market
<b>Base Market</b>	The market which is used as the base chart that all other markets are pegged against. <ul style="list-style-type: none"><li>- ES (S&amp;P500) is the base for stock index markets</li><li>- DX (US Dollar Index) is the base for currency markets</li></ul>

### Application to trading:

- When looking at long positions/trades, one can consider choosing trades in the strongest markets (leaders) as these represent the strongest % change against the other correlated/non-correlated markets.
- When looking at short positions/trades, one can consider choosing trades in the weakest markets (laggers) as these represent the weakest % change against the other correlated/non-correlated markets.

### Leaders & Lagers Indicator Parameters & Settings:

Group	Parameters	Allowable Values	Description
<b>Info Box</b>	<b>Box Color</b>	<b>Custom/Web/System</b> <b>Default = Bisque</b>	Allows for changing the color of the leaders & lagers dialog box.
	<b>Text Color</b>	<b>Custom/Web/System</b> <b>Default = Black</b>	Allows for changing the color of the text in the leaders & lagers dialog box.
	<b>Outline Color</b>	<b>Custom/Web/System</b> <b>Default = Black</b>	Allows for changing the outline color of the leaders & lagers dialog box.
	<b>Show Box</b>	<b>True/False</b> <b>Default = True</b>	This function is to show or hide the leaders & lagers dialogue box.
<b>Instruments</b>	<b>Instruments 2-9</b>	<b>Identified Markets (Instrument/Date/Contract)</b>	The following fields are to allow the user to input the specific markets they wish to show that are pegged against the base market. Instrument 1- always represents the base market and is not shown here.
<b>Parameters</b>	<b>Start Type</b>	<b>Session/Chart Start/Date</b> <b>Default = Session</b>	When <b>Session</b> is selected it applies the leaders and lagers to start at the specific session start time. When <b>Chart Start</b> is selected it applies the leaders and lagers to start at the beginning of the chart time. When <b>Date</b> is selected it applies the leaders and lagers to start at a specific date that is specified
	<b>Start Time</b>	<b>Specific Date</b>	Allows the user to specify the date they wish to have the leaders and lagers start from when the start type is set to date.
<b>Data</b>	<b>Calculate on bar close</b>	<b>True/False</b> <b>Default = False</b>	When set to false, indicator recalculates with every incoming tick on real-time data

<b>Lines</b>	<b>Zero Line</b>	<b>Color/Style/Width</b> Default = Transparent	Allows the user to select the zeroline of the indicator. (This is never applied or used)
<b>Plots</b>	<b>Plot 1-9</b>	<b>Color/Style/Width</b>	<p>This allows the user to select each market color/style/width for each market used in the leaders and ladders graph which is pegged against the base market.</p> <p>These plots will be directly related to each market listed in the instrument section.</p> <p>All plots that are not used must be set to (transparent)</p> <p>Plot 1- always represents the base market.</p>

Indicators

ChaikinOscillator

ChaikinVolatility

CMO

ConstantLines

CurrentDayOHL

CurrentDayOHL2

CustomPlotSample

Darvas

DeltaPoint\_Volume\_Delta

DEMA

DMI

DMI

DMIndex

DonchianChannel

DoubleStochastics

DSMA

DTMA

DWMA

EaseOfMovement

ElliotOscillator

EMA

EMA\_Colors

FibonacciZones

FibonacciZonesAccess

Fisher\_Transform\_Optimized\_Multi-Color

FisherTransform

FocalPoint\_FibPoint™

FOSC

fsCurrentDayTWAP

fsCurrentDayVWAP

fsCurrentMonthTWAP

fsCurrentMonthVWAP

fsCurrentWeekTWAP

fsCurrentWeekVWAP

fsRollingTWAP

fsRollingVWAP

GZT\_GoldenFibs

GZT\_SDVolumeZones

GZT\_VelocityMomo

GZTLeaders\_Ladders

GZTLeaders\_Ladders

ToolbarShortcutV1(ES 06-14 (5 Min),True,True,True,Tru

New

Remove

Info Box

1. Box Color

Bisque

2. Text Color

Black

3. Outline Color

Black

4. Show Box?

True

Instruments

Inst2

NQ 06-14

Inst3

YM 06-14

Inst4

TF 06-14

Inst5

Inst6

Inst7

Inst8

Inst9

Parameters

Start Type

Session

StartTime

1/1/2014

Data

Calculate on bar close

False

Input series

ES 06-14 (5 Min)

Maximum bars look be

TwoHundredFiftySix

Visual

Auto scale

True

Displacement

0

Display in Data Box

True

Label

GZTLeaders\_Ladders

Panel

2

Price marker(s)

True

Scale justification

Right

Lines

zero line

☐ 0

Color

Transparent

Dash style

Solid

Value

0

Width

1

Plots

Plot1

☒ Line: Solid: 3px

Plot2

☒ Line: Solid: 3px

Plot3

☒ Line: Solid: 3px

Plot4

☒ Line: Solid: 3px

Plot5

☐ Line: Solid: 3px

Plot6

☐ Line: Solid: 3px

Plot7

☐ Line: Solid: 3px

Plot8

☐ Line: Solid: 3px

Plot9

☐ Line: Solid: 3px

Plot1

OK

Apply

Close



### Application Explained:

- The following chart represents the TF as the leading market followed by the NQ as the 2<sup>nd</sup> strongest against the ES. Depending on your applied strategy, this tool identifies that if your bias was to go long the market, the TF and the NQ would be higher probability markets to trade long as they represent (+) % strength over the other 2 markets (ES/YM).
- If your bias was to go short the market, your higher probability trades would most likely be represented in the (ES/YM) as they demonstrate weakness against the other 2 (NQ/TF)
- It is important to mention that the general market strength (either +/- % change as a combined whole does not mean for you to go long or short the markets. The tool is to identify which market is strongest and weakest against a pegged market. This can be best demonstrated when applied to your chosen trade strategy and setups to increase odds of success by trading the market that has strength or weakness in your favor.
- When choosing a base chart timeframe (ie: 5 min) for these examples, it is best to apply the chart timeframe to the style of your trading. If you are a day trader you will want to apply a smaller timeframe to the base chart. If you are a swing trader you may wish to increase the timeframe to a higher fractal (ie: hourly/daily).



### Application Explained:

- When looking at the chart below we have 5 currency futures markets (6A/6B/6E/6S/6C) all pegged against the US Dollar Index (DX). This chart represents which currency markets are strongest and weakest against the US Dollar.
- When we look at applying this to trading, longs would represent higher probabilities with the 3 stronger markets (6C/DX/6A). Shorts would represent higher probabilities with the 3 weaker markets (6B/6S/6E)
- The things to consider for using this tool towards any type of market breadth analysis is to factor in the variable that are independent of the tool (ie: your trade strategy and your setups). We simply use this to enhance our original strategy by trading stronger and weaker markets in correlation to our standard approach.

