MOVING AVGS HEAT MAPPING LIBRARY

Introduction:

The Moving Avgs Heat Mapping is a technical analysis indicator which is used to analyze trends and to identify trend changes. As the name implies it is an indicator based on moving average; exactly two groups of moving averages - short-term moving averages which show short-term trends or trader sentiments and long-term moving averages which show long-term trends – investor sentiments.

The periods and number of MAs of both groups can vary according to trading goals. Generally bullish trend is identified when short-term MAs are above long-term MAs and bearish trend is identified if the scenario is just opposite. Closing in and intersection of two groups of MAs are considered as indicators of trend weakening and trend changes. Similarly convergence and divergence of MAs within a group also can also indicate trend changes.

Benefits:

The indicator allows the trader to understand the market relationships shown in the chart and so select the most appropriate trading methodology and the best tools. The Moving Avgs Heat Mapping is designed to understand the nature of trend activity on an end of day, or intraday basis. Reveal vital information regarding trend strength, both short-term and long-term, as well as pullbacks within a trend and potential impending changes in trend. They can also provide specific trade entries and exits in the direction of the prevailing trend.

Included in this Library:

Studies

- Heat Mapping Long Term Bands
- Heat Mapping Short Term Bands

Indicators

- Heat Map Buy Signal
- Heat Map Sell Signal
- Heat Map Green
- Heat Map Red

Template

- Moving Avgs Heat Mapping

Function Descriptions

Heat Map Green
This highlight bar highlights when the open close and the low are greater than the exponential moving average of 25 bars. The 5 bar moving average also needs to be above the 15 bar moving average.

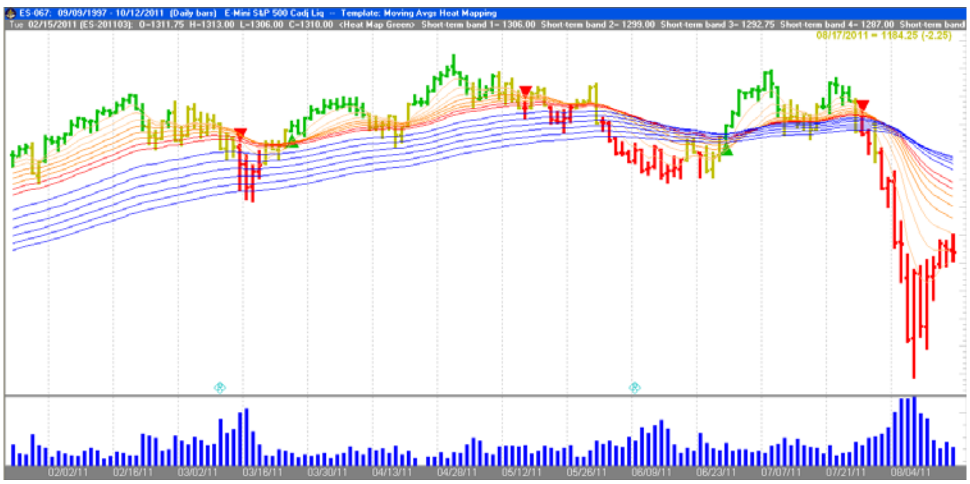
Heat Map Red
This highlight bar highlights when the open is less than the 45 bar moving average and the close is less than the 35 bar moving average. The open and the high also need to be below the 15 bar moving average.

Heat Map Buy Signal
This highlight marker will show on the first occurrence of a Heat Map Green after the occurrence of a Heat Map Red.

Heat Map Sell Signal
This highlight marker will show on the first occurrence of a Heat Map Red after the occurrence of a Heat Map Green.

Moving Avgs Heat Mapping Template

Below is a snapshot of how the Trade Navigator screen should look after installing the Moving Avgs Heat Mapping Template.



The relationship between the two sets of moving averages is used by traders to determine if the outlook of short-term traders aligns with investors who have a longer-term outlook. Changing trends are identified when the two groups of moving averages intersect. A bullish trend is present when the short-term moving averages are above the long-term averages. Conversely, a bearish trend occurs when the short-term averages are below the long-term averages.