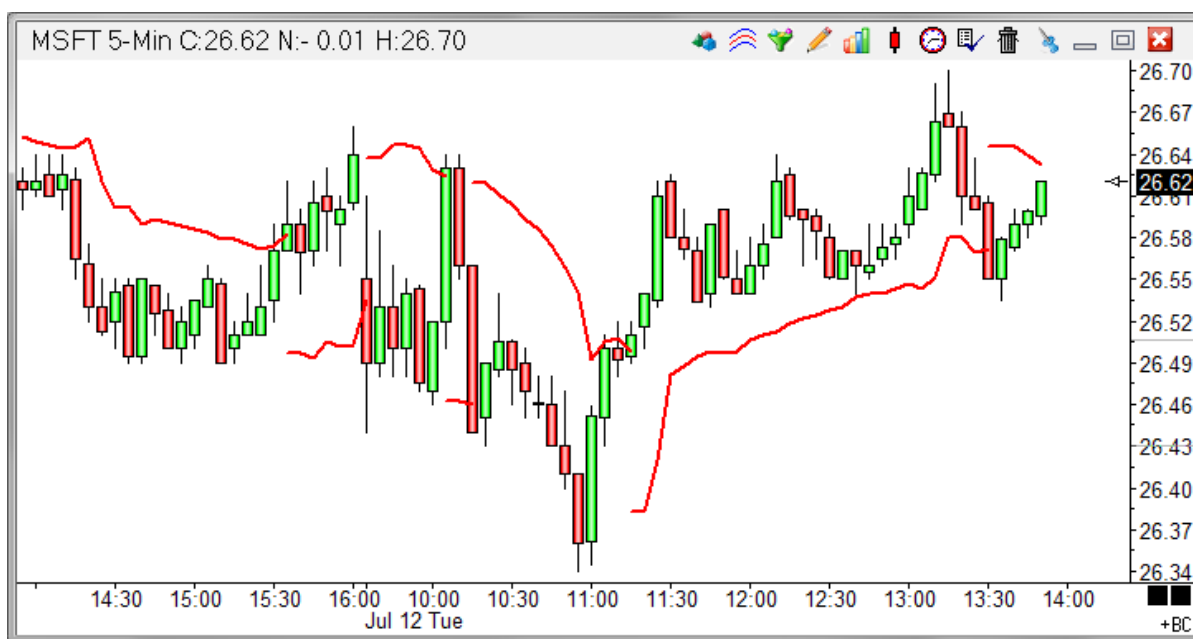


Volatility Stop

The Volatility Stop is a trading system that reverses its position whenever the chart price penetrates the stop line. The average true range is multiplied by a specified value and then added to the lowest close (since entering the trade) while short, or subtracted from the highest close (since entering the trade) while long. The study also calculates the profit (P) in points, winning trades (W), and losing trades (L). These values are displayed in the study window (left edge of the chart).



Properties

Bars - Specifies the number of Bars to use in the Average True Range calculation.

Multiplier - This value adjusts the sensitivity. Increase the value to widen the stop.

Visible Trades - Place a check mark in the 'Visible Trades' box in the properties window to display profit, winners, and losers for only the visible bars on the chart. Uncheck the box to display trade information for the entire chart.

Formula

True Range = High - Low

(Substitute the previous bar's Close for the High, if higher than the current High.)

(Substitute the previous bar's Close for the Low, if lower than the current Low.)

Average True Range (ATR) = Exponential moving average of each bar's true range using N periods.

Volatility Stop (when short) = Lowest Close (since entering the trade) + (ATR * Multiplier)

Volatility Stop (when long) = Highest Close (since entering the trade) - (ATR * Multiplier)