

# Indicator Barometer

## In This Chapter

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The vertical color bar located just to the left of the indicator names on the Control Panel of the AIQ charts is called the Indicator Barometer. The purpose of the Barometer is to provide a quick “snapshot” view of the status of the indicators at any particular point in time. In this chapter you will find an explanation of the rules that determine the color and configuration of the colored squares on the Indicator Barometer.

The Indicator Barometer is the vertical color bar located just to the left of the indicator names on the Control Panel of the AIQ charts. The Barometer is made up of colored squares, one for each of the indicators listed in the Control Panel. The purpose of the Barometer is to provide a quick “snapshot” view of the status of the indicators at any particular point in time.

**Note**

The colors listed for the Barometer squares are the default colors. They may be changed by the user through the *Colors* option located on the *Settings* menu of *Charts*.

*Each square on the Indicator Barometer can take on one of four configurations:*

1. **Solid Green:** indicates strong up.
2. **Green Up Arrow on Yellow Square:** indicates a weak up movement.
3. **Red Down Arrow on Yellow Square:** indicates a weak down movement.
4. **Solid Red:** indicates strong down.



*Indicator Barometer  
(column of colored squares located  
to the left of indicator names)*

## Rules that determine Barometer configurations

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The rules that determine the color and configuration for an indicator depend on the type of indicator. Indicator type refers to the type of chart that is used to display the indicator.

The **Indicator Types Table** that follows lists the type for each indicator. Following the table is an explanation of the rules used for each type of indicator.

To determine the rules for a specific indicator, look in the **Indicator Types Table** and find the indicator type. Then, in the explanation for that type of indicator, find the **Determining Rules** used for color and configuration.

The five indicator types are: One Line, Two Lines, Histogram, RSI, and Special. The latter designation (Special) is used for those indicators that, because of their nature, require a special logic to determine Barometer colors and configuration. These are noted in the last section, **Special Indicators**.

## Indicator Types Table

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<b>AcmDis</b> , Accumulation/Distribution	One Line
<b>AD Indicator</b> , Advance/Decline Indicator	One Line
<b>AD Line</b> , Advance/Decline Line	One Line
<b>AD Osc</b> , Advance/Decline Oscillator	Histogram
<b>ADX/R</b>	Special
<b>ADX Rate</b>	One Line
<b>BB</b> , Bollinger Bands	Special*
<b>CCI</b> , Commodity Channel Index	Special
<b>DirMov</b> , Directional Movement Index	Histogram
<b>ESA</b> , Exponentially Smoothed Moving Average	One Line
<b>21 d High</b> and <b>21 d Low</b> , High and Low Indicators	Special
<b>HI/LO</b> , High/Low Indicator	One Line
<b>MACD</b> , Moving Avg. Convergence-divergence Index	Two Lines
<b>MACD Osc</b> , MACD Oscillator	Histogram
<b>MnyFlw</b> , Money Flow	One Line
<b>MF Osc</b> , Money Flow Oscillator	Histogram
<b>MF RSI</b> , Money Flow RSI	RSI
<b>MA</b> , Moving Average	One Line
<b>N-Vol</b> , Negative Volume Index	Two Lines
<b>OBV</b> , On-Balance Volume	One Line
<b>OBV Pct</b> , On-Balance Volume Percentage	Histogram
<b>OpenInt</b> , Open Interest	Special
<b>Phase</b> , Price Phase Indicator	Histogram
<b>P-Vol</b> , Positive Volume Index	Two Lines
<b>RS Indx</b> , Relative Strength vs. Index	One Line
<b>RS Tkr</b> , Relative Strength vs. Ticker	One Line
<b>RSMD Indx</b> , Relative Strength vs. Index	Two Lines
<b>RSMD Tkr</b> , Relative Strength vs. Ticker	Two Lines
<b>RSI AIQ</b> , Relative Strength Index, AIQ version	RSI
<b>RSI Wilder</b> , Relative Strength Index, Wilder version	RSI
<b>SK-SD</b> , SK-SD Stochastics	Special
<b>SplitVol</b> , Split Volume	Histogram
<b>Stochastic</b>	RSI
<b>SumInd</b> , Summation Index	One Line
<b>SVMA</b> , Split Volume Moving Average	One Line
<b>TCI</b> , Trading Channel Index	One Line
Trading Bands ( <b>AIQ</b> )	One Line
Trading Bands ( <b>ESA</b> and <b>MA</b> )	Special
<b>TRIN</b> , Traders Index	Special

<b>Up/Down Osc</b> , Up/Down Volume Oscillator	Histogram
<b>VA Pct</b> , Volume Accumulation Percentage	Histogram
<b>Velocity</b>	One Line
<b>Volatility</b>	Special
<b>Volume</b>	Special
<b>Vol Osc</b> , Volume Oscillator	Histogram
<b>VP Trend</b> , Volume/Price Trend	One Line
<b>ZigZag</b>	One Line

\* See Trading Bands

## Determining Rules

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### TWO LINES :

The two line indicator type, such as the MACD, is shown on the chart by a data line overlaid by a signal line. For this type of indicator, the trend of the data line and the relationship between the two lines determines the logic. The trend of the data line is derived from the slope of the last five data values.

- **Solid Green:** The data value is greater than the signal value and the trend of the data line is increasing or is level.
- **Green Up Arrow on Yellow:** The data value is less than or equal to the signal value and the trend of the data line is increasing.
- **Red Down Arrow on Yellow:** The data value is greater than the signal value and the trend of the data line is decreasing.
- **Solid Red:** The data value is less than or equal to the signal value and the trend of the data line is decreasing or is level.

### HISTOGRAM :

The Directional Movement Indicator (DirMov) is an example of an indicator charted as a histogram. The trend of the data is determined from the slope of the last five data values.

- **Solid Green:** The indicator is positive and the trend is increasing.
- **Green Up Arrow on Yellow:** The indicator is negative and the trend is increasing or is level.
- **Red Down Arrow on Yellow:** The indicator is positive or is equal to zero and the trend is decreasing.
- **Solid Red:** The indicator is negative and the trend is decreasing.

#### RSI :

The indicators that are displayed on AIQ charts in the form of a Relative Strength Index are RSI (AIQ and Wilder), Money Flow RSI, and Stochastic. The rules are based on the trend of the data and the value of the indicator relative to the overbought (upper horizontal line on chart) and oversold (lower horizontal line on chart) values. The actual overbought and oversold values vary with the indicator. For both the AIQ RSI and Wilder RSI, the values are 75 and 25, and for the MF RSI and Stochastic, the values are 80 and 20. Except for the Stochastic, the trend of the data is determined from the slope of the last five data values. For the Stochastic, only the last three data values are used in determining the trend.

- **Solid Green:** The trend of the data is increasing or is level AND the data value is less than the overbought value and greater than the oversold value.
- **Green Up Arrow on Yellow:** The trend of the data is decreasing AND EITHER the data value is greater than or equal to the overbought value OR the data value is less than or equal to the oversold value.
- **Red Down Arrow on Yellow:** The trend of the data is increasing or is level AND EITHER the data value is greater than or equal to the overbought value OR the data value is less than or equal to the oversold value .
- **Solid Red:** The trend of the data is decreasing AND the data value is less than the overbought value and greater than the oversold value.

#### ONE LINE :

An example of this indicator type is the Money Flow indicator. For one line indicators, both a short-term and a long-term trend of the data are computed. The short-term trend of the data is determined from the slope of the last five data values and the long-term trend is derived from the last ten data values.

- **Solid Green;** Both the short- and long-term trends are increasing or are level.
- **Green Up Arrow on Yellow:** The short-term trend is increasing or is level AND the long-term is decreasing.
- **Red Down Arrow on Yellow:** The short-term slope is decreasing AND the long-term trend is increasing or is level.
- **Solid Red:** Both the short- and long-term trends are decreasing.

## Special Indicator Rules

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A special logic is used to determine Barometer colors and configuration for the following indicators.

### ADX/R :

For this indicator, Barometer colors are based on the direction of the ADX line and the value of the Directional Movement Indicator. The direction of the ADX line is determined by simply comparing the current ADX value with the previous day's (or week's) value.

- **Solid Green:** The ADX line is increasing and the Directional Movement Indicator is greater than or equal to zero.
- **Green Up Arrow on Yellow:** The ADX line is dropping or is level, and the Directional Movement Indicator is greater than or equal to 0.
- **Red Down Arrow on Yellow:** The ADX is dropping or is level, and Directional Movement is less than zero.
- **Solid Red:** The ADX line is increasing and Directional Movement is less than zero.

### VOLATILITY :

The Barometer color of Volatility is based upon the status of the MACD indicator barometer and the current trend of the Volatility indicator. Trend is derived from the 3-day slope of Volatility. Depending on whether Volatility is currently trending up or down, Volatility color may be the same or one grade higher or lower than MACD.

- **Solid Green:** MACD is green or displays a green up arrow, and volatility trend is rising.
- **Green Up Arrow on Yellow:** MACD is green or displays a green up arrow, and volatility trend is falling.
- **Red Down Arrow on Yellow:** MACD is red or displays a red down arrow, and volatility trend is falling.
- **Solid Red:** MACD is red or displays a red down arrow, and volatility trend is rising.

#### VOLUME :

The Barometer color of Volume is based upon the direction of prices as determined by the MACD. Consequently, the Volume color and the MACD color are related. However, Volume color combines price action with volume action and Volume color is not necessarily the same as MACD color. Depending on how volume is currently behaving, Volume may be one grade higher or lower than MACD.

- **Solid Green:** MACD displays a green up arrow, and volume is greater than average. (Although, according to MACD, prices are just starting to move up, because of the increasing volume the color square is solid green.)
- **Green Up Arrow on Yellow:** MACD is a solid green square, and volume is less than the average or the average is decreasing. (This means that the strong upward movement shown by MACD is not supported by volume and the color square is decreased with a yellow arrow.)
- **Solid Red:** MACD displays a red down arrow, and volume is greater than average. (The MACD signal is upgraded to solid red.) Also, if the MACD square is already red, then volume is not going to affect it one way or the other. A MACD red square will generate a Volume red square.

#### OPEN INTEREST :

Same as Volume with Open Interest substituted for Volume.

#### SK-SD :

The Barometer color for SK-SD is based upon the direction of the SK line and whether it is above or below the SD line. The direction of the SK line is determined by simply comparing the current SK value with the previous day's (or week's) value.

- **Solid Green:** SD is less than SK and SK is rising or is level.
- **Green Up Arrow on Yellow:** SD is greater than or equal to SK and SK is rising or is level.
- **Red Down Arrow on Yellow:** SD is less than SK and SK is falling.
- **Solid Red:** SD is greater than or equal to SK and SK is falling.



## TRADING BANDS :

The Barometer color for all trading bands, except the AIQ trading bands (which use One Line rules), is based upon the same set of rules. One determining factor is the direction of band width (i.e., whether the difference between the band and its associated moving average is increasing or decreasing). To determine the direction of this difference, the short-term slope of a series of difference values is computed. The other factor is the direction of the band itself. This is found by simply comparing the current value of the band with the previous day's (or week's) value.

- **Solid Green:** The difference is rising or is level (slope=0) and the value of the band is increasing or is unchanged.
- **Green Up Arrow on Yellow:** The difference is falling and the value of the band is increasing or is unchanged.
- **Red Down Arrow on Yellow:** The difference is rising or is level (slope=0) and the value of the band is decreasing.
- **Solid Red:** The difference is falling and the value of the band is decreasing.

## HIGH and LOW INDICATORS

The Barometer color for the High and Low indicators is based upon the high or low prices for the current period and the current high or low indicator value. The barometer color is either red or green as the up and down arrows are not used.

### H I G H

- **Solid Green:** Current high is greater than or equal to the current value for the High indicator.
- **Solid Red:** Current high is less than the current value for the High indicator.

### L O W

- **Solid Green:** Current low is less than or equal to the current value for the Low indicator.
- **Solid Red:** Current low is greater than the current value for the Low indicator.

#### COMMODITY CHANNEL INDEX:

For the CCI, barometer color is based upon the value of CCI and whether it is above, below, or within the range of +100 to -100. Another factor is the direction of the CCI which is determined from the 5-day slope.

- **Solid Green:** The value of CCI is greater than 100.
- **Green Up Arrow on Yellow:** CCI is rising and its value is between +100 and -100.
- **Red Down Arrow on Yellow:** CCI is falling and its value is between +100 and -100.
- **Solid Red:** The value of CCI is less than -100.

#### TRIN:

For the TRIN barometer, color is based upon the current value of the indicator and whether it is above or below 110 and 85. Another factor is the current trend of the indicator which is determined from the slope of the last five values.

- **Solid Green:** The TRIN value is greater than or is equal to 110.
- **Green Up Arrow on Yellow:** The TRIN value is less than 110 and greater than 85 AND the trend is rising or is level.
- **Red Down Arrow on Yellow:** The TRIN value is less than 110 and greater than 85 AND the trend is falling.
- **Solid Red:** The TRIN value is less than or is equal to 85.