Manual

ON BALANCE VOLUME INDICATOR
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Follow the Smart Money not the Public... that was the credo of Joseph Granville who developed the On Balance Volume Indicator decades ago.

As the “Smart Money” we consider the trading volume generated by professional market participants such as Investment Banks, Hedge Funds and Prop Traders as well as everybody who trades with large position sizes. To follow the trading volume of these guys can be an advantage if we are able to follow.

The question is how?

After his theory that “Institutions” have access to more information and larger computing power to handle this information Joseph Granville developed the OBV indicator. Today this indicator is part of almost every trading platform by default.

We took Granville’s concept and brought it to the next level to make it more usable for today’s markets.

The On Balance Volume Indicator:

- Identify and confirm the overall market trend
- Shows a running total of NET volume
- Detects the momentum of the volume direction (Buying / Selling)
- Shows whether volume is flowing into or out of the market
- Determines what the “Smart Money” is doing before Price is impacted (Volume is leading price)
- Takes the parts of the noise or chop out of the market to concentrate on the bigger picture

Primary use:

Futures, Stocks/ETF’s, FX

Medium range Day Trading, Swing Trading and Position Trading

Stand Alone Trading System or Signal generator:
NO, we do not recommend to use this indicator in isolation but rather in conjunction with other technical indicators or trading strategies.

What is On Balance Volume? Is calculated by adding (if positive period) or subtracting (if negative period) previous period’s volume to indicator total.

OBV detects when a market is being accumulated by a bigger number of buyers or sold by a larger number of sellers. You can use an upward sloping OBV to confirm an uptrend, while a downward sloping OBV is used to confirm a downtrend. Finding a downward sloping OBV while the price is trending upward can be used to suggest that the "Smart Money" starting to exit the market or reverse the direction which could indicator a shift in trend may be occur soon.

General Rules:

Falling OBV while the price is trending upward can be used to suggest that the “smart” traders are starting to exit their positions and that a potential shift in trend may occur soon.

Rising OBV while the price is trending downward can be used to suggest that the “smart” traders are starting to buy into the market and that a potential shift in trend may occur soon.

For detailed informations, setting possibilities and practical tips and tricks on how to use this indicator in your everyday trading please visit this detailed learning video here: On Balance Volume Training
Original On Balance Volume Indicator by Joseph Granville. Extremely difficult to interpret graphically and increases “noise” and “chop”.

Uses OBV as a single line moving average that is color coded. Possible trade entries at red/green or green/red inflection points which let you concentrate on the bigger picture of the “Smart Money” rather than on the short term market manipulations.
Example showing the “Color MA and Volume” plots.

Example of Histogram....primary use to help determine trend. Also possible trade entry when indicator crosses zero line.
Example of using two “OBV” indicators on same chart. One for OBV moving average line with volume bars and one with the histogram showing overall trend.
## Indicator Settings

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<thead>
<tr>
<th>Section</th>
<th>Setting</th>
<th>Value</th>
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**Number 1**
**Ninjacators**
**Short Logo:** False: This will display the short Ninjacators logo; True: This will display the long Ninjacators logo

**Number 2**
**MA Histogram**
- **Momentum Falling:** Customize color if desired  
- **Momentum Rising:** Customize color if desired  
+ **Momentum Falling:** Customize color if desired  
+ **Momentum Rising:** Customize color if desired  
**Histogram Width:** Customize the width of the Histogram if desired

**Number 3**
**Paint Bars**
**PaintSignal:** True – turns Signal on, False – turns Signal off  
**Signal Color:** Customize color if desired  
**Paint Trend:** True – turns it on, False – turns it off  
**Long Trend:** Customize color if desired  
**Short Trend:** Customize color if desired

**Number 4**
**Parameters**
**Mode:** You can choose between different modes
- **Colored MA:** Shows MA as Single line  
- **Colored MA + Volume Bars:** Shows MA line with bar by bar volume histogram attached  
- **MA Histogram:** Shows Volume Historam cumulated over a average period
**MA Period:** Choose the period to calculate the MA. Example: When choosing 5 and then choose Minute as the Type below the indicator will calculate the moving average on a 5 Minute period.

**MAPeriodType:** Choose the Period Type to calculate the indicator on.

**MAType:** You can choose between different Moving Average Types

*See list with the explanation of every single Moving Average at the end of this file*

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**Period:** Moving Average Period

**Number 5**

**Volume Bars**

**BarWidth:** 4 Customize the width of the Volume Bars if desired

**Negative Volume:** Customize color if desired

**Positive Volume:** Customize color if desired

**Number 6**

**Data**

**Calculate on bar close:** True will update this indicator with every bar close. False will update this indicator with every incoming tick. We recommend you choose ‘FALSE’ for this indicator.

**Input Series:** This default should Not be changed.

**Maximum bars look back:** Infinite : Do Not Change

**Number 7**

**Visual:**

**Auto scale:** True

**Displacement:** 0

**Display in Data Box:** True

**Label:** shows the name of the indicator - ncatOnBalanceVolume

**Panel:** Same as input series

**Price markers:** True

**Scale justification:** Right
Number 8
Alerts
DrawLongLine: True= Long lines will be plotted on the chart.
False=Long lines will NOT be plotted on the chart
LongLine Color: Customize color if desired.
DrawShort Line: True= Short lines will be plotted on the chart.
False= Short lines will NOT be plotted on the chart
ShortLine Color: Customize color if desired.
Long Sound: Disabled or choose any sound file in NinjaTrader to receive a sound alert as soon as a Long Line starts plotting.
Short Sound: Disabled or choose any sound file in NinjaTrader to receive a sound alert as soon as a Short Line starts plotting.

Number 9
Emails
Enter your Email address to receive an email when a Signal gets triggered.
Important: You need to setup your Email in NinjaTrader first. You can watch the video on how to do that in right here: CLICK HERE TO WATCH A SHORT EXPLANATION VIDEO
Signal Email: Enter Email address for receiving an email
Long Signal: Long Signal
Short Signal: Short Signal

Number 10
Plots
Fall: Choose color, Plot Style, Dash Style and line width
NMomentumDown: Choose color, Plot Style, Dash Style and line width
NMomentumUp: Choose color, Plot Style, Dash Style and line width
PMomentumDown: Choose color, Plot Style, Dash Style and line width
PMomentumUp: Choose color, Plot Style, Dash Style and line width
Rise: Choose color, Plot Style, Dash Style and line width
Volume: Choose color, Plot Style, Dash Style and line width

Explanation of the different Moving Averages the calculation can be made on:

**SMA (Simple Moving Average):** \( \text{SUM(PRICE, n)} / n \)

Where \( n \) = Period

**EMA (Exponential Moving Average):** \( \text{EMA.1} + (\text{PRICE} - \text{EMA.1}) \times K \)

Where \( K = 2 / (n + 1) \)

\( n \) = Period
**WMA (Weighted Moving Average):** \((PRICE \times n + PRICE(1) \times n-1 + \ldots \times PRICE(n-1) \times 1) / (n \times (n + 1) / 2)\)

Where \(n = \text{Period}\)

**HMA (Hull Moving Average):** \(WMA(2*WMA(PRICE, n/2) - WMA(PRICE, n), \sqrt{n})\)

Where \(n = \text{Period}\)

**TMA (Triangular Moving Average):** \(TMA = (\text{PRICE} + 2 \times \text{PRICE.1} + 3 \times \text{PRICE.2} + 2 \times \text{PRICE.3} + \text{PRICE.4}) / 9\)

**TEMA (Triple Exponential Moving Average):** \((3\times\text{EMA}) - (3\times\text{EMAofEMA}) + (\text{EMAofEMA})\)

**ZLEMA (Zero Lag Exponential Moving Average):** \(\text{EMA of (close + (close-close[lag]))}\)

Where \(\text{lag} = (N-1)/2\)

**DEMA (Double Exponential Moving Average):** \(2\times\text{EMA} - \text{EMA(EMA)}\)

**VWMA (Volume Weighted Moving Average):** Weights the price of each bar with the volume of that bar. For example, a 10-period VWMA sums the \((\text{Price} \times \text{Volume})\) for the last 10 bars, and then divides this value with the sum of the \(\text{Volumes}\) for this 10 bars. Bars with higher volumes are weighted higher than low volume bars.

**LINREG (Linear Regression Curve):** Linear regression is a way to describe a relationship between two variables through an equation of a straight line that most closely models this relationship. That is the LINREG line.
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