Indicator Adjusted Average (IIA) [1]

Indicator Adjusted Average computes a Moving Average whose period varies within a specified range and is determined based on the value of another indicator within that indicators range. The indicator used to control the variance of the moving average period can be any of the 80+ predefined indicators or even a custom indicator created using the Investor/RT RTL language.

The development of the Indicator Adjusted Average was inspired by the article *Variable Interval Moving Average* in the July 2001 issue of Stocks and Commodities Magazine. The best way to simulate the Variable Interval Moving Average is to use a Volatility Indicator as the underlying indicator in the Indicator Adjusted Average study, and assign a range of periods from 10 to 50.
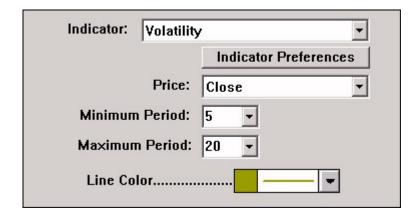
The range of maximum and minimum volatility values will be calculated, and then compared to the volatility values for each bar to decide which period between the maximum / minimum range will be used to compute the moving average for that bar. The Indicator Adjusted Average may also be used in the Investor/RT Scan language to automatically search for crossovers or breakouts.

Presentation

Above is a Daily Candlestick Chart of Dell, circa 2001. The bold brown line in the upper window pane represents a Volatility Adjusted Average of the closing price using the preferences below. The volatility is also depicted in the lower window pane in bold blue.

Preferences:

- **Indicator** -Indicator which will be used to determine the smoothing period.
- **Indicator Preferences** -Clicking on this button will bring up the preferences for the indicator listed in the list box above. You can set up specific preferences for the adjusting indicator.
- **Price** -Data value used for computation of the adjusted average.
- **Minimum Period** -Lower limit for the adjustable period being used.
- **Maximum Period** -Upper limit for the adjustable period being used.
- **Line Color** -Color used to draw the adjusted average line in the chart.

Formula Copy

```
IAA = MA(Price,
Simple, n)

where... n = IND *
(maxN - minN) /
```

Related RTL Tokens

IIA
Smoothing [2]

Links