

PIVOT POINT LIBRARY

Introduction:

Price support and resistance levels are key trading tools in any market. Using pivot points as a trading strategy has been around for a long time, and was originally used by floor traders. This was a simple way for floor traders to have a good idea of where the market was heading during the course of the day with only a few simple calculations.

Benefits:

Pivot points remain very popular as they are predictive as opposed to lagging. Pivots provide advanced signaling of potentially new market highs or lows within a given time frame. They use the information of the previous day to calculate potential turning points for the current day. This provides to you the trader the capability to forecast market direction and sentiment, which used in conjunction with other charting tools, can give you a winning edge.

Included in this Library:

Templates

- Pivot Daily – Plots Daily Pivots (on Intraday price chart) for S1, R1, S2, and R2.
- Pivot Weekly - Plots Weekly Pivots (on Daily price chart) for S1, R1, S2, and R2.
- Pivot Monthly - Plots Monthly Pivots (on Weekly price chart) for S1, R1, S2, and R2.

Strategies

- Pivots Daily Pivot Point Strategy
- Pivot Weekly Pivot Point Strategy
- Pivot Monthly Pivot Point Strategy

Functions

- Main Pivot Point (PP)
- 1st Support Point (S1)
- 2nd Support Point (S2)
- 1st Resistance Point (R1)
- 2nd Resistance Point (R2)

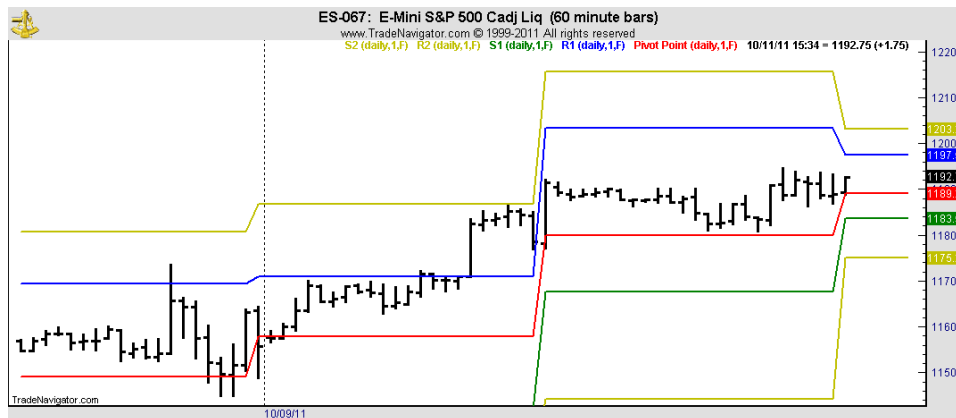
Function Description:

A pivot point is calculated as an average of significant prices (high, low, and close) from the performance of a market in the prior trading period. If the market in the following period trades above the pivot point it is usually evaluated as a bullish sentiment, whereas trading below the pivot point is seen as bearish.

Trading below the pivot point, particularly at the beginning of a trading period sets a bearish market sentiment and often results in further price decline, while trading above it, bullish price action may continue for some time. It is customary to calculate additional levels of support and resistance, below and above the pivot point, respectively, by subtracting or adding price differentials calculated from previous trading ranges of the market.

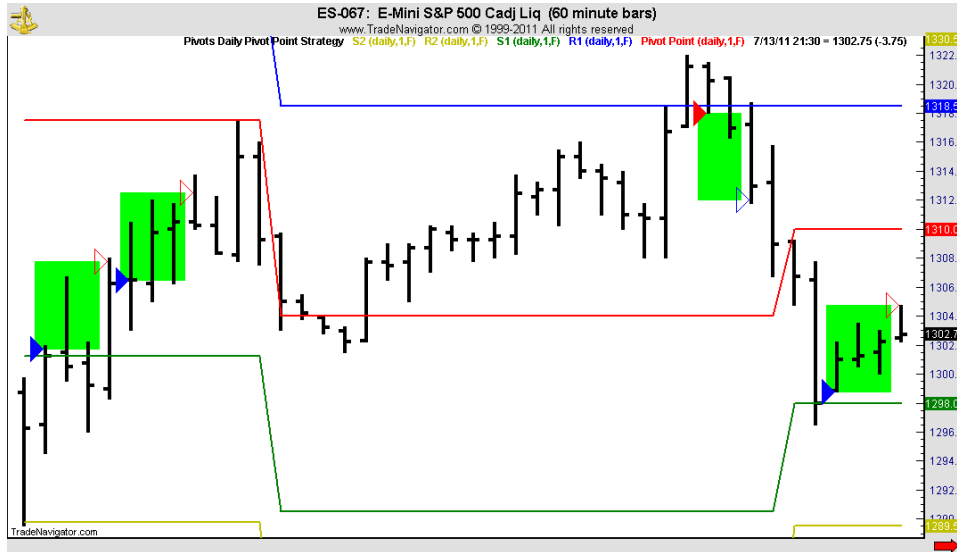
A pivot point and the associated support and resistance levels are often turning points for the direction of price movement in a market. In an up-trending market, the pivot point and the resistance levels may represent a ceiling level in price above which the uptrend is no longer sustainable and a reversal may occur. In a declining market, a pivot point and the support levels may represent a low price level of stability or a resistance to further decline.

The Pivot Point Library provides you with the classic Pivot Point level (PP) along with 2 levels of support (S1 and S2) and resistance (R1 and R2). Daily Pivot Points are calculated at the beginning of each trading day using the prior day's price action.



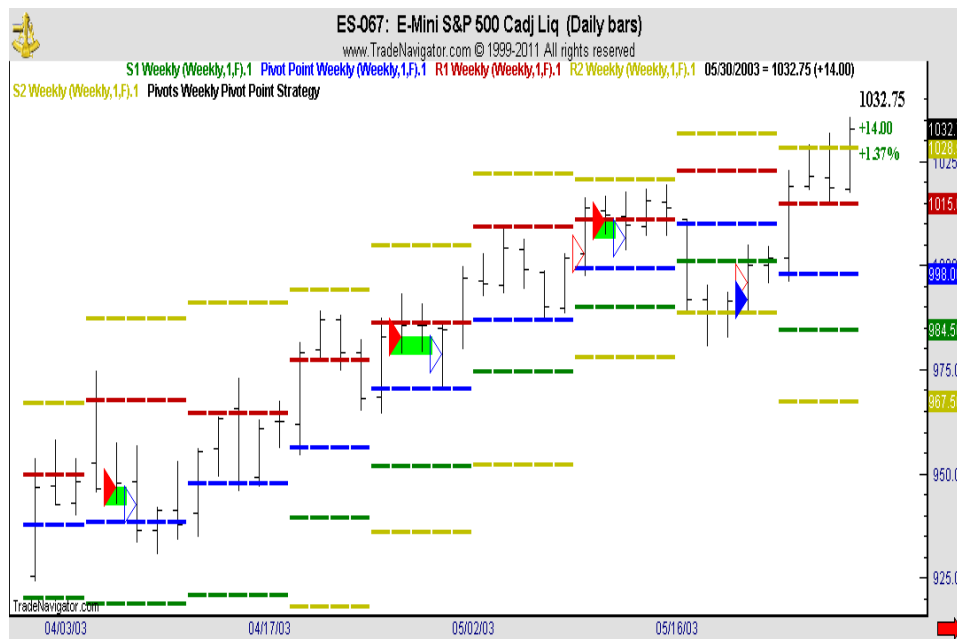
Displayed here are Daily Pivot Points on top of 60 minute intraday price bars. The daily pivot is colored red, the S1 is green, R1 is blue, and S2 and R2 levels are depicted in yellow:

Pivots Daily Pivot Point Strategy



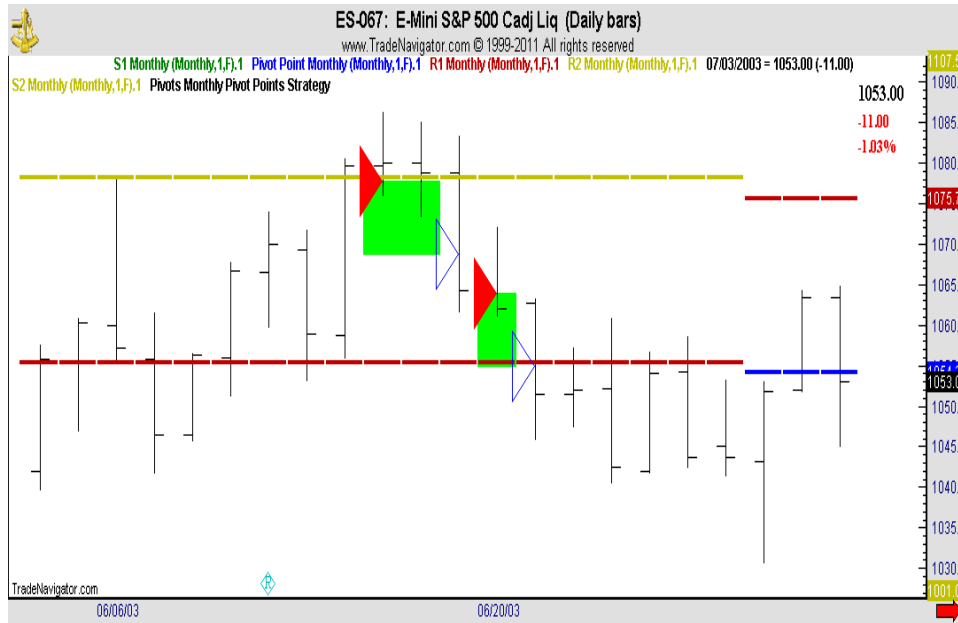
This is an Intraday (5, 10, 15 minute intervals) trading strategy that was developed to establish intraday support/resistance pivot concepts for the day trader.

Pivots Weekly Pivot Point Strategy



The Pivots Weekly is a Daily Trading strategy that is more of a position trader's strategy, meaning that traders carry open positions throughout the day and sometimes overnight.

Pivots Monthly Pivot Point Strategy



This strategy is definitely a longer term trading strategy, applying the same concepts of both of the strategies above (support / resistance) but using weekly prices.