

DARVAS BOX LIBRARY

Introduction:

In the late 1950s, Nicolas Darvas was one half of the highest paid dance team in show business. He was in the middle of a world tour, dancing before sell-out crowds. At the very same time, he was on his way to becoming a Wall Street legend, buying and selling stocks in his spare time researching only in Barron's weekly newspaper and using telegrams to communicate with his broker. However, Darvas turned a \$36,000 investment into more than \$2.25 million in a three-year period. Many traders argue that Darvas' methods still work, and modern investors should study his 1960 book, "How I Made \$2 Million In The Stock Market".

Benefits:

Using the Darvas Library to not only analyze a price chart but also to create filters and criteria to find stocks that are in the 'box', will save you time and help to maximize your profits. Everything is ready to go with this library, no indicators to code or create, just Darvas' theory translated to Trade Navigator's Trade sense language and on a custom template ready to trade from.

Included in this Library:

Template

- Darvas Box

Indicators

- Darvas Box Bottom
- Darvas Box High
- Darvas Box Top
- Darvas Risk \$\$\$
- Darvas Risk PERCENT
- Darvas Volume Spike

Studies

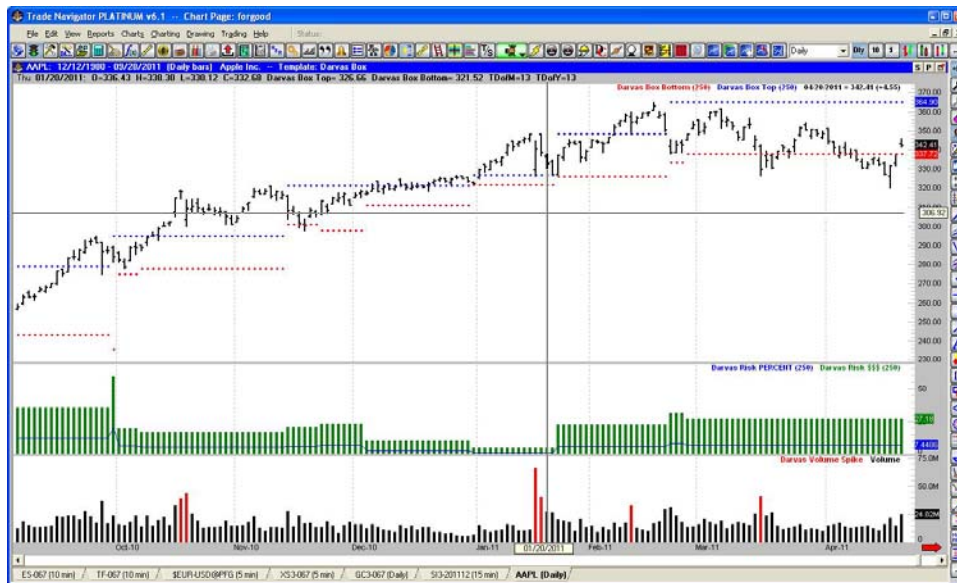
- Darvas Box
- Darvas Risk
- Darvas Volume

Strategy

- Sample: Darvas Box

Darvas Box Template

A Darvas box is created when the price of a stock rises above the previous 52-week high, but then falls back to a price not far from that high. If the price falls too much, it can be a signal of a false breakout, otherwise the lower price is used as the bottom of the box and the high as the top.



Snapshot of how the Trade Navigator screen should look after installing the Darvas Box Template

Indicators

Darvas Box Bottom

This indicator will mark the bottom of the Darvas box with a red dotted line on the chart.

Structure: Darvas Box Bottom(**BarsForNewHigh**)

Darvas Box High

This indicator is used in calculating the Darvas Box Top.

Structure: Darvas Box High(**BarsForNewHigh**)

Darvas Box Top

This indicator will mark the top of the Darvas box with a blue dotted line on the chart

Structure: Darvas Box Top(**BarsForNewHigh**)

Darvas Risk \$\$\$

This is an indicator, which is displayed as a histogram on the template, and is calculated on the difference between the top of the box and the bottom of the box.

Structure: Darvas Risk \$\$\$(**BarsForNewHigh**)

Darvas Risk PERCENT

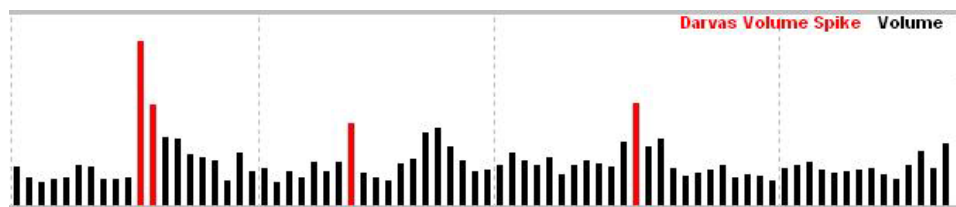
This indicator is calculated from the ratio created by the Risk \$\$\$ and the Top.

Structure: Darvas Risk PERCENT(**BarsForNewHigh**)

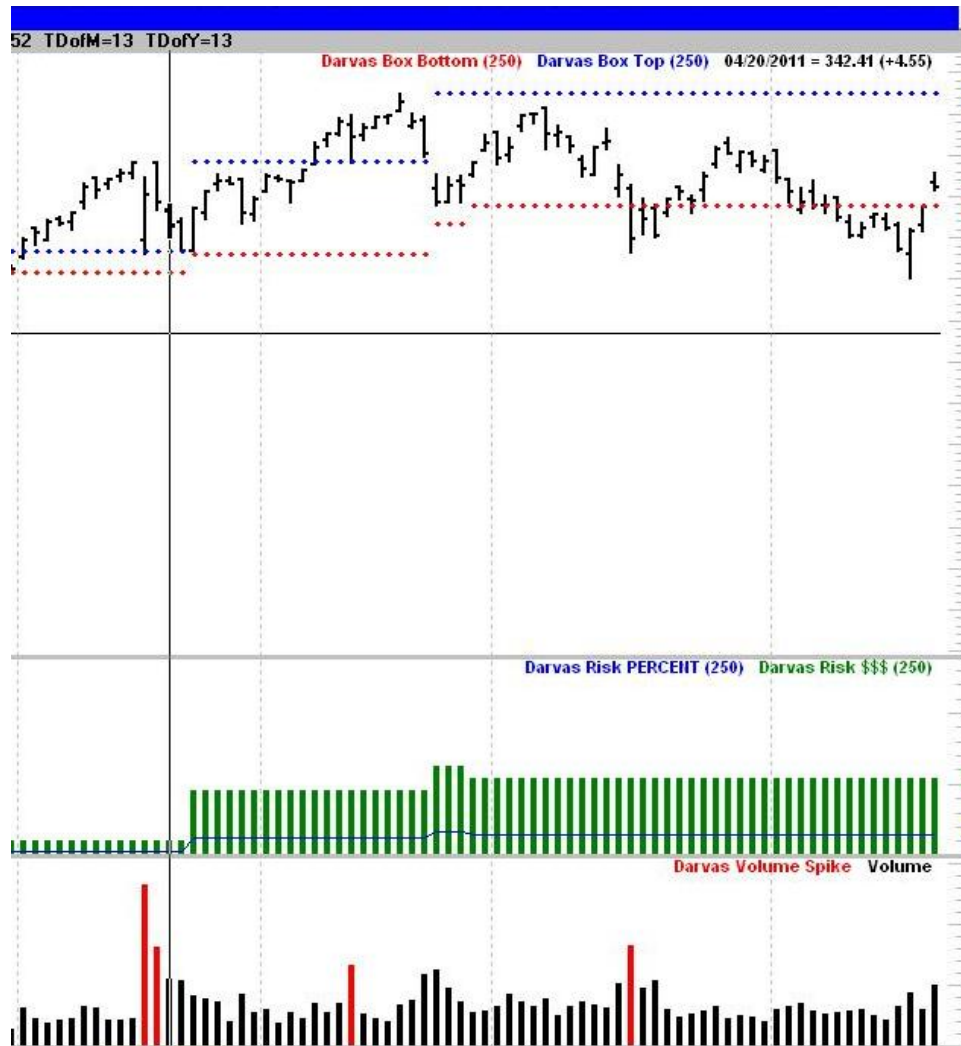
Highlight Bar

Darvas Volume Spike

This Highlight Bar uses Darvas' original formula to find volume spikes which are then highlighted in red on the template.



Studies



Darvas Box

This study adds the Darvas Box Top and Bottom Indicators to the price pane of the active chart.

Darvas Risk

Study adds a pane to the active chart that includes the Darvas Risk \$\$\$ and Darvas Risk Percent indicators.

Darvas Volume

This study includes a Histogram of the Volume indicator with the Darvas Volume Spike Highlight bar.

Strategy

Sample Strategy: Darvas Box

A sample strategy is also included that follows the original rules Nicholas used in trading the stock market.



Snapshot of how the Trade Navigator screen should look after installing the Darvas Box Strategy on a chart with the Darvas Box Template

Appendix A

Indicator parameters:

BarsForNewHigh: Number of Bars for Look Back Period – Default is 250