

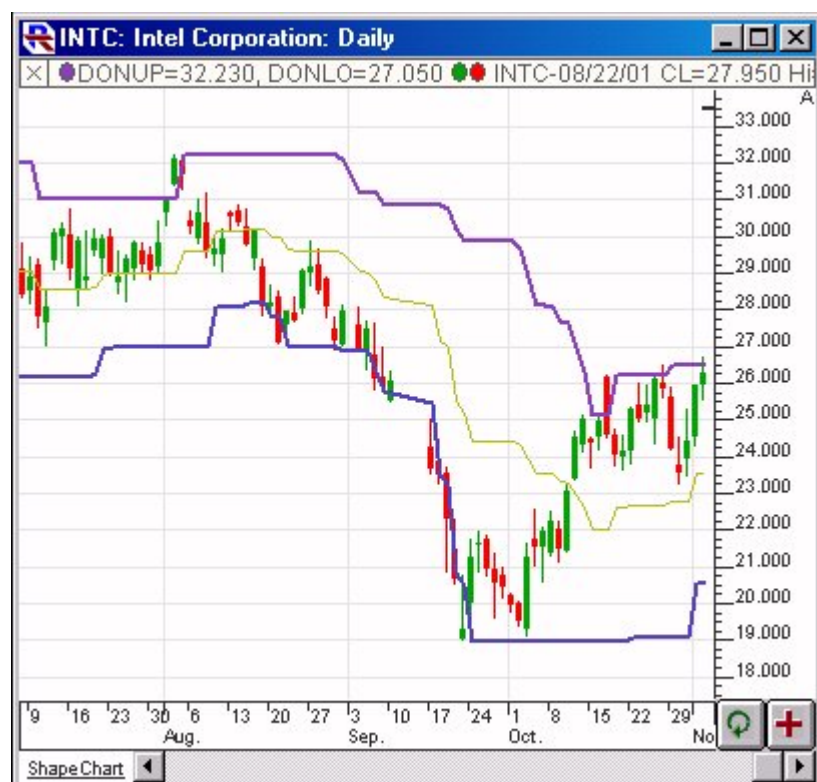
## Donchian Channels

Donchian Channels were introduced by Richard Donchian, a pioneer in the field of trend following. The Donchian Channel is a simple trend following breakout system. The Donchian Channel works well in trending markets, but doesn't work well in a sideways channel. The signals derived from the Price Channel are based on the following basic rules:

- When price closes above the Donchian Channel, buy long and cover short positions.
- When price closes below the Donchian Channel, sell short and liquidate long positions.

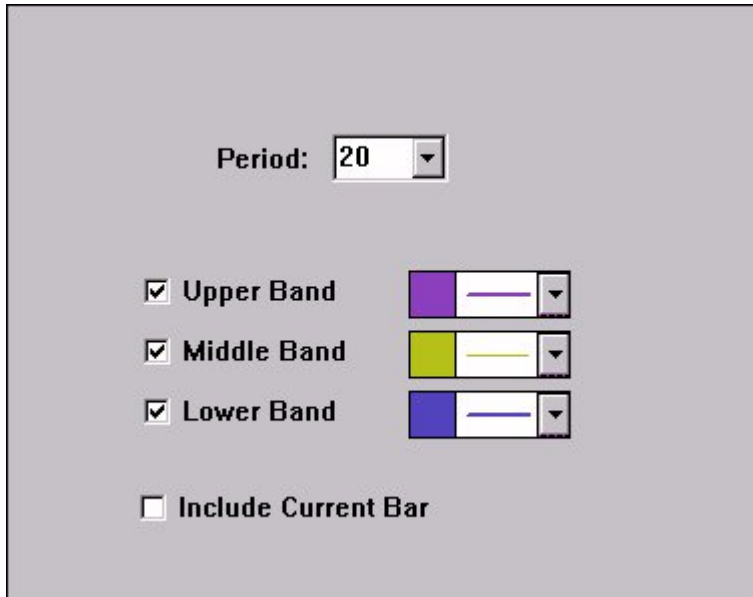
The Donchian Channel indicator is not meant to catch tops or bottoms, only trends. Trend traders may want to extend the standard 4 week period to 8 weeks in order to wait for significant trend signals, while others may shorten the period to a more sensitive 1 or 2 weeks for liquidation purposes.

### Presentation



Above is a Daily Chart of Microsoft (INTC). The upper band of the Donchian Channel is show in purple, with the lower band in blue and the middle band in gold.

### Preferences:



- **Period** Period considered when determining the channel values.
- **Upper Band** If this checkbox is checked, the upper band will be drawn in the color and line style specified to the right.
- **Lower Band** If this checkbox is checked, the lower band will be drawn in the color and line style specified to the right.
- **Middle Band** If this checkbox is checked, the middle band will be drawn in the color and line style specified to the right.
- **Include Current Bar** If this checkbox is uncheck, then only the previous n bars are considered, otherwise, the current bar and previous n-1 bars are considered in the calculation of the band values. For traditional Donchian Channels, this checkbox should remain unchecked, allowing you to see when the price breaks through the channel.

### Formula Copy

```
Upper Band =  
MAX(HI, n) Lower  
Band = MIN(LO, n)  
Middle Band =  
(Upper Band + Lower
```

### Keyboard Adjustment

You can adjust the period of the Donchian Channel by using the keyboard. To increase the period, select the indicator and use the up arrow on your keyboard. To decrease, select and hit the down arrow on your keyboard.

[DONCHIAN](#)  
[PRICE BASED](#)

---

**Source URL:** <https://www.linnsoft.com/techind/donchian-channels>