

Money Flow (MFLO) [1]

A technical indicator that keeps a running total of the money flowing into and out of a security. Money flow (MF) is calculated by multiplying the number of shares traded by the change in closing price. If prices close higher, money flow increases (by an amount equal to average price * volume / volume divisor). If prices close lower, money flow decreases (by an amount equal to average price * volume / volume divisor). Average price is equal to the average of the high, low, and closing prices. A running total is kept by adding or subtracting the current result from the previous total. A volume divisor is used to keep the actual numbers at a reasonable level

The direction of the Money Flow line is the important component to watch, not the actual dollar amount. The indicator can be used to confirm underlying strength or weakness of a price trend. When Money Flow rises in the face of a declining price trend could indicate smart money is moving in and a bottom may be at hand, and visa versa.

The calculation would go as follows:

if (AVG > AVG1) MF += (VOL * AVG) / VOLDIVISOR; else if (AVG < AVG1) MF -= (VOL * AVG) / VOLDIVISOR; else MF = MF1;

where AVG = (HI + LO + CL) / 3 and AVG1 is the AVG of the last bar (1 bar back)

Presentation



Above is a Daily Candlestick Chart of Real Networks (RNWK). The red line in the middle pane represents the Money Flow, defined by the preferences below. The red and green bars in the middle lower pane represent the volume.

Preferences:

- **Smoothing Type** -Type of moving average applied to the data after the money flow is calculated.
- **Smoothing Period** -Moving average period applied to the data after the money flow is calculated.
- **Volume Divisor** -A number used to divide the resulting money flow in order to bring it down to a more manageable number.
- **Line Color** -Color of the money flow line in the chart.

[MONEY FLOW](#) [2]

[PRICE BASED](#) [3]

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