

Lecture 19

Average True Range (ATR)

This is an indication of price volatility.

True Range (TR) = $\max[(\text{high} - \text{low}), \text{abs}(\text{high} - \text{close}_{\text{prev}}), \text{abs}(\text{low} - \text{close}_{\text{prev}})]$

$\text{ATR} = [(\text{ATR}_{\text{prev}} \times (n-1)) + \text{TR}] / n$, where n is the time period.


