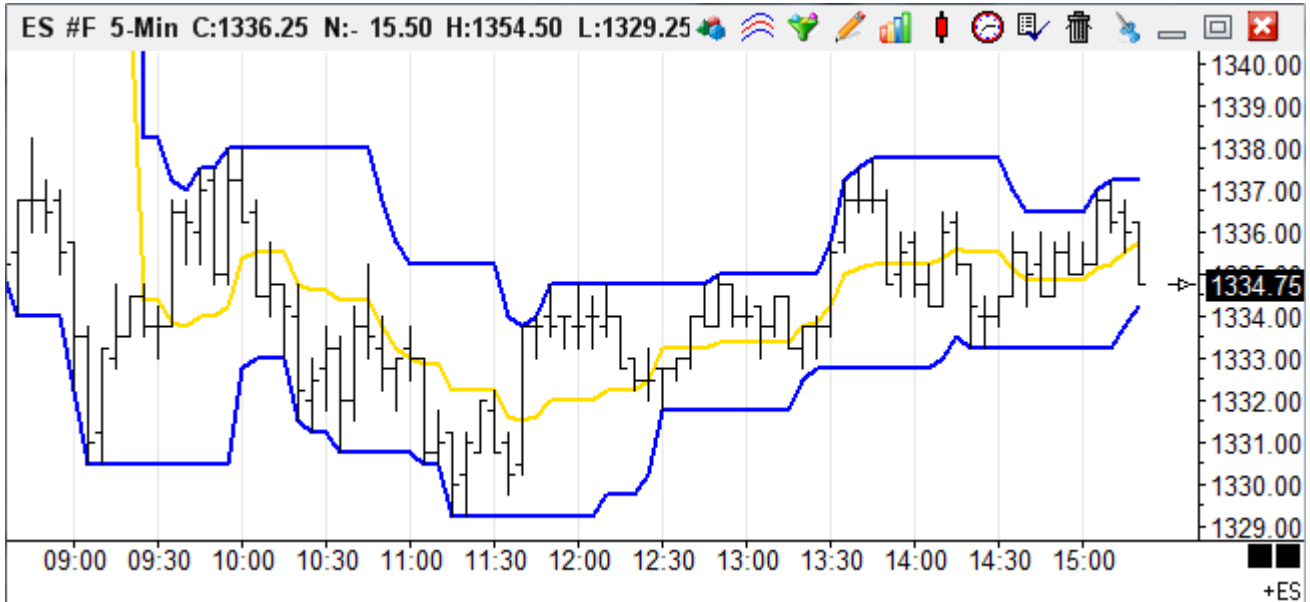


Donchian Channel

The Donchian Channel can be used as a breakout system. When the market closes above the Donchian Channel then buy the market. When the market closes below the Donchian Channel then sell the market. This strategy works well in trending markets. If the markets are moving sideways, then reverse the strategy. Buy when the market touches the bottom channel. Sell when the market touches the top channel.

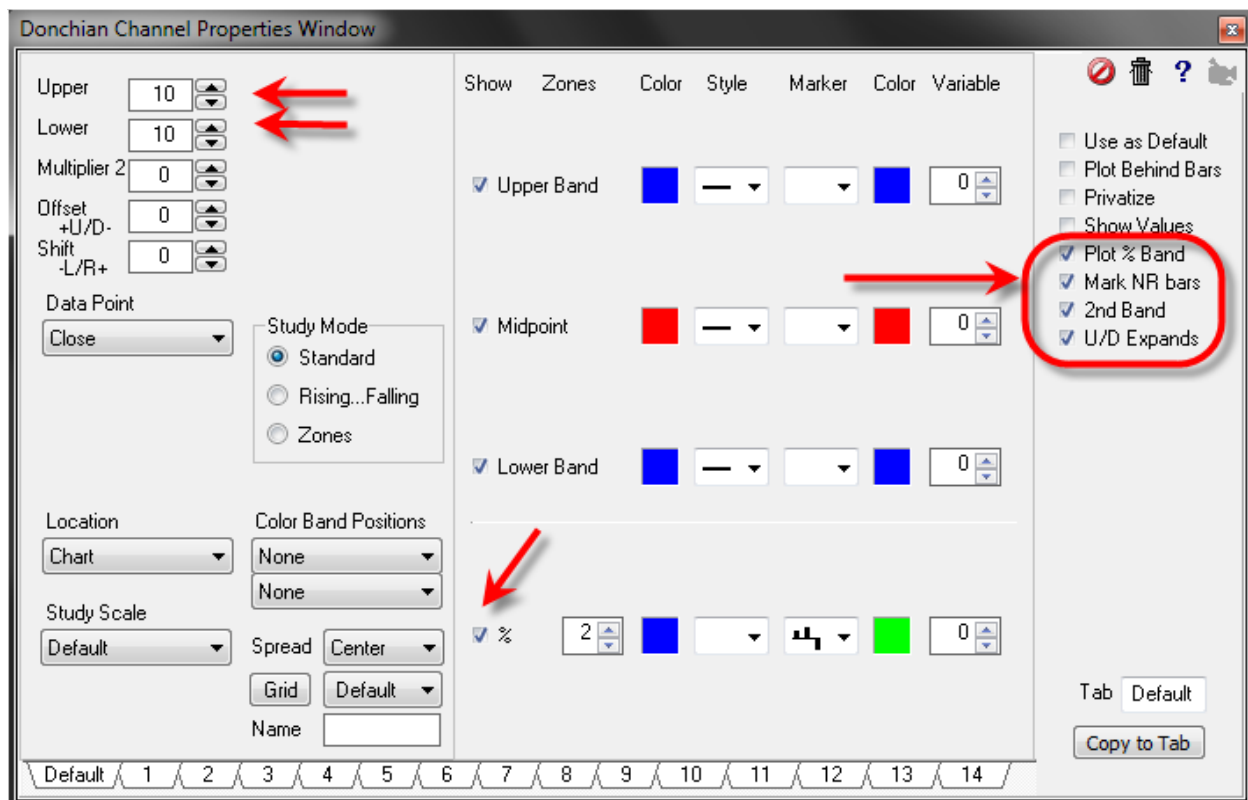


Formula

The Highest High and Lowest Low of the last N bars are used to draw the channels.

Properties

- An optional Midpoint line can also be plotted.
- **Plot % Band** - Place a check mark in the 'Plot % Band' check box to enable a %B Indicator. In this case, the 'Spread' study line will change to '% Band'. If you enable this Study Line then an indicator will be plotted that represents where the close price is in relation to the Upper and Lower Bands. For example, if the close is exactly in the middle of the Upper and Lower band range, then the %B Indicator will be 50.
- **Mark NR Bars** - Causes the Narrow Range bars to be marked with a marker (see above).
- **U/D Expands** - Place a check mark in the 'U/D Expands' check box to change the behavior of the 'Offset +U/D-' setting. If the box is unchecked, then all the Donchian lines will adjust up and down in the same direction. If you place a check mark in the 'U/D Expands' box, then the Upper and Lower channel lines will expand in opposite directions, when the 'Offset +U/D-' setting is changed.
- **Upper** - Enter the number of bars to test for the Highest High
- **Lower** - Enter the number of bars to test for the Lowest Low



Credits

Developed by Richard Donchian, a pioneer in the field of trend following.