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Candle Temperature indicator - clear levels for scalping

21 COMMENTS



Hello Ladies and Gentlemen Forex Traders!

As you know, the market is subject to the same physical laws as the rest of the world around us. "Cooling down", the price ceases to form natural barriers, as a result of which the course does not feel strong resistance when moving in any direction. "Heating up", the price forms a firm stop, which is already much more difficult to overcome.

Some time ago, the idea came up to create a special indicator based on these prerequisites, which would display cold and hot price flows in real time. Especially for readers of tradelikeapro.ru, we present a working concept of an indicator for displaying the "temperature" of a candle.

Indicator characteristics

Platform: [MetaTrader4](#)

Currency pairs: any

Timeframe : any, preferably M1

Trading time: European and American [sessions](#)

Indicator type: tick volumes

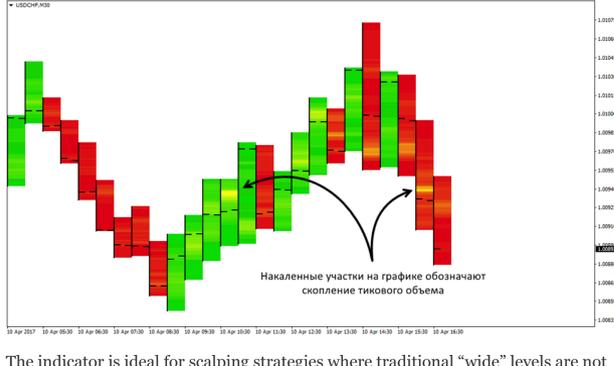
Recommended DCs: [Alpari](#) , [RoboForex](#) , [Exness](#)

Main idea



It's no secret that [horizontal levels](#) play an important role in market analysis . One way or another, almost any [trading system takes levels](#) into account , even if the main signal is given by some technical indicator or with the help of a [fundamental](#) component.

The indicator itself shows on the chart at which levels the largest tick volume was observed. In the preset spectra, yellow indicates the highest temperature. That is, the closer to yellow, the greater the tick volume value at a particular price level.



The indicator is ideal for scalping strategies where traditional "wide" levels are not so appropriate. A short-term key level can form within one candle. In this case, repeated confirmation of the level only strengthens the signal.

By default, the tick volume is taken from the minute timeframe, but you can specify any other timeframe. Also, the indicator has several display settings for more convenient perception of information.

Indicator settings



In general, the indicator does not require configuration as such, since the calculation algorithm is fundamentally very simple. However, there are several parameters that can affect the visual display of temperature.

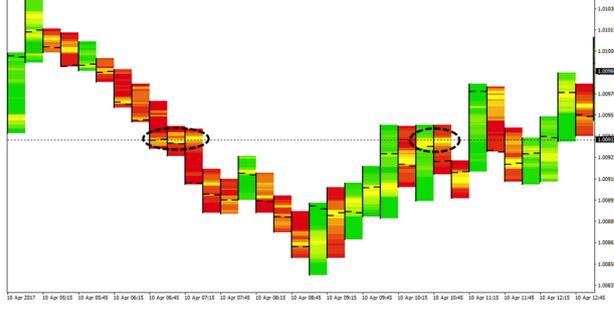
- ♥ MaxMinVolume_AllCandles - this parameter affects how the maximum volume is calculated. "true" – maximum [volume](#) values are calculated based on all candles involved in drawing (SumBars). Please note that this parameter is only suitable for analyzing volumes on history, since when a new bar appears, the old values will be recalculated. "false" – the maximum [volume](#) value is calculated based on a single bar. Past indicator values are not redrawn;
- ♥ CandleShadow - displays the temperature only on the shadows of the candle. Useful for analyzing rebounds between levels;
- ♥ CandleBody - temperature display only on candle bodies. Useful for analyzing level [breakouts](#) ;
- ♥ BullSpectrum - selection of the range of bullish candles;
- ♥ BearSpectrum - selection of the range of bearish candles (you can select one range for candles of any type);
- ♥ DrawSize - candle cell size (in pips);
- ♥ VolumeTF - initial timeframe for calculations. To obtain a more accurate result, it is desirable to leave the smallest possible TF (minute);
- ♥ SumBars - the number of candles to display on the chart.

Application Tips

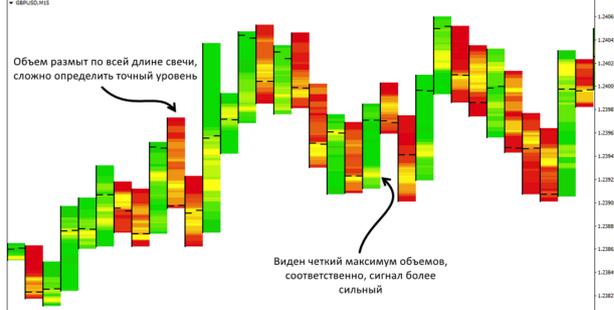


In fact, you can determine for yourself how to interpret the signals given by the indicator. The main thing is to understand what is the peculiarity of the signals of tick volumes. With the help of the indicator, you can determine at which levels the trade was most active. Naturally, it will not be possible to determine how much currency was actually traded.

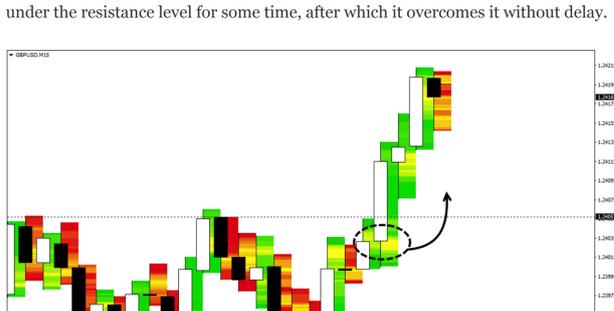
First of all, pay attention to the accumulation of [volumes](#) at specific price levels. The more repetitions, the stronger the level in question.



Also, try not to think for yourself, focusing only on the yellow tint of the candle. At times, the price moves evenly, as a result of which there is no accumulation of volumes at a particular level.



The main advantage of the indicator is its versatility and clear short-term signals. In fact, signal can be used both to derive new levels and to confirm the breakdown of old ones. In the example below, we see how the price "warms up" under the resistance level for some time, after which it overcomes it without delay.

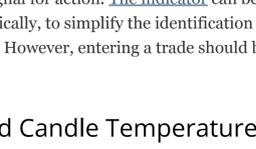


Conclusion



In conclusion, I would like to clarify one point: you should not take the indicator values as an accurate signal for action. [The indicator](#) can be a great assistant in particular, for [scalping](#) . However, entering a trade should be supported by other signals.

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Best regards, Alexey Vergunov

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