THE GURK OSCILLATOR EXPLAINED

The Gurk Oscillator or (G.O.), is a short-term market overbought/oversold trading indicator. It can help you trade the market, or help you to better time your portfolio entry and exit points. New signals will register anywhere from a few days to a couple of weeks apart. In general when the G.O. gets overbought, it is a better time to be selling; and when the G.O. gets oversold, it is a better time to be buying. I have further refined the buy or sell signals, by indicating a "turn date" for when the oscillator is expected to change trend direction. Either moving from overbought towards oversold or vice versa. Just like the tide changing from high tide to low tide or low to high, the G.O. gives and indication of when that change is going to occur. It does not always exactly nail which wave washes up the beach the furthest before the tide goes out; however, it generally does give a good signal of when the tide is going to change. And sometimes it does nail it. As with any indicator, it is never 100% accurate, and you should take your own steps to protect or stop out in case it gives a bad signal or moves further than your threshold. Usually the G.O. ranges from around -40 or -50 to +40 or +50; however, it can reach levels higher or lower and the extreme readings do not always indicate a stronger signal. In fact, sometimes it could be just the opposite. I have found that the +/-20 level tends to be significant. If the oscillator travels lower than -20; and then I can project that a "turn date" is coming for the G.O. to turn and go up, it is generally a good time to buy. Conversely, when the oscillator is above +20, and I can project a turn date coming for the G.O. to turn and go lower, it is a better time to sell. I will announce these signals when I see them, by stating buy or sell. After the turn date, I generally state if the model has you holding. Sometimes it is very unclear until additional days of trading data are factored in to proclaim the turn date. I will generally post this in the adjoining commentary, as the signal may be unable to identify until after the fact. Typically the signals go from buy to sell or sell to buy, and it is best to hold your position until the signal reverses from one to the other. Since this is not always the case, I will often go to neutral, when the signals are not clear. As I stated above, it does not always predict which wave washes up the beach the furthest, so sometimes it is better to trade out when you see a good level. Very short term traders can try to catch each wave with the knowledge of which way the tide is moving, but I am not trying to catch every wave with the G.O. In addition, sometimes I can see a turn date coming before the G.O. gets above or below the significant level of +/-20. I will go to neutral in this case. You can think of these instances in comparison to a storm blowing by off coast. At these times the tide stays elevated without going to a normal lower tide level, before it goes higher again. In a normal market, the signals will travel evenly back and forth from buy to sell just like the tide from low to high. Often, outside factors are the cause of two same signals in a row, and extra caution is warranted. Whether you are using the oscillator to trade the market or help you enter or exit portfolio positions, it is meant to be used as a tool to give you help in your own decision process. It is calculated for the broad market in general, not individual stocks. I use various market internals such as volume, advancers and other data in the calculation. Personally, I trade the S&P 500, but people use it to help them trade bonds and other vehicles. As stated it is merely a tool to aid you, use it at your own risk. If you have any questions or comments, you can email them to me at gurk@deltatide.com . I hope it helps you out. Good luck and happy trading!
