

# Documentation: XLimitless - Open Interest Radar

## Introduction



The "XLimitless - Open Interest Radar" is a powerful tool designed to track Open Interest data across various futures contracts. By visualizing changes in Open Interest, this indicator provides insights into market participation, helping traders identify potential trends and reversals, gaining the understanding if a trend is strong, or weakening.

## Key Features

### 1. Open Interest Visualization

- Plots Open Interest data retrieved from the Commitment of Traders (COT) Legacy reports.

- Displays weekly changes in Open Interest, offering a clear view of market activity.

## 2. Simplistic Design

- Provides a straightforward line plot to emphasize Open Interest dynamics.
- Lightweight and easy to interpret.

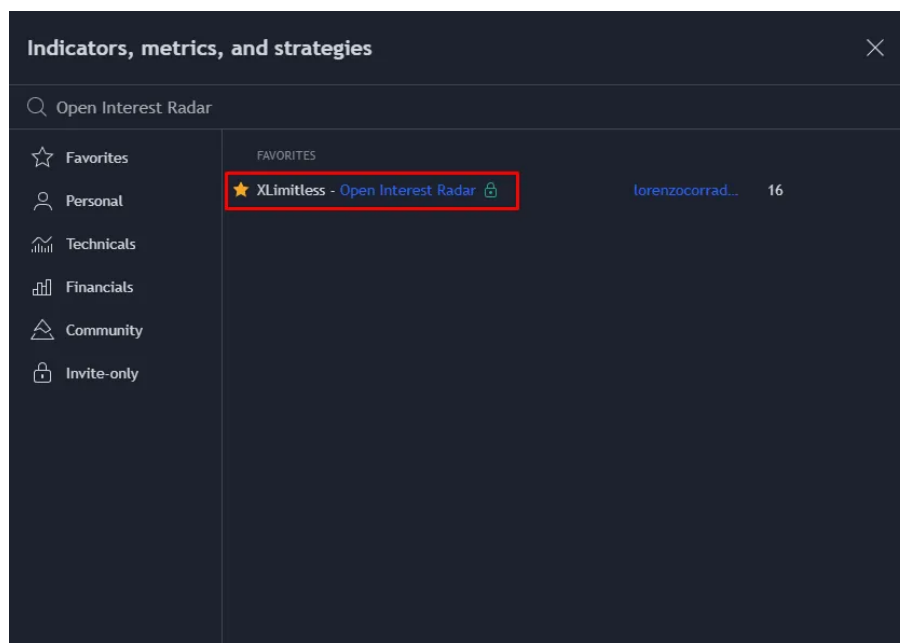
## 3. Versatility

- Applicable to all assets with available COT data.
- Can be used alongside other indicators for a more comprehensive analysis.

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## Setup Instructions

### Adding the Indicator



1. Open TradingView.
2. Navigate to the "Indicators" tab.
3. Search for "XLimitless - Open Interest Radar" and add it to your chart.

#### 4. Apply the Weekly Timeframe

## Customizing Inputs

- The indicator automatically fetches Open Interest data for the selected asset. No additional inputs are required.
- Adjust the style based upon your preferences.



## How It Works

## Data Source

- The indicator retrieves Open Interest data from the Commitment of Traders (COT) Legacy reports via TradingView's COT Library.

## Plotting Mechanics

- **Open Interest Line:**
  - Weekly Open Interest values are plotted as a continuous line.
  - The line's color and style are customizable through the script but fixed in the default version.

## Best Practices

### 1. Combine with Sentiment Analysis (COT)

- Use in conjunction with the Net Edge or Smart Money Intelligence to confirm trends or reversals.

### 2. Monitor Spikes

- Sudden increases or decreases in Open Interest may signal significant market events or changes in sentiment.

### 3. Use Weekly Timeframe

- The indicator is optimized for weekly data, ensuring accurate and consistent readings.

### 4. Integrate with Other Tools

- Pair this indicator with trend-following indicators or price action for enhanced decision-making (Moving Averages, Market Structure).
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## Example Use Case

### Scenario:

You are analyzing Dollar futures and want to determine if there is increasing market participation.

### Steps:

1. Add the "XLimitless - Open Interest Radar" to your Crude Oil futures chart.
2. Observe the Open Interest line:
  - A steady increase in Open Interest suggests rising market participation.
  - A sudden drop might indicate positions being closed or reduced.
3. Combine this insight with price action and volume data.
4. **Conclusion:** Rising Open Interest during an uptrend confirms strength; declining Open Interest may signal a weakening trend and can lead to a reversal.



## Catalysts for Open Interest (OI) Drops and When to Pay Attention

### 1. Position Liquidation:

- **Catalyst:** A significant drop in Open Interest often occurs when traders close their positions in mass. This can happen due to profit-taking after a major price move or stop-losses being triggered during rapid market reversals.
- **When to Pay Attention:** If OI drops sharply during a price increase or decrease, it may signal the end of a trend as market participants exit their positions.

### 2. Contract Expiry:

- **Catalyst:** Open Interest typically declines as futures contracts near expiration, and traders roll their positions into the next contract or let them expire.
- **When to Pay Attention:** Monitor the OI around contract expiration periods. A failure to roll positions into new contracts could indicate reduced interest

in the underlying asset.

### 3. Market Sentiment Shift:

- **Catalyst:** A sudden change in market sentiment, such as a central bank announcement or geopolitical event, can cause traders to close positions, leading to an OI drop.
- **When to Pay Attention:** Pay attention if the OI drop is accompanied by significant price volatility. This combination often reflects uncertainty or a directional shift in the market.

### 4. Unexpected News or Events:

- **Catalyst:** Breaking news, such as regulatory changes, earnings reports, or industry-specific events, can prompt traders to reassess their positions, leading to a quick OI drop.
- **When to Pay Attention:** Sharp OI drops following unexpected events can indicate panic-driven exits or the unwinding of speculative positions.



## Additional Insight: Open Interest Drops in a Range-Bound Market

- **Catalyst:** When trading occurs within a broader daily range and Open Interest (OI) is dropping, it often signals reduced market participation or commitment to positions. This suggests that traders are exiting rather than building positions, increasing the likelihood that the price will remain confined within the range rather than breaking out.
  - **When to Pay Attention:**
    - If OI is declining while the price approaches the **top or bottom of a range**, it indicates lower conviction in breaking through these levels.
    - This scenario provides a higher probability of **range-bound trading**, offering opportunities to enter trades near support (range bottom) or resistance (range top) with tighter risk management.
  - **Trading Strategy Tip:** Use this insight to look for price rejections at key levels (e.g., range boundaries) and combine it with confirmation tools like candlestick patterns or oscillators (e.g.) to time your entries effectively.
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## FAQs

### 1. Why is my chart showing "No relevant data"?

- Ensure the asset you are analyzing has Open Interest data in the COT Legacy reports.

### 2. Can I use this indicator for equities?

- No, this indicator is designed for futures contracts with available COT data.

### 3. How often does the data update?

- The data updates weekly, aligned with the release schedule of the COT reports.

### 4. Can I use this on the Daily Timeframe?

- No, this indicator is specifically build for the Weekly Timeframe, due to the Weekly Release of the COT reports.

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## Support and Community

- **Discord:** Join the Limitless fam for discussions and support.

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## Disclaimer

The **Open Interest Radar** is a tool designed to provide insights into market participation by tracking Open Interest levels; however, it does not guarantee accurate predictions of market behavior. Trading involves significant risk, and Open Interest trends should be used as part of a broader analysis that includes other indicators and market factors. The data is based on historical information, which may not account for unexpected market events or future conditions. Always perform your own due diligence and consult with a financial professional before making trading decisions. The user assumes full responsibility for their actions and any associated risks.