S-Trader

KC | Keltner Channel

Contents

Description

Keltner Channels are volatility-based envelopes set above and below a moving average. This indicator is similar to Bollinger Bands, which uses the standard deviation to set the bands. Instead of using the standard deviation, Keltner Channels use the Average True Range (ATR) to set channel distance. The channels are typically set two Average True Range values above and below the 20-day EMA. The exponential moving average dictates direction and the Average True Range sets channel width. Keltner Channels are a trend following indicator used to identify reversals with channel breakouts and channel direction. The channel can also be used to identify overbought and oversold levels when the trend is flat.

Formula

Step 1: Calculate the series MA of Typical Price and ATR using existing formulas;
Step 2: Actual bands calculation:

- Keltner Channel Top = MA of Typical Price + *n* ATRs
- Keltner Channel Bottom = MA of Typical Price - *n* ATRs

Parameters

MA Periods	Any number of periods
MA Type	Any available moving average
ATR Periods	Any number of periods

ATR MA Type	Any available moving average
ATR Shift	Any number of ATRs

Output value(s)

There are three output values resulting from the formula, the Keltner Channel Top, Median (or Middle) and Bottom.

Plot

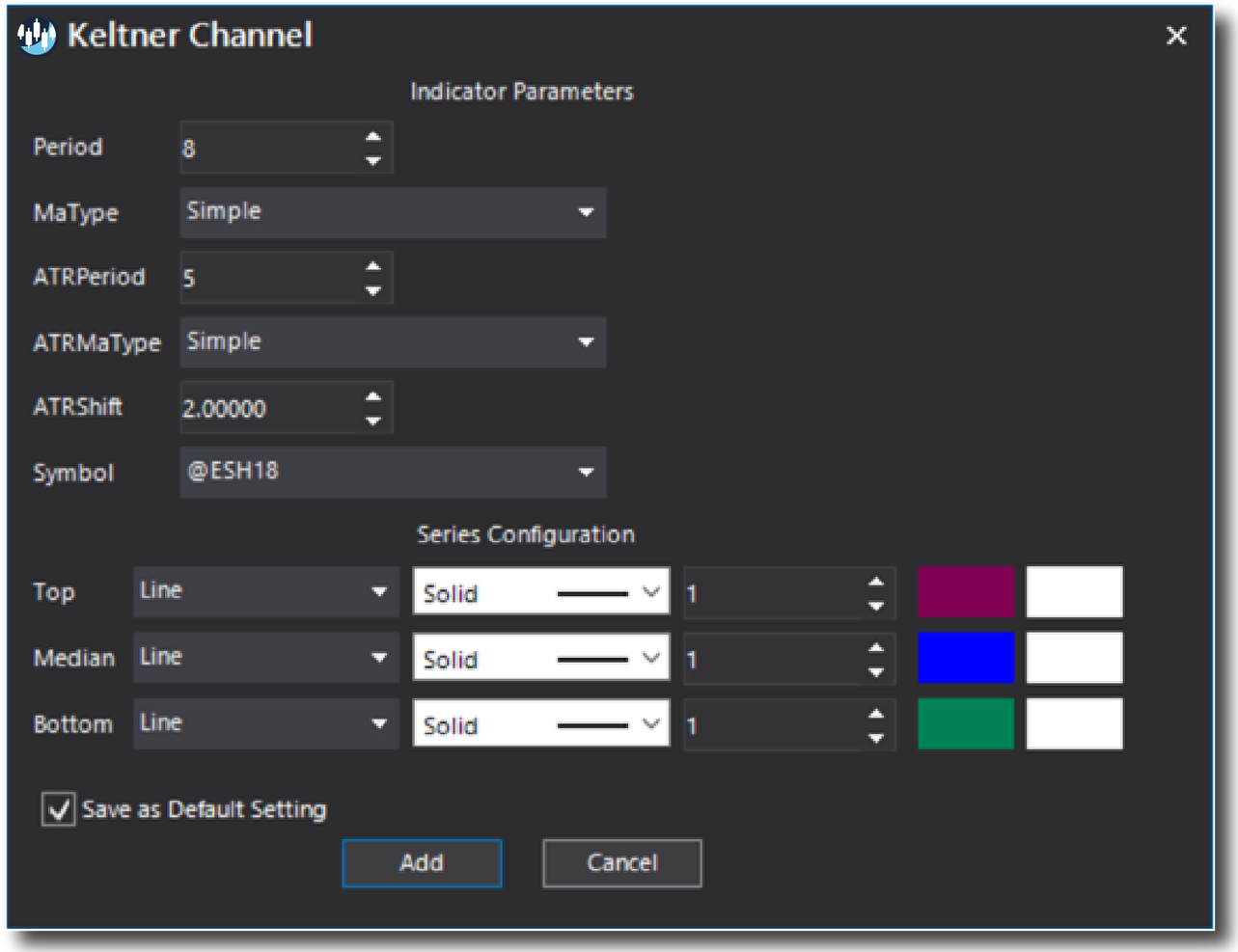
The plot is an overlay inside the price series panel.

Quant Script™ Syntax

Short Form	***KCT*** (MA Periods, MA Type, ATR Periods, ATR MA Type, ATR Shift)
	KCM (MA Periods, MA Type, ATR Periods, ATR MA Type, ATR Shift)
	KCB (MA Periods, MA Type, ATR Periods, ATR MA Type, ATR Shift)
Long Form	***KeltnerChannelTop*** (MA Periods, MA Type, ATR Periods, ATR MA Type, ATR Shift)
	KeltnerChannelMedian (MA Periods, MA Type, ATR Periods, ATR MA Type, ATR Shift)
	KeltnerChannelBottom (MA Periods, MA Type, ATR Periods, ATR MA Type, ATR Shift)

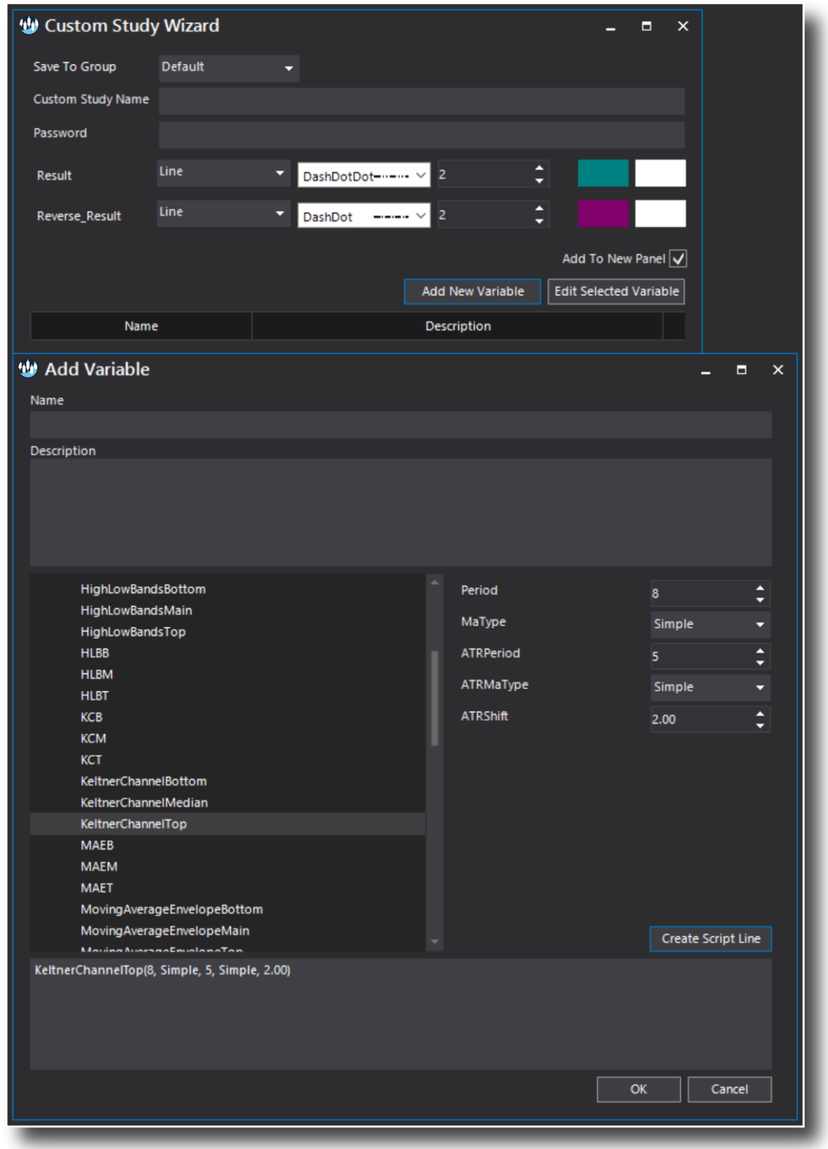
Dialogs

Chart Study Dialog



Sample Chart With Study

Quant Script™ Wizard Study Dialog



Quant Script™ Study Dialog