# Rainbow Histogram

The Rainbow Histogram study uses coloring to visually show the volume at each price (how many shares or contracts were traded). Red represents the hottest trading (highest volume). Blue represents the lowest volume areas. This study allows you to easily determine high and low volume areas on the chart by looking at the Rainbow coloring.

As the market moves forward through time, the coloring will cool off (since the effect of a past high volume area has less and less impact on the market). The rate of the cooling can be controlled with a Decay percent parameter (a decay value of 3 to 5 percent is recommended).

The Rainbow Histogram can be plotted as solid lines (solid flame) or single lines. A Threshold parameter allows you to limit how much Rainbow coloring will be plotted on the chart. For example, a higher Threshold value will cause the study to stop plotting low volume areas and only plot hot areas.
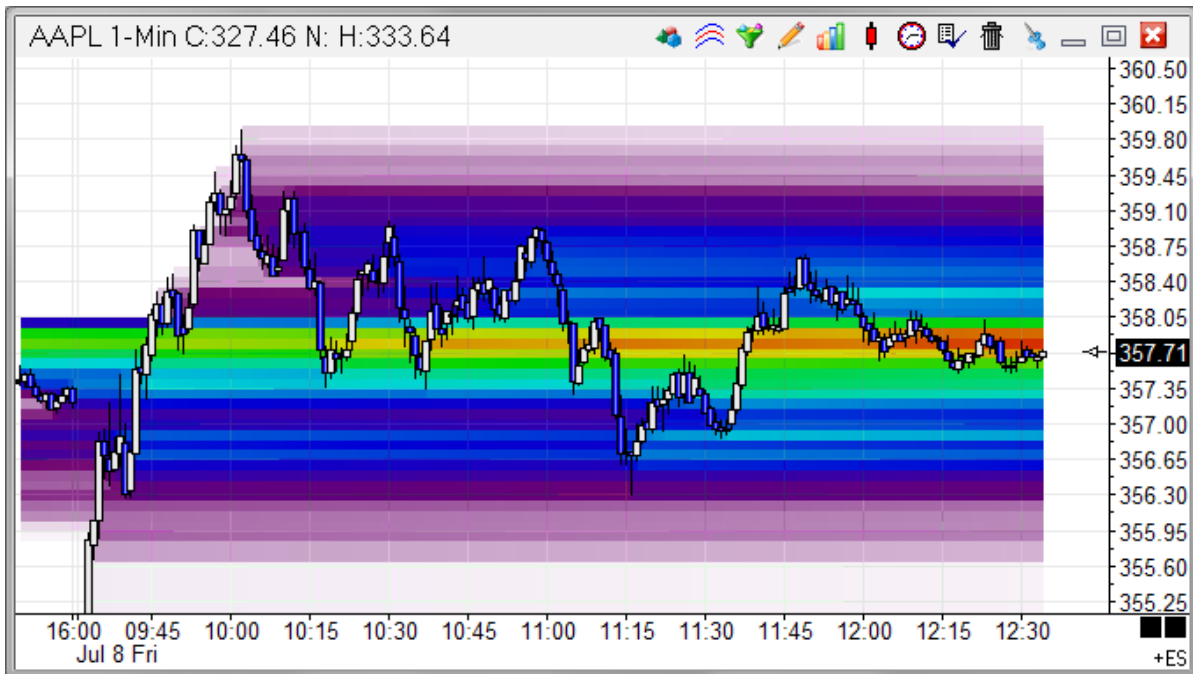
Properties

Decay - Enter a percent number (like 3 or 5) to change the decay rate of the Rainbow coloring. A higher decay value will cause the hot areas to cool off quicker.

Threshold - Optionally, enter a Threshold value to limit the plotting of the Rainbow colors. For example, a value of 7 could cause the study to only plot hot and warm areas.

Cover Image - Place a check mark in the 'Cover Image' box to cause the study to plot completely on top of the chart bars.

Solid Flame - Place a check mark in the 'Solid Flame' box to cause the study to plot with solid horizontal coloring. Uncheck the box to plot single horizontal color lines.

Hide Image - Place a check mark in the 'Hide Image' box to hide the Rainbow study.