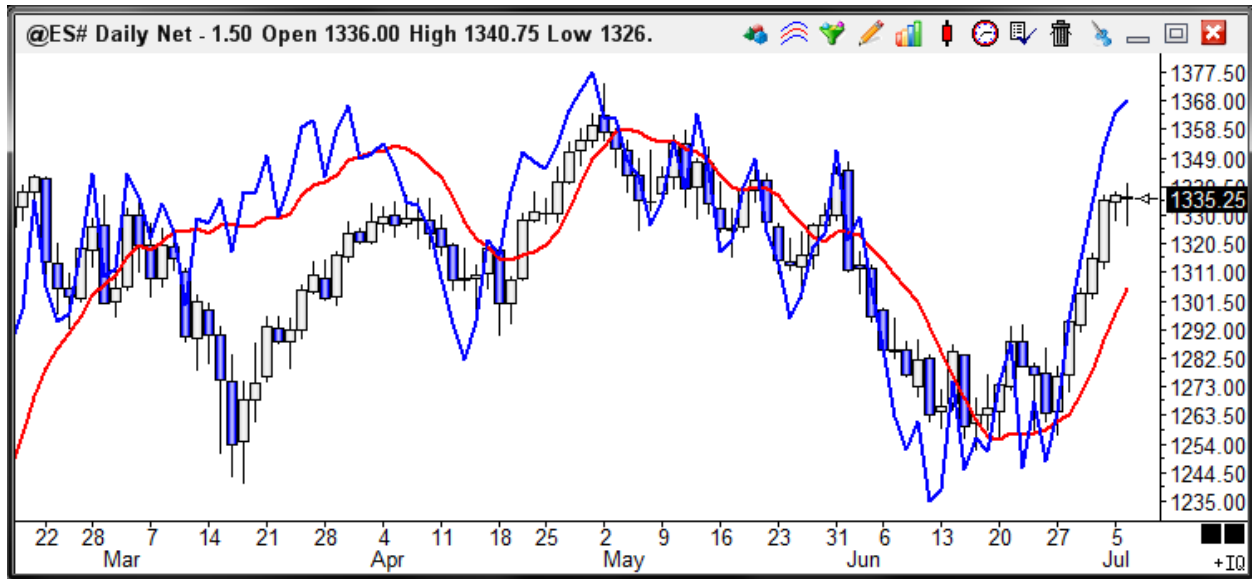# Chaikin Indicator

The Chaikin Indicator is based on the premise that Volume will flow in or out of a market shortly before a top or bottom. The Chaikin Indicator adds or subtracts a percentage of a bar's Volume to a cumulative sum.

The direction of the study is more important than the actual value of the study. When the studies fail to move in the same direction as the chart prices, a divergence exists and warns of a possible reversal in the market direction. The Chaikin Oscillator can be displayed on a chart by doing a study on a study using the MACD (exponential) study on the Chaikin Indicator. A 10 period exponential average of the Chaikin Indicator is subtracted from a 3 period average of the Chaikin Indicator.

The property form has an option to change the formula to the Volume Accumulation Oscillator (VAO). The VAO is a volume momentum indicator, similar to the Chaikin Indicator.

Formula

Chaikin = Previous Bar's Chaikin + current Volume * (Close - (High + Low)/2) / (High – Low)

VAO = Previous VAO + current Volume * (Close - (High + Low)/2)

Credits

Credit is given to Marc Chaikin for development of the Chaikin Indicator, Chaikin Oscillator, and Volume Accumulation Oscillator.